

# **M-Power Information Co., Ltd.**

## **2022 Annual Report**

**Publication Date: April 30, 2023**

**Corporate Website: <https://www.mpinfo.com.tw/>**

**This Annual Report is available at: <http://mops.twse.com.tw>**

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5. Name of Exchange for Offering and Trading of Overseas Securities and Manners for Query of Such Securities: None.

6. Corporate Website: <https://www.mpinfo.com.tw/>

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## I. Report to the Shareholders

### 1. 2022 Business Report

The 2022 operating revenue of the Company as verified through auditing by CPAs was NT\$ 1,476,766 thousand, with a net income of NT\$ 91,577 thousand. The information is detailed as follows:

#### (1) Business Plans in 2022 and their Implementation Results:

The Company's 2022 Operating Revenue, Operating Gross Profit, and Net Operating Profit were NT\$ 1,476,766 thousand, NT\$ 220,662 thousand, and NT\$ 119,016 thousand, increased by 26.79%, 12.71%, and 16.70%, respectively. Details of the aforesaid figures are as follows:

Unit: NT\$ thousands; %

Item(s)	2021 Actual Amount	2022	
		Actual Amount	Growth Rate
Operating Revenue	1,164,726	1,476,766	26.79%
Operating Gross Profit	195,783	220,662	12.71%
Net Operating Profit	101,984	119,016	16.70%
(Loss) Earnings per Share after Tax	4.83	4.81	-0.41%

#### (2) Budget Implementation:

Actual amounts for the Company's 2022 operations and their budgets are stated in the following table:

Unit: NT\$ thousands

Item(s)	2022		Increase / Decrease
	Actual Amount	Budget	
Operating Revenue	1,476,766	1,255,000	221,766
Operating Cost	1,256,104	1,046,000	210,104
Operating Gross Profit	220,662	209,000	11,662
Operating Expense	101,646	88,000	13,646
Net Operating Profit	119,016	121,000	(1,984)
Non-Operating Incomes (Expenses)-Net	(4,593)	(6,000)	1,407
Net Income	91,557	92,000	(443)

#### (3) Financial Incomes and Expenses & Profitability Analysis:

Financial Analyses for 2021 and 2022 are compared in the following table:

Items		Financial Analyses for the Most Recent 2 Years	
		2021	2022
Financial Structure	Debt Ratio (%)	51.58%	59.85%
	Ratio of Long-term Capital to Fixed Assets (%)	11093.25%	22613.19%
Solvency	Current Ratio (%)	186.84%	154.85%
	Quick Ratio (%)	171.36%	104.18%
	Interest Earned Ratio	22.57	18.53
Operating Ability	Accounts Receivable Turnover (Times)	4.43	3.46
	Average Collection Period	82.39	105.49
	Inventory Turnover (Times)	17.69	6.59
	Accounts Payable Turnover	9.71	4.70
	Average Days in Sales	21	55
	Fixed Assets Turnover (Times)	333.02	595.23
	Total Assets Turnover (Times)	2.41	1.68
Profitability	Return on Assets (%)	17.13%	11.01%
	Return on Stockholders' Equity (%)	36.58%	24.35%
	Pre-tax Income to Paid-in Capital(%)	67.46%	52.01%
	Profit Ratio (%)	6.78%	6.20%
	Earnings per Share (NT\$)	4.83	4.81

Unit: NT\$ thousands

	Operating Revenue	Operating Gross Profit	Net Operating Profit	Net Income	EPS (NT\$)
2022	1,476,766	220,662	119,016	91,557	4.81
2021	1,164,726	195,783	101,984	78,999	4.83
YoY	26.79%	12.71%	16.70%	15.90%	-0.41%

(4) R&D Status:

Products	R&D
GCRS Group Consolidated Statements System V8.5	<ul style="list-style-type: none"> <li>Automatic calculation function for recognition of Other Comprehensive Income (OCI) under the equity method developed to strengthen the handling of merger topics.</li> </ul>

Products	R&D
	<ul style="list-style-type: none"> <li>• Data transmission interface of the change table increased to facilitate automation of data provision.</li> <li>• Data review mechanism provided to improve the quality of data provided.</li> <li>• System performance and operation interface optimization.</li> </ul>
EZSO V2.0	<ul style="list-style-type: none"> <li>• Multi-period comparison function of notes and statements provided to meet the needs of various types of enterprises.</li> <li>• “Other” data sources added to expand data utility.</li> <li>• System performance and operation interface optimization.</li> </ul>
CarbonKeeper V1.0	<ul style="list-style-type: none"> <li>• A greenhouse gas inventory data collection and management platform provided for flexible customization of activity data collection tables and calculation formulas as well as creation of detailed calculation drafts, integration of supporting evidence, and simplification of third-party verification and confirmation procedures; statements compliant with various standards can be generated within one inventory, which saves time for handling and improves data reusability, helping enterprises in meeting requirements for compliance and supply chain.</li> </ul>

## 2. 2023 Business Plans

### (1) Annual Management Guideline:

In 2022, the world has gradually resumed from the impact of the novel coronavirus pneumonia (Covid-19) pandemic. In the early days of the pandemic, the industries relating to the surging demands for remote working, video conferencing and online shopping ushered in a skyrocketing growth, leading to business expansion and recruitment; however, as people have embraced the “routines before pandemic” little by little as the pandemic becomes under control and the pandemic prevention measures are eased, the human resources gained through the previous expansion suddenly becomes a heavy burden in operating costs, making the large-scale layoffs a priority amongst “cost control” measures. Furthermore, with the Fed's “drastic interest rate hike” to inhibit inflation, the shadow of economic recession has shrouded various industries. Under the circumstances of an uncertain economic outlook, enterprises seek reservation of cash and implement strict cost control; meanwhile, diminishing borrowings, negligence of vacancies without substitutions, or even downsizing has become one of the strategic choices for business operators. Nevertheless, as business operations shall proceed, companies under such circumstances are bound for an accelerated digitalization or even initiate digital transformation to cope with the impact of



downsizing. In such process, the demand for information systems conversion from on-premises to the cloud will inevitably increase. As a result, the cloud products, on-premises-to-cloud construction services, databases and application servers, and multi-cloud integration professional services as well as the strengthening of related product agency and integration technologies will be the Company's cardinal business guidelines for driving revenue and profits in 2023.

For strengthened corporate governance, TWSE and TPEX sent orders to all TWSE/TPEX listed companies in November 2019, which made reiterations of the responsibilities of a company's management personnel concerning preparation of financial statements and statement that the competent authority will review the preparation of financial statements by all companies by installment in five years, which this year will be the 4th installment of such review; in addition, the Financial Supervisory Commission (FSC) issued "Corporate Governance 3.0-Sustainable Development Blueprint" on August 25, 2020, in which the disclosure of financial information mandates all listed companies to announce self-assessed financial information 75 days following the end of each fiscal year, effective from 2024, urging companies to adopt relevant measures for compliance. The Company has relevant solutions and consulting capabilities that may assist TWSE/TPEX listed companies to implement the governance mechanism required by the competent authority and achieve the goal of preparing own financial statements. As a result, strengthening integrity of solutions, augmenting marketing abilities, and participation in relevant activities organized by competent authority and associations are quintessential elements for the Company's business guideline with respect to continuously increasing market share and product profitability.

In line with the government's promotion of the net-zero carbon emission by 2050, FSC officially launched the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" in 2022, requiring all TWSE/TPEX listed companies to promote sustainable development by phases starting from 2023 according to its paid-in capital; by 2027, all TWSE/TPEX listed companies shall complete GHG inventory with the scope consistent with its financial statements, and by 2029, the said companies shall complete the verification of the said GHG inventory; according to media coverage, nearly 200,000 enterprises were the first ones influenced in 2023 by major global enterprises announcements on net-zero emission by 2030 as well as cooperations by relevant vendors in their supply chains. CarbonKeeper - the carbon management platform compatible with ISO 14064-1 and GHG Protocol reporting standards developed by the Company in 2022 - assists enterprises in responding to GHG inventory and generates greenhouse gas inventory and reports. With a view to assist various industries to attain legal compliance and achieve the requirements of net-zero emission goal along with their supply chains and other stakeholders, proactive marketing and sales will be the key aspects for the Company's business guideline in the current year.

(2) Anticipated Sales and its Foundation:

The Company has served as agency distributor for various products with

disparity in prices, and quotations for custom services for customers at specific industries are made on a by-case basis based on customer requirements; concerning the Company's solutions, the proprietary financial statement solution has a pricing based on the quantity of consolidated entities of customers, whilst the carbon management solution adopts a pricing based on the number of fields owned by a customer. The Company's overall sales volume cannot be quantified easily as there are differences between the scales and requirements of the customers resulting from the great disparity in the scales of customer companies.

(3) Important Production & Sales Policies:

The Company strengthens the integrity of the cloud software environment and provides customers with diverse choices, providing customers with a complete public cloud environment centering its complete cloud product lines, including migrating applications to the cloud, performance-intensive workloads, cloud-based storage and archiving, cloud management and development, and other applications. In view of security concerns by customers, many enterprises show their worries over the internet and resource sharing patterns of the public cloud. Even with the indication that data processing mode of a public cloud is 60% more secure than traditional data centers, per Gartner studies, many enterprise users with highly sensitive internal data remain doubted in the public cloud deployment strategies. For safeguarding the customer data and in compliance with government regulations, the Company provides customers with rapid private cloud building software and services, which can meet the demands of customers concerning software environment shift to cloud and allay the above-mentioned information security concerns.

The Company provides customers with a cross-cloud and cost-saving economical cloud architecture to meet customers' needs for multi-cloud management while allowing customers to set up an environment at ease even with heterogeneous databases or a complex environment concerning deployment of programs in different public and private clouds. In conjunction with the Company's consulting service, an optimized user experience along with reduced costs for multi-cloud operation management, improved multi-cloud system integration and system service quality, enhanced stability of customer systems and establishment of a safe and efficient information environment for sustainable maintenance and operation can be expected

With the diversification, cross-nationalization, and globalization of customers, the maintenance and cloud operation requirements of databases and application servers become increasingly complex and diverse. The Company provides complete and comprehensive integration of databases, application servers and multi-cloud professional services in conjunction with annual technical consultation exclusive consultants available by 7\*24 or 5\*8, regular system status checks, and various professional database and application server services on a regular basis to meet complex and diverse database maintenance needs and ensure high-performance operations of enterprise database and application server and the cloud environment.

The FSC released the "Corporate Governance 3.0-Sustainable Development Blueprint" in 2020, followed by "Sustainable Development Roadmap" in 2022,

amongst which the two requirements for all TWSE/TPEX listed companies “self-assessed financial information shall be announced 75 days following the end of each fiscal year, effective from 2024” and “GHG inventory shall be completed with the scope consistent with its financial statements by 2027” are proposed individually in each release. The products “**Financial Reporting Solution**” and “**CarbonKeeper**” by M-Power may assist companies complete the abovesaid two requirements by the component authority at ease. The Company's production and sales strategies relating to these two products are as follows:

#### **CarbonKeeper**

The CarbonKeeper will be provided mainly through the SaaS cloud lease model for lowered introduction barrier and higher engagement of enterprises, meanwhile entrenching a further collaboration with strategic partners such as consulting companies, third-party verification companies and cloud platform operators, who may build product awareness, increase sales opportunities and provide complete GHG inventory services to enterprises.

#### **Financial Reporting Solution**

Concerning the plans for financial reporting solution this year, the Company will further the cooperation with accounting firms and ERP information vendors to expand the customer base and drive sales opportunities, and cultivate the ability of consulting companies to introduce products to expand product service orientations and capabilities. With respect to marketing, in addition to holding the annual CFO gatherings to strengthen in-depth communication with user enterprises, seminars will also be held regularly to increase product exposure.

### 3. Future Development Strategies of the Company

- (1) Expanded agency service to improve the third-party solutions required for cloud-premise integration and relocation, and provision of application and integration concerning on-premise applications migration to public cloud environment.
- (2) Research and application on the distributed multi-cloud management products to provide customers with cross-cloud and cost-saving economical cloud architecture and furthermore meet customers' needs for multi-cloud management.
- (3) Strengthening containerized product services and product introduction as the foundation for traditional application systems migration to the cloud, and assisting customers in digital transformation.
- (4) In response to the global net-zero emission goal by 2050, the Company will continue to acquire and explore the impact of ESG-related issues on the Company, gain knowledge on enterprise operational issues and tap into the demands for information system development, so as to develop a new generation of information system solutions or integrate into existing products - CarbonKeeper for integration upgrade, strengthening competitiveness of the Company's products.

### 4. Influences by the External Competitions, Legal Circumstances, and

## Macro-management Environment

As countries around the world are gradually recovering from the impacts of COVID-19, they are confronted with energy issues derived from the European warfare and behemoth challenge from inflation as well as economic, environmental and social aspects. Leaders of various countries are worth the recognition for their adoption of more proactive net zero commitments in the midst of ever-changing global circumstances, establishing the importance of and accelerating Sustainability Transformation.

In September 2022, the FSC released the “Green Finance Action Plan 3.0”, which encompasses the five key promotions including promoting carbon inventory and climate risk management of financial institutions, development guidelines for the identification of sustainable economic activities, facilitating the integration of ESG with climate-related information, strengthening professional training in sustainable finance, and joint effort in building a consensus on net zero with an expectation deepen the country’s sustainable development and move towards the goal of net zero transformation. With respect to Funding in the key promotions: the country proceeds its development of “Guidelines for the Identification of Sustainable Economic Activities”, encouraging enterprises to draft its transformation plans accordingly and the financial industry to include these Guidelines in the investment and funding decision as references, meanwhile investing funds in green and sustainable development fields as a means to facilitate the country’s green and sustainable economy activities and market development. Where the enterprises gain favor of financial institutions will expedite the internal plans relating to green and sustainability transformation. In addition, the “Corporate Governance 3.0-Sustainable Development Blueprint” previously issued by the FSC has proclaimed the embrace of corporate governance 3.0 by the domestic capital market. In consideration of the incremented attention to environmental, social and governance (ESG) issues by international investors and the industry chains, to remind companies to value ESG-related issues of interest, and to provide investors with useful ESG information for decision-making, relevant international standards [Task Force on Climate-Related Financial Disclosures (TCFD) and guidelines released by the US Sustainability Accounting Standards Board (SASB)] will be referred to as means to strengthen the disclosure of sustainability report.

The Company releases the carbon management solution “CarbonKeeper” as its address on environment (E) issues to help companies handle the challenges of organizing carbon inventory and future product carbon inventory and carbon reduction simulation; concerning governance (G) issues, the Company provides “Financial Reporting Solutions” to help companies disclose financial report information in a timely manner. Relevant and complete digital products are provided to customers to cooperate with their development for policy implementation, whilst they are optimistic about the Company's business outlook.

From the perspective of the overall operating environment, the Company may seize the great chance for steady growth this year. Under the guidance and supervision of the Board of Directors and the support and care of all shareholders, our management team will lead all employees to proceed improvement in products

and technologies, sincere and enthusiastic services and team efforts for the sustainable management, working together to provide the most valuable services to customers and generating maximal profits for shareholders.

Lastly, we'd like to show our gratitude to all the shareholders for the continued supports and care for the Company. Wish our shareholders health and great fortune.

Chairman: Chin-Lung Hsu

Manager: Chin-Lung Hsu

Accounting Manager: Yu-Chi Wang

## II. Company Profile

### 1. Date of Incorporation

September 10, 1999.

### 2. Company History

Year	Significant Events
1999	<ul style="list-style-type: none"><li>• With the scope of businesses in information software and leasing and the vision of "Cultivating technological expertise and providing professional services", the M-Power Limited was established on September 10th at the paid-in capital amounted to NTD 14,000 thousand.</li><li>• In October , a cash capital increase by NT\$ 6,000 thousand was made, increasing the Company's paid-in capital to 20,000 thousand.</li><li>• Became the sole agent of the Sybase PowerBuilder series.</li></ul>
2000	<ul style="list-style-type: none"><li>• In July, a cash capital increase by NT\$ 28,773 thousand along with Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 1,227 thousand were made, increasing the Company's paid-in capital to 50,000 thousand.</li><li>• Entrenched cooperative education program with the Department of Business Administration at Southern Taiwan University of Science and Technology and was awarded the highest honor "嘉惠桑梓(Benefitting the students)" from the university.</li></ul>
2001	<ul style="list-style-type: none"><li>• In June, the Company conducted a Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 4,800 thousand, increasing the Company's paid-in capital to NT\$ 54,800 thousand. In June, a capital increase out of earnings and bonus (dividend) of NTD 4,800 thousand was conducted, increasing the company's paid-in capital to NTD 54,800 thousand.</li><li>• Became the sole agent of Leccotech, a leading global performance tuning solution provider, in Taiwan.</li><li>• Released the proprietary product, PowerTiers (PowerBuilder version), to enhance productivity in PowerBuilder program development.</li></ul>
2002	<ul style="list-style-type: none"><li>• Introduced the first domestically developed solution for J2EE development, PowerTiers 2.0 (J2EE version).</li></ul>
2003	<ul style="list-style-type: none"><li>• Engaged in distribution of Novell Nsure eDirectory, offering comprehensive services for enterprise portal development and implementation.</li><li>• Acquired the distribution rights for Software AG's Tamino, allowing the Company to provide XML technology and solutions in priority.</li></ul>
2004	<ul style="list-style-type: none"><li>• Released the first set of electronic ordering solutions developed using J2EE component development technology.</li></ul>

Year	Significant Events
	<ul style="list-style-type: none"> <li>• Introduced the EXB2 notes and bonds financial solutions.</li> <li>• Became an official agent of Novalys Visual Expert.</li> <li>• Became an official agent of Sunopsis data integration tools.</li> </ul>
2005	<ul style="list-style-type: none"> <li>• Became an official agent of the complete BEA series.</li> </ul>
2006	<ul style="list-style-type: none"> <li>• Became an official agent of Quest Software series.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• M-Power Report 3.2, a self-developed product, was officially released.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Became an official agent of Oracle Fusion Middleware.</li> <li>• Became an official agent of the complete AmberPoint series.</li> <li>• Became the sole agent of Oracle Fusion Middleware in Taiwan.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Awarded the Best Modeling &amp; Development Reseller in the Asia-Pacific region by Sybase.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Developed the GCRS Group Consolidated Statements System for IFRS financial reporting.</li> <li>• Conducted off-campus internship programs in collaboration with Ching Yun University and National Normal University as means to facilitate industry-academia cooperation and implementation of vocational education.</li> </ul>
2011	<ul style="list-style-type: none"> <li>• Conducted off-campus internship programs in collaboration with National Normal University as means to facilitate industry-academia cooperation and implementation of vocational education.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Awarded the Best Database Reseller in 2014 by SAP.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Awarded the Best Middleware Reseller in 2015 by Oracle.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• In January, a cash capital increase by NT\$ 18,200 thousand was made, increasing the Company's paid-in capital to NT\$ 73,000 thousand.</li> <li>• Ranked 8th in the Top 5000 Companies in the Computer Software Service Industry by China Credit Information Service, Ltd.</li> <li>• Awarded as the 2016 Most Loyal Partner by Quest.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• The Company surpassed the phasal goal by entrenching the 100<sup>th</sup> TWSE/TPEX listed company as the "GCRS Group Consolidated Statements System" client.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• In September, the Company conducted Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 7,000 thousand, increasing the Company's paid-in capital to 80,000 thousand.</li> <li>• Awarded 2018 Partner of the Year and Best Support to Foglight by Quest.</li> <li>• Awarded 2018 Partner of the Year - Cloud Platform by Oracle in 2018.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• In September, the Company conducted Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 12,000 thousand, increasing the Company's paid-in capital to NT\$ 92,000 thousand.</li> </ul>

Year	Significant Events
	<ul style="list-style-type: none"> <li>• Became an official agent of Rancher products.</li> <li>• Became an official agent of Instana products.</li> <li>• The “GCRS Group Consolidated Statements System” was awarded the Digital Innovation Award in the Global ICT Excellence Awards by WITSA.</li> <li>• Organized the 1<sup>st</sup> “CFO Gathering” as the channel for exchange and interactions amongst CFOs, which was attended by nearly 100 CFOs.</li> <li>• Donated the GCRS Group Consolidated Statements System to the Departments of Accounting at Tamkang University and Tunghai University.</li> </ul>
2020	<ul style="list-style-type: none"> <li>• In September, the Company conducted Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 8,000 thousand, increasing the Company’s paid-in capital to 100,000 thousand.</li> <li>• Became an official agent of Bigstack Hyper-Converged Infrastructure.</li> <li>• Entrenched the 180<sup>th</sup> TWSE/TPEX listed company as the “GCRS Group Consolidated Statements System” client.</li> <li>• Organized the 2<sup>nd</sup> “CFO Gathering” attended by nearly 100 CFOs, establishing the complete resource and ecology of CFOs.</li> <li>• Released the financial report typesetting solution EZPI.</li> </ul>
2021	<ul style="list-style-type: none"> <li>• In September, the Company conducted Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 20,000 thousand, increasing the Company’s paid-in capital to 120,000 thousand.</li> <li>• In October , a cash capital increase by NT\$ 20,000 thousand along with the capital increase for issuing new shares and employee stock option at NT\$ 5,000 thousand were made, increasing the Company’s paid-in capital to 145,000 thousand.</li> <li>• Awarded the Oracle Cloud VMware Solution and Oracle Cloud Platform Data Management PartnerNetwork Certification in Taiwan and Hong Kong in 2021.</li> <li>• Ranked 10<sup>th</sup> in the Top 5000 Companies in the Computer Software Service Industry by China Credit Information Service, Ltd.</li> <li>• Released the financial report collection solution EZSO.</li> <li>• On December 10, the Company conducted a retroactive handling of public issuance, and such issuance was registered on the Pioneer Stock Board of TPEX on December 22.</li> </ul>

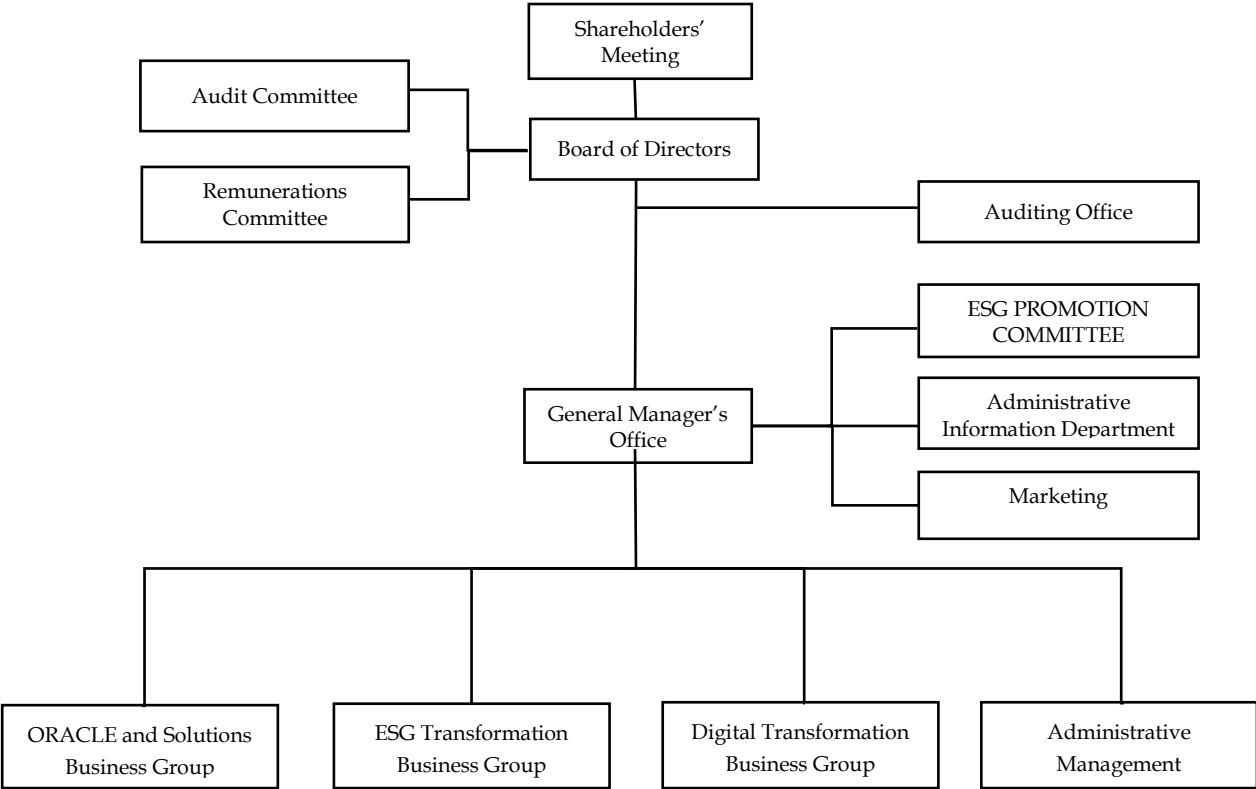


Year	Significant Events
2022	<ul style="list-style-type: none"> <li>• In May, the registration at Pioneer Stock Board of TPEX was transferred to Taipei Exchange - Emerging Stock Board.</li> <li>• The Company surpassed the phasal goal by entrenching the 250<sup>th</sup> TWSE/TPEX listed company as the “GCRS Group Consolidated Statements System” client as of the end of September.</li> <li>• Ranked 6<sup>th</sup> in the Top 5000 Companies in the Computer Software Service Industry by China Credit Information Service, Ltd.</li> <li>• Obtained the ISO27001 information security certification.</li> <li>• Evaluated as Grade A in the 2021 Excellent Supplier Evaluation by Yuanta Financial Holding Co., Ltd..</li> <li>• In October, the Company conducted a Capital Increase out of Earnings by NT\$ 43,500 thousand, increasing the Company’s paid-in capital to NT\$ 188,500 thousand.</li> <li>• Awarded the [2022 Digital Transformation Model Award] by the Taiwan Electrical and Electronic Manufacturers' Association.</li> <li>• In December, the registration at the Emerging Stock Board of TPEX was transferred to listed at the TPEX.</li> </ul>
2023	<ul style="list-style-type: none"> <li>• A pre-TPEX-listing cash capital increase by NT\$ 31,500 thousand was made, increasing the Company’s paid-in capital to NT\$ 220,000 thousand in January.</li> <li>• Released the ESG Net-Zero Carbon Emission Solution (CarbonKeeper)</li> <li>• Entrenched the 280<sup>th</sup> TWSE/TPEX listed company as the “GCRS Group Consolidated Statements System” client.</li> <li>• Donated GCRS Group Consolidated Statements System to the Department of Accounting at National Cheng Kung University</li> </ul>

### III. Corporate Governance Report

#### 1. Organizational System

##### (1) Organization Structure



##### (2) Businesses of Major Departments

Department	Duties and Responsibilities
Board of Directors	Implementation of Shareholders' Meeting resolutions, implementing the Company's business policies and setting operational objectives under the scope authorized by the Shareholders' Meeting, as well as appointing key managerial roles to execute the Company's business operations.
Audit Committee	<ol style="list-style-type: none"> <li>1. Formulating or amending internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.</li> <li>2. Assessing the effectiveness of internal control systems.</li> <li>3. Formulating or amending procedures for significant financial transactions, such as acquisition or disposal of assets, derivative trading, lending of funds to others, endorsement or guarantee for others, as provided for in Article 36-1 of the Securities and Exchange Act.</li> <li>4. Matters involving personal interests of directors.</li> <li>5. Significant asset or derivative transactions, fund lending, endorsements, or guarantees.</li> </ol>

Department	Duties and Responsibilities
	<ol style="list-style-type: none"> <li>6. Solicitation, issuance, or private placement of securities with equity nature.</li> <li>7. Appointment and discharge of or remuneration to independent auditors.</li> <li>8. Appointment or discharge of financial, accounting, or internal audit supervisors.</li> <li>9. Reviewing financial reports.</li> </ol>
Remunerations Committee	<ol style="list-style-type: none"> <li>1. Reviewing the organizational charters of the Remunerations Committee on a regular manner and proposing amendments thereof.</li> <li>2. Establishing and reviewing on a regular manner the performance evaluation criteria for directors and managers, annual and long-term performance goals, as well as policies, systems, standards, and structures for compensations and remunerations.</li> <li>3. Conducting regular evaluations on goal achievement by individual directors and managers, and determining the contents and amounts of their individual compensation based on the evaluation results obtained from performance evaluation criteria.</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Responsible for conducting various audit activities and internal control assessments within the Company.</li> <li>2. Proposing improvement suggestions and requesting the rectification of deficiencies while tracking and correcting them.</li> </ol>
General Manager's Office	<ol style="list-style-type: none"> <li>1. Formulating the company's operational policies, goals, and implementing the management systems.</li> <li>2. Implementing resolutions by the Board of Directors and reporting operational results to the Board of Directors.</li> <li>3. Organizing or participating in exchange activities, courses, and implementing relevant marketing plans to expand the customer base.</li> </ol>
Administrative Management Department	<ol style="list-style-type: none"> <li>1. Planning and executing Company strategies, operational management, and fund management.</li> <li>2. Allocation of operating funds.</li> <li>3. Review and preparation of financial statements, and cost accounting and control.</li> <li>4. Consolidating and analyzing annual budgetary data and financial statements.</li> <li>5. Handling legal and stock affairs.</li> <li>6. Human resources planning, and evaluation and attendance management.</li> </ol>

Department	Duties and Responsibilities
ORACLE and Solutions Business Group	<ol style="list-style-type: none"> <li>1. Providing technical services including the establishment, maintenance, and enhancement and value-adding for Java, Oracle databases and related distribution products and tools.</li> <li>2. Sales of cloud application solutions and business development and executions for the distributed products.</li> <li>3. Interdepartmental communication coordination to facilitate business development.</li> <li>4. Maintaining customer relationships and diving in customer needs.</li> </ol>
ESG Transformation Business Group	<ol style="list-style-type: none"> <li>1. Incorporating internal and external R&amp;D resources aligned with the Company's development strategy to integrate ESG software products and key innovative technologies required for medium- and long-term development, and provision of related consulting services.</li> <li>2. Expansion and implementation of sales for proprietary products.</li> <li>3. Interdepartmental communication coordination to facilitate business development.</li> <li>4. Maintaining customer relationships and diving in customer needs.</li> </ol>
Digital Transformation Business Group	<ol style="list-style-type: none"> <li>1. Providing technical services including the establishment, maintenance, and enhancement and value-adding for relational databases and related distribution products and tools.</li> <li>2. Provision of diverse channels and execution for sales and distribution of comprehensive system performance monitoring products.</li> <li>3. Provision of diverse channels and execution for sales and distribution of information security solutions.</li> <li>4. Interdepartmental communication coordination to facilitate business development.</li> <li>5. Maintaining customer relationships and diving in customer needs.</li> </ol>
ESG Promotion Committee	<p>Planning and promoting various ESG policies, systems, and plans, reviewing their implementation effectiveness, as well as the improvement thereof.</p>
Administrative Information Department	<p>Responsible for development of internal information system, internal network management, maintenance, as well as consultation and handling of internal IT and ERP requirements.</p>

## 2. Information of Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Manager, and the Chiefs of all the Company's Divisions and Branch Units

### (1) Directors

#### A. Directors Information

April 11, 2023 Unit: thousand shares; %

Title	Nationality or Place of Registration	Name	Gender and Age	Date the Current Position is Assumed	Term of Contract	Commence Date of First Term	Shares Held upon Assumption		Current Shares Held		Shares Held by Spouses and Children of Minor Age of Director		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and/or in any other company	Other Management Personnel, Directors or Supervisors within Spousal Relationship or 2nd Degree of Kinship			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	ROC	Chin-Lung Hsu	Male 51~60yo	2022.01.24	3 years	1999.09.06	859,925	5.93%	1,030,710	4.68%	0	0%	0	0%	Master of International Business Administration, EMBA Program National Taiwan University Master of Computer Engineering, Cornell University (US) Master of Mechanical Engineering, University of Bridgeport (US) Technical Director, FIRS INTERNATIONAL COMPUTE INC. Sr. Business Manager, Sybase Co Ltd. Managing Director, Information Service Industry Association of R.O.C. Director, Digital Governance Association	General Manager, M-Power Information Co., Ltd. Chairman, Wei-Gu Co., Ltd.	-	-	-	Note
Director	ROC	Ares International Corporation	-	2022.01.24	3 years	1999.10.04	2,243,445	15.47%	4,343,015	19.74%	0	0%	0	0%	-	-	-	-	-	
	ROC	Representative: Hsiung-Jung Sung	Male 61~70yo				40,416	0.28%	52,540	0.23%	0	0%	0	0%	Department of Applied Mathematics, Chinese Culture University Master's Degree, Institute of International Business, National Taiwan University	Vice General Manager, Ares International Corporation Director, Aplsoft (Suzhou) Corporation	-	-	-	-
Director	ROC	Ares International Corporation	-	2022.01.24	3 years	1999.10.04	2,243,445	15.47%	3,340,781	23.04%	0	0%	0	0%	-	-	-	-	-	

Title	Nationality or Place of Registration	Name	Gender and Age	Date the Current Position is Assumed	Term of Contract	Commence Date of First Term	Shares Held upon Assumption		Current Shares Held		Shares Held by Spouses and Children of Minor Age of Director		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and/or in any other company	Other Management Personnel, Directors or Supervisors within Spousal Relationship or 2nd Degree of Kinship			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
	ROC	Representative: Chin-Wei Yu	Female 41~50yo			2022.01.24	0	0%	0	0%	0	0%	0	0%	Bachelor, Department of Foreign Languages and Literature National Taiwan University Master of Comparative Literature University of Warwick (UK)	Vice General Manager, Are International Corporation Supervisor, Apluso (Suzhou) Corporation	-	-	-	
Director	ROC	Nai-Jen Cheng	Female 51~60yo	2022.01.24	3 years	2022.01.24	169,385	1.17%	258,000	1.17%	36,595	0.16%	86,000	0.39%	Department of Accounting Tamkang University Vice Team Leader, EY Taiwan	Vice General Manager of Administrative Management Department, M-Power Information Co., Ltd.	-	-	-	
Independent Director	ROC	Hung-Hsun Ting	Male 51~60yo	2022.01.24	year	2022.01.24	0	0%	0	0%	0	0%	0	0%	Bachelor of Accounting, Chinese Culture University Supervisor, Emerging Display Technologies Corp. Independent Director, ICARE MEDICUS, INC.	Independent Director, THA CyberTAN Technology Inc. Director, Cen Link Co., Ltd. Independent Director, ShunSin Technology Holdings Limited Partner, Baker Tilly Clock CO	-	-	-	
Independent Director	ROC	An-Tso Chang	Male 51~60yo	2022.01.24	3 years	2022.01.24	0	0%	0	0%	0	0%	0	0%	Master, GMBA Program, National Taiwan University General Manager, BENQ ASIA PACIFIC CORP. Vice General Manager, Qisc Corporation General Manager, BenQ Material Business Group Adjunct Associate Professor, Shi Chien University Adjunct Associate Professor National Yang Ming University	Independent Director, THA KIN CO., LTD. TAIWAN BRANCH (CAYMAN) Independent Director PAHSCO Adjunct Associate Professor Department of Cultural and Creative Industries Management, National Taipei University of Education	-	-	-	

Title	Nationality or Place of Registration	Name	Gender and Age	Date the Current Position is Assumed	Term of Contract	Commence Date of First Term	Shares Held upon Assumption		Current Shares Held		Shares Held by Spouses and Children of Minor Age of Director		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and/or in any other company	Other Management Personnel, Directors or Supervisors within Spousal Relationship or 2nd Degree of Kinship			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	ROC	Dwen-Ren Tsai	Male 71~80yo	2022.01.24	year	2022.01.24	0	0%	0	0%	0	0%	0	0%	PhD in Computer Science, New York University (US) Director of Mobile Business and Information Security Group and Digital Convergence and Technological Governance Group Master Program, Department of Information Management, Chinese Culture University	Associate Professor Department of Information Management and Department of Information Engineering, Chinese Culture University Member of National Standards Review Committee and Committee of National Standards and Technology for Information and Communications, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs	-	-	-	

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

The Chairman of the Company has a concurrent role as the General Manager for improved operating efficiency and decision-making ability of the Company. However, the Company has maintained sufficient communications with directors of the Company on operation status and plans and guidelines on a regular basis as means to fulfill corporate governance, thereby enhancing capabilities and reinforcing supervision functions of the Board of Directors. At present, the Company has adopted specific measures as follows:

- (1) The Company has assigned independent directors.
- (2) Arrangements of professional courses organized by external institutions and attended by directors are made to boost working effectiveness of the Board of Directors.
- (3) More than a majority of the Board of Directors members do not serve concurrent roles as the Company's employee or manager.

B. Main Shareholder(s) of the Company's Juristic Person Shareholders

April 23, 2023

Name of Juristic Person Shareholders	Main Shareholder(s) of the Company's Juristic Person Shareholders	Shareholding Percentage
Ares International Corporation	Hung-Yang Yu	7.53%
	MiTAC INCORPORATED	2.83%
	Sheng-I Lin	1.83%
	Xiao-Chien He	1.48%
	Citi Trustee Berkeley SBL/PB Investment Account	1.04%
	Chin-Wei Yu	1.01%
	Hsiung-Jung Sung	1.01%
	Ching-Lung Lin	0.95%
	Rui-Mei Hsieh	0.89%
	Shu-Ying Hsu	0.83%

Note: The table shows the names of the Main Shareholder(s) of the Company's (Top 10) Juristic Person Shareholders and their shareholding percentages.

C. Main Shareholder(s) of the Company's Juristic Person Shareholders as Main Shareholder of a Juristic Person

April 23, 2023

Name of Juristic Person Shareholders	Main Shareholders of the Juristic Person	Shareholding Percentage
MiTAC INCORPORATED	Lien Hwa Industrial Holdings Corporation	35.29%
	Synnex Technology International Corporation	18.39%
	Mei-An Investment Co., Ltd.	10.56%
	MITAC INTERNATIONAL CORPORATION	8.71%
	Tzu-Feng Investment Co., Ltd.	5.37%
	Ai-Zhen Hsu	1.98%
	Hua-Cheng Investment Co., Ltd.	1.92%
	Feng-Chiang Miao	1.08%
	Yi-Feng Investment Co., Ltd.	0.75%
	Hung-Ding Investment Co., Ltd.	0.74%

Note: The table shows the names of the Main Shareholder(s) of the Company's (Top 10) Juristic Person Shareholders and their shareholding percentages.



D. Disclosures of Information for Directors' Professional Qualifications and Independence of Independent Directors:

Qualifications Name	Professional Qualifications and Experience	Independence	Number of TWSE/TPEx Listed Companies the Role Serves as an Independent Director at
Director			
Chin-Lung Hsu	Chairman and General Manager of the Company. Holds a Master of International Business Administration from the EMBA Program at National Taiwan University, a Master of Computer Engineering from Cornell University (US), and a Master of Mechanical Engineering from the University of Bridgeport (US). Previously served as the Technical Director at FIRST INTERNATIONAL COMPUTER, INC. and as a Senior Business Manager at Sybase Co., Ltd. With over twenty years of work experience in business and corporate operations, possesses expertise in professional leadership, marketing, operational management, and strategic planning, and may lead the Company in becoming the industry pioneer and striving towards sustainable operations.	In the Company, excluding Chin-Lung Hsu and Nai-Jen Cheng, who are managers or employees of the Company, the remaining Directors (excluding Independent Directors) are an employee, a manager or director, a supervisor of the Company or its affiliated enterprises, or in spousal relationship, 2 <sup>nd</sup> degree of kinship, or lineal relatives by blood within 3 <sup>rd</sup> degree of kinship with the aforesaid roles, and is not a spouse or a relative within 2 <sup>nd</sup> degree of kinship with other directors of the Company. Additionally, all Directors in our company do not fall under any of the circumstances provided for in Article 30 of the Company Act.	0
Ares International Corporation Representative: Hsiung-Jung Sung	Representative of the Company's Juristic Person Director. Graduated with a Master's degree from the Institute of International Business at National Taiwan University. Concurrently serves as a Director at Aplusoft (Suzhou) Corporation. Has over thirty years of experience and expertise which the Company may require in its business development.		0
Ares International Corporation Representative: Chin-Wei Yu	Representative of the Company's Juristic Person Director. Graduated with a Master of Comparative Literature from the University of Warwick (UK). Concurrently serves as a Supervisor at Aplusoft (Suzhou) Corporation. Has experience and expertise which the Company may require in its business development.		0
Nai-Jen Cheng	Director and Vice General Manager of the Administrative Management Department in the Company. Graduated from the Department of Accounting at Tamkang University. Previously served as the Vice Team Leader at EY Taiwan. Has over twenty years of experience and expertise in finance, accounting and others which the Company may require in its operations.		0
Independent Director			

Qualifications Name	Professional Qualifications and Experience	Independence	Number of TWSE/TPEX Listed Companies the Role Serves as an Independent Director at
Hung-Hsun Ting	Independent Director of the Company. Graduated with a bachelor's degree in accounting from Chinese Culture University. They currently serve as a Partner at Baker Tilly Clock & CO, holding a professional accountant license. Concurrently serves as an Independent Director at CyberTAN Technology Inc., a Director at Cen Link Co., Ltd., and an Independent Director at ShunSin Technology Holdings Limited. Has practical experience as a Director in TWSE/TPEX listed companies, possesses experiences and expertise in finance, accounting, and others which the Company may require in its operations.	During the period two years from assumption and throughout the tenure, the Independent Directors has fulfilled the following independence assessment criteria: 1. Is not an employee of the Company or its affiliate enterprise(s). 2. Is not a Director or Supervisor of the Company or its affiliate enterprise(s). 3. Is not a natural person shareholder holding 1% or more of the Company's issued shares or ranked top 10 in shareholding, with shares held by himself/herself or through spouse, children of minor age, or nominees. 4. Is not a managerial officer as prescribed in (1) or in spousal relationship, 2 <sup>nd</sup> degree of kinship or lineal relatives by blood within 3 <sup>rd</sup> degree of kinship as prescribed in (2) and (3). 5. Is not a director, supervisor, or employee of a corporate shareholder that directly holds five percent (5%) or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (however, this do not apply to independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent). 6. If a majority of the Company's director seats or voting shares and those of any	2
An-Tso Chang	Independent Director of the Company. Holds a Master's degree from the GMBA Program at National Taiwan University. Currently serves as an Adjunct Associate Professor in the Department of Cultural and Creative Industries Management at National Taipei University of Education, an executive at THAI KIN CO., LTD. TAIWAN BRANCH (CAYMAN) and an Independent Director at PAHSCO. Previously served as General Manager at BENQ ASIS PACIFIC CORP., Vice General Manager at Qisda Corporation, and General Manager of BenQ Materials Business Group. Has extensive industry experiences and is capable of providing the experiences and expertise the Company may require in its operations.	6. If a majority of the Company's director seats or voting shares and those of any	2

Qualifications Name	Professional Qualifications and Experience	Independence	Number of TWSE/TPEx Listed Companies the Role Serves as an Independent Director at
Dwen-Ren Tsai	Independent Director of the Company. Holds a PhD in Computer Science from New York University (US). They currently serve as an Associate Professor in the Department of Information Management and the Department of Information Engineering at Private Chinese Culture University. Previously served as a member/review member of the National Standard Drafting Committee at the Central Standards Bureau, Ministry of Economic Affairs. Has experiences and expertise in risk management, industry knowledge, and others which the Company may require in its operations.	<p>other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>7. If the Chairman, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>8. Is not a director, supervisor, officer, or shareholder holding five percent (5%) or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>9. Is not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>10. Is not in spousal relationship or 2nd-degree kinship with other Directors.</p> <p>11. Is not involved in any of the circumstances provided for in Article 30 of the Company Act.</p> <p>12. Is not elected as government, juristic person, or their representatives as specified under Article 27 of the Company Act.</p>	0

#### E. Diversity and Independence of Board of Directors

In accordance with the Company's "Corporate Governance Best Practice Principles", "the composition of the board of directors shall be determined by taking diversity into consideration.", and "it is advisable that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards":

- a. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors account for at least one-third of all the directors.
- b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate

governance, the board of directors shall possess ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions.

The Company's Board of Directors is composed of seven directors, including three independent directors, whose terms of office do not exceed three consecutive terms to prevent reduced independence under long-term service and allow their exercise of duties in an objective manner. Also, none of the circumstances under Articles 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act apply, for there is no spousal relationship or a familial relationship within the second degree of kinship amongst directors; directors are equipped with financial, accounting, industry, or marketing-related experience and professional abilities. Meanwhile, the Company emphasizes gender equality among the members of the Board of Directors. Currently, two out of seven directors' seats are taken by female. The implementation of director diversification is as follows:

Name	Gender	Age	Nationality	Years of Service as an Independent Director	Professional knowledge and skills				Professional experience			
					Finance & Accounting	Law	Marketing Management	Risk Management	Management Administration	Industry Knowledge	International Market Perspective	Ability to Lead and Make Policy Decisions
Chin-Lung Hsu	Male	51~60yo	ROC	None	✓		✓	✓	✓	✓	✓	✓
Hsiung-Jung Sung	Male	61~70yo	ROC	None			✓	✓	✓	✓	✓	✓
Chin-Wei Yu	Female	41~50yo	ROC	None	✓		✓	✓	✓	✓	✓	✓
Nai-Jen Cheng	Female	51~60yo	ROC	None	✓		✓	✓	✓	✓	✓	✓
Hung-Hsun Ting	Male	51~60yo	ROC	Under 3 years	✓	✓		✓	✓	✓	✓	✓
An-Tso Chang	Male	51~60yo	ROC	Under 3 years	✓		✓	✓	✓	✓	✓	✓
Dwen-Ren Tsai	Male	71~80yo	ROC	Under 3 years				✓		✓	✓	✓

(2) General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's Divisions and Branch Units

April 11, 2023 Unit: thousand shares; %

Title	Nationality	Name	Gender	Date the Current Position is Assumed	Shares Held		Shares Held by Spouses and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in any other company	Managers within Spousal Relationship or 2nd Degree of Kinship			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
General Manager	ROC	Chin-Lung Hsu	Male	1999.09.06	1,030,710	4.68%	0	0%	0	0%	<ul style="list-style-type: none"> <li>• Master of International Business Administration, EMBA Program, National Taiwan University</li> <li>• Master of Computer Engineering, Cornell University (US)</li> <li>• Master of Mechanical Engineering, University of Bridgeport (US)</li> <li>• Technical Director, FIRST INTERNATIONAL COMPUTER, INC.</li> <li>• Sr. Business Manager, Sybase Co., Ltd.</li> <li>• Managing Director, Information Service Industry Association of R.O.C.</li> <li>• Director, Digital Governance Association</li> </ul>	Chairman, M-Power Information Co., Ltd. Chairman, Wei-Gu Co. Ltd.	None	None	None	Note 1
Executive Vice General Manager	ROC	Hsin-I Chen (Note 2)	Male	2012.04.01	317,001	1.44%	0	0%	35,000	0.16%	<ul style="list-style-type: none"> <li>• Department of Information Science, Tunghai University</li> <li>• Technical Director, Rock Mobile Corporation</li> <li>• Assistant Manager, Dunnyang Technology Co., Ltd.</li> </ul>	None	None	None	None	
Vice General Manager	ROC	Han-Lin Lee	Male	2011.01.01	553,711	2.51%	52,540	0.23%	35,000	0.16%	<ul style="list-style-type: none"> <li>• Department of Medical Engineering, Chung Yuan Christian University</li> <li>• Product Marketing Manager, Di-San-Bo Co., Ltd.</li> </ul>	None	None	None	None	
Vice General Manager	ROC	Qing-Zhu Luo	Male	2012.04.01	751,575	3.41%	416,009	1.89%	35,000	0.16%	<ul style="list-style-type: none"> <li>• Master of Information Engineering, National Taiwan University</li> <li>• System Engineer, FIRST INTERNATIONAL COMPUTER, INC.</li> <li>• Sr. System Consultant, Sybase Co., Ltd.</li> </ul>	None	None	None	None	

Title	Nationality	Name	Gender	Date the Current Position is Assumed	Shares Held		Shares Held by Spouses and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in any other company	Managers within Spousal Relationship or 2nd Degree of Kinship			Remarks	
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship		
Vice General Manager	ROC	Zhen-Jia Chang	Male	2020.11.04	233,081	1.05%	0	0%	0	0%	<ul style="list-style-type: none"> <li>Department of Mechanical Engineering, Fengchia University</li> <li>Business Development Manager, FIRST INTERNATIONAL COMPUTER, INC.</li> </ul>	None	None	None	None		
Vice General Manager	ROC	Nai-Jen Cheng (Note 3)	Female	2011.01.01	258,000	1.17%	36,595	0.16%	86,000	0.39%	<ul style="list-style-type: none"> <li>Department of Accounting, Tamkang University</li> <li>Vice Team Leader, EY Taiwan</li> </ul>	Director, M-Power Information Co., Ltd.	None	None	None	None	
Accounting Manager	ROC	Yu-Qi Wang	Female	2021.07.11	12,813	0.09%	0	0%	5,000	0.02%	<ul style="list-style-type: none"> <li>Department of Accounting, Tamkang University</li> <li>Auditor, RSM Taiwan</li> </ul>	None	None	None	None		
Assistant Manager	ROC	Ming-Ren Chang (Note 4)	Male	2023.01.10	120,500	0.54%	14,732	0.06%	15,000	0.07%	<ul style="list-style-type: none"> <li>Institute of Information Management, National National Chung Cheng University</li> </ul>	None	None	None	None		
Assistant Manager	ROC	Yi-Zheng Tsai (Note 4)	Female	2023.01.10	49,845	0.22%	0	0%	16,000	0.07%	<ul style="list-style-type: none"> <li>Information Management Department, Hsinpu Institute of Technology</li> <li>Sales Representative, Tai Dian Digital Technology Co., Ltd.</li> <li>Sales Representative, SMARTEAM CORPORATION</li> </ul>	None	None	None	None		
Assistant Manager	ROC	Zhih-Hua Liao (Note 4)	Male	2023.01.10	31,716	0.14%	0	0%	23,000	0.10%	<ul style="list-style-type: none"> <li>Department of Business Administration, Fu Jen University</li> <li>Project Manager, RITI Technology INC.</li> </ul>	None	None	None	None		
Assistant Manager	ROC	Ya-Ling Liao (Note 4)	Female	2023.01.10	25,800	0.11%	0	0%	16,000	0.07%	<ul style="list-style-type: none"> <li>Department of Information Management, WuFeng Institute of Technology</li> <li>Consultant, ADVANCEDTEK INTERNATIONAL CORP.</li> </ul>	None	None	None	None		

Note 1: Where the Chairman and General Manager of the Company or person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed:

The Chairman of the Company has a concurrent role as the General Manager for improved operating efficiency and decision-making ability of the Company. However, the Company has maintained sufficient communications with directors of the Company on operation status and plans and

guidelines on a regular basis as means to fulfill corporate governance, thereby enhancing capabilities and reinforcing supervision functions of the Board of Directors. At present, the Company has adopted specific measures as follows:

(1) The Company has assigned independent directors.

(2) Arrangements of professional courses organized by external institutions and attended by directors are made to boost working effectiveness of the Board of Directors.

(3) More than a majority of the Board of Directors members do not serve concurrent roles as the Company's employee or manager.

Note 2: Promoted to Executive Vice General Manager on March 1, 2023.

Note 3: Promoted to Vice General Manager of Administrative Management Department on March 1, 2023.

Note 4: Promoted to Assistant Manager on March 1, 2023.

### 3. Remunerations Paid to Directors, General Manager and Vice General Managers in the Most Recent Year

#### (1) Remunerations of General Directors and Independent Directors

December 31, 2022 Unit: NT\$ thousands

Title	Name	Directors' Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Remunerations Received by Directors Concurrently Serving as Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Remuneration from Ventures other than Subsidiaries or from the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors' Compensation (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Chin-Lung Hsu	0	0	0	0	345	345	18	18	0.40	0.40	3,995	3,995	0	0	2,985	0	2,985	0	8.02	8.02	None
Director	Ares International Corporation Representative: Hsiung-Jung Sung (Note 1)	0	0	0	0	338	338	16	16	0.39	0.39	0	0	0	0	0	0	0	0	0.39	0.39	None
Director	Ares International Corporation Representative: Chin-Wei Yu (Note 1)	0	0	0	0	338	338	16	16	0.39	0.39	0	0	0	0	0	0	0	0	0.39	0.39	None
Director	Nai-Jen Cheng (Note 1)	0	0	0	0	338	338	18	18	0.39	0.39	1,539	1,539	5	5	1,434	0	1,434	0	3.64	3.64	None
Independent Director	Hung-Hsun Ting (Note 1)	342	342	0	0	0	0	20	20	0.40	0.40	0	0	0	0	0	0	0	0	0.40	0.40	None
Independent Director	An-Tso Chang (Note 1)	342	342	0	0	0	0	20	20	0.40	0.40	0	0	0	0	0	0	0	0	0.40	0.40	None
Independent Director	Dwen-Ren Tsai (Note 1)	342	342	0	0	0	0	20	20	0.40	0.40	0	0	0	0	0	0	0	0	0.40	0.40	None
Director	Ares International Corporation Representative: Sheng-I Lin (Note 2)	0	0	0	0	7	7	0	0	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None



Title	Name	Directors' Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Remunerations Received by Directors Concurrently Serving as Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (Note 10)		Remuneration from Ventures other than Subsidiaries or from the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors' Compensation (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company	All Companies in the Financial Statements (Note 7)	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Director	Ares International Corporation Representative: Ching-Lung Lin (Note 2)	0	0	0	0	7	7	0	0	0.00	0.00	0	0	0	0	0	0	0	0	0.01	0.01	None
Director	Lu-Chi Chang (Note 2)	0	0	0	0	7	7	0	0	0.01	0.01	0	0	0	0	0	0	0	0	0.01	0.01	None
Director	Hsin-I Chen (Note 2)	0	0	0	0	7	7	0	0	0.01	0.01	154	154	0	0	107	0	107	0	0.29	0.29	None

1. Please specify payment policy, system, standard and structure of the remunerations received by independent directors, and the relevance of remunerations paid to the directors based on their duties, risks, duration of engagement and other relevant factors: The Company conducted a re-election of all directors on January 24, 2022, and the remunerations are calculated and distributed pro-rate based on years of service by individual directors.
2. Remunerations received by director in the most recent year for provision of services (e.g. non-employee consultant) other than the above disclosed contents: None.

Note 1: Appointed in the re-election of all directors in the Shareholders' Meeting on January 24, 2022.

Note 2: Dismissed in the re-election of all directors in the Shareholders' Meeting on January 24, 2022.

Remuneration Range Table

Range of Remunerations paid to Individual Directors of the Company	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in the Financial Statements (Note 9) H	The Company (Note 8)	All Companies in the Financial Statements (Note 9) I
Less than NT\$ 1,000,000	Chin-Lung Hsu, Ares International Corporation Hsiung-Jung Sung, Ares International Corporation Chin-Wei Yu, Nai-Jen Cheng, Ares International Corporation Sheng-I Lin, Ares International Corporation Ching-Lung Lin, Lu-Chi Chang, Hsin-I Chen, Hung-Hsun Ting, An-Tso Chang, Dwen-Ren Tsai	Chin-Lung Hsu, Ares International Corporation Hsiung-Jung Sung, Ares International Corporation Chin-Wei Yu, Nai-Jen Cheng, Ares International Corporation Sheng-I Lin, Ares International Corporation Ching-Lung Lin, Lu-Chi Chang, Hsin-I Chen, Hung-Hsun Ting, An-Tso Chang, Dwen-Ren Tsai	Ares International Corporation Hsiung-Jung Sung, Ares International Corporation Chin-Wei Yu, Ares International Corporation Sheng-I Lin, Ares International Corporation Ching-Lung Lin, Lu-Chi Chang, Hsin-I Chen, Hung-Hsun Ting, An-Tso Chang, Dwen-Ren Tsai	Ares International Corporation Hsiung-Jung Sung, Ares International Corporation Chin-Wei Yu, Ares International Corporation Sheng-I Lin, Ares International Corporation Ching-Lung Lin, Lu-Chi Chang, Hsin-I Chen, Hung-Hsun Ting, An-Tso Chang, Dwen-Ren Tsai
NT\$1,000,000 ~ NT\$1,999,999	—	—	—	—
NT\$2,000,000 ~ NT\$3,499,999	—	—	Nai-Jen Cheng	Nai-Jen Cheng
NT\$3,500,000 ~ NT\$4,999,999	—	—	—	—
NT\$5,000,000 ~ NT\$9,999,999	—	—	Chin-Lung Hsu	Chin-Lung Hsu
NT\$10,000,000 ~ NT\$14,999,999	—	—	—	—
NT\$15,000,000 ~ NT\$29,999,999	—	—	—	—
NT\$30,000,000 ~ NT\$49,999,999	—	—	—	—
NT\$50,000,000 ~ NT\$99,999,999	—	—	—	—
Greater than or equal to NT\$100,000,000	—	—	—	—
Total	11 Directors	11 Directors	11 Directors	11 Directors

Note 1: Directors' name shall be entered in separately (Corporate Shareholder Name and representative(s) shall be listed respectively under the Corporate Shareholder), with respective listing as General Director and Independent Director, disclosing various payment amounts in aggregate. In case a director concurrently serves as General Manager or Vice General Manager, the information shall be entered in this Table and the following "Remuneration Tables for General Manager and Vice General Manager".

Note 2: Refers to the director's remunerations in the most recent year (including director's salary, job bonus, severance pay, various bonuses, incentives, etc.).

Note 3: Refers to the amount(s) for directors' compensation for the most recent year, whose distribution has been resolved by the Board of Directors.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally,

salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. — should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent-only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

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

(2) Remunerations of Supervisors

December 31, 2022 Unit: NT\$ thousands

Title	Name	Supervisors' Remuneration						Ratio of Total Compensation (A+B+C) to Net Income (%)		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		Base Compensation (A)		Compensation (B)		Allowances (C)		The Company	All Companies in the Financial Statements	
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements			
Supervisor	Wei-Hsiang Sun (Note 1)	0	0	15	15	0	0	0.02	0.02	None
Supervisor	Liu-Zheng Huang (Note 1)									

Note 1: The supervisors have been dismissed at the re-election in the Shareholders' Meeting on 2022.01.24.

Remuneration Range Table

Range of Remunerations paid to Individual Supervisors of the Company	Name of Supervisors	
	Total of (A+B+C)	
	The Company	All Companies in the Financial Statements
Less than NT\$ 1,000,000	Wei-Hsiang Sun, Liu-Zheng Huang	Wei-Hsiang Sun, Liu-Zheng Huang
NT\$1,000,000 ~ NT\$1,999,999	—	—
NT\$2,000,000 ~ NT\$3,499,999	—	—
NT\$3,500,000 ~ NT\$4,999,999	—	—
NT\$5,000,000 ~ NT\$9,999,999	—	—
NT\$10,000,000 ~ NT\$14,999,999	—	—
NT\$15,000,000 ~ NT\$29,999,999	—	—
NT\$30,000,000 ~ NT\$49,999,999	—	—

Range of Remunerations paid to Individual Supervisors of the Company	Name of Supervisors	
	Total of (A+B+C)	
	The Company	All Companies in the Financial Statements
NT\$50,000,000 ~ NT\$99,999,999	–	–
Greater than or equal to NT\$100,000,000	–	–
Total	2 Supervisors	2 Supervisors

(3) Remuneration to General Manager and Vice General Managers

December 31, 2022 Unit: NT\$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Special Disbursement (C) (Note 3)		Employees' Compensation Amount (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration from Ventures other than Subsidiaries or from the Parent Company (Note 9)
		The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company	All Companies in the Financial Statements (Note 5)	The Company		All Companies in the Financial Statements (Note 5)		The Company	All Companies in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Chin-Lung Hsu													
Vice General Manager	Hsin-I Chen (Note 1)													
Vice General Manager	Qing-Zhu Luo	8,925	8,925	386	386	2,970	2,970	8,363	0	8,363	0	22.55	22.55	None
Vice General Manager	Han-Lin Lee													
Vice General Manager	Zhen-Jia Chang													

Note 1: Promoted to Vice General Manager on March 1, 2023.

Remuneration Range Table

Range of Remunerations paid to Individual General Manager and Vice General Managers	Names of General Manager and Vice General Managers	
	The Company (Note 6)	All Companies in the Financial Statements (Note 7) E
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	Zhen-Jia Chang	Zhen-Jia Chang
NT\$2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	Qing-Zhu Luo, Han-Lin Lee, Hsin-I Chen	Qing-Zhu Luo, Han-Lin Lee, Hsin-I Chen
NT\$5,000,000 ~ NT\$9,999,999	Chin-Lung Hsu	Chin-Lung Hsu
NT\$10,000,000 ~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	5 Persons	5 Persons

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and the above table "Remunerations of General Directors and Independent Directors".

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

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

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general

manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None")

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

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

(4) Name of Managerial Officer(s) Distributing Employees' Compensations and Distribution Status

December 31, 2022 Unit: NT\$ thousands

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total to Net Income (%)
Managerial Officers	General Manager	Chin-Lung Hsu	0	10,195	10,195	11.14
	Vice General Manager	Han-Lin Lee				
	Vice General Manager	Qing-Zhu Luo				
	Vice General Manager (Note 5)	Hsin-I Chen				
	Vice General Manager	Zhen-Jia Chang				
	Financial Supervisor (Note 6)	Nai-Jen Cheng				
	Accounting Supervisor	Yu-Qi Wang				
	Auditing Manager	Zheng-Fen He				

Note 1: Name and title of managerial officers shall be disclosed respectively, however, the distribution of profits may be disclosed in sum.

Note 2: Enter the amount of Employees' Compensation (incl. stock and cash) adopted and distributed by the Board of Directors in the most recent fiscal year. Where the estimates cannot be made, the proposed distribution amount for the current year may be calculated based on the actual distribution amount of last year. Net Income refers to the Net Income of the most recent fiscal year; in case the IFRS has been adopted, Net Income refers to the Net Income in the parent-only or or separate financial statements in the most recent year.

Note 3: The scope of application for managerial officers is as follows in accordance with per 27 March 2003 Order Taiwan-Finance-Securities-III 0920001301 of the FSC:

- (1) General Manager and a manager of the equivalent level
- (2) Vice General Manager and a manager of the equivalent level
- (3) Assistant Manager and a manager of the equivalent level
- (4) Supervisor of Finance Department
- (5) Supervisor of Accounting Department
- (6) Other Individuals managing affairs of and has rights to sign for the Company

Note 4: Where a Director, the General Manager and a Vice General Manager receives Employees' Compensation (incl. stock and cash), tables "Remunerations of General Directors and Independent Directors" and "Remuneration to General Manager and Vice General Managers" as well as this table shall be entered.

Note 5: Promoted to Executive Vice General Manager on March 1, 2023.

Note 6: Promoted to Vice General Manager of Administrative Management Department on March 1, 2023.



(5) Compare and describe the ratio of total remuneration to the Company's Directors, General Manager(s) and Assistant General Manager(s) to net income by the Company and All Companies in the Consolidated Report in the most recent 2 years, and specify the Company's remuneration payment policy, standard and combination, and the relevance of procedure for determining remunerations to business performance.

A. Analysis on the ratio of total remuneration to the Company's Directors, General Manager(s) and Assistant General Manager(s) to net income by the Company and All Companies in the Consolidated Report in the most recent 2 years:

Unit: %

Items	The Company		All Companies in the Financial Statements	
	2021	2022	2021	2022
Ratio of Total Remuneration to Directors to Net Income(%)	13.92	14.02	13.92	14.02
Ratio of Total Remuneration to Supervisors to Net Income(%)	0.21	0.02	0.21	0.02
Ratio of Total Remuneration to General Manager and Vice General Managers to Net Income(%)	23.06	22.55	23.06	22.55

B. Policies, standards, and composition of remunerations paid, the process for determining remuneration, and its relevance with business performance:

a. Directors and Supervisors

The Company's remunerations for directors and supervisors is distributed according to the Company's charter, which shall be made after submitted to and resolved by the Board of Directors and then reported to the Shareholders' Meeting.

b. General Manager and Vice General Managers

The Company's remuneration for the general manager and vice general managers is determined based on their respective positions, responsibilities assumed, and contributions to the Company's operational objectives, with reference to factors such as the salary level of the industry peer.

In summary, the Company's remunerations for directors, supervisors, general manager, and vice general managers are determined based on the Company's Articles of Incorporation, personnel regulations, level of participation and contribution to the Company's operations, with reference to the level by the industry peer. It not only has a positive correlation with business performance but also accounts for the operational risks the Company may face in the future, related legal regulations, and risks of industry economic fluctuations. Meanwhile, the remuneration system is reviewed in a timely manner to seek a balance between the Company's sustainable operation and risk control.

#### 4. Implementation Status of Corporate Governance

##### (1) Implementation Status of the Board

A total of 10 Board meetings in 2022. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chin-Lung Hsu	10	0	100.00	Re-elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Ares International Corporation Representative: Hsiung-Jung Sung	8	1	88.89	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Ares International Corporation Representative: Chin-Wei Yu	8	1	88.89	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Nai-Jen Cheng	9	0	100.00	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Independent Director	An-Tso Chang	9	0	100.00	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Independent Director	Hung-Hsun Ting	9	0	100.00	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Independent Director	Dwen-Ren Tsai	9	0	100.00	Newly elected in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Ares International Corporation Representative: Ching-Lung Lin	0	1	0.00	Discharged in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Ares International Corporation Representative:	1	0	100.00	Discharged in the re-election of all Board members in the special

	Sheng-I Lin				shareholders' meeting on January 24, 2022
Director	Lu-Chi Chang	1	0	100.00	Discharged in the re-election of all Board members in the special shareholders' meeting on January 24, 2022
Director	Hsin-I Chen	1	0	100.00	Discharged in the re-election of all Board members in the special shareholders' meeting on January 24, 2022

Other Mentionable Items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has elected the independent director at the Shareholders' Meeting on January 24, 2022, and has established its Audit Committee. Therefore, the provisions under Article 14-3 of the Securities and Exchange Act shall not apply. For explanations of the matters under Article 14-5 of the Securities and Exchange Act, please refer to the Implementation Status of the Audit Committee.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: there is no objection or expressed reservation by the independent director about a matter for resolution by the board of the Company: No occurrence in the Company.

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

Board Meeting Date	Proposal	Name of Recusing Director(s)	Reasons for Recusal	Voting Situation
2022/1/24 10 <sup>th</sup> Board 1 <sup>st</sup> Meeting	Appointment of Members for the Company's 2 <sup>nd</sup> Remunerations Committee	Hung-Hsun Ting An-Tso Chang Dwen-Ren Tsai	The listed directors are interested parties	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
	2021 Year-end Bonus for Managers of the Company	Chin-Lung Hsu Nai-Jen Cheng	The listed directors are interested parties	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
2022/3/8 10 <sup>th</sup> Board 2 <sup>nd</sup> Meeting	2021 Individual Amounts for Remunerations to Directors and Managers	Chin-Lung Hsu Nai-Jen Cheng	The listed directors are	After recusal of the listed director(s) from discussion and voting, the

			interested parties	proposal has been resolved unanimously by the other attending directors without expression of objection.
	Proposal for Additional Official Vehicle for Chairman through Rental	Chin-Lung Hsu	The listed director is and interested party	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
2022/6/17 10th Board 4th Meeting	2022 Salary Adjustment for Managerial Officers of the Company	Chin-Lung Hsu Nai-Jen Cheng	The listed directors are interested parties	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
2022/11/7 10th Board 8th Meeting	Proposal for Matters Relating to New Shares Issued for Employee Subscription through Cash Capital Increase	Chin-Lung Hsu Nai-Jen Cheng	The listed directors are interested parties	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
	2022 Special Incentive Bonus	Nai-Jen Cheng	The listed director is and interested party	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.
2022/12/26 10th Board 9th Meeting	2022 Year-end Bonus for Managers of the Company	Chin-Lung Hsu Nai-Jen Cheng	The listed directors are interested parties	After recusal of the listed director(s) from discussion and voting, the proposal has been resolved unanimously by the other attending directors without expression of objection.

3. A TWSE/TPEX listed company shall disclose the information concerning the cycle and period, scope, methods, and items of the Board of Directors' self-evaluation (or peer evaluation).

Implementation Status concerning the Evaluations over the Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
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Once a year	2022/01/01 ~ 2022/12/31	Board of Directors	Internal Self-Evaluation by the Board of Directors	<ol style="list-style-type: none"> <li>1. Degree of Participation in Company Operations.</li> <li>2. Enhancement of Quality concerning Decisions by the Board of Directors.</li> <li>3. Composition and Structure of the Board of Directors.</li> <li>4. Election and Continuing Education of Directors.</li> <li>5. Internal Control.</li> </ol>
Once a year	2022/01/01 ~ 2022/12/31	Individual Director	Self-Evaluation by Director	<ol style="list-style-type: none"> <li>1. Grasps over Company Goals and Tasks.</li> <li>2. Awareness of Directors' Duties.</li> <li>3. Degree of Participation in Company Operations.</li> <li>4. Management and Communications concerning Internal Relationship.</li> <li>5. Professionalism and Continuing Education of Directors.</li> <li>6. Internal Control.</li> </ol>
Once a year	2022/01/01 ~ 2022/12/31	Functional Committees (incl. Audit Committee and Remunerations Committee)	Internal Self-Evaluation by Individual Functional Committees	<ol style="list-style-type: none"> <li>1. Degree of Participation in Company Operations.</li> <li>2. Awareness of Functional Committees' Duties.</li> <li>3. Enhancement of Quality concerning Decisions by the Functional Committees.</li> <li>4. Composition of Functional Committees and Election of its Members.</li> <li>5. Internal Control.</li> </ol>

4. Goals for Strengthening Competency of the Board of Directors (e.g. establishment of Audit Committee, enhancement of information transparency, etc.) in the Current Year and the Most Recent Year and Evaluation on the Implementation Status:

- (1) To strengthen corporate governance and enhance the functionality of the Board of Directors, the Company has established the Audit Committee and the Remuneration Committee. For the implementation status of the said committees, please refer to [Implementation Status of Corporate Governance] and [Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and Reasons]. Moreover, the [Regulations Governing Evaluation of the Board of Directors and Managerial Officers' Performances] have been formulated, which has helped the Company in establishing a good governance system of the Board of Directors, sound supervision and strengthening functions of the Board of Directors.
- (2) The Company is committed to improving information transparency. In addition to appointing spokesperson and acting spokesperson, dedicated personnel

responsible for matters related to public information disclosure have been appointed. Moreover, the corporate website is set aside with a dedicated IR section for updated information, allowing the mass to obtain relevant information from the Company in a timely manner.

## (2) Implementation Status of Audit Committee

The Company's Audit Committee was established on January 24, 2022, composed of three independent directors. The independent director Hung-Hsun Ting was elected as the convener; for the professional qualifications and experience of each member, please refer to "Disclosures of Information for Directors' Professional Qualifications and Independence of Independent Directors", pages 19~21 of this Annual Report.

The key points to 2022 works of Audit Committee are as follows:

- 1、Reviewing financial reports of each quarter.
- 2、Assessing the effectiveness of internal control systems.
- 3、Formulating or amending internal regulations, internal control system and relevant important regulations.
- 4、Matters involving personal interests of directors.
- 5、Significant asset or derivative transactions.
- 6、Significant fund lending, endorsements, or guarantees.
- 7、Solicitation, issuance, or private placement of securities with equity nature.
- 8、Evaluations on independence and appropriateness of independent auditors.
- 9、Appointment and discharge of or remuneration to independent auditors.

A total of 7 Audit Committee meetings in were held in 2022. The attendance of independent director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director (Convenor)	Hung-Hsun Ting	6	0	100.00	
Independent Director	An-Tso Chang	6	0	100.00	
Independent Director	Dwen-Ren Tsai	6	0	100.00	

Other information required to be disclosed:

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

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

Audit Committee Meeting (Dates)	Proposal	Objection, Expressed Reservation, or Significant Suggestions by Independent Directors	Audit Committee Resolutions
2022/03/08 1 <sup>st</sup> Committee 1 <sup>st</sup> Meeting	<ol style="list-style-type: none"> <li>2021 Business Report and Financial Statements.</li> <li>2021 "Internal Control Statement".</li> <li>Appointment and Remunerations of CPAs Attesting the Company's Financial Reports.</li> <li>Proposal to Request Original Shareholders to Forfeit the Subscription for Rights gained through Cash Capital Increase prior to OTC Listing for Compliance with Initial OTC Offering and Underwriting Regulations.</li> </ol>	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None
2022/04/15 1 <sup>st</sup> Committee 2 <sup>nd</sup> Meeting	<ol style="list-style-type: none"> <li>Proposal to Implement 2021 Issuance of New Shares through Capital Increase out of Earnings.</li> <li>Proposal to Formulate and Amend "Accounting System", "Internal Control System" and Various Administrative Regulations.</li> </ol>	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None
2022/06/17 1 <sup>st</sup> Committee 3 <sup>rd</sup> Meeting	<ol style="list-style-type: none"> <li>Q1 2022 Financial Statements.</li> <li>Internal Control Statement of the Company.</li> <li>Proposal to Formulate and Amend "Accounting System" and Various Administrative Regulations.</li> </ol>	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None
2022/08/09 1 <sup>st</sup> Committee	1. Amendments to 2021 and Q2 2020 Financial Statements	The proposals have been	None

4 <sup>th</sup> Meeting	2. Q2 2022 Financial Statements	approved unanimously by all Audit Committee members without expressing objections	
2022/10/17 1 <sup>st</sup> Committee 5 <sup>th</sup> Meeting	1. Proposal for Issuance of New Shares through Cash Capital Increase for Public Underwriting of the Company's Shares prior to Initial OTC Offering 2. Proposal to Amend "Rules of Procedure for Board of Directors Meetings and Rules of Procedure for Shareholders' Meetings"	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None
2022/11/07 1 <sup>st</sup> Committee 6 <sup>th</sup> Meeting	1. Q3 2022 Financial Statements 2. Proposal to Amend "Internal Control System"	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None
2022/12/26 1 <sup>st</sup> Committee 7 <sup>th</sup> Meeting	1. Proposal to Adopt 2023 Business Plans and Budgets 2. Proposal to Formulate 2023 Audit Plans	The proposals have been approved unanimously by all Audit Committee members without expressing objections	None

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)
  - (1) The internal audit supervisor of the Company regularly prepares audit reports and reports them to the Audit Committee for review by the independent directors. In addition, the internal audit supervisor also communicates the audit report findings and follow-up on the rectifications, and consolidates and presents reports to the independent director regarding material audit findings.
  - (2) In addition to the regular auditing of financial reports as required by laws and regulations, the Company's CPAs also engage in periodic communication with



the independent directors to understand the Company's financial operations. If there are material financial matters, the CPAs will promptly report and communicate them to the members of the Audit Committee.

(2) Status of Supervisors' Engagement in the Operation of the Board of Directors

A total of 10 Board of Directors meetings in were held in 2022. The attendance of supervisors was as follows:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Supervisor	Wei-Hsiang Sun	0	0.00	The Company held a re-election of all directors on January 24, 2022 and has established the role independent directors to substitute supervisors.
Supervisor	Liu-Zheng Huang	1	100.00	

Other information required to be disclosed:

1. Composition and duties of the supervisors

(1) Communication between the supervisors and company employees and shareholders (e.g., the channels and methods of communication).

1. Supervisors of the Company may obtain information on the Company's operations through the Board of Directors or audit reports provided by the auditing firm, or by accessing relevant data such as financial and business information of the Company. They also have the authority to request reports from department heads regarding specific matters.

2. Employees or shareholders, stakeholders, and major shareholders of the Company may contact supervisors of the Company through correspondence or by means of email.

(2) Communication between the supervisors and the chief internal audit officer and the CPAs that serve as external auditor (including matters communicated about with respect to the state of the Company's finances and business and the method(s) and outcomes of the communication.)

1. The audit department submits written reports to the Supervisor on a monthly basis, providing updates on the internal audit activities.

2. Supervisors of the Company may access the financial and operational performance of the Company at any time. Where the supervisors are in doubt for relevant operations of the Company, they may immediately communicate with the relevant department heads and initiate discussions for review and improvement.

3. Supervisors of the Company may communicate with the CPAs regarding the content of the annual financial reports for knowledge of the financial conditions, and may engage in directly contact and conversations with the CPAs at any time when necessary.

2. If any supervisor has expressed an opinion at a board meeting, specify the specify the board meeting date, meeting session number, content of the

motion, the outcome of the resolution by the board, and the measures taken by the Company based on the opinion expressed by the supervisor.: No occurrence in the Company.

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established and disclosed on the MOPS the [Corporate Governance Best Practice Principles] in accordance with the [Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies].	None
2. Shareholding Structure & Shareholders’ Right	✓			
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has appointed a dedicated stock affairs agent to handle shareholder matters and has designated a spokesperson and an acting spokesperson to address shareholder suggestions.	
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company has obtained a list of the major shareholders and ultimate controllers of the Company, and regularly monitors and updates such information during the monthly declaration of shareholding changes.	
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company does not have trading with its affiliated enterprises. However, it has established “Subsidiary Supervision Operation Procedures” and “ Operation Procedures for Transactions with Group Enterprises, Specific Companies, and Related Parties” as guidelines for future audits.	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established “Operational Procedures for Handling of Material Internal Information” and “Insider Trading Prevention and Management Measures” to prevent the	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			misuse of undisclosed information for insider trading. Employees are prohibited from engaging in insider trading based on undisclosed information and from disclosing such information to others to prevent its misuse.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its member?</p>	✓		<p>(1) The Company has established the "Corporate Governance Best Practice Principles" and has disclosed its diversity policy on the corporate website and MOPS. When selecting members for the Board of Directors, their expertise and industry-specific characteristics were taken into full consideration. 29% of the directors concurrent serve as employees of the Company, 43% of them are independent directors, and 29% of them are female; the Company values on gender equality in the composition of the Board of Directors, as among which two are female directors. Furthermore, all members are equipped with knowledge, experience, skills, and qualities required for performing their duties, and have expertise in various fields, enabling them to contribute valuable insights regarding the Company's operations, internal control systems, and relevant proposals. The Company is therefore complies with the policy on diversification in the composition of the Board of Directors and effective implementations thereof.</p>	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓			
(3) Does the Company establish	✓			
			<p>(2) The Company has established the Remunerations Committee and Audit Committee. Currently, the Company has not established other types of functional committees, but may establish such depending on the circumstances.</p> <p>(3) The Company has, on March 8, 2022,</p>	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No		
a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			<p>formulated the "Regulations Governing Evaluation of the Board of Directors and Managerial Officers' Performances," conducting regular performance evaluations of the entire Board of Directors, individual directors, and functional committees on an annual basis, with the results of the performance evaluations reported to the Board of Directors. The Company has completed the 2022 performance evaluation and submitted a report to the Board of Directors for review and further improvement on February 24, 2023. The Board of Directors will factor in the performance evaluation results as a reference for future nominations of directors and compensations for individual directors. The evaluation results are as follows:</p> <p>A. Board of Directors and Director Members Performance Evaluation Result: The overall average score ranges from 4.43 to 4.92 out of 5. The aspect "Election and Continuing Education of Directors" has a relatively lower score mainly due to the fact that directors' self-assessment indicates a need to strengthen professional knowledge and a more complete appointment mechanism. In the future, the unit responsible for organization of Board of Directors' meetings will arrange and plan appropriate training courses for each director and establish a complete election mechanism.</p> <p>B. Audit Committee Performance Evaluation Result: The overall average score ranges from 4.67 to 5 out of 5. The aspect "Enhancing the Decision-Making Quality of the Audit Committee" has a relatively lower score mainly due to the fact that there is a need to provide</p>	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
(4) Does the Company regularly evaluate the independence of attesting CPA?			<p>complete information to the committee and sufficient discussion time. The unit responsible for organization of Audit Committee meetings will thoroughly discuss such matter the Chairman and arrange suitable discussion time in the future.</p> <p>C. Remunerations Committee Performance Evaluation Result: The overall average score ranges from 4.71 to 5 out of 5. The aspect "Improving the Decision-Making Quality of the Remunerations Committee" has a relatively lower score mainly due to the fact that there is a need to provide complete information to the committee and sufficient discussion time. The unit responsible for organization of Audit Committee meetings will thoroughly discuss such matter with the Chairman and arrange suitable discussion time in the future.</p> <p>(4) On February 24, 2023, the Company's Audit Committee evaluated the independence and appropriateness of the CPAs for financial reporting, whose result was then reported to and resolved by Board of Directors; in addition to requesting the CPAs to provide a "Statement of Absolute Independence" and "Audit Quality Indicators (AQIs)," the evaluation was conducted based on the following important standards:</p> <p>A. Not an employee or director of the Company or an affiliated enterprise.</p> <p>B. Not a director, manager, or shareholder with more than 5% of shares of a specific company or institution having financial or business dealings with the Company.</p> <p>C. Is not in spousal relationship or 2nd-degree kinship with other Directors.</p> <p>D. Is not involved in any of the</p>	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
			<p>circumstances provided for in Article 30 of the Company Act.</p> <p>E. Is not elected as government, juristic person, or their representatives as specified under Article 27 of the Company Act.</p> <p>F. Has not served as a director, manager, or held any position significantly influencing the audit case within the Company in the past two years.</p> <p>G. Provision of Audit Quality Indicators (AQIs).</p> <p>After evaluation, the auditing firm and the CPA chosen by the Company have no conflicting interests with the Company, strictly maintain independence, have not served as a director or manager of the Company, are not shareholders of the Company, and have not received salary and compensation paid by the Company. No CPA has been engaged in the auditing and attesting for the Company for seven consecutive years. Therefore, the independence and suitability of the CPA meet the standards without any concern.</p>	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>The Company has not yet appointed dedicated personnel for corporate governance or designated a corporate governance supervisor. Currently, the Administrative Management Department serves as the unit concurrently handling corporate governance affairs.</p> <p>Organizational adjustments will be made in the future based on the Company's development. Their responsibilities include providing necessary information to directors for conducting business operations, handling matters related to Board of Directors and Shareholders' Meetings in accordance with the law, managing Company registration and change registrations, and preparing meeting minutes for Board of Directors and Shareholders' Meetings, among other tasks.</p>	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a spokesperson system and set up a "Stakeholder Relations" section on its website. Stakeholders can contact the Company through various means such as telephone, correspondence, facsimile, and email should they have any needs or inquiries.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed [Department of Stock Affairs Agent Services, Fubon Securities Co., Ltd.] to handle shareholder affairs.	None
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as	✓  ✓  ✓		(1) The Company has set up a website and disclosed financial and corporate governance information. Meanwhile, a dedicated personnel has been appointed to maintain and update the information on the corporate website. (2) The Company has established a spokesperson system where inquiries are answered by the spokesperson or the acting spokesperson, whilst relevant departments work in conjunction with the spokesperson(s) handling collection and disclosure of Company information; information regarding earnings calls is posted on the corporate website for investors' references; in compliance with the law, the Company enters the latest financial and business information on designated information disclosure websites. (3) The Company announces and reports annual financial statements within two months after the end of the fiscal year. Additionally, the Company proactively announces and reports quarterly financial statements (Q1, Q2, Q3) and monthly operational performance within the prescribed deadlines.	None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
monthly operation results, before the prescribed time limit				
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>(1) Employee Benefits: The Company has complied with labor laws and regulations regarding employee rights. For other employee welfare measures, retirement system, education and training, and various employee benefits, please refer to the "Labor Relations" section in this Annual Report.</p> <p>(2) Employee Care: To enhance communication with employees, the company provides diverse communication channels to ensure timely and transparent information dissemination, allowing employees to express their suggestions to the Company as basis for improvement on various measures.</p> <p>(3) Investor Relations: The Company values the rights of investors. In addition to announcing information on designated information disclosure platforms as required, relevant information is also made available on the corporate website.</p> <p>(4) Rights of Stakeholders: The Company has appointed a spokesperson and an acting spokesperson to address investor inquiries. The Company also upholds the principles of integrity and responsibility in handling these matters appropriately.</p> <p>(5) Implementation of Risk Management Policies and Standards: The Company has established various internal management regulations in accordance with the law and conducts risk management and assessment based on these regulations.</p> <p>(6) Implementation of Customer Policies: In order to provide comprehensive service and protection to customers, the Company promptly communicates with customers regarding any complaints and learns their needs to promote</p>	None



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>interaction between the Company and customers. Furthermore, internal meetings are held to review and improve upon these matters.</p> <p>(7) Directors’ Education and Training: The Company has arranged for directors to participate in governance-related courses. Please refer to the table below for details on directors’ trainings in 2022.</p> <p>(8) Insuring of Liability Insurance for Directors: The Company has submitted a proposal to the Board of Directors on November 7, 2022, to insure directors and managerial officers with liability insurance. The insurance coverage totals at USD 3 million.</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measure: Not applicable as the Company is not included as the Company under evaluation.</p>				

## 2022 Continuing Education of Directors

Title	Name	Organizer	Course Name	Course Hours
Chairman	Chin-Lung Hsu	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
		Accounting Research and Development Foundation	Concept Analysis of ISSB S2 Standard "Climate-Related Information Disclosure"	3
		Accounting Research and Development Foundation	Concept Analysis of ISSB S1 Standard "General Requirements for Disclosure of Sustainability-Related Financial Information"	3
Director	Nai-Jen Cheng	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
		Taipei Exchange	Insider Shareholding Info-Meeting for OTC-Listed and ESB Companies	3
		Taiwan Corporate Governance Association	Guidelines on Directors and Supervisor's Supervision over Proper Risk Management and Internal Control by the Company	3
Director	Hsiung-Jung Sung	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
		Taiwan Corporate Governance Association	Analyses of Management Takeover Contest and Prevention Strategies	3
		Taiwan Corporate Governance Association	How to understand the financial report to monitor for the company's operation	3
Director	Chin-Wei Yu	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
		Accounting Research and Development Foundation	<The 10 Lessons for Directors and Supervisors>-The Trend for ESG Information Disclosure and Relevant Regulations	3
		Taiwan Corporate Governance Association	Analyses of Management Takeover Contest and Prevention Strategies	3

<b>Title</b>	<b>Name</b>	<b>Organizer</b>	<b>Course Name</b>	<b>Course Hours</b>
Independent Director	Hung-Hsun Ting	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
Independent Director	An-Tso Chang	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
Independent Director	Dwen-Ren Tsai	Taiwan Investor Relations Institute	Corporate Governance Series-Insider Trading/ Analytics on Equity Declaration Practices	3
		Taiwan Investor Relations Institute	Corporate Governance and Securities Laws and Regulations	3
		Accounting Research and Development Foundation	The Development Trend of Internet Technology and New Concepts for Internal Audit Personnel	6

(4) Composition, Responsibilities and Operations of the Remuneration Committee, where the Company has established its Remunerations Committee:

A. Information of Members of the Remunerations Committee:

April 30, 2023

Role	Name	Professional Qualifications and Experience	Independence	Number of Companies the Member Concurrently Serve as a Remuneration Committee Member
Independent Director (Convenor)	Hung-Hsun Ting	Graduated with a bachelor's degree in accounting from Private Chinese Culture University. Currently serves as a Partner at Baker Tilly Clock & CO, holding a professional accountant license. Concurrently serves as an Independent Director at CyberTAN Technology Inc., a Director at Cen Link Co., Ltd., and an Independent Director at ShunSin Technology Holdings Limited. Has practical experience as a Director in TWSE/TPEX listed companies, possesses experiences and expertise in finance, accounting, and others which the Company may require in its operations.	During the period two years from assumption and throughout the tenure, the Independent Directors has fulfilled the following independence assessment criteria: 1. Is not an employee of the Company or its affiliate enterprise(s). 2. Is not a Director or Supervisor of the Company or its affiliate enterprise(s). 3. Is not a natural person shareholder holding 1% or more of the Company's issued shares or ranked top 10 in shareholding, with shares held by himself/herself or through spouse, children of minor age, or nominees. 4. Is not a managerial officer as prescribed in (1) or in spousal relationship, 2nd degree of kinship or lineal relatives by blood within 3rd degree of kinship as	2

Role	Name	Professional Qualifications and Experience	Independence	Number of Companies the Member Concurrently Serve as a Remuneration Committee Member
Independent Director	An-Tso Chang	<p>Holds a Master's degree from the GMBA Program at National Taiwan University. Currently serves as an Adjunct Associate Professor in the Department of Cultural and Creative Industries Management at National Taipei University of Education, an executive at THAI KIN CO., LTD. TAIWAN BRANCH (CAYMAN) and an Independent Director at PAHSCO. Previously served as General Manager at BENQ ASIS PACIFIC CORP., Vice General Manager at Qisda Corporation, and General Manager of BenQ Materials Business Group. Has extensive industry experiences and is capable of providing the experiences and expertise the Company may require in its operations.</p>	<p>prescribed in (2) and (3).</p> <p>5. Is not a director, supervisor, or employee of a corporate shareholder that directly holds five percent (5%) or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (however, this do not apply to independent directors appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).</p> <p>6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a</p>	2

Role	Name	Conditions	Professional Qualifications and Experience	Independence	Number of Companies the Member Concurrently Serve as a Remuneration Committee Member
Independent Director	Dwen-Ren Tsai		<p>Independent Director of the Company. Holds a PhD in Computer Science from New York University (US). Currently serves as an Associate Professor in the Department of Information Management and the Department of Information Engineering at Private Chinese Culture University. Has experiences and expertise in risk management, industry knowledge, and others which the Company may require in its operations.</p>	<p>director, supervisor, or employee of that other company.</p> <p>7. If the Chairman, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>8. Is not a director, supervisor, officer, or shareholder holding five percent (5%) or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>9. Is not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>10. Is not in spousal relationship or 2nd-degree kinship with other Directors.</p> <p>11. 20. Is not involved in any of the circumstances provided for in Article 30 of the Company Act.</p> <p>12. Is not elected as government, juristic person, or their representatives as specified under Article 27 of the Company Act.</p>	0

B. Information for Implementation Status of Remuneration Committee:

- a. The Company's Remuneration Committee is composed of 3 members.
- b. Term of Contract for the incumbent members: from January 24, 2022 to January 23, 2025. In 2022, the Remuneration Committee convened 6 meetings (A), with attendance and member qualifications as follows:

Title	Name	Attendance in Person (A)	By Proxy (B)	Attendance Rate (%) (B/A)	Remarks
Convenor	Hung-Hsun Ting	6	0	100.00	
Member	An-Tso Chang	6	0	100.00	
Member	Dwen-Ren Tsai	6	0	100.00	

Other information required to be disclosed:

1. Where the Board of Directors does not adopt or amends suggestions by the Remuneration Committee, Board of Directors meeting date, period, contents of proposal, Board of Directors resolutions and Company response to Remuneration Committee opinions should be specified (e.g. where the remunerations adopted by the Board of Directors if more preferable than the amounts suggested by Remuneration Committee, the deviation and cause for such deviation shall be specified): No occurrence in the Company.
2. Where a member expresses objection or reserved opinions to resolution by the Remuneration Committee and a record or written statement is in place, Remuneration Committee meeting date, period, contents of proposal, opinions of all members and response to member opinions should be specified:

Remuneration Committee	Proposal	Resolution	Response by the Company
2022.01.20	<ol style="list-style-type: none"> <li>1. Review on the Applicable Scope for Managerial Officers Required to be Submitted to the Remunerations Committee by the Company.</li> <li>2. Formulation of the Company's "Policy, System, Standard and Structure of Salary and Remuneration", "Regulations Governing Management over Salary and Remuneration of Directors and Managerial Officers" and "Regulations Governing Evaluation of the Board of Directors and Managerial Officers' Performances".</li> <li>3. Formulation of 2022 Working Plans for Remunerations Committee.</li> <li>4. 2021 Year-end Bonus for Managers of the Company.</li> </ol>	Adopted by all attending members without expression of objection	None
2022.03.08	<ol style="list-style-type: none"> <li>1. 2021 Distribution of Employees and Directors' Remunerations.</li> <li>2. 2021 Individual Amounts for Remunerations to Directors and Managers.</li> <li>3. Proposal for Formulation of the Company's "Guidelines for Use of Official Vehicles by Senior Supervisors".</li> <li>4. Proposal for Additional Official Vehicle for Chairman through Rental.</li> </ol>	Adopted by all attending members without expression of objection	None

2022.06.17	1.2022 Salary Adjustment for Managerial Officers of the Company.	Adopted by all attending members without expression of objection	None
2022.08.09	1.Proposal to Amend “Regulations Governing Management over Salary and Remuneration of Directors and Managerial Officers”.	Adopted by all attending members without expression of objection	None
2022.11.07	1.Proposal for Formulation of “Regulations governing Cash Capital Increase for Issuance of Shares for Employee Subscription”. 2.Proposal for Matters Relating to New Shares Issued for Employee Subscription through Cash Capital Increase . 3.2022 Special Incentive Bonus.	Adopted by all attending members without expression of objection	None
2022.12.26	1.2022 Year-end Bonus for Managers of the Company.	Adopted by all attending members without expression of objection	None

C. Duties of Remunerations Committee:

- a. The Remunerations Committee of the Company shall faithfully execute the following duties with the attention of a good manager, and submit the proposed suggestions for the Board of Directors for discussion.
  - (a) Establishing and regularly reviewing the performance evaluation for directors and managers and the policy, system, standard and structure of salary and remuneration.
  - (b) Regularly evaluating and establishing the salary and remuneration for directors and managers.
- b. When the Remunerations Committee of the Company performs the aforementioned duties, it shall comply with the following principles:
  - (a) The performance evaluation for directors and managers and salary and remuneration shall refer to the prevalent payment level in the same industry, with considerations to the reasonableness of the relationship with individual performance, Company business performance, and future risks.
  - (b) The Committee shall not induce directors and managers of the Company to engage in behaviors that exceed the company's risk tolerance in pursuit of salary and remuneration.
  - (c) The proportion of short-term performance bonuses for directors and senior managers and the timing of partial variable salary remuneration payments shall take into account industry characteristics and the nature of the Company's business in determination.

D. Information of Nomination Committee including Members and its Implementation Status: The Company has not yet established its Nomination Committee but may establish in the future if necessary.



(1) Implementation of Sustainable Development and its Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Implementation Items	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company promote governance structure for sustainable development and establish a dedicated (concurrent) unit for promoting sustainable development, with corresponding handling by senior management under authorization of the Board of Directors? If so, please describe the status of supervision by the Board of Directors.	✓		(1) Convened by the General Manager, the Company has established its ESG Promotion Committee mainly responsible for the promotion and implementation of sustainable development plans. (2) The ESG Promotion Committee implements the plan according to the proposed plan, conducts inspection and review, and holds meetings from time to time for confirming the progress for implementations.	None
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company has formulated its [Sustainable Development Best Practice Principles] and conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations accordingly.	None
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		The Company engages in information services, which do not generate high greenhouse gas emissions; however, the Company still focuses on energy conservation and reduction of greenhouse gas emissions.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		Reduction of paper use in office, and implementation of electronic signature and online delivery of official documents to reduce paper usage, reduce office electricity consumption, and thereby avoid unnecessary waste. Employees are also encouraged to implement waste sorting and strengthen recycling.	None
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the	✓		The Company has adopted its "Sustainable Development Best Practice Principles". In addition to considering the impact of	None

Implementation Items	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
present and future of its business, and take appropriate action to counter climate change issues?			operations on ecological benefits, the Company should also implement and promote the importance of environmental protection and the potential impact assessment of climate change to achieve the goal of strengthening environmental protection. The Company also incorporates greenhouse gas reduction issues into corporate risk management, and continues to assess the potential risks and opportunities of climate change in the present and future.	
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		The Company is not a manufacturing industry, hence no production-related emissions; however, to implement environmental protection and reduce the Company's overall carbon emissions, the Company is committed to continuous improvement in the consumptions of electricity and water and greenhouse gas emissions of its office(s), and cooperates with the various energy-saving and carbon-reducing items promoted by the Environmental Protection Agency, Executive Yuan whilst complying with relevant environmental protection laws and regulations.	None
4. Social Issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company complies with labor laws and related personnel regulations, formulates its working rules, and complies with the International Bill of Human Rights.	None

Implementation Items	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		<p>In addition to handling health insurance and labor insurance in accordance with the relevant provisions of the Labor Standards Act in Taiwan, the Company also enacts employee group insurance and disbursement to personal pension accounts for employees to protect employees' benefits. The measures and their implementation are as follows:</p> <p>(1) According to the Act, employees are entitled to special leave and disbursement of pensions. The Company has also established its employee welfare committee as the coordinator of welfare activities and the protector of labor rights.</p> <p>(2) In addition to labor insurance and national health insurance according to the law, all employees also insured employee group insurance covering commercial accident, medical insurance for cancer and novel coronavirus and pandemic prevention insurance, with the premiums borne by the Company.</p> <p>(3) Employees are offered fixed subsidies for health examinations. Meanwhile, the Company organizes employee activities and travel from time to time to enrich colleagues' leisure activities and bonding.</p>	None
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(1) To create a safe and healthy workplace environment, to heighten the awareness of the potential hazards in the working environment by the employees, and to reduce the risk of occupational disasters and accidents, the Company arranges "general safety and health education and training"	None

Implementation Items	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>for new and existing employees. Furthermore, the Company formulates, plans, supervises and promotes the safety and health management matters to ensure a safe and hygienic working environment. In addition to coverages of labor insurance and national health insurance according to the law, all employees also insured employee group insurance covering commercial accident and medical insurance for cancer, with the premiums borne by the Company.</p> <p>(2) The Company tallies the number of employees involved injuries due to occupational accidents on a monthly basis. In the event of occupational accidents, the Company will conduct investigations with labor representatives, analyze and make records, and conduct reviews and improvements.</p>	
(4) Does the Company provide its employees with career development and training sessions?	✓		<p>According to the Company's organizational strategy and employees' personal development needs, internal units of the Company organize complete training course, provide newcomer guidance, and arrange technical development, marketing and business and other related courses to train grassroots and middle-level supervisors, thereby shaping personal career development and effectively enrich employees of their career skills.</p>	None
(5) Do the Company's products and services comply with relevant laws and international standards in relation to customer health	✓		<p>The Company attaches great importance to the rights and interests of consumers. For information service provision, construction, management and</p>	None

Implementation Items	Implementation Status			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			maintenance, the Company formulates a complete grievance mechanism based on the operating methods and service processes derived from the nature of products and services. Furthermore, the marketing and labeling of products and services are in compliance with relevant laws and regulations and international standards.	
(6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		In the Company's internal control system and "Sustainable Development Best Practice Principles", relevant management policies on suppliers requiring them to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights as well as avoidance of trading with parties conflicting social responsibility policies of the enterprise have been included. When the Company signs contracts with major suppliers, terms of such contracts also includes compliance with corporate social responsibility-related policies and the clause for termination and rescind at any time upon occurrence of suppliers violation against policies which will lead to significant influences to the environment and society in the community of the origin shall also be included in such contracts.	None
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above		✓	The Company has not yet compiled a sustainability report, but the Company has planned relevant implementation plans and prepared such report according to the Company's implementation status.	The Company has adopted its "Sustainable Development Best Practice Principles", and the conducts will be made in the future when the

Implementation Items	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
obtain assurance from a third-party verification unit?				Company or applicable laws and regulations require.
<p>6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:  The Company has adopted its “Sustainable Development Best Practice Principles” and has implemented best practice management. There is no occurrence of material deviation.</p>				
<p>7. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>(1) The Company cooperates with charitable groups and invites its employees to contribute hoarded household items to drive the circulation of items. Sustainable development of the environment can be guaranteed through sharing. Employees of the Company have shared 153 gifts in total, spreading influences across 7 social welfare groups and schools in rural areas and benefiting 1,563 people, meanwhile reducing carbon emissions for the earth. The Company will proceed its organization of item sharing events.</p> <p>(2) In recent years, the Company has donated the GCRS Group Consolidated Statements System to Departments of Accounting at Tamkang University, Tunghai University and National Cheng Kung University with a view to promote cooperative education between the Company and educational institutes.</p>				

(6) Implementation of Ethical Corporate Management and its Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons:

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</p> <p>(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	✓		<p>(1) The Company has indeed adopted its [Ethical Corporate Management Best Practice Principles] and [Procedures for Ethical Management and Guidelines for Conduct] specifying the principles and procedures for ethical business conduct within the Company. In addition, both the Board of Directors and the management team uphold integrity as the guiding principle in the Company's operations.</p> <p>(2) The Company has adopted its [Procedures for Ethical Management and Guidelines for Conduct," which provide specific guidelines on how relevant personnel shall prevent unethical conducts and handle situations that may lead to violations.</p> <p>(3) The Company has clearly defined operational procedures, behavioral guidelines, disciplinary measures, and an appeals system in its [Procedures for Ethical Management and Guidelines for Conduct]. The Company encourages its employees to report any violations against the laws or the Code of Ethical Conduct. For relevant personnel who may have a higher risk of engaging in unethical conduct within the scope of its business operations, the Company will</p>	None

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			perform adequate advocacy to properly prevent the occurrence of unethical conducts.	
<p>2. Fulfill Operations Integrity Policy</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p>	✓		<p>(1) The Company has adopted its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to thoroughly assess the integrity records of transaction counterparties and furthermore incorporate relevant clauses on ethical business practices into contracts with counterparties.</p> <p>(2) The Administrative Management Department is designated as the unit responsible for handling the revision, implementation, interpretation, consultation of the operational procedure and behavioral guidelines. It also performs the registration and record-keeping of reporting as well as the supervision and execution, with timely reports to the Board of Directors, to ensure the concrete implementation of corporate integrity.</p> <p>(3) The Company has formulated a policy to prevent conflicts of interest in its [Ethical Corporate Management Best Practice Principles], provided appropriate channels for disclosures and ensured its implementation.</p> <p>(4) The Company has established effective accounting and internal control systems for business activities with a higher risk of unethical conduct, which prohibits off-book accounts or undisclosed accounts and enforces regular reviews to ensure the continuous effectiveness concerning the design and implementation of such system The Company's internal audit unit develops relevant audit plans based on the assessment results of the risk of unethical conducts, including subject, scope, items, frequency, etc. of</p>	None



Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?			<p>the auditing along with auditing on the implementation of prevention plans. Moreover, CPAs may be engaged in such auditing. Assistance by the professionals may also be engaged when necessary.</p> <p>(5) The Company organizes periodic education and training sessions for directors, managerial officers, employees, appointees, and those with substantial control and promotes the compliance with the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and other regulations adopted by the Company, with counterparties engaged in business dealings with the Company invited, ensuring their full understanding of the Company's commitment, policies, prevention measures, and the consequences of violation with respect to ethical conducts.</p>	
<p>3. Implementation Status Operation of the Integrity Channel</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the Company provide proper whistleblower protection?</p>	✓		<p>(1) The Company has established and disclosed by itself or has engaged other external independent organizations the establishment the whistleblower mailbox and hotline on its corporate website and internal network. These channels are available for use by both internal and external personnel and individuals.</p> <p>(2) The Company has outlined in its [Procedures for Ethical Management and Guidelines for Conduct] the standard operating procedures for investigating reported matters, subsequent actions to be taken, and relevant confidentiality mechanisms following conclusion.</p> <p>(3) The Company personnel involved in handling of the reported matters are required to provide written</p>	None

Evaluation Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			declarations regarding the confidentiality of the whistleblower's identity and the content of the report. The Company also commits to protecting the whistleblower from any improper treatment or retaliation due to the reported matters.	
4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company discloses relevant information about the [Ethical Corporate Management Best Practice Principles] on its corporate website and in the annual reports distributed in shareholders' meetings for reference by investors.	None
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has adopted its [Ethical Corporate Management Best Practice Principles] and the [Procedures for Ethical Management and Guidelines for Conduct] in accordance with the [Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies]. The Company's operations and implementations align with the established principles, and there are no significant deviations. The implementation is considered normal.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): To establish a culture of integrity, promote sound development, and establish a good business operation model within the Company, the Board of Directors has approved the "Procedures for Ethical Management and Guidelines for Conduct" specifying that directors, managerial officers, employees, or individuals with substantial controlling power within the Company shall not directly or indirectly provide, promise, request, or accept any improper benefits during the course of their business activities, nor engage in other unethical conducts such as violations of integrity, illegal actions, or breach of entrusted obligations for obtaining or maintaining benefits.				

(7) Where Corporate Governance Principles and relevant regulations have been adopted, the Company shall disclose the matters for inquiry of such regulations:

The Company has established various regulations, including the [Rules of Procedure for Shareholders' Meetings], [Procedure for Election of Directors], [Rules for Scope of Independent Directors' Duties], [Code of Ethical Conducts], and [Procedures for Ethical Management and Guidelines for Conduct], has operated and implemented corporate governance practices in accordance with the principles of corporate governance, and has strengthened information transparency and enhanced the functions of the Board of Directors through the revision of relevant management measures, thereby promoting the operation of corporate governance. These regulations have been made available on the corporate website for access and

reference by shareholders.

(8) Other important information sufficient to improve understanding of implementation status for corporate governance may be disclosed altogether:

A. The Company has adopted its [Code of Ethical Conducts] to guide the Company's directors and managerial officers in complying with ethical standards, meanwhile ensuring that the stakeholders of the Company may have a better understanding of the ethical standards of the Company. Additionally, the Company has adopted its [Rules of Procedure for Board of Directors Meetings] and has provided for avoidance of conflicts of interest by director as means to protect the interests of the Company and the mass as investors of the Company.

B. For encouraging the shareholder participation in shareholders' meetings, the Company, in addition to acceptance of shareholder proposals on an annual basis in accordance with relevant laws and regulations, has announced the manners for shareholders to exercise their voting rights in writing. The procedures and implementation details for exercising voting rights are available on the MOPS for reference.

(9) Disclosures Required for the Implementation of the Internal Control System  
A. Internal Control Statement

**M-Power Information Co., Ltd.**  
**Statement on Internal Control**

Date: February 24, 2023

The Company hereby releases this Statement concerning the results of self-inspection on the Company's internal control system made in 2022:

1. The Company (the Exchange) is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company (the Exchange) believes that as of December 31, 2022 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and

efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on February 24, 2023, where none of the seven attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

M-Power Information Co., Ltd.

Chairman: Chin-Lung Hsu

General Manager: Chin-Lung Hsu

## B. Review on Internal Control System by Entrusted Auditors



安侯建業聯合會計師事務所

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### Internal Control System Review Report

Attached is the statement on internal control system of M-Power Information Co., Ltd. issued on June 17, 2022, among which claims that the design and implementation was effective on March 31, 2022 was evaluated and considered the internal control system related to external financial reporting and protection of asset security, has been reviewed by our accountants. The Company's management is accountable for maintaining an effective internal control system and evaluating its effectiveness, and our accountants shall be accountable for expressing opinions on the effectiveness of the Company's internal control system in accordance with review results and the above-mentioned Company's internal control system statement.

Our CPAs have planned and implemented the review tasks in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and generally accepted auditing standards, so as to be reasonably confident whether the above-mentioned internal control systems of the Company are effective in all material aspects. These review tasks include understanding the Company's internal control system, assessing the process of evaluating the effectiveness of the overall internal control system by the management, testing and evaluating the effectiveness of the design and implementation of the internal control system, and other review procedures deemed necessary by our CPAs. Our CPAs are convinced that these review tasks may provide a reasonable foundation for the opinions expressed.

As any internal control system has its inherent limitations, the above-mentioned internal control system of M-Power Information Co., Ltd. may fail to prevent or detect errors or frauds that have occurred. In addition, the degree of compliance with the internal control system may also be compromised owing to potential change in the circumstances in the future, hence the internal control system effective in the current period guarantee equivalent effectiveness if applied in future reviews.

According to the opinion of our CPAs and based on the judgments using relevant items determining the effectiveness of internal control under the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the internal control system of M-Power Information Co., Ltd. related to external financial

reporting and asset security and with design and implementation on March 31, 2022 may maintain effectiveness in all material aspects; the statement issued by the M-Power Information Co., Ltd. on June 17, 2022 stating that the above-mentioned internal control system related to external financial reporting and asset security is effectively designed and implemented is considered acceptable in all material respects.

KPMG Taiwan

CPA(s): Chun-Hsiu Kuang and Chun-I, Chang

July 19, 2022

(10) If, in the Most Recent Year and as of the Publication Date of this Annual Report, the Company and its internal personnel have been punished according to law, or the Company has punished its internal personnel for violating the internal control system regulations, whose result may have a material impact on shareholders' rights and interests or securities prices, the punishment content, main deficiencies and improvement status shall be specified: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings in the Most Recent Year and as of the Publication Date of this Annual Report:

A. Major Resolutions in the 2022 General Shareholders' Meeting and Implementation Statuses:

Date	Major Resolutions	Implementation Status
2022.06.10 Annual General Shareholders' Meeting	To ratify 2021 Business Report and Financial Statements	Adopted through resolution.
	To ratify 2021 Earnings Distribution	October 3, 2022 as the ex-dividend reference date and October 18, 2022 as the cash dividend distribution date were observed.
	To Amend Partial Articles of the Company's "Handling Procedure for Acquisition and Disposal of Assets"	Adopted through resolution, to be implemented following resolutions by the Shareholders' Meeting.
	The Company's 2021 Issuance of New Shares through Capital Increase out of Earnings	October 3, 2022 as the ex-right reference date and October 28, 2022 as the stock dividend distribution date were observed.
	The Company's Application for Listing at TPEX	The Company became a TPEX-listed Company on December 14, 2022
	Proposal to Request Original Shareholders to Forfeit the Pre-emptive Subscription Rights for Initial OTC through Cash Capital Increase and Allocated for Public Underwriting	Adopted through resolution, to be implemented following resolutions by the Shareholders' Meeting.

B. Major Resolutions in Board of Directors Meetings in 2022 and as of Publication Date of this Annual Report:

Date	Major Resolutions
2022.01.14	1. Adoption of the Company's 2022 Business Plans and Budgets 2. Adoption of The Company's Renewal on Credit Lines of Banks
2022.01.24	1. Adoption of Elected Chairman 2. Adoption of Appointment of Members for the Company's 2nd



Date	Major Resolutions
	<p style="text-align: center;">Remunerations Committee</p> <p>3. Adoption of 2021 Year-end Bonus for Managers of the Company</p>
2022.03.08	<ol style="list-style-type: none"> <li>1. Adoption of 2021 Distribution of Employees and Directors' Remunerations</li> <li>2. Adoption of 2021 Individual Amounts for Remunerations to Directors and Managers</li> <li>3. Adoption of Proposal for Formulation of the Company's "Guidelines for Use of Official Vehicles by Senior Supervisors"</li> <li>4. Adoption of Proposal for Additional Official Vehicle for Chairman through Rental</li> <li>5. Adoption of 2021 Business Report and Financial Statements</li> <li>6. Adoption of 2021 Earnings Distribution</li> <li>7. Adoption of 2021 "Internal Control Statement"</li> <li>8. Adoption of the Company's "Plans of Abilities for Proprietary Preparation of Financial Reports"</li> <li>9. Adoption of Review on the Applicable Scope for Managerial Officers Required to be Submitted to the Remunerations Committee by the Company</li> <li>10. Adoption of the Company's Addition of New Credit Lines from Banks</li> <li>11. Adoption of The Company's Proposal for Adopting Regulations Relevant to Internal Control</li> <li>12. Adoption of The Evaluation on the Independence and Suitability of the CPA Attesting Financial Reports of the Company</li> <li>13. Adoption of Appointment and Remunerations of CPAs Attesting the Company's Financial Reports</li> <li>14. Adoption of Proposal to Apply for Initial OTC Offering at TPEx</li> <li>15. Adoption of Proposal to Request Original Shareholders to Forfeit the Subscription for Rights gained through Cash Capital Increase prior to OTC Listing for Compliance with Initial OTC Offering and Underwriting Regulations</li> <li>16. Adoption of Proposal to Engage Principal Underwriter in Handling of Over-Allotment in the Underwriting Period</li> <li>17. Adoption of Matters Relevant to Agenda and Proposal Raising by Shareholders for the 2022 Annual General Shareholders' Meeting</li> </ol>

Date	Major Resolutions
2022.04.15	<ol style="list-style-type: none"> <li>1. Adoption of Proposal to Implement 2021 Issuance of New Shares through Capital Increase out of Earnings</li> <li>2. Adoption of Proposal to Formulate and Amend “Accounting System”, “Internal Control System” and Various Administrative Regulations</li> <li>3. Adoption of The Company’s Renewal on Credit Lines of Banks</li> <li>4. Adoption of Proposal to Apply for Initial OTC Offering at TPEX</li> </ol>
2022.06.17	<ol style="list-style-type: none"> <li>1. Adoption of Q1 2022 Financial Statements</li> <li>2. Adoption of Q3 and Q4 2022 Financial Forecasts</li> <li>3. Adoption of Internal Control Statement of the Company</li> <li>4. Adoption of Proposal to Formulate and Amend “Accounting System” and Various Administrative Regulations</li> <li>5. Adoption of 2022 Salary Adjustment for Managerial Officers of the Company</li> </ol>
2022.08.09	<ol style="list-style-type: none"> <li>1. Adoption of Amendments to 2021 and Q2 2020 Financial Statements</li> <li>2. Adoption of Q2 2022 Financial Statements</li> <li>3. Adoption of Reference and Cash Dividend Distribution Dates for New Shares Issued through Capital Increase out of Earnings</li> <li>4. Adoption of The Company’s Renewal on Credit Lines of Banks</li> <li>5. Adoption of Proposal to Amend “Regulations Governing Management over Salary and Remuneration of Directors and Managerial Officers”</li> </ol>
2022.10.17	<ol style="list-style-type: none"> <li>1. Adoption of Proposal for Issuance of New Shares through Cash Capital Increase for Public Underwriting of the Company’s Shares prior to Initial OTC Offering</li> <li>2. Adoption of Proposal to Amend “Rules of Procedure for Board of Directors Meetings and Rules of Procedure for Shareholders’ Meetings”</li> </ol>
2022.11.07	<ol style="list-style-type: none"> <li>1. Adoption of Q3 2022 Financial Statements</li> <li>2. Adoption of Proposal to Amend “Internal Control System”</li> <li>3. Adoption of Proposal for Formulation of “Regulations governing Cash Capital Increase for Issuance of Shares for Employee Subscription”</li> <li>4. Adoption of Proposal for Matters Relating to New Shares Issued for Employee Subscription through Cash Capital Increase</li> <li>5. Adoption of 2022 Special Incentive Bonus</li> </ol>

Date	Major Resolutions
2022.12.26	<ol style="list-style-type: none"> <li>1. Adoption of Proposal to Adopt 2023 Business Plans and Budgets</li> <li>2. Adoption of Proposal to Formulate 2023 Audit Plans</li> <li>3. Adoption of Proposal to formulate General Principles for the Company's Policies on Pre-approved Non-Assurance Service</li> <li>4. Adoption of the Company's Renewal on Credit Lines of Banks</li> <li>5. Adoption of 2022 Year-end Bonus for Managers of the Company</li> </ol>
2022.02.24	<ol style="list-style-type: none"> <li>1. Adoption of 2022 Distribution of Employees and Directors' Remunerations.</li> <li>2. Adoption of 2022 Business Report and Financial Statements</li> <li>3. Adoption of 2022 Earnings Distribution</li> <li>4. Adoption of 2022 "Statement on Internal Control</li> <li>5. Adoption of the Company's Addition of New Credit Lines from Banks</li> <li>6.</li> <li>7. Adoption of the Evaluation on the Independence and Suitability of the CPA Attesting Financial Reports of the Company</li> <li>8. Adoption of Appointment and Remunerations of CPAs Attesting the Company's Financial Reports</li> <li>9. Adoption of Release of Prohibitions on the Directors of the Company from Participation in Competitive Business</li> <li>10. Adoption of Matters Relevant to Agenda and Proposal Raising by Shareholders for the 2023 Annual General Shareholders' Meeting</li> <li>11. Adoption of Amounts of 2022 Remunerations to Individual Director and Managerial Officer</li> <li>12. Adoption of Promotions and Salary Adjustments for the Company's Senior Managerial Officers</li> </ol>

(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and as of the Publication Date of this Annual Report: None.

(13) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, General Manager, Accounting Manager, Chief Internal Auditor Corporate Governance Supervisor and R&D Supervisor: None.

## 5. Information Regarding the Company's Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
KPMG Taiwan	Chen-Hsiu Guan	2022/01/01~	1,800	200	2,000	The Non-Audit Fee concerns declaration of income for profit-seeking business.
	Chun-Yi Chang	2022/12/31				

(1) Where a replacement of accounting firm is made and the audit fee paid in the year of replacement is less than the audit fee in the previous year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: None.

(2) Where audit fees have decreased by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in audit fees shall be disclosed: None.

**6. Replacement of CPA:** No occurrence in the Company.

**7. Where the Chairman, General Manager, or Manager in charge of Financial or Accounting affairs have worked in the accounting firm affiliated company of the attesting CPA in the last year, the name, title and employment period in the firm or affiliated enterprise of attesting CPA period of affiliated enterprise shall be disclosed:** No occurrence in the Company.

**8. Changes in Equity Interest Transfer and Pledge of Stock Rights Amongst Directors, Supervisors, Managers and Shareholders with Shareholding Percentage over 10 Percent in the Most Recent Year and as of the Publication Date of this Annual Report**

(1) Status of Equity Changes Amongst Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and General Manager	Chin-Lung Hsu	208,656	0	0	0
Director	Ares International Corporation Representative: Sheng-I Lin (Note 1)	None	None	None	None

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Ares International Corporation Representative: Ching-Lung Lin (Note 1)	None	None	None	None
Director	Ares International Corporation Representative: Hsiung-Jung Sung (Note 2)	12,124	0	0	0
Director	Ares International Corporation Representative: Chin-Wei Yu (Note 2)	0	0	0	0
Director	Lu-Chi Chang (Note 1)	None	None	None	None
Director and Executive Vice General Manager	Hsin-I Chen (Note 1) (Note 3)	103,154	0	(30,000)	0
Director and Vice General Manager	Nai-Jen Cheng (Note 2) (Note 3)	88,615	0	0	0
Independent Director	Hung-Hsun Ting (Note 2)	0	0	0	0
Independent Director	An-Tso Chang (Note 2)	0	0	0	0
Independent Director	Dwen-Ren Tsai (Note 2)	0	0	0	0
Supervisor	Wei-Hsiang Sun (Note 1)	None	None	None	None
Supervisor	Liu-Zheng Huang (Note 1)	None	None	None	None
Vice General Manager	Han-Lin Lee (Note 3)	145,087	0	0	0
Vice General Manager	Qing-Zhu Luo (Note 3)	196,517	0	0	0
Vice General Manager	Zhen-Jia Chang	57,634	0	0	0
Accounting Manager	Yu-Qi Wang (Note 3)	13,343	0	0	0
Auditing Manager	Zheng-Fen He (Note 3)	10,100	0	(3,000)	0
Assistant Manager	Ming-Ren Chang (Note 3) (Note 4)	None	None	0	0
Assistant Manager	Yi-Zheng Tsai (Note 3) (Note 4)	None	None	0	0

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Assistant Manager	Zhih-Hua Liao (Note 3) (Note 4)	None	None	0	0
Assistant Manager	Ya-Ling Liao (Note 3) (Note 4)	None	None	0	0
Major Shareholder	Ares International Corporation	1,002,234	0	0	0
Major Shareholder	Wei-Gu Co., Ltd.	619,011	0	0	0

Note 1: Discharged in the re-election of all directors at the shareholders' meeting on January 24, 2022. Mr. Hsin-I Chen retained as the Company's Vice General Manager.

Note 2: Newly appointed in the re-election of all directors at the special shareholders' meeting on January 24, 2022.

Note 3: The shares held includes the number of shares held through trust of the Company following subscription of employee stock warrant in 2021.

Note 4: Newly appointed as Assistant Manager on March 1, 2023.

- (2) Information Concerning Counterparty for Transfer of Share by Director, Manager, and Major Shareholder as a Related Party: No occurrence in the Company.
- (3) Information Concerning Counterparty for Pledges by Director, Manager, and Major Shareholder as a Related Party: No occurrence in the Company.

**9. Relationship among the Top Ten Shareholders, including Related Parties or Spouse or Relatives within 2nd Degree of Kinship**

April 11, 2023 Unit: Shares, %

Name	Shares Held		Shares Held by Spouses and Children of Minor Age of Director/Super visor		Shares Held through Nominees		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within 2 <sup>nd</sup> Degree of Kinship		Remarks
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name of Entity (or Individual)	Relationship	
Ares International Corporation Representative: Hung-Yang Yu	4,343,015	19.74	0	0	0	0	None	None	
	0	0.00					None	None	
Wei Gu Co., Ltd. Representative: Chin-Lung Hsu	2,682,381	12.19	0	0	0	0	None	None	
	1,030,710	4.69					Qi-Ting Hsu	Daughter to Chairman of the Company	
Chin-Lung Hsu	1,030,710	4.69	0	0	0	0	Wei Gu Co., Ltd.	Chairman of the Company	
							Qi-Ting Hsu	Daughter	
Qing-Zhu Luo	751,575	3.42	0	0	0	0	Lu-Chi Chang	Spouse	
Qi-Ting Hsu	746,452	3.39	0	0	0	0	Chin-Lung Hsu	Father	
Jing-Hui Lin	726,739	3.30	0	0	0	0	None	None	
Han-Lin Lee	553,711	2.52	0	0	0	0	None	None	
Lu-Zhen Investment Ltd. Provisional Office Representative: Liu-Zheng Huang	500,000	2.27	0	0	0	0	None	None	
	232,601	1.06	0	0	0	0	None	None	
Fubon Securities Co., Ltd. Trust Account	496,000	2.25	0	0	0	0	None	None	
Lu-Chi Chang	416,009	1.89	0	0	0	0	Qing-Zhu Luo	Spouse	

**10. Shares of the Same Re-invested Businesses held by the Company and Directors, Managers and Businesses under Direct or Indirect Control of the Company, with Combined Calculation of the Comprehensive Shareholding Percentages: Not Applicable.**



## IV. Capital Overview

### 1. Capital and Shares

#### (1) Source of Capital

##### A. Capital Constitution History:

Unit: thousand shares; NT\$ thousands

Year and Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
1999.09	10	1,400	14,000	1,400	14,000	Establishment of Company with Capital at NT\$ 14,000 thousand	None	September 10, 1999 Taipei-City-Jian g-Shang-II No. 88333761
1999.10	10	2,000	20,000	2,000	20,000	Cash Capital Increase by NT\$ 6,000 thousand	None	October 29, 1999 Taipei-City-Jian g-Shang-II No. 88343559
2000.07	12	5,000	50,000	5,000	50,000	Cash Capital Increase by 28,773 thousand, Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 1,227 thousand	None	July 12, 2000 Taipei-City-Jian g-Shang-II No. 89308629
2001.06	10	5,480	54,800	5,480	54,800	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 4,800 thousand	None	June 18, 2001 Taipei-City-Jian g-Shang-II No. 90289005
2016.01	15	15,000	150,000	7,300	73,000	Cash Capital Increase by NT\$ 18,200 thousand	None	January 13, 2016 Taipei-City-Gov ernment-Industr y-Commerce-Zi No. 10491892600
2018.09	10	15,000	150,000	8,000	80,000	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 7,000 thousand	None	September 19, 2018 Taipei-City-Gov ernment-Industr y-Commerce-Zi No. 10753882800
2019.09	10	15,000	150,000	9,200	92,000	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 12,000 thousand	None	September 10, 2019 Taipei-City-Gov ernment-Industr y-Commerce-Zi No. 10853905700
2020.09	10	15,000	150,000	10,000	100,000	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 8,000 thousand	None	September 26, 2020 Taipei-City-Gov ernment-Industr y-Commerce-Zi No. 10954281500

Year and Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2021.10	10	30,000	300,000	12,000	120,000	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 20,000 thousand	None	October 13, 2021 Taipei-City-Government-Industry-Commerce-Zi No. 11053575220
2021.10	17	30,000	300,000	14,500	145,000	Cash Capital Increase by 20,000 thousand, Execution of Employee Stock Subscription at NT\$ 5,000 thousand	None	October 20, 2021 Taipei-City-Government-Industry-Commerce-Zi No. 11054479600
2022.10	10	30,000	300,000	18,850	188,500	Capital Increase out of Earnings and Bonus (Dividend) by NT\$ 43,500 thousand	None	October 17, 2022 Taipei-City-Government-Industry-Commerce-Zi No. 11153732710
2023.01	44.88	30,000	300,000	22,000	220,000	Cash Capital Increase by NT\$ 31,500 thousand	None	January 7, 2023 Taipei-City-Government-Industry-Commerce-Zi No. 11156254710

#### B. Type of Stock:

April 30, 2023 Unit: Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Ordinary Shares	22,000,000	8,000,000	30,000,000	TPEX-listed Company

#### (2) Shareholder Composition

April 11, 2023

Shareholder Composition Quantities	Government Agencies	Financial Institutions	Mainland Chinese Investors	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
	Number of Shareholders	0	0	0	12	2,079	6
Shareholding (shares)	0	0	0	8,084,731	13,864,269	51,000	22,000,000
Percentage	0.00%	0.00%	0.00%	36.75%	63.02%	0.23%	100.00%

(3) Shareholding Distribution Status (Par Value NT\$ 10)

A. Ordinary Shares

April 11, 2023

Class of Shareholding	Number of Shareholders	Shares Held	Shareholding Percentage(%)
1 to 999	462	40,609	0.19%
1,000 to 5,000	1,403	2,216,733	10.08%
5,001 to 10,000	102	785,732	3.57%
10,001 to 15,000	37	482,661	2.19%
15,001 to 20,000	21	380,188	1.73%
20,001 to 30,000	21	522,972	2.38%
30,001 to 40,000	6	211,723	0.96%
40,001 to 50,000	9	402,470	1.83%
50,001 to 100,000	9	607,410	2.76%
100,001 to 200,000	5	643,539	2.93%
200,001 to 400,000	10	2,644,434	12.02%
400,001 to 600,000	6	2,780,657	12.64%
600,001 to 800,000	3	2,224,766	10.11%
800,001 to 1,000,000	0	0	0.00%
1,000,001 and more shares	3	8,056,106	36.62%
Total	2,097	22,000,000	100.00%

B. Preferred Shares: Not Applicable.

## (4) List of Main Shareholders

April 11, 2023; Unit: Shares; %

List of Main Shareholders	Shares	Shares Held	Shareholding Percentage
Ares International Corporation		4,343,015	19.74%
Wei-Gu Co., Ltd.		2,682,381	12.19%
Chin-Lung Hsu		1,030,710	4.69%
Qing-Zhu Luo		751,575	3.42%
Qi-Ting Hsu		746,452	3.39%
Jing-Hui Lin		726,739	3.30%
Han-Lin Lee		553,711	2.52%
Lu-Zhen Investment Ltd. Provisional Office (Representative: Liu-Zheng Huang)		500,000	2.27%
Fubon Securities Co., Ltd. Trust Account		496,000	2.25%
Lu-Chi Chang		416,009	1.89%

## (5) Market Price, Net Worth, Earnings, and Dividends per Share in the Recent Two Years

Unit: NT\$; thousand shares

Item(s)		Year	2021	2022
Market Price per Share(Note1)	Highest Market Price		Unlisted at TWSE (TPEX)	53.70
	Lowest Market Price		Unlisted at TWSE (TPEX)	45.65
	Average Market Price		Unlisted at TWSE (TPEX)	47.75
Net Worth per Share (Note2)	Before Distribution		18.72	21.85
	After Distribution		13.25	(Note 9)
Earnings per Share	Weighted Average Shares		16,368	19,022
	EPS (Note3)	Before Retroactive Adjustment	6.27	4.81
		After Retroactive Adjustment	4.83	(Note 9)
Dividends per Share	Cash Dividends		1.5	(Note 9)
	Stock Dividends Distribution	Dividends from Retained Earnings	3.0	—
		Dividends from Capital Surplus	—	—
	Accumulated Undistributed Dividends(Note4)		—	—
Return on Investment	Price / Earnings Ratio(Note5)		Unlisted at TWSE (TPEX)	—
	Price / Dividend Ratio(Note6)		Unlisted at TWSE (TPEX)	—
	Cash Dividend Yield Rate(Note7)		Unlisted at TWSE (TPEX)	—

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

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

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

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

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

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

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

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

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other

fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: The 2022 Earnings Distribution was adopted through resolution by the Board of Directors on February 24, 2023, yet pending adoption by the Annual General Shareholders' Meeting.

#### (6) Dividend Policy and Implementation Status:

##### A. Dividend Policy under the Company's Articles of Incorporation:

After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years, and set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Aside from the aforesaid legal reserve, the Company may set aside another sum as special reserve or revert such sum in accordance with relevant laws and regulations. The balance following the distribution added with undistributed earnings from the former years are the cumulative distributable earnings, whose distribution shall be made into proposals by the board of directors for submission to the meeting of shareholders for resolutions.

The Company's dividend policies depends on the Company's present and future development plans, with investment environment, needs for funds and oversea competitions as well as shareholders' interests taken into considerations. At least 10 percent of the dividend to be distributed in the current year will be distributed. Where there is loss in the current year or there are still earnings from

the previous year, the distribution may be made based on the retained earnings from the previous year; however, if the cumulative earnings distributable for the current year is lower than 10 percent of the Company's paid-in capital, the Company may decide not to distribute dividends to shareholders. Where the shareholders' dividend is distributed may be made in cash or stock, among which the cash dividend may not be lower than 10 percent of the total dividend.

B. Proposed (Performed) Dividend Distribution in the year:

The 2022 Earnings Distribution adopted through resolution by the Board of Directors on February 24, 2023 is as follows:

Unit: NT\$

Items	Amount
Beginning Undistributed Earnings	8,640,631
Add: Net Income of the Current Year	91,557,481
Add: Changes of Remeasurement for Defined Benefit Plan in the Current Period	1,208,087
Less: Legal Reserve	(9,276,557)
Earnings Distributable	92,129,642
Less: Distribution Items	
Dividend-Cash (NT\$ 3.8 per Share)	(83,600,000)
Ending Undistributed Earnings	8,529,642

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: No proposal for stock dividend distribution is made in this Shareholders' Meeting, hence not applicable.

(8) Compensations of Employees, Directors and Supervisors

A. Percentage or Scope of Compensations of Employees, Directors and Supervisors under the Company's Articles of Incorporation

If there is a profit for the current year, a distribution between 10 and 15 percent of the said profits shall be made as employees' remuneration, and a distribution no more than 3 percent shall be made as directors' remuneration. However, when the Company still has accumulated losses, the compensation shall be made up first. Individuals entitled to receive shares or cash may include employees inclusive of the employees of parents or subsidiaries of the company meeting certain specific requirements. The specific requirements are to be determined by the Board of Directors; the directors' remuneration may only be made in cash.

Where the employees' remuneration is distributed in stock or cash, or where the directors' remuneration is distributed in cash, such distribution may be performed after agreed by a majority of attending directors in a meeting of the board attended by more than two-third of all directors, and such distribution shall be reported to the shareholders' meeting.

B. Estimation basis for employees', directors' and supervisors' compensations in the current period, Calculation basis for shares distributed as employees' compensation, and Accounting handling for deviations of actual distribution amount from estimates

The Company's employees, directors and supervisors are remunerated based on the current year's profit and estimated in accordance with the percentage range provided for in the Articles of Incorporation.

If there is a discrepancy between the estimated amount and the actual distribution amount determined by the Board of Directors, it will be regarded as a change in accounting estimate and recognized as profit or loss for the upcoming year.

C. Situation of Compensation Distribution Approved by the Board of Directors

a. The amounts for distribution of the compensation of employees, directors and supervisors made in cash or stock; if there are differences between the amounts and the annual estimate of the recognized expenses, the difference, reason and handling situation shall be specified:

The Company has adopted after approval by the Board of Directors on February 24, 2023 the employees remunerations at NT\$ 15,794,534 and directors and supervisors' remunerations at NT\$ 1,402,903. The above-mentioned amounts are paid in cash, and there is no deviation from the recognized annual estimates.

b. The Amount of Employees' Compensation Distributed in Stock and Its Proportions to the Sum of Net Income and Employees' Compensation in the Current Comprehensive or Company Only Financial Statements: None.

D. The actual distribution of the compensation of employees, directors and supervisors in the previous year (including the distribution of shares, amount and stock price); if there is any difference from the recognized compensations employees, directors and supervisors, the difference, reason and handling situation shall be specified:

The Company's annual employees, directors and supervisors' remunerations distribution has been approved by the Board of Directors through resolution on March 8, 2022, and submitted to the Shareholders' Meeting on June 10, 2022. The actual employees' and directors and supervisors' remunerations were NT\$14,000 thousand and NT\$ 700 thousand, respectively, and are consistent with the amounts reported to the Shareholders' Meeting.

(9) Buyback of Outstanding Shares of the Company: No occurrence in the Company.

**2. Implementation Status of Corporate Bonds:** No occurrence in the Company.

**3. Implementation Status of Preferred Shares:** No occurrence in the Company.

**4. Implementation Status of Global Depository Receipt (GDR):** No occurrence in the Company.

**5. Implementation Status of Employee Stock Warrant**

(1) The number of employee stock warrants not yet expired: None.

(2) Names and acquisition and subscription status of managers who have obtained employee stock option certificates and the top ten employees who have obtained certificates and the number of shares available for subscription

April 30, 2023

	Title (Note 1)	Name	Quantity of Subscription Obtained	Percentage of Quantity of Subscription Obtained to All Issued Shares	Implemented				Not Implemented			
					Subscription Quantity	Subscription Price	Subscription Amount	Percentage of Quantity of Subscription Obtained to All Issued Shares	Subscription Quantity	Subscription Price	Subscription Amount	Percentage of Quantity of Subscription Obtained to All Issued Shares
Managerial Officers	Executive Vice General Manager	Hsin-I Chen	202,000	1.39	202,000	17	3,434,000	1.39	-	-	-	-
	Vice General Manager	Qing-Zhu Luo										
	Vice General Manager	Han-Lin Lee										
	Vice General Manager	Nai-Jen Cheng										



	Title (Note 1)	Name	Quantity of Subscription Obtained	Percentage of Quantity of Subscription Obtained to All Issued Shares	Implemented				Not Implemented				
					Subscription Quantity	Subscription Price	Subscription Amount	Percentage of Quantity of Subscription Obtained to All Issued Shares	Subscription Quantity	Subscription Price	Subscription Amount	Percentage of Quantity of Subscription Obtained to All Issued Shares	
	Accounting Supervisors	Yu-Qi Wang											
	Auditing Manager	Zheng-Fen He											
Employees	Assistant Manager	Ming-Ren Chang	149,000	1.03	149,000	17	2,533,000	1.03	-	-	-	-	
	Assistant Manager	Zhih-Hua Liao											
	Assistant Manager	Yi-Zheng Tsai											
	Assistant Manager	Jin-Sheng Chen											
	Manager	Feng-Mei Shih											
	Senior Manager	Long-Hui Chang											
	Assistant Manager	Ya-Ling Liao											
	Senior Manager	Qin-Song Shen											
	Senior System Consultant	Yu-Fang Chien											
	Project Affairs Manager	Jun-Kai Chiu											

**6. Implementation Status of Restricted Stock Awards:** No occurrence in the Company.

**7. Implementation Status of M&A or New Shares in Connection with Receiving Transfer of Shares of another Company:** No occurrence in the Company.

## 8. Implementation Status of Funds Utilization Plans

### (1) Plan Contents

- A. Date and Number of Order for Approval: per 13 December 2022 Securities-OTC-Review-Zi No. 11100130823 by TPEX approving the trade on the over-the-counter (OTC) market with share payment certificates in advance, effective from December 14, 2022.
- B. Total Funds Required in Plan: NT\$ 141,372 thousand.
- C. Funds Source

The Company increased its cash capital by issuing 3,150 thousand new shares, each with a par value of NT\$ 10. The minimum underwriting price for the competitive auction was determined as 70% of the simple arithmetic average price, which was the average transaction price of the thirty business days prior to the submission of the competitive auction agreement to the Taiwan Securities Association, after subtracting for None bonus issues (or capital reduction ex-rights) and ex-dividend. This is capped at a maximum of NT\$ 40 per share. The highest bidder will be awarded based on the bid price, and each winning bidder must subscribe according to their winning bid price. The total amount of the winning bids in this competitive auction was NT\$ 96,178 thousand. The public subscription underwriting price was calculated as NT\$ 44.88, based on the weighted average price of each winning bid in the competitive auction. However, since this average price did not reach the underwriting price cap agreed upon by the Company and the sponsoring recommending securities firm, the public subscription underwriting price was set at the winning average price of NT\$ 44.88 per share, resulting in an issue at a premium. Additionally, the funds raised from public subscription and employee subscription amounted to NT\$ 45,194 thousand. Therefore, the total amount of funds raised from this capital increase was NT\$ 141,372 thousand.

### D. Plan Items and Progress for Capital Utilization

Unit: NT\$ thousands

Plan Items	Estimated Date for Completion	Total Capital Required	Estimated Capital Utilization Plan	
			2022Q4	2023Q1
Enriching Working Capital	2023Q1	141,372	50,000	91,372

### E. Anticipated Effects

The Company plans to raise funds of NT\$ 141,372 thousand, which is expected to be fully used to enrich working capital. Considering the Company's long-term development and future growth, it is used for the working capital needed for the continuous growth of operation scale, which can increase the Company's long-term funds stability, which is of positive benefit to the Company's overall operational development and strengthening of its financial structure.

(2) Implementation Status

Unit: NT\$ thousands; %

Plan Items	Implementation Status		2022Q4	2023Q1	Reasons for being ahead or behind schedule and Improvement Plan
Enriching Working Capital	Amount of Funds Used	Estimate	50,000	91,372	All have been implemented in accordance with the Plan in Q1 2023.
		Actual	50,000	91,372	
	Implementation Progress	Estimate	35.36%	64.64%	
		Actual	35.36%	64.64%	

## V. Operation Highlight

### 1. Business Activities

#### (1) Scope of Business:

##### A. Main Contents

- (A) F118010 Wholesale of Computer Software
- (B) F218010 Retail Sale of Computer Software
- (C) I301010 Software Design Services
- (D) I301020 Data Processing Services
- (E) I301030 Electronic Information Supply Services
- (F) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (G) F213030 Retail Sale of Clerical Machinery Equipment
- (H) F109010 Wholesale of Books
- (I) F209010 Retail Sale of Books and Stationery
- (J) F301030 General Merchandise
- (K) F601010 Intellectual Property Rights
- (L) I601010 Rental and Leasing
- (M) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

##### B. Proportions in Operations:

Unit: NT\$ thousands

Main Products	2021		2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Sales of Computer Software	1,056,039	90.67	1,368,233	92.65
Income from Services and Repair	108,687	9.33	108,533	7.35
Total	1,164,726	100.00	1,476,766	100.00

##### C. Current Items of the Company and New Items under Development Plan

###### (A) Main Items of the Company

###### a. Products under Distribution of the Company

Based on the infrastructure software required for enterprise application system development as the core, the Company distributes products made by world-class leaders, actively integrates solutions in various fields, and develops service processes and introduction methods suitable for the characteristics of the industry, assisting enterprise customers to successfully carry out digital transformation, and improve the competitiveness in the industry. The Company actively plan overall software development, application architecture, middleware (AIM) software, information system operation performance management software, information security software, and cloud application infrastructure software solutions from the perspective of enterprise users, and implements tailor-made import services and professional consulting for enterprises to meet their needs, so as to

improve the application value of the overall solution. The products distributed by the Company are described in the following table:

Brand under Agency	Summary of Product Application
Oracle	Database, Cloud Service, Application Server, Enterprise Application Software
SAP	Database, Enterprise Application Software
Quest	Database Performance Analyzer Software, Application System Development Software, Windows Infrastructure Management Software
Instana	Containerized and Cloud Application System Performance Analyzer Software
CISCO AppDynamics	Application System Performance Analyzer Software
Automation Anywhere	Robotic Process Automation (RPA)
One Identity	Information Security Software
Rancher	K8S Container Management Platform
Appeon	Software for Simplifying and Accelerating Development of Enterprise Application
WhiteSands	Database Performance Analyzer Software

Furthermore, in terms of Professional Solution Consultant Services, during the implementation of network and application system development, in addition to the above-mentioned distribution software products of the Company, companies also need professional and complete system planning and construction, deployment, maintenance and other technical consulting and customized services. The Company's service team has world-class original professional certifications such as Oracle and SAP, and is proficient in NT, Unix, Linux and other cross-platform operating systems. With the technical capabilities for integrating products of original provider and rich practical experiences in software R&D and system integration, the Company helps the enterprise customers in achieving the goal of digital transformation in a rapid and accurate manner.

Information products and services are indispensable elements for improving productivity, increasing competitiveness, and sustaining growth in the digital transformation of enterprises. The Company helps businesses customize information products and services into information solutions according to their own needs. This includes providing services from internal process planning, application software implementation, to post-implementation management and maintenance services. At the same time, we also provide cloud computing capabilities and big data management services. By systematically introducing various information products to the client end and providing continuous after-sales service with professional technical capabilities and, after introducing various information

products to the client through overall planning, we will provide professional and technical capabilities and continuous after-sales service. Therefore, as the enterprises are pursuing the best overall information solution and integration of various information systems for enhanced efficiency whilst demanding customization of information solutions and a more advanced demand for the level of maintenance technology, the replacement with other products or services is less likely to occur.

b. Proprietary Products and Services

(a) Group Consolidated Report Products

Product	Functions Summary
GCRS Group Consolidated Report System	<ol style="list-style-type: none"> <li>1. Automatically executes "shareholders' equity" and "internal transactions" consolidation and elimination.</li> <li>2. Rapidly generates audit reports and internal transaction reconciliation bills for each subsidiary's trial balance data.</li> <li>3. Provide the necessary consolidated working papers and the financial statements for audit by accounting firms.</li> <li>4. Supports corporate organization changes, changes in equity, and various internal transaction combinations.</li> <li>5. Powerful data reconciliation function and traceable audit working papers.</li> </ol>
EZSO System	<ol style="list-style-type: none"> <li>1. Corporate data collection platform supporting flexible customization of financial note data collection formats and styles.</li> <li>2. Allowing grasping and correction of data errors in real time through the establishment of financial note data articulation rules.</li> <li>3. Automatically performs data and currency conversion and summation, reducing time required for data compilation.</li> <li>4. Supports flexible combination of multiple data sources and produces traceable audit working papers for financial notes and consolidated data reports.</li> </ol>
EZPI System	<ol style="list-style-type: none"> <li>1. Financial statement output platform supporting financial reports in various languages.</li> <li>2. With the data source from the EZSO, EZPI may automatically apply "document templates" for quickly generation of financial reports.</li> <li>3. With the EZSO system, comprehensive data auditing can be made available without concerns of data quality</li> </ol>

## (b) Products for ESG Applications

Product	Functions Summary
CarbonKeeper CFV System	<ol style="list-style-type: none"><li data-bbox="638 320 1404 387">1. Capable of collecting greenhouse gas inventory data from multiple offices and fields.</li><li data-bbox="638 398 1404 521">2. Provides flexible customization of the activity data collection format for greenhouse gas inventory.</li><li data-bbox="638 533 1404 622">3. Allow users to set their activity data calculation formulas according to different emission sources.</li><li data-bbox="638 633 1404 768">4. Produces draft calculations of greenhouse gas emissions according to different reporting purposes.</li><li data-bbox="638 779 1404 869">5. Provides diverse dashboards allowing users to grasp analytical data at any time.</li></ol>

### (B) New Products Under Development Plan

#### a. Optimization for Functions of the Group Consolidated Statements System

The Company's R&D unit records feedback and suggestions from Group Consolidated Statements System customers, and releases updated versions from time to time to optimize user experience and work efficiency. The current Group Consolidated Statements System versions have incorporated the universal needs by a majority of customers. Afterwards, only fine-tuning of partial system features shall be made to progressively satisfy customer expectations and enhance their dependence on such product.

#### b. Optimization of CarbonKeeper System Features

At present, basic function development for the Phase 1 Carbon Footprint Verification system product has been completed. In the upcoming phases, in addition to continued feature optimization for Carbon Footprint Verification system products stressing on organizational needs, the R&D unit will also address the needs of corporate customers during the transformation process of net zero emissions. The Company shall conduct corresponding R&D on digital software, in order to create new momentum for the sustainable growth of enterprises, and smoothly promote the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" in response to government policies, helping enterprises to grasp the international trend of carbon neutrality and expected ESG goals in a timely and efficient manner.

## (2) Industry Overview

### A. Status Quo and Development of the Industry

The information software and service market can be divided into information software and information service sectors according to its product function and service provision model. Information software sector concerns providing software products needed by users, including application software used by enterprise users,

information security, database, development tools and others. The productivity, games, mobile applications, audio-visual editing tools, system software, application software and tool software, etc. used by consumers fall within this sector. Information service sectors refers to providing users with professional infrastructure services, development and deployment services, business process services, consulting services, software support services, hardware maintenance services and other comprehensive services, in which the revenue is generated through the gains from the value of services provided.

(A) Overview of Global Software and Information Service Market

According to the survey report of Gartner, an international research and consulting organization, the global IT expenditure will further grow mainly due to geopolitical disturbances, inflation, exchange rate fluctuations, supply chain, to name a few interference factors, making global enterprises realize the responses to various disturbances and adjustments with greater flexibility and rapidness availed by digitization. This promotes the gradual expansion of the information service industry in new application markets. Driven by demands for services such as big data analysis, cloud computing, customer experience and information security, plans and investments in various IT expenditure shall proceed, indicating that global IT expenditure in 2022 is expected to reach USD 4.4 trillion, an increase of 4.0% compared to 2021; in addition, as enterprises around the world remain challenged by the aftermath of the novel coronavirus pneumonia pandemic, in order to improve customer experience and supply chain efficiency, digital transformation will be accelerated continually. Therefore, Gartner predicts that the growth momentum in the enterprise software market in 2021 remains, with CAGR maintain a near double-digit growth in 2022 and 2023 (Fig. 1).

Fig. 1. Global IT Expenditure Predictions 2021~2023

Unit: US millions; %

	2021 Expenditure	Growth Rate	2022 Expenditure	Growth Rate	2023 Expenditure	Growth Rate
Data Center System	207,306	6.7	218,634	5.5	230,385	5.4
Enterprise Software	614,494	15.9	674,889	9.8	754,808	11.8
IT Equipment	809,452	16.1	824,600	1.9	837,844	1.6
IT Services	1,185,103	10.6	1,265,127	6.8	1,372,892	8.5
Communication Services	1,443,419	3.4	1,448,396	0.3	1,477,798	2.0
Overall IT	4,259,773	9.5	4,431,646	4.0	4,673,728	5.5

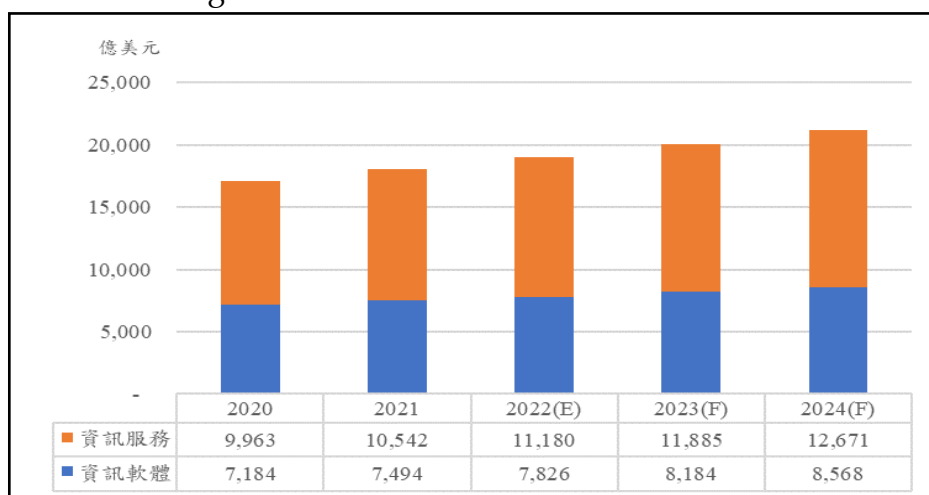
Source: Gartner, April 2022

As for the information software and information service market, the Institute for Information Industry MIC predicts that the market size will grow from US\$ 1.7 trillion in 2020 to US\$ 2.1 trillion in 2023, with a CAGR at 5.5%, indicating the stable growth of global information software and service market driven by the governments and enterprises in main markets resulting from their needs in expansion in conjunction with the effects of digital transformation emerging in the recent years boosting the information technology infrastructure and needs for



information service, albeit with the global political and economic turmoil (Fig. 2).

Fig. 2. Global Information Software and Service Market Size

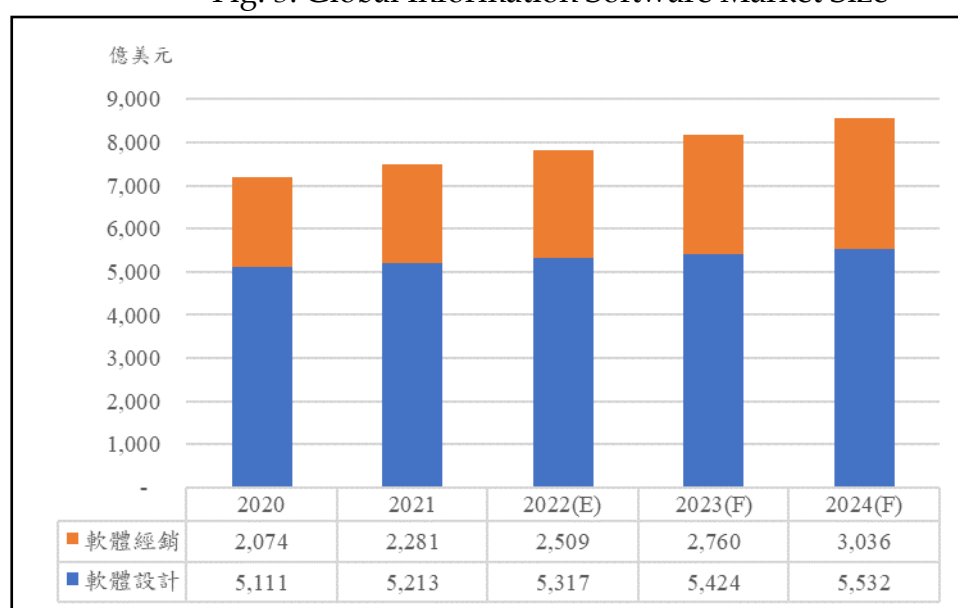


Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

(a) Information Software Market

Concerning the scale of the global software market, traditional enterprise solutions would be subject to gradual impedance in growth of demands as a result of Cloud Service development. The public package software relies on the rapid innovation of mobile application software and continues to maintain a high growth rate. Benefiting from the application development of the Internet of Things, The demand for middleware for various sensing devices and smart networking, and the scale growth is expected to expand. According to MIC estimates, the global software market will grow from US\$718.4 billion in 2020 to US\$856.8 billion in 2024, with a CAGR of 4.5% (Fig. 3).

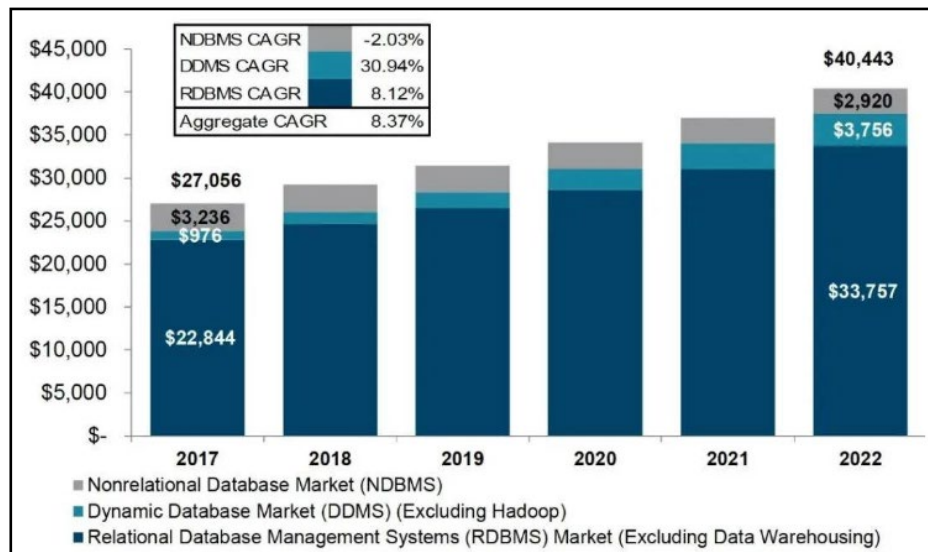
Fig. 3. Global Information Software Market Size



Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

With the increasing digitization of enterprises, the data to be processed is rapidly expanding. The preliminary data management model with excessive simplicity and poor scalability becomes inadequate for use. Database concurrently serves as data management system may provide basic data storage functions and also tackle the data integrity, consistency and security issues. IDC estimates that the size of global database market in 2022 is expected to exceed US\$ 40 billion, of which Relational Database (RDBMS; aka. SQL Database) accounts for about 80%. Oracle has a 42% market share in the global relational database market, followed by the other two major providers Microsoft and IBM with market shares of 24% and 13%, respectively (Fig. 4).

Fig. 4. Global Information Software Market Size



Source: IDC, 2021

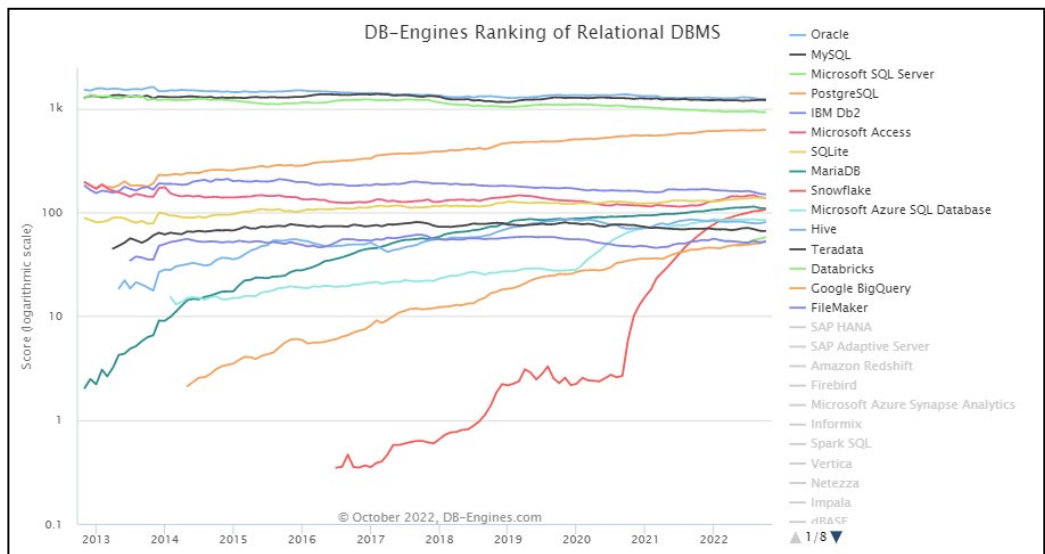
As shown in the following two figures, DB-Engines statistics indicates that Oracle and MySQL have remained dominant in the Relational Database in the past 10 years.

Fig. 5. Relational Database Ranking

Rank				DBMS	Database Model	Score		
Oct 2022	Sep 2022	Oct 2021	Oct 2022			Sep 2022	Oct 2021	
1.	1.	1.		Oracle +	Relational, Multi-model	1236.37	-1.88	-33.98
2.	2.	2.		MySQL +	Relational, Multi-model	1205.38	-7.09	-14.39
3.	3.	3.		Microsoft SQL Server +	Relational, Multi-model	924.68	-1.62	-45.93
4.	4.	4.		PostgreSQL +	Relational, Multi-model	622.72	+2.26	+35.75
5.	5.	5.		IBM Db2	Relational, Multi-model	149.66	-1.73	-16.30
6.	6.	7.	↑	Microsoft Access	Relational	138.17	-1.87	+21.79
7.	7.	6.	↓	SQLite +	Relational	137.80	-1.02	+8.43
8.	8.	8.		MariaDB +	Relational, Multi-model	109.31	-0.85	+6.71
9.	9.	12.	↑	Snowflake +	Relational	106.72	+3.22	+48.46
10.	10.	10.		Microsoft Azure SQL Database	Relational, Multi-model	84.96	+0.54	+5.24
11.	11.	9.	↓	Hive	Relational	80.60	+2.17	-4.14
12.	12.	11.	↓	Teradata	Relational, Multi-model	66.07	-0.51	-3.76
13.	13.			Databricks	Multi-model	57.61	+1.99	
14.	16.	16.	↑	Google BigQuery +	Relational	52.45	+2.33	+8.66
15.	15.	14.	↓	FileMaker	Relational	52.41	+0.84	-0.44

Source: DB-Engines, October 2022

Fig. 6. Relational Database Ranking in the Recent Decade

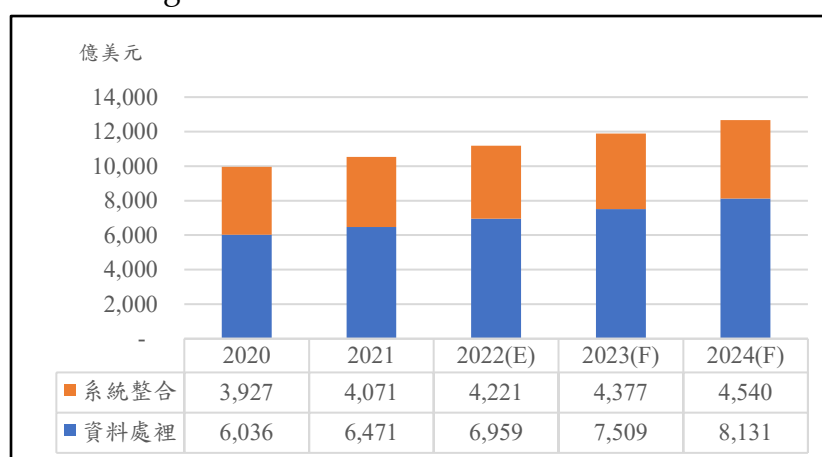


Source: DB-Engines, October 2022

### (b) Information Service Market Overview

In terms of the size of global information service market, there is a stable growth of global information service market driven by the governments and enterprises in main markets resulting from their needs in expansion in conjunction with the effects of digital transformation emerging in the recent years, which boost the information technology infrastructure and needs for information service albeit with the global political and economic turmoil. In addition, the development of emerging information and communication applications will also boost the continuous growth of the global information service market, in which cloud computing and big data applications still play a major role, while Internet of Things applications are expected to take over and become the next growth momentum in the future expansion of information service market. According to MIC estimates, the global information service market will grow from US\$ 996.3 billion in 2020 to US\$ 1,267.1 billion in 2024, with the CAGR of 6.2% (Fig. 7).

Fig. 7. Global Information Service Market Size

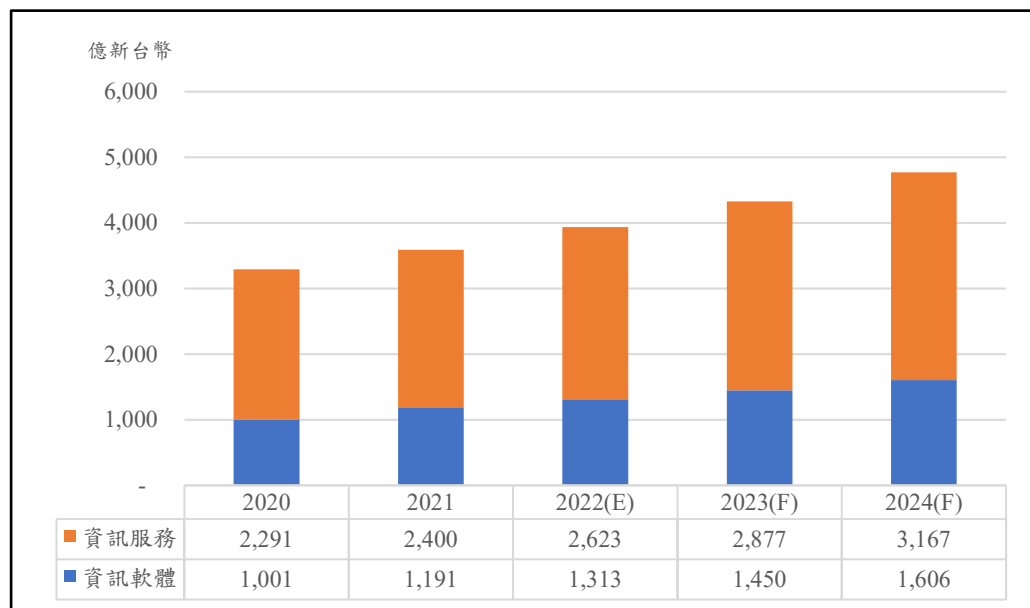


Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

(B) Taiwan Software and Information Service Market Overview

The rapid development of the Internet and communication technology has made various applications of information technology an important source of business innovation. Enterprises intending to provide customers with better and more timely services for greater operating value or to strengthen their own operating system to face the increasingly fierce competitions are vying to evaluate and introduce related information application systems such as cloud applications, 5G, big data, artificial intelligence, virtual/augmented reality, Industry 4.0, etc., nourishing the growing environment in favor of Taiwanese information service industry. In addition, the novel coronavirus pneumonia pandemic has accelerated the digital transformation of industries in Taiwan. According to MIC statistics, the percentage of individuals considering that digital transformation the priority of the organization have increased from 68% prior to outbreak of global COVID-19 pandemic to 90% in 2021, and such boost have also driven the digital transformation trend to the next level. Digital transformation is more than mere introduction of obvious digital tools, but rather the establishment of a hidden digital culture and the key changes in organizational behaviors through transformation in work concepts and the use of digital tools. In addition, the product-oriented transformation of the upstream/downstream supply chain with its extension to the service-oriented digital ecosystem can not only add value to the original enterprise products and services, but also create a new type of business mainly based on information services that may promote the stable development of the domestic information services and software market. Combined with government-related budgets, artificial intelligence, smart manufacturing, smart finance and smart retail and effects of other topics, information service and software market in this country has progressed in a steady pace. According to the MIC estimate of the Institute for Information Industry, the estimated output of Taiwan's information and software industry will rise from NT\$ 329.2 billion in 2020 to NT\$ 477.3 billion in 2024, with a CAGR of 9.7% (Fig. 8).

Fig. 8. Size of Taiwanese Information Software and Service Market



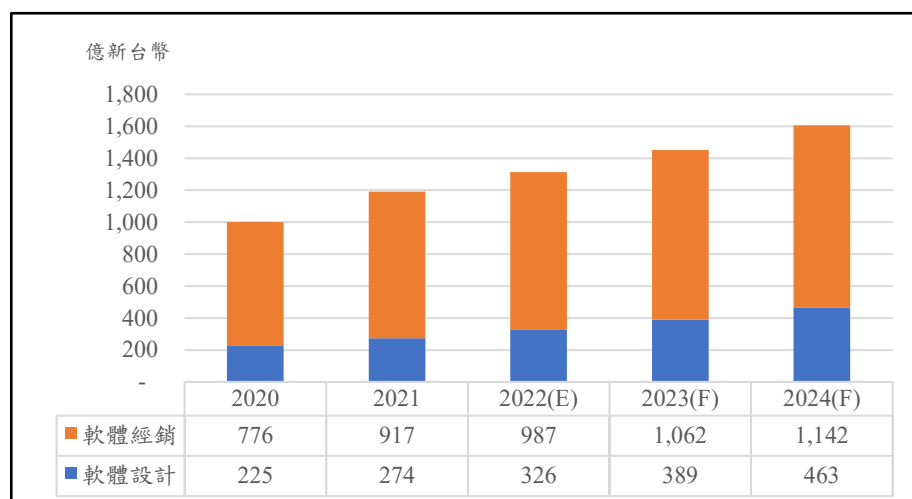
Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

In recent years, the technology development trend of the information industry has focused on 5G infrastructure (base station construction and business model exploration), Internet of Things (development of edge computing) and artificial intelligence (technology improvement and product launch), which are further connected with different technologies to create new applications scenarios and business models. Subsequently, the technology reach different industries, including manufacturing (smart manufacturing), financial industry (smart finance), retail industry (smart retail), medical industry (smart medical care) and more, among which domain expertise and provision of consultation services are developed.

#### a. Information Software Market

In terms of information software market, Taiwan's software market remains dominated by application software such as cloud computing, big data services, mobile applications, game software, and smart devices. As the development of new technologies such as cloud, AI, 5G, long-distance and more become increasingly mature, coupled with the pandemic thrusting digital transformation of enterprises, software applications and services are diversified, which in turn drives the output of the software industry. MIC estimates that the output value of the information software industry will grow from NT\$ 100.1 billion in 2020 to NT\$ 160.5 billion in 2024 (Fig. 9), which will account for about 34% of the overall information software and service market in the same year (Fig. 10). As shown in the Figure below, Taiwan's information software market is mainly composed of software design, among which the main items are non-game programming, modification, testing and maintenance, such as the design of operating systems and applications.

Fig. 9. Size of Taiwanese Information Software Market

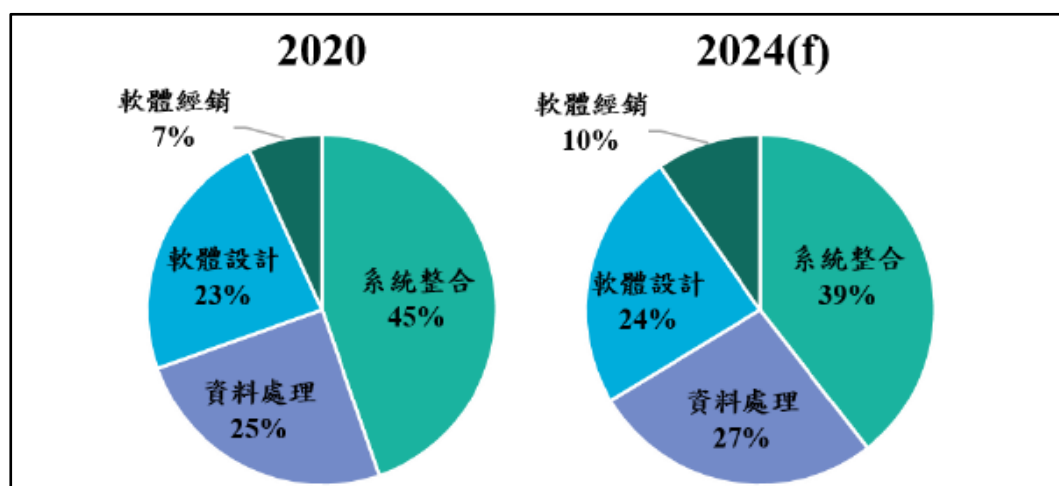


Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

b. Information Service Market Overview

As shown in the figure below, system integration and outsourcing and cloud service accounted for more than 70%, which benefited from digital solutions (such as: cloud service, artificial intelligence, financial technology, information security and cloud service applications), and also drove the overall Information software and services market growth.

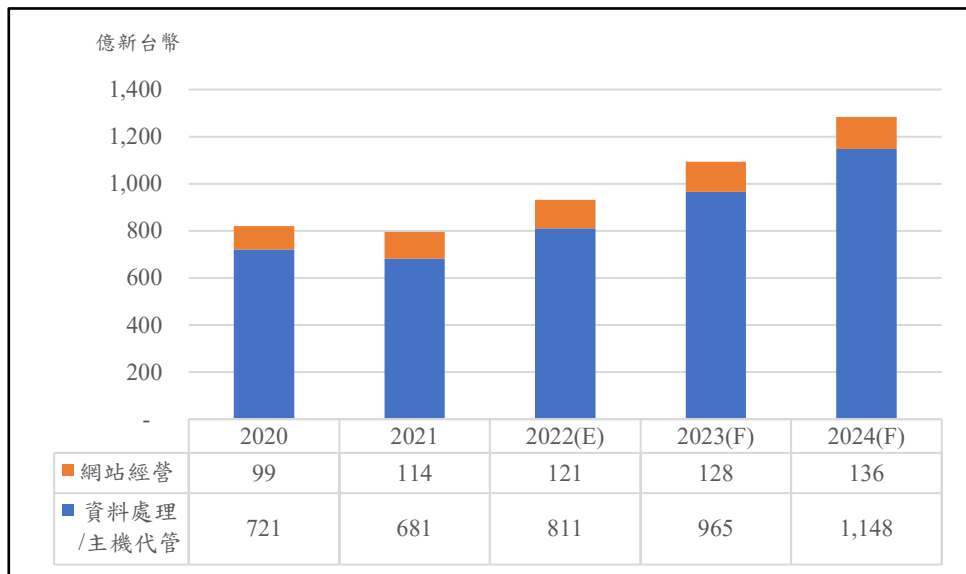
Fig. 10. Composition of Taiwanese Information Software and Service Market



Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

(a) Outsourcing Service Market in Taiwan

Fig. 11. Outsourcing Service Market in Taiwan

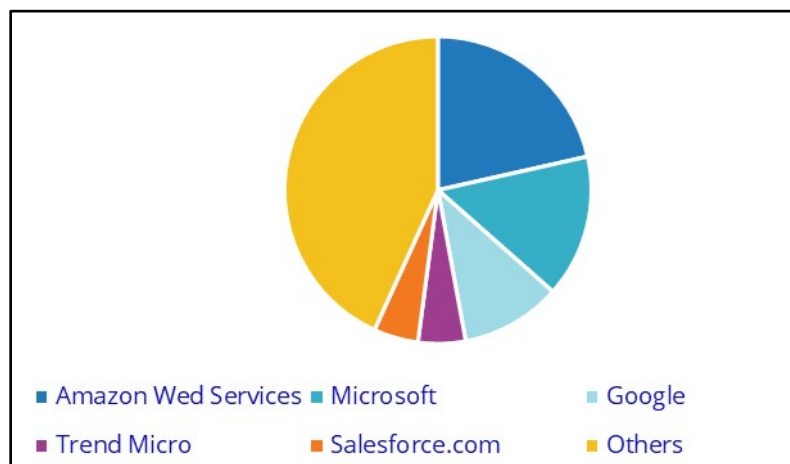


Source: MIC 2022 Information Software and Services Industry Yearbook, Institute for Information Industry, October 2022

As shown in the figure above, MIC predicts that the output of outsourcing service market in Taiwan will grow from NT\$ 82 billion in 2020 to NT\$ 128.4 billion in 2024 (Fig. 11), mainly composed of information management outsourcing and system maintenance support services fueled by colocation, remote backup and cloud computing business. In addition to the original IT demand driven by applications such as 5G, AI, FinTech, big data and cloud, it also benefits from the changes as well as expedited digital transformation in the enterprises urged by the novel coronavirus pneumonia pandemic, amongst which many enterprises replace office work with remote collaboration, thereby requiring a large amount of real-time data processing, bringing about the CAGR of 12.3% in the data processing and colocation category.

(b) Cloud Service Market in Taiwan

Fig. 12. Market Share of Main Public Cloud IaaS Providers in Taiwan



Source: IDC, Semiannual Public Cloud Services Tracker, July 2022

In addition, according to the research results of the semiannual publication IDC Semiannual Public Cloud Services Tracker in July 2022, AWS has benefited from the advantages of market pioneers in the IaaS (infrastructure as a service) market. Coupled with above-average overall performances in the industry encompassing partner management, product marketing activities and more AWS is still the prime for digital natives, start-ups and small and medium-sized enterprises when adopting public cloud services and maintains the position of Taiwan's largest public cloud service provider; Microsoft's Azure muscles for domestic large enterprise customers in recent years, and due to the long-term close cooperation with domestic large-scale enterprises, it has helped Microsoft rank second in Taiwan's public cloud IaaS market; Google with advantages in data centers, brand awareness and prices ranks third in IaaS in terms of market share, per Taiwan Public Cloud Market survey, for they are the most popular public cloud service providers covering online games, streaming and media contents. Taiwan's local public cloud service providers such as Chunghwa Telecom and Far EasTone have the advantages of the telecommunications network and local data centers, coupled with the long-term good cooperation with the government and enterprises and the implementation platforms of many government epidemic prevention policies were built on the public cloud infrastructure of the two companies during the outbreak of the epidemic last year. There is also room for growth in the future; foreign companies such as IBM, Alibaba, and Oracle are also actively cultivating the development of Taiwan's local public cloud service market, with rises and falls throughout the period.

During the outbreak of the novel coronavirus pneumonia pandemic, the proportion of enterprise users using remote office services such as WVD virtual desktops and information security applications has increased rapidly; coupled with digital transformation amongst large domestic enterprises, IDC estimates that the overall public cloud service market in Taiwan will increase from US\$ 1.635 billion in 2022 to US\$ 4.016 billion in 2026, with a CAGR of 25.2%.

### (C) Status Quo and Development of the Industry Relating to Proprietary Product

#### a. Financial Report Software Industry

Financial report software is mainly sold to listed group companies. Taking the domestic market as an example: there are about 1,780 TWSE/TPEX listed companies. After excluding about 150 individual companies who do not qualify as prospects, there about 1,600 real prospects, among which there are about 1,000 group companies containing 10 or fewer consolidated entities-a market segment suitable for sales through the "subscription model"; in the meantime, the Company may gain sales from the other 600 group companies containing 10+ consolidated entities through software licensing.

#### b. Carbon Management Platform Software Industry

On March 3, 2022, the FSC announced the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies", requiring TWSE/TPEX companies to complete carbon disclosure and third-party verification in



installments. Furthermore, the government implements a policy featuring “the bigger one guiding the smaller one”, which the enterprises in the supply chain of large enterprises shall also comply as the large enterprises are required to meet the regulations. It is expected that nearly 200,000 companies will have related software demand in this wave of compliance changes. The Company has developed a carbon management platform software "CarbonKeeper" to assist TWSE/TPEX companies in completing the organization Carbon Footprint Verification, who then cooperate with government policies for smooth promotion of “Sustainable Development Roadmap for Listed Overseas Companies” in order to create new momentum for sustainable growth.

#### B. Relevance of the Upstream, Midstream and Downstream of the Industry

The information service industry can be divided into upstream composed of application/system software design and development manufacturers, midstream composed of agents and distributors, and downstream composed of end users (as shown in the figure below). The sectors of the streams in the industry to which the Company belongs are shown as follows:

Category	Software Product	Upstream	Midstream	Downstream
Application Software Design and Development, and Provision of Services	Financial Report Products ESG Carbon Footprint Verification System	M-Power	Agent Distributor/ Accounting Administration/ Consultation Provider	End User
Distribution of Information Software and Provider Service	Domestic/Overseas Products under Distribution	Domestic/Overseas Software Providers	M-Power	End User
Provision of Services	Domestic/Overseas Products under Distribution	Domestic/Overseas Software Providers	M-Power	End User

In response to the wave of digital transformation of enterprises and organizations in recent years and the self-preparation of financial reports, the Company has continued to invest in the design and development of financial report preparation software and the ESG Carbon Footprint Verification system. The Company is positioned in the upstream of the information service industry in terms of application software design and development; meanwhile, as the Company purchase software licenses and services from major suppliers whilst reaching out to end users at the downstream, the Company serves as a midstream role as a distribution channel. In addition, the Company provides customers with system integration and data processing services for the software products it distributes as well as technical support, positioning itself in the midstream of the information service industry.

#### C. Various Development Trends of the Products

With the vigorous development of emerging technologies such as 5G, Internet of Things, artificial intelligence and machine learning, the IT infrastructure is now expanding from the core and the cloud to the edge. In addition, as COVID-19 has severely damaged the global economy and brought a new normal of work and life, more people and devices rely on the Internet to obtain services, which drives

enterprises to provide more flexible network bandwidth, computing resources and data space to realize cloud infrastructure, platform systems, and business development. However, with increasingly more connected devices and transmitted data and user applications, more information security breaches and risks are exposed. Therefore, enterprises must also make every effort to strengthen information security at the same time to ensure smooth service and let the application be available at any time. According to statistics, less than 30% of the global enterprises may successfully transform in the progress of digital transformation, since the transformation will encounter the resource sharing issue due to coexistence of conventional systems and new systems. The problem of uninterrupted request for a large number of resources and services from the data center anytime and anywhere. In the meantime, the bottom framework of the system also needs large-scale standardization, virtualization, integration, intelligence and high automation, making it a difficult journey full of complexity for ordinary enterprises.

The Company as the top-notch technical consultant expert is committed to solving IT problems for enterprise customers and enhancing enterprise competitiveness, enabling enterprises to lay the foundation for flexible and agile transformation. By providing hyper-converged infrastructure, the Company leads data centers towards software definition, allowing enterprises to centralize enterprise application environments, and connect the on-premise and the cloud or 5G MEC in the edge field, can efficiently extract the value of data, meanwhile securing an efficient operating model for enterprises to maintain competitiveness. The enterprises may opt for introduction from the smallest scale and then gradually augment the introduced framework to the ideal state in the future. Furthermore, the Company provides a full range of information security services from LOG analysis and storage management to the introduction of a new-era information security architecture. No matter it's on-premise, cloud or a hybrid structure, the Company may respond to various threats and provide real-time data backup and offline backup products and comprehensive solutions which allow IT personnel to focus on more meaningful work, reduce the management pressure of IT maintenance and operation, and help enterprises practice DevOps.

The financial report solution software encompasses enterprise preparation of consolidated financial statements and disclosure of financial note items "financial report" generation with the aid of information software products. The software product includes the following system:

- (A) GCRS Group Consolidated Statements System: Automatically executes "shareholders' equity" and "internal transactions" consolidation and elimination, and generates and prepares consolidated financial statements.
- (B) EZSO: Contains flexible customization of financial note data collection formats and styles and supports flexible combinations of multiple sources in the generation of financial note working paper and note statements with traceable auditing.
- (C) EZPI: With the "Financial Report" document template followed with the use of "GCRS Group Consolidated Statements System" and "EZSO", a personnel

may generate financial reports without the hassle of intricate settings.

The current product development centers software licensing. In the future, the development will enter the trend of hybrid use of “subscription model”, coupled with development and applications on the cloud.

#### D. Competition Status

The Company mainly engages sales of products obtained as an agent for international brands and provision of proprietary products and services. The competition status of the Company’s Financial Report Products is explained as follows with SWOT Analysis and Porter Five Forces Analysis:

##### (A) SWOT Analysis

Items	Analysis
Strength	The product is a turn-key software in the state of oligopoly in the market, which does not require custom development and may be used after data collection; there are few competitors in the market, meanwhile, a majority of them are required to engage custom development based on existing software and tools, which requires a large number of personnel with diverse capabilities. With the prolonged timeframe and high cost beyond control at ease of the overall introduction, our competitors are unable to serves a large number of customers simultaneously.
Weakness	As the top 100 domestic enterprises have a high preference for brand software with global-scale operations, the Company may attract more customers with the software with high market share and under its distribution; in the meantime, for group companies with fewer than 10 consolidated entities are price-sensitive and usually adopt manual operations, the Company may attempt the “subscription model” to attract such demographics.
Opportunity	To improve the financial report preparation capabilities of TWSE/TPEX listed companies, the TWSE and the TPEX issued orders respectively to all TWSE/TPEX listed companies in November 2019, emphasizing that the “preparation” of financial reports is the responsibility of a TWSE/TPEX listed company, whose scope include the major financial statements and notes and appendices of financial statements, etc., and that the competent authority will review the preparation of financial reports by all companies throughout the five-year span. The said companies are also requested to submit the contents of the order to its Board of Directors. Furthermore, the FSC announced "Company Governance 3.0" requiring TWSE/TPEX listed companies to prepare and announce self-assessed financial information 75 days after the end of each fiscal year, starting before 2024, and emphasizes that companies must prepare the entire financial report by themselves. Listed companies in

	Taiwan are facing the challenge of self-preparation of financial reports, and the need to use information software to respond in a timely manner has increased.
Threat	It is known that there are new foreign software vendors providing consolidated statement systems entering the Taiwan market; nevertheless, to the knowledge of the Company, their products centers the consolidated financial statements. The financial report solution developed by the Company supports preparation of the major financial statements, note data collection, financial report generation and other complete solutions, which our hundreds of customers may provide their testimonials. Compared with products by new competitors, the Company's products maintain a great competitive edge.

(B) Porter Five Forces Analysis

Items	Analysis
Bargaining power of suppliers	High. The Company is a product supplier, providing a software product unique to the market. The financial reporting solution is a proprietary software product developed by the Company, which has been successfully implemented in nearly 280 TWSE/TPEX and public group companies in the country, with scarce competition by products of the same nature.
Bargaining power of buyers	Low. The product is a turn-key software requiring no customization and may be used following education and training of users and implementation. Furthermore, the product has complete functions and price lower than foreign software, and is not challenged by products with equivalent functions on the market. The Company's pricing is friendly and reasonable.
Threat of new entrants	Low. Consolidated financial statements are of advanced accounting, whose corresponding system development requires grasps of updates to IFRS regulations, and the aspects of audit, development, entity integration experience, etc. shall be accounted for. Meanwhile, such software maintains a high barrier for application as its target audience for such software are mainly medium and large enterprises. The Company has the experiences of system introduction for up to 280 TWSE/TPEX companies and public group companies, and constantly updates new versions to respond to changes in laws and regulations, setting a high barrier for new entrants.
Threat of substitutes	Low. The consolidated financial statement systems of foreign large ERP manufacturers are developed with an information mindset, with the foundation based on dimensions and quantities added with customization derived from the responses in the

Items	Analysis
	interviews by professional accounting consultants; furthermore, its subsequent maintenance requires IT personnel with knowledge of advanced accounting and accountants with knowledge of IT terminology, making operation unable to proceed in a sustainable manner. Manually prepared consolidated financial statements mainly engages the use of Excel and data collection done via email, making data quality assurance unavailable; for the logic of consolidation offsetting, they are set in Excel formulas, which are prone to errors beyond detection should there be changes in group control structure, shareholding ratio, accounting item adjustments or internal trading rules, let alone the fact that there would be role transfer or resignation of the main preparation personnel. TWSE/TPEX group companies must report quarterly and annual reports on time following the regulations, and it would be hard to sustain operation without stable and high-performance software.
Competitors in the industry	High. The introduction of system by major overseas ERP providers incurs high consulting fees, and high maintenance and system reprogramming fees on an annual basis can be expected when the group needs to readjust or modify the existing system due to update of guidelines. In contrast, when using the Company's product, only a single system needs to be maintained, and readily available for customers in one update. The product has a great competitive edge with its constant update of latest regulations for the price of maintenance ONLY.

### (3) Technology and R&D Overview

In the early stages of its establishment, the Company mainly focused on the sales and service of products under its agency sales. Later, due to the need to for business expansion, the development of custom software projects for public and private sectors became part of the Company's scope of business. After years of effort and accumulation of experience, the Company has built the practical software system development methodology and management mechanisms, which includes norms for requirement analysis, system analysis and system design, as well as mechanisms for development and management of various software systems such as project management, construction management, problem tracking management, and change management. Such methodology has been practically applied to the production process of various proprietary product developments within the Company, such as the Group Consolidated Statements System GCRS, the EZSO system, the EZPI system, and so on. Through the implementation of this software system development methodology and management mechanisms, it ensures that product R&D may respond to customer needs of multiple aspects and completion of product development on schedule and with expected results.

Proprietary Products	R&D
Group Consolidated Statements System GCRS	<ul style="list-style-type: none"> <li>● Converts the knowledge and practices of consolidated statements in advanced accounting and the manual work of preparing consolidated statements into a specific and feasible system of information software, and may generate the major consolidated financial statements adhering to the operation preferences of accounting personnel.</li> <li>● Produces detailed audit information and working papers to help accountants quickly understand the computation of numbers.</li> <li>● Provides multi-perspective financial analysis reports, which can meet the different needs of financial reports.</li> </ul>
EZSO	<p>Considering the diversity of the content of the financial report notes required by the group enterprises, EZSO allows the accounting personnel to set the required collection items and report formats by themselves and facilitates the collection of various note materials provided by the consolidated entities in the group enterprise. Meanwhile, EZSO allows audits between data and the generation of summary working paper content. Accounting personnel may perform a more flexible, expedited, accurate and instant collection of notes data for financial reports through the EZSO data collection platform.</p>
EZPI	<p>Accounting personnel are allowed to upload self-defined group financial report templates, and set the content of notes from the EZSO system to combine and generate financial reports.</p>
CarbonKeeper	<ul style="list-style-type: none"> <li>● Greenhouse gas data collection and management platform, assisting enterprises to complete inventory reports.</li> <li>● Produces various declaration specification reports or reports required by suppliers according to different purposes after supporting the enterprise Carbon Footprint Verification.</li> <li>● Supports enterprises to customize activity data collection Items, flexibly responding to the needs of different enterprises.</li> </ul>

(A) Research and Development Expenses in the Most Recent Year and as of the Publication Date of this Annual Report

Unit: NT\$ thousands

Item \ Year	2021	2022
R&D Expenses(A)	11,957	16,771
Net Operating Income (B)	1,164,726	1,476,766
Ratio of R&D Expense to Net Operating Income (A)/(B)	1.03%	1.14%

(B) Successfully Developed Technology or Product in the Most Recent Year and as of the Publication Date of this Annual Report

Year	Successfully Developed Product	Technical Descriptions for the Developed Product
2018	PCIS Profit Center Income Statement System	<ul style="list-style-type: none"> <li>● Group profit analysis system, flexible custom analysis perspective by criteria including department, product, project, etc.</li> <li>● Provides cost sharing processing from the perspective of analysis</li> </ul>
2019	EZSO System	<ul style="list-style-type: none"> <li>● Corporate data collection platform supporting flexible customization of financial note data collection formats and styles.</li> <li>● Allowing grasping and correction of data errors in real time through the establishment of financial note data articulation rules.</li> <li>● Automatically performs data and currency conversion and summation, reducing time required for data compilation.</li> <li>● Supports flexible combination of multiple data sources and produces traceable audit working papers for financial notes and consolidated data reports.</li> </ul>
2020	EZPI System	<ul style="list-style-type: none"> <li>● Financial report templates and notes content integration system to assisting enterprises to generate the entire financial report content rapidly</li> <li>● Labels can be set in the financial report template to flexibly correspond to the content of the EZSO note report</li> </ul>

Year	Successfully Developed Product	Technical Descriptions for the Developed Product
2021	EZSO System Ver. 1.4	<ul style="list-style-type: none"> <li>● Data report function optimized by providing multi-perspective data presentation styles</li> <li>● Supports the import of external EXCEL data to enhance the diversification of collection sources</li> <li>● Presentation of consolidated working paper for data collection optimized</li> </ul>
2022	GCRS Group Consolidated Statements System Ver. 8.1	<ul style="list-style-type: none"> <li>● Supports SSL mechanism to securely encrypt and protect system data.</li> <li>● Strengthens information security of system to avoid deliberate or accidental threats inside and out.</li> <li>● Optimized UI for system operation at better convenience.</li> </ul>
2022	EZSO Ver. 1.5	<ul style="list-style-type: none"> <li>● Data articulation optimized to reduce user concerns over data articulation and comparison.</li> <li>● Notes for source management of other information added to ensure the complete generation of the entire financial report.</li> <li>● Optimized UI for system operation at better convenience.</li> </ul>
2023	CarbonKeeper	<ul style="list-style-type: none"> <li>● Greenhouse gas data collection and management platform, assisting enterprises to complete inventory reports.</li> <li>● Produces various declaration specification reports or reports required by suppliers according to different purposes after supporting the enterprise Carbon Footprint Verification.</li> <li>● Supports enterprises to customize activity data collection Items, flexibly responding to the needs of different enterprises.</li> </ul>



#### (4) Long-term and Short-term Development

##### A. Short-term Business Development Plans

###### (A) Providing Diverse Application Performance Analyzer and Consultation Services

The Company is capable of helping customers in the creation a comprehensive performance monitoring environment without blind spots. Also, the Company may provide customers with complete performance monitoring product solutions and set up at ease, even if the customer's environment includes a variety of heterogeneous databases or the program is deployed in complex environments such as public and private clouds. Customers introducing performance monitoring software and adopting the Company's consulting services can further optimize the user experience, increase operating income, enhance brand image, reduce IT costs, improve system agility, enhance service quality, accelerate innovation, reduce issue handling time, and minimize time wasted due to technical gaps, hence achieving the goal of modern digital transformation.

###### (B) Continued Supply of Complete and Well-Rounded Professional Database and Application Server Services

The Company provides professional services for databases and application servers, with dedicated consultants providing 7\*24 or 5&8 annual technical consultations, regular system health checks, and various project services for databases and application servers. With the diversification, internationalization, and globalization of enterprises, the maintenance requirements for databases and application servers become increasingly complex and diverse; the Company's professional consultants for database possess the ability to manage large-scale databases, plan for cross-border databases, and have the ability to migrate and integrate heterogeneous databases. Initiating from the actual needs of customers, the Company aims to meet various complex and diverse database maintenance requirements.

Cost and performance considerations are required when enterprises are planning their database systems, they need to consider cost and performance. When upgrading databases, migrating them, or performing more complex tasks like heterogeneous database integration, considerations extend beyond the database itself. IT architecture, data conversion technology, and database performance tuning, among others, shall be included. The performance and stability of databases and application servers are primary concerns for administrators, especially as the usage rate of enterprise systems increases, the number of users grows, the volume of data increases, and programs become more complex, slow processing speed or even abnormal events can jeopardize the normal operation of the enterprise. The Company's professional consulting services provide database performance tuning and troubleshooting services. They can analyze the causes of sudden drops in database performance for customers and provide solutions to ensure the performance and stability of databases and application servers. Additionally, they provide further services to corporate customers in big data organization and analysis to enhance their industrial competitiveness.

###### (C) Marketing and Sales

For its proprietary products, the Company segments the market into "subscription model" sales and software license sales. The choice of distributors is based on thorough research and information gathering according to this market segmentation. Prospects with fewer than 10 entities for consolidation are served with a "subscription" sales model, and the selected distributors are mainly cloud platform providers (e.g. Oracle, Microsoft, Google, Amazon, etc.) or telecommunications operators; for prospects with more than 10 entities for consolidation, software license sales are adopted, and the selected distributors are mainly information system integrators and original application software manufacturers (e.g. ERP and HR manufacturers).

(D) Product Development Strategies

a. Cloud Service

Cooperating with the "subscription" sales, the product development framework is built with the cloud platform services of international software companies and incorporated with technical power of the Company's local system, enabling the Company to assist enterprise customers to establish hybrid cloud and public cloud compatible application cloud development .

b. New Product Development Plan

Mainly Conducted in Three Orientations:

- (a) Rigid Demand with Legal Compliance Foundation
- (b) Process Automation with the Core of Enhancing Customer Competitiveness
- (c) ESG-Centered Digital Service Contents

B. Medium-and-Long-term Business Development Plans

(A) Medium-term Development Plan

- a. Strengthening cooperation with major international software companies: expand the general category of cloud service sales, increase opportunities for multiple integration services, and extend product and service items to public/private cloud and software and hardware integration services.
- b. Developing a new cooperative sales model: The Company distributes Docker monitoring software Instana, which was acquired by IBM. Considering Instana is a monitoring product with high technical content, the Company may dive into cooperation with IBM in the sales of Instana to traditional IBM large customers, such as large banks and manufacturing industries.

(B) Long-term Development Plan

- a. IDC (International Data Corporation), a multinational market research organization, found that there are at least five types of markets that have given rise to new business opportunities due to the pandemic and will continue to develop strongly after the conclusion, namely software, cloud computing, anti-epidemic information security, storage equipment and telecommunications markets, and software (especially AI) and e-commerce,. Among these five categories, cloud computing and remote office access derived from cloud information security and access control related software are included as the orientation of long-term distribution and introduction.
- b. Centering Overseas Business Development with the First Wave of Expansion

Plan at Vietnam-led New Southbound Countries and Mainland China as Targets, with the reasons as follows:

(a) Current Circumstances

This year, the global market, regardless of industry, has been seriously affected by the impact of the epidemic. In the process of the overall economy gradually recovering from the turmoil, various new normal technologies adapted to the market and business practices have gradually become mainstream. It is expected that the focus of enterprises in the next five years will be on "returning to growth" and adapting to the "new normal" technology investment and operation/business model. Whether economic growth can be better than expected depends on whether "novel coronavirus vaccination, early control of the epidemic, major policy reforms, popularization of new technologies, etc. are successfully promoted", while Vietnam-based new southbound countries and the Chinese market will perform well in the follow-up "return to growth" and adapt to the "new normal" technology investment and operation/business model.

(b) Overall Economy

Looking at the current overall economic situation, the post-pandemic economic growth rate will slowly return to the pre-COVID level. Aaditya Mattoo, World Bank East Asia and Pacific Chief Economist said, "Basically, it is expected to be a three-track recovery. Mainland China and Vietnam follow a V-shaped recovery path, and the output value exceeds the level before the outbreak of the COVID in 2020". According to World Bank, the economic growth in Mainland China and Vietnam will surpass the degree before the pandemic, whilst other countries in the same region would take years to recover.

(c) Regional Market

On March 16, 2020, the Vietnamese Ministry of Finance issued Resolution No. 345 (345/QĐ-BTC), specifying a timetable and specific plan for companies to adopt the International Financial Reporting Standards (IFRS). Specifically, the adoption of IFRS by Vietnamese companies will be divided into three stages:

- Preparation stage 2020~2021: The regulations for applying IFRS will be issued before November 15, 2021.
- First phase 2022~2025: For larger state-owned enterprise groups or parent companies of listed groups that have obtained funds from international financial institutions, large-scale unlisted publicly issued parent companies, and other group parent companies, if they voluntarily and have the ability to apply IFRS in advance, they should report to the Ministry of Finance and submit IFRS consolidated statements.
- Second phase after 2025 compulsory application of IFRS: The Ministry of Finance will determine the timing of compulsory application of IFRS consolidated statements for large-scale state-owned enterprise groups or parent companies of listed groups that have obtained funds from

international financial institutions, large-scale unlisted publicly issued parent companies, and other large-scale group parent companies, according to the needs and abilities of different enterprises and in accordance with the actual spirit of the regulations. Parent companies of enterprise groups that are not included in the above categories can voluntarily report to the Ministry of Finance and apply IFRS depending on their own abilities. In other words, some enterprises are already preparing now.

China has been implementing IFRS standards for many years. There are no similar proprietary software products developed by The Company on the market. The market is mainly customized projects, and most companies even use manual spreadsheet creation or accounting firms to assist, which is a large-scale market with great development potential.

## 2. Market and Sales Overview

### (1) Market Analysis

#### A. Main Regional Markets for Sales (Provision) of Company Products (Services) and Market Shares

Unit: NT\$ thousands; %

Division \ Year	2021		2022	
	Sales Volume	Percentage	Sales Volume	Percentage
Domestic Sales	1,107,805	95.11	1,469,921	99.54
Export	56,921	4.89	6,845	0.46
Total	1,164,726	100.00	1,476,766	100.00

#### B. Market Share

The Company is a professional information service provider, primarily offering outsourced corporate information services and business process services. It has achieved significant success in the industry over many years, with revenue growing annually. As for market share, there is currently no effective statistical data due to the diversity of service providers and their different business scopes. According to the latest revenue statistics published by the Department of Statistics of the Ministry of Economy, the revenue of the computer and information service industry in Taiwan in 2022 was NT\$ 523.5 billion. The net operating income of the Company in 2022 was NT\$ 1,476,766 thousand, accounting for 0.28% of the total market value of the Taiwanese information service industry. In the 2022 Taiwan TOP5000 large enterprises ranking by China Credit Information Service, Ltd., the Company ranked sixth in the computer software service industry. As the Company continues to expand its product range and the breadth and depth of its related services, its future ranking is expected to continue to improve.

Furthermore, The Company has otherwise developed solutions such as the Group Consolidated Statements System (GCRS), EZSO, and EZPI for financial report compilation. As of the end of March 2023, about 15% of TWSE/TPEX group enterprises introduced the Company's financial report self-compilation solutions. As regulatory authorities for TWSE/TPEX listing companies require enterprises to compile and announce self-financial information within 75 days after the end of the year by 2024, the promotion of this policy will inevitably increase the necessity for enterprise customers to use information software to comply with laws in a timely manner. The Company's products have strong market competitiveness, and there is very optimistic potential for rapid improvement in market share in the future.

#### C. Future Market Supply/Demand and Growth

##### (A) International Market Demand

The International Financial Reporting Standards (IFRSs) have been recognized as the mainstream accounting "language" globally, with 115 countries worldwide adopting them. Taiwan has also mandated the full implementation of IFRSs for publicly traded companies since 2013. The

International Accounting Standards Board (IASB) published Statement on IFRS 10 “Consolidated Financial Statements” on May 12, 2011, indicating that:

When an enterprise controls one or more other entities, it should express this using the principles of consolidated financial statement preparation. The primary reason is that, due to financial, tax considerations, and legal requirements, an enterprise may carry out various economic activities through different subsidiaries. If these different subsidiaries are all controlled by the same enterprise, the financial reporting of a single company is insufficient to represent the economic substance and financial results of the transactions. Only through consolidated financial statements can investors and report users make an overall evaluation of the group's business performance and financial conditions.

Therefore, the implementation of IFRS in a country not only changes accounting principles, but also requires modifications to company processes and systems. For group enterprises, the greatest challenge posed by the implementation of IFRS is undoubtedly the preparation of consolidated financial statements.

#### (B) Enterprise Requirements

In the IFRS standards, the practice of enterprises independently compiling consolidated financial statements has become mainstream in developed countries, and an increasing number of countries are following this principle to enhance the comparability and consistency of financial statements across nations. However, the process of creating consolidated financial statements is substantial. Especially when the group is larger and there are more subsidiaries, issues such as different ERP integration, finance and accounting subject consolidation, and differing shareholding ratios among various subsidiaries arise. Multinational corporations also face the issue of exchange rates, all of which increase the difficulty in preparing consolidated financial statements.

Common challenges businesses often face when preparing consolidated financial statements are as follows:

- a. Lack of personnel with the capability to prepare consolidated reports, which affects the schedule of report preparation.
- b. The process of preparing consolidated reports lacks a complete system and procedures, which can easily lead to incomplete or inaccurate data.
- c. Accounting items of each consolidated entity are not standardized, affecting the accuracy of the consolidation results.
- d. The data formats of each consolidated entity are inconsistent and requires a considerable amount of time for organization and correction, which affects the preparation schedule.
- e. The logic for handling consolidation offsets is complex and cumbersome, and manual processing can easily lead to errors.

Therefore, if companies adopt an information technology approach, using an information system to produce consolidated financial statements, they can introduce a system, establish a standard report compilation process,

have the system verify the rationality of the compilation data, and complete the consolidated financial statements quickly and automatically. This can not only reduce communication errors and reporting errors among personnel, but also shorten the compilation time for consolidated statements, thereby improving overall output efficiency. Additionally, the following benefits can be achieved:

- a. Strengthening the Company's financial management and operational management
  - (a) Real-time multi-dimensional reports to effectively grasp growth trends, and efficiently allocate resources.
  - (b) Provides a variety of financial ratios to effectively control the financial structure.
  - (c) Supports financial forecasting and analysis based on actual amounts, effectively enhancing decision-making precision.
- b. Reducing Company Costs on Human Resources and Time
  - (a) Borderless financial software system, effectively reducing the time spent on data integration and organization.
  - (b) Standardization of the consolidation process, effectively reducing error rates and rework incidents.
  - (c) Comprehensive and detailed drafts, effectively saving time spent on communication with audit review teams.
  - (d) Systematic data preservation with no time limit, effectively improving data management costs.
  - (e) Flexible authorization, effectively implementing an agent mechanism for duties, shortening the response time for unexpected situations.
- c. Creating Added Value
  - (a) Enhancing the accounting expertise of staff and the ability to pass on practical experience.
  - (b) Enhancing the information skills of staff, sturdily confronting the impacts of the digital era.
  - (c) Improving the timeliness of financial information, enhancing company governance performance evaluation.
  - (d) Activating the range of data analysis applications, providing decision-makers with relevant, accurate, and timely information.

(C) Certain Results and Experiences Accumulated in Domestic Market

The Company's self-developed software products "GCRS Group Consolidated Statements System", "EZSO", and "EZPI" have already been adopted by nearly 280 enterprises, mainly public listing and issuing groups. The "GCRS Group Consolidated Statements System" is a very unique complete solution for financial reports in the industry. This solution was even awarded the Outstanding Digital Innovation Award in the Global ICT Excellence Awards by WITSA in 2019.

In the future, the Company can assist financial and accounting personnel of domestic and international group companies in quickly and promptly compiling consolidated financial reports, saving a great deal of manpower

and time, and using the system to obtain better financial reports and management data. Coupled with The Company's database experts and system integration specialists, it can continue to assist in dealing with all kinds of database and system management issues after solving the financial report compilation problems for enterprises, and even offer professional services in the development and analysis of big data for businesses.

#### D. Niche(s) of Competition

##### (A) Information Technology Combined with Accounting Expertise

- a. Excel-like design technology, with a low entry threshold for user operation.
- b. Flexible design of collection formats, resolving the problem of inconsistent collection formats.
- c. Arbitrary arrangement of report formats, resolving the demand for diversified report presentation.

##### (B) Integration of Accounting Expertise at High Degree

- a. Designing the "GCRS Group Consolidated Statements System" and "EZSO" with theories in advanced accounting applied.
- b. Application of cost accounting theory, enabling the design of a corporate budget system.
- c. Application of management accounting theory, allowing the design of a Profit Center Income Statement System and a corporate management report.

#### E. Advantages and Disadvantages for Development Outlook and Countermeasures

##### (A) Advantages

- a. On August 25, 2020, the Financial Supervisory Commission held a press conference to announce the official launch of the "Corporate Governance 3.0 - Sustainable Development Blueprint". The three-year plan includes five principles, including "Strengthening the capabilities of the Board of Directors and enhancing the sustainable value of the enterprise". The Company's proprietary financial report software can assist listed companies and public issuers to quickly compile financial reports in line with the policy, offering unique market value.
- b. The Industrial Development Bureau of the Ministry of Economic Affairs lists the information service industry as the first highlight of the "Three Industries, Four Modernizations" policy, actively promoting the "Internationalization of Information Services". It assists information service providers in establishing overseas expansion service mechanisms, expands opportunities for information service exports, and sets up information service export service mechanisms in Southeast Asia to help businesses achieve export performance. With the promotion of policies, it will help the Company's self-developed financial report software to export to Southeast Asian markets. Vietnam will begin to adopt the IFRS international accounting standards from 2025.
- c. The development of international ESG (Environmental Protection, Social



Responsibility, and Corporate Governance) has shifted from expectations of corporate investment in the ESG field to today's legal compliance stage. The digitalization of corporate ESG development is very important, beneficial for enhancing the market value of the Company's ongoing development of the ESG Carbon Footprint Verification software product.

- d. The Company has been deeply involved in software technology, software development, and software system integration services for over 20 years, possessing excellent unique software skills and a large number of large enterprise customers with professional integrated services. Regular maintenance and professional services can bring long-term and stable income.

(B) Disadvantages and Countermeasures

- a. When expanding our own products for export, we may encounter the issue of insufficient international market recognition.

Countermeasures:

- (a) Researching important connections in the upstream, midstream, and downstream of the export market industry to identify potential and necessary midstream and downstream partners.
  - (b) Investing effective marketing resources in advertising to sales customers and potential midstream and downstream partners to increase market visibility.
  - (c) Enhancing market visibility by collaborating with the most famous local universities in the export market and jointly hosting related academic application seminars.
- b. Numerous competitors in the greenhouse gas inventory software market, making market competition intense.

Countermeasures:

- (a) Contributing more manpower in research and development to accelerate the product development speed and quickly provide superior product features.
  - (b) Collaborating with Carbon Footprint Verification consulting companies to increase more sales opportunities.
  - (c) Hosting seminars on the Company's own or with partners to increase market visibility.
- c. The original manufacturer of the Company's distributed products might affect distribution rights due to company policy or business acquisitions.

Countermeasures:

- (a) Strengthening the business and technical integration capabilities related to distributed products for customers. By making the Company's value-added services for relevant distributed products irreplaceable, the Company's importance to the related distributed products can be enhanced.
- (b) Increase the items of distributable products to diversify the risks of

Company policies or commercial acquisitions from each individual original manufacturer affecting distribution rights. At the same time, it can increase the company's revenue and profit.

- d. Due to a decline in birth rates leading to a decreasing population, there is an increasing shortage of information talent in the market each year.

Countermeasures:

- (a) Firmly implement corporate governance and strive to develop the scale of the company, allowing existing excellent employees to continue learning and growing in their current jobs. In addition to the sense of achievement from work, The Company offers a comprehensive stock ownership and dividend reward system for excellent employees and various employee benefits to enhance employees' loyalty to the company.
- (b) The Company expands the range of potential recruitment externally. Through the human resources department, outstanding talents from non-specialized fields are recruited. A systematic self-training program is established to cultivate colleagues' relevant technical capabilities, thereby enhancing relevant information technology skills.
- (c) Cooperating with domestic universities on industry-academia collaboration, and provide internship opportunities for university students. Through social media platforms and media exposure, the Company's excellent brand image can be enhanced, attracting more talents.

(2) Important Purposes and Manufacturing Process of Main Products

A. Important Purposes of Main Products

Please refer to descriptions of “V. Operation Highlight, Section Current Items of the Company” in this Annual Report.

- B. Production Process: The manpower by M-Power mainly satisfies the following three Production processes:

		
<b>顧問服務</b>	<b>產品導入</b>	<b>售後服務</b>
倍力提供專業的顧問服務，從資料分析、資料確認、設定建議到工作底稿確認，協助企業快速完成產品導入，降低企業系統導入陣痛期。	倍力提供完整且專業化的導入服務，以服務企業實際的真實資料為基礎，透過標準的導入流程，將現實人工編製的工作逐步地套用在系統使用情境，讓會計人員無痛地進行系統轉換。	倍力不僅提供售後服務電話專線和email，更提供產品交流平台、例行教育訓練以及升版教育訓練，讓我們的客戶獲得全方位的服務內容。

- (3) Supply Status of Main Materials: Not applicable as the Company is not of manufacturing nature.
- (4) Name of Customers Engaged in Supply (Sales) Accounting for over 10% of Total Supplies (Sales) in Any of the Last Two Years, Amount(s) of Supply (Sales), Proportion to Total Supplies (Sales), and the Reason for Such Increase, Decrease or Change:
- A. Name of Customers Engaged in Supply Accounting for over 10% of Total Supplies in Any of the Last Two Years, and Amount(s) of Supply and Proportion to Total Supplies:

Unit: NT\$ thousands

Items	2021				2022			
	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer
1	P01	803,962	89.68	None	P01	1,393,211	91.61	None
2	Others	92,498	10.32	—	Others	127,521	8.39	—
	Net Purchase	896,460	100.00	—	Net Purchase	1,520,732	100.00	—

Note: has entered into an NDA with the Vendor P01.

Reason for Increase / Decrease: The Company's changes in purchase amounts from the aforementioned suppliers mainly follow the changes in customer product and market demand, showing growth accordingly. The pattern of these changes is considered reasonable.

- B. Name of Customers Engaged in Sales Accounting for over 10% of Total Sales in Any of the Last Two Years, and Amount(s) of Sales and Proportion to Total Sales:

Unit: NT\$ thousands

Items	2021				2022			
	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer
1	S01	150,151	12.89	None	S01	3,057	0.21	None
2	Others	1,014,575	87.11	—	Others	1,473,709	99.79	—
	Net Sales	1,164,726	100.00	—	Net Sales	1,476,766	100.00	—

Note: The Company has signed an NDA with the customer S01.

Reason for Increase / Decrease: The changes in The Company's sales customers are mainly due to the differences in the projects undertaken and the market sales and customer demands each year, leading to increases or decreases. These changes are considered reasonable.

(5) Production in the Last Two Years: The Company is of an information service business. The calculation of production volume for generic traditional manufacturing does not apply.

(6) Shipment & Sales in the Last 2 Years:

Unit: NT\$ thousands

Shipment & Sales Major Products	Year		2021				2022			
			Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount		
Distributed Products	—	1,001,970	—	54,069	—	1,362,100	—	6,133		
Services Relating to Distributed Products	—	52,045	—	1,990	—	36,829	—	298		
Proprietary Products and Relevant Services	—	53,790	—	862	—	70,992	—	414		
Total	—	1,107,805	—	56,921	—	1,469,921	—	6,845		

**3. Distribution of Incumbent Employees by Number in Each Role, Average Years of Service, Average Age and Education in the Last 2 Calendar Years and as of the Publication Date of this Annual Report:**

Unit: Persons; %

Year		2021	2022	2023, as of April 30
Number of Employees	Managerial Officer	8	8	12
	General Employee	23	30	29
	Technical Personnel	39	46	48
	Total	70	84	89
Average Age		42.08	40.93	40.88
Average Years of Service		7.58	7.01	6.93
Education	Ph.D.	0.00	0.00	0.00
	Masters	14.29	17.86	17.98
	Bachelor's Degree	81.43	79.76	79.78
	Senior High School and Below	4.28	2.38	2.25

#### **4. Environmental Protection Expenditure**

Disclose the losses suffered by the Company resulting from violations against environmental pollution in the most recent year and as of the publication date of this Annual Report (including compensation and violations against environmental protection laws and regulations, per environmental protection audit result, and date of disposition, disposition document number, articles the Company has violated against, contents of violated laws and regulations, and content of disposition shall be disclosed), and disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, facts preventing the reasonable estimations shall be explained:

The Company is engaged in the information service industry instead of manufacturing operations and has no major pollution situation. Therefore, it does not need to obtain a pollution installation or pollution discharge permit.

#### **5. Labor Relations**

##### **(1) Employee Welfare:**

##### **A. Various Employee Welfare Measures, Continuing Education, Training, Pension System and the Implementations thereof, and the Circumstances of Employer-Employee Agreements and Various Employee Rights Maintenance Measures**

The Company upholds a harmonious and stable labor relations. The Company maintains a positive business development and is committed to improving employee benefits. At the same time, it maintains a smooth channel for labor-management communication. Through the joint efforts of all employees, they can exert their personal expertise, allowing both employees and the Company to grow simultaneously and share the positive results.

##### **(A) Employee Welfare Measures and Implementation**

In addition to handling health insurance and labor insurance in accordance with the relevant provisions of the Labor Standards Act in Taiwan, the Company also enacts employee group insurance and disbursement to personal pension accounts for employees to protect employees' benefits. The measures and their implementation are as follows:

- a. According to the Act, Employees are entitled to special leave and disbursement of pensions. The Company has also established its employee welfare committee as the coordinator of welfare activities and the protector of labor rights.
- b. In addition to labor insurance and national health insurance according to the law, all employees also insured employee group insurance covering commercial accident, medical insurance for cancer and novel coronavirus and pandemic prevention insurance, with the premiums borne by the Company.
- c. Employees are offered fixed subsidies for health examinations. Meanwhile, the Company organizes employee activities and travel from time to time to enrich colleagues' leisure activities and bonding.

## (B) Continuing Education and Training for Employees

To enhance employees' professional technical skills, strengthen work efficiency, and emphasize product quality, the Company organizes education and training according to the annual training plan. Both internal and external training are carried out simultaneously to strengthen the professional abilities of employees across all functions.

Various trainings conducted by the Company include:

- a. Training for new employees: On the date reporting for duty, the new employees are provided courses explaining the Company's corporate culture, organizational history, work rules, employee benefits, precautions, environmental introductions, etc., to give new employees a basic understanding of the Company.
- b. Training for incumbent employees: We cultivate our employees' professional skills, knowledge, and managerial abilities in their respective work fields.
- c. Professional competency training: As needed, we appoint our employees to receive training from related institutions, allowing them to obtain professional certifications.

## (C) Pension System and Its Implementation Status:

Since July 1, 2005, the Company has been complied with the Labor Pension Act by making monthly contributions of 6% of the base salary to the individual pension accounts of the employees, thus protecting their rights and interests. Employees also have the option to choose to additionally contribute between 0-6% of their monthly salary to their personal pension accounts.

## (D) Status of Employer-Employee Agreements and Various Employee Rights Maintenance Measures:

The Company handles all matters in accordance with the Labor Standards Act and related regulations. Both the employer and employees handle relevant affairs according to employment agreement, work rules, and various management regulations; since its establishment, the Company has emphasized two-way communication with employees, maintaining a harmonious relationship between the two parties. As of now, there have been no significant losses due to labor disputes.

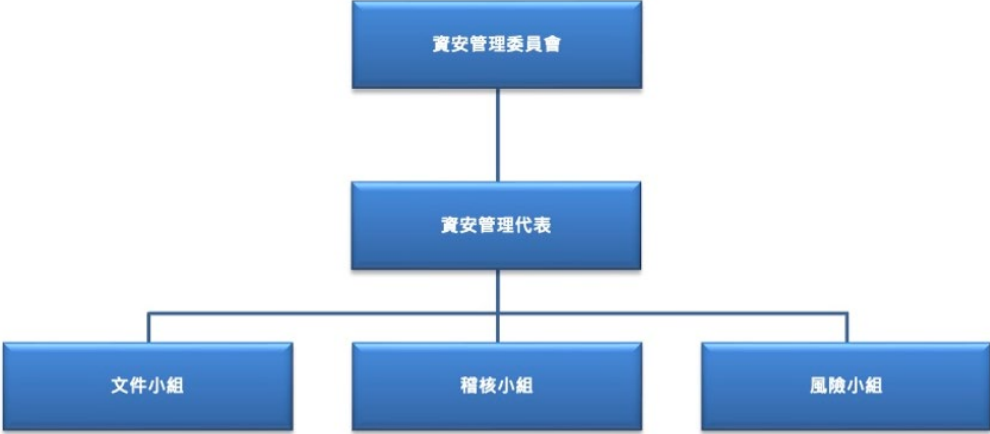
- (2) Disclose the losses suffered by the Company resulting from labor disputes in the most recent year and as of the publication date of this Annual Report, and disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, facts preventing the reasonable estimations shall be explained:

The Company values employee benefits on a daily basis, providing a good working environment, and emphasizes two-way communication with employees, thus maintaining harmonious labor relations. Therefore, there have been no significant labor disputes in the last two years and until the publication date of this Annual Report.

**6. Information Security Management**

(1) Specify Information Security Risk Management Structure, Information Security Policies, Concrete Management Plans, and Resources Engaged in the Information Security Management:

A. Management Framework for Risks under Information Security



In 2021, the Company established the "Information Security Committee" responsible for implementing information security management planning, building and maintaining the information security management system, and coordinating the formulation, implementation, risk management and compliance inspection of information security and protection-related policies. The Information Security Committee is chaired by the General Manager and has set up a cross-departmental project team to promote information security. Under the Information Security Committee, the Vice General Manager is appointed as the representative for information security management, responsible for coordinating work, planning resource allocation, and supervising management. Under their leadership, various subgroups have been set up, including a Risk Group responsible for conducting asset inventory and risk evaluation, a Document Group responsible for document issuance, announcements, submission for review and version management, and an Audit Group responsible for internal audit related activities.

B. Information Security Policies

The Company's information security policy includes the following content: 1. Establishing information security management regulations that meet legal requirements and customer needs. 2. Achieving a consensus on everyone's responsibility for information security through everyone's understanding. 3. Protecting the confidentiality, integrity, and availability of the Company's and customers' information.

The Company has introduced and established a complete Information Security Management System (ISMS), reducing corporate information security threats from the system, technical, and procedural aspects, establishing an information security protection environment that meets customer needs, and continuously performing the "Plan → Do → Check → Act" (PDCA) cycle for continuous improvement.

- Plan: Focus on information security risk management, establish a complete Information Security Management System (ISMS), drive the

company to pass the international ISO 27001 information security management system certification, reduce corporate information security threats from the system, technical, and procedural aspects, and establish information protection services that meet customer needs and the highest specifications.

- Do: Integrate the information security control mechanism into the daily operation processes such as software and hardware maintenance and supplier information security management, systematically monitor information security, and maintain the confidentiality, integrity, and availability of the Company's important assets.
- Check: Actively monitor the effectiveness of information security management, measure and quantify information security indicators based on audit results, and conduct regular simulations of information security attacks for information security maturity evaluation.
- Act: Based on review and continuous improvement, implement supervision, audit to ensure the continuous effectiveness of information security regulations; in addition, based on performance indicators and maturity evaluation results, regularly review and execute improvements including information security measures, education and training, and advocacy, to ensure that the Company's important confidential information is not leaked.

#### C. Concrete Management Plan

To achieve the information security policy and objectives, the Company establishes comprehensive information security protection, and implements management matters and specific management plans as follows:

- (A) Information Security Advocacy: To ensure that The Company's employees comply with information system security prevention and network transmission information security, and have related crisis handling capabilities, they periodically conduct information security advocacy for employees, and remind employees of information security risks and related operating procedures. The advocacy materials include information security policy, legal regulations, operating procedures, security responsibilities, safety precautions or data exchanges for each information system, proper collection of confidential or sensitive data, etc.
- (B) Enhancing Defense Capabilities: The Company has also established a security control mechanism for computer network systems, using antivirus software internally and periodically updating virus codes, activating real-time file scanning protection, detecting and clearing or deleting abnormal files in real time, and prohibiting the use of specific applications. External firewall and intrusion prevention detection are set up to provide the first layer of protection and block abnormal connections. In addition, use a information security system and coordinate with the company's information security policy to manage specific applications and devices, and record online behaviors to prevent the leakage of confidential sensitive data or connection to abnormal websites leading to hacker intrusion, effectively reducing the company's



information security risk.

- (C) Joint Defense Organization: The Company has joined the TWCERT/CC (Taiwan Computer Emergency Response Team/Coordinate Center), which allows it to obtain and share information security intelligence in real-time and lets the Company join a significant information security event notification mechanism.
- (D) Introducing International Information Security Certification Standards: The Company has obtained certifications that comply with information security-related ISO 27001 standards and regulations as methods and criteria for achieving various risk management objectives. The Company has also established a corresponding Risk Management Committee internally to promote standardized operations and reduce production and operation risks.



- (2) List the losses, possible impacts and response measures suffered in the most recent year and as of the publication date of this Annual Report due to major info-security incidents. If it cannot be reasonably estimated, facts preventing the reasonable estimations shall be explained: None.

## 7. Important Covenants

Covenant Nature	Counter parties	Starting and Ending Date of Contract	Main Contents	Restrictive Clause	
Income Agreement	S01	2021/01/31 ~2024/01/30	Software Sales	Signing of NDA	
Income Agreement	S02	2022/01/01 ~2023/12/31	Software Sales	Signing of NDA	
Income Agreement	S03	2022/03/31 ~2025/06/06	Software Sales	Signing of NDA	
Income Agreement	S04	2022/03/31 ~2024/03/30	Software Sales	Signing of NDA	
Income Agreement	S05	2021/06/01 ~2023/05/31	Software Sales	Signing of NDA	
Income Agreement	S06	2023/01/01 ~2026/04/26	Software Sales	Signing of NDA	
Income Agreement	S07	2023/01/01 ~2024/12/31	Software Sales	Signing of NDA	
Distribution Agreement	P01	2023/04/24 ~2024/04/23	Partner Agreement and its Addendum	<ol style="list-style-type: none"> <li>1. To provide customer service and receive P01 services, the Company must be a member of P01. Some benefits are limited to Taiwan.</li> <li>2. Confidential restrictions restrict the Company from disclosing confidential information such as contract and transaction details.</li> <li>3. The Company may not re-authorize or transfer the contract, rights obtained from this contract belonging to P01, and dealership authorization to a third party</li> <li>4. A distributor must not violate the principle of good faith in transactions and the terms of this contract, and must comply with international anti-corruption and anti-money laundering laws and regulations.</li> <li>5. The distributor may designate any third party to sell products</li> <li>6. The Company agrees to make every effort to achieve the KPI and performance goals in the contract.</li> </ol>	
		2023/4/14 ~2025/4/13	Master Distribution Agreement and its Addendum		
		2022/9/1 ~2023/8/31	Support to Update Schedule		
Loan Agreement	MEGA INTERNATIONAL COMMERCIAL	2023/01/07 ~2024/01/06	Comprehensive Credit Loan		None

<b>Covenant Nature</b>	<b>Counter parties</b>	<b>Starting and Ending Date of Contract</b>	<b>Main Contents</b>	<b>Restrictive Clause</b>
	CIAL BANK CO., LTD.			
Loan Agreement	TAISHIN INTERNATIONAL BANK CO., LTD.	2023/02/01 ~2024/01/31	Comprehensive Credit Loan	None
Loan Agreement	Taipei Fubon Commercial Bank	2022/03/31 ~2023/03/31	Comprehensive Credit Loan	None
Loan Agreement	Taiwan Shin Kong Commercial Bank	2023/03/17 ~2024/03/16	Comprehensive Credit Loan	None
Loan Agreement	Hua Nan Commercial Bank	2022/07/28 ~2023/07/28	Comprehensive Credit Loan	None
Loan Agreement	Bank of Panhsin	2023/03/01 ~2024/02/28	Comprehensive Credit Loan	None
Loan Agreement	Far Eastern International Bank	2023/02/17 ~2024/02/17	Comprehensive Credit Loan	None

Note: The Company has entered into an NDA with Company S01~S07 and P01.

## VI. Financial Information

### 1. Condensed Statement of Financial Position and Statement of Comprehensive Income in the Last 5 Calendar Years

#### (1) Condensed Statement of Financial Position and Statement of Comprehensive Income

##### 1. Consolidated Condensed Statement of Financial Position- Based on IFRS (Parent-Only)

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets			303,542	348,556	482,416	1,070,766
Property, Plant and Equipment			2,403	4,269	2,726	2,236
Intangible Assets			—	—	67	841
Other Assets			44,189	51,248	50,087	123,272
Total Assets			350,134	404,073	560,596	1,197,115
Current Liabilities	Before Distribution		178,321	207,476	258,194	691,484
	After Distribution		196,721	217,476	279,944	Note 3
Non-current Liabilities			31,872	36,090	30,948	24,978
Total Liabilities	Before Distribution		210,193	243,566	289,142	716,462
	After Distribution		228,593	253,566	310,892	Note 3
Equity Attributable to Shareholders of the Parent		Not Applicable (Note 2)	139,941	160,507	271,454	480,653
Capital Stock			92,000	100,000	145,000	220,000
Capital Surplus			9,100	9,100	26,600	133,284
Retained Earnings	Before Distribution		38,841	51,407	99,854	127,369
	After Distribution		12,441	21,407	121,604	Note 3
Other Equity Interest			—	—	—	—
Treasury Stock			—	—	—	—
Non-controlling Interest			—	—	—	—
Total Equity	Before Distribution		139,941	160,507	271,454	480,653
	After Distribution		121,541	150,507	249,704	Note 3

Note 1: Financial data of each year has been audited and attested or reviewed by CPAs.

Note 2: The Company has adopted IFRS in 2020, with 2019 figures appended for comparison. For 2018 financial data, please refer to "Condensed Statement of Comprehensive Income-Based on Domestic Accounting Standards".

Note 3: 2022 earnings have not been approved by the Shareholders' Meeting.

Note 4: No consolidated statement is prepared as the Company has no subsidiary.

2. Consolidated Condensed Statement of Comprehensive Income–Based on IFRS  
(Parent-Only)

Unit: NT\$ thousands

Items \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue		540,483	722,313	1,164,726	1,476,766
Operating Gross Profit		107,174	124,063	195,783	220,662
Income from Operations		38,400	52,203	101,984	119,016
Non-operating Income and Expenses		(800)	(2,186)	(4,160)	(4,593)
Income before Tax		37,600	50,017	97,824	114,423
Profit (loss) from Continuing Operations before Tax		29,777	39,726	78,999	91,557
Loss from Discontinued Operations		—	—	—	—
Net Profit (Loss)	Not Applicable (Note 2)	29,777	39,726	78,999	91,557
Other Comprehensive Income (Income after Tax)		(169)	(760)	(552)	1,208
Total Comprehensive Income		29,608	38,966	78,447	92,765
Net Income Attributable to Shareholders of the Parent		—	—	—	—
Net Income Attributable to Non-controlling Interest		—	—	—	—
Comprehensive Income Attributable to Shareholders of the Parent		—	—	—	—
Comprehensive Income Attributable to Non-controlling Interest		—	—	—	—
Earnings per Share (NT\$)		2.48	3.31	4.83	4.81

Note 1: Financial data of each year has been audited and attested or reviewed by CPAs.

Note 2: The Company has adopted IFRS in 2020, with 2019 figures appended for comparison. For 2018 financial data, please refer to “Condensed Statement of Comprehensive Income-Based on Domestic Accounting Standards”.

Note 3: No consolidated statement is prepared as the Company has no subsidiary.

3. Parent Company Only Condensed Statement of Financial Position–Based on Domestic Accounting Standards:

Unit: NT\$ thousands

Items	Year	Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		288,058	306,358	Not Applicable (Note 2)		
Property, Plant and Equipment		3,189	2,403			
Intangible Assets		–	–			
Other Assets		10,811	12,123			
Total Assets		302,058	320,884			
Current Liabilities	Before Distribution	171,787	176,921			
	After Distribution	187,787	195,321			
Non-current Liabilities		–	–			
Other Liabilities		–	–			
Total Liabilities	Before Distribution	171,787	176,921			
	After Distribution	187,787	195,321			
Capital Stock		80,000	92,000			
Capital Surplus		9,100	9,100			
Retained earnings	Before Distribution	41,171	42,863			
	After Distribution	13,171	16,463			
Other Equity Interest		–	–			
Treasury Stock		–	–			
Total Equities	Before Distribution	130,271	143,963			
	After Distribution	114,271	125,563			

Note 1: Financial data of each year has been audited and attested by CPAs.

Note 2: The Company has adopted IFRS in 2020, with date of expression conversion to IFRS according to IFRS 1 set to January 1, 2019. For financial data from 2019~2022, please refer to “Consolidated Condensed Statement of Financial Position–Based on IFRS (Parent-Only)”.

4. Condensed Statement of Comprehensive Income -Based on Domestic Accounting Standards (Parent-Only)

Unit: NT\$ thousands

Items \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	590,729	541,558	Not Applicable (Note 2)		
Operating Gross Profit	129,298	131,407			
Income from Operations	36,282	37,670			
Non-operating Income and Expenses	(1,436)	(1,489)			
Income (Net Loss) before Tax	35,531	37,515			
Profit (loss) from Continuing Operations before Tax	28,791	29,692			
Profit (Loss) from Discontinued Operations	—	—			
Net Profit (Loss)	—	—			
Other Comprehensive Income	—	—			
Total Comprehensive Income	28,791	29,692			

Note 1: Financial data of each year has been audited and attested by CPAs.

Note 2: The Company has adopted IFRS in 2020, with date of expression conversion to IFRS according to IFRS 1 set to January 1, 2019. For financial data from 2019~2022, please refer to "Consolidated Condensed Statement of Financial Position- Based on IFRS (Parent-Only)".

(3) Auditors' Names and Opinions in the Last 5 Calendar Years:

Year	Name of Accounting Firm	Name(s) of CPA(s)	Audit Opinion
2018	Ernst & Young Taiwan	Jun-Ting Ma	Unqualified Opinion
2019	Ernst & Young Taiwan	Jun-Ting Ma	Unqualified Opinion
2020	KPMG Taiwan	Chen-Hsiu Guan, Chun-Yi Chang	Unqualified Opinion
2021	KPMG Taiwan	Chen-Hsiu Guan, Chun-Yi Chang	Unqualified Opinion
2022	KPMG Taiwan	Chen-Hsiu Guan, Chun-Yi Chang	Unqualified Opinion

## 2. Financial Analysis in the Last 5 Calendar Years

### 1. Five-Year Financial Analysis-Parent-Only Financial Analysis-Based on IFRS

Items		Year	Financial Analysis in the Last 5 Calendar Years(Note 1)				
			2018	2019	2020	2021	2022
Financial Structure	Debt Ratio (%)	Not Applicable		60.03	60.28	51.58	59.85
	Ratio of Long-term Capital to Property, Plant and Equipment (%)		7149.94	4605.22	11093.25	22,613.19	
Solvency	Current Ratio (%)		170.22	168.00	196.64	154.85	
	Quick Ratio (%)		158.27	132.82	181.16	104.18	
	Interest Earned Ratio		18.62	23.07	22.57	18.53	
Operating Performance	Accounts Receivable Turnover (Times)		3.08	3.68	4.43	3.46	
	Average Collection Period		118.51	99.18	82.39	105.49	
	Inventory Turnover (Times)		42.18	13.53	17.69	6.59	
	Accounts Payable Turnover (Times)		9.23	8.64	9.71	4.70	
	Average Days in Sales		8.65	26.98	20.63	55.39	
	Property, Plant and Equipment Turnover (Times)		193.31	216.52	333.02	595.23	
	Total Assets Turnover (Times)		1.57	1.92	2.41	1.68	
Profitability	Return on Assets (%)		9.17	11.02	17.13	11.01	
	Return on Stockholders' Equity (%)		22.37	26.44	36.58	24.35	
	Pre-tax Income to Paid-in Capital (%)		40.87	50.02	67.46	52.01	
	Profit Ratio (%)		5.51	5.50	6.78	6.20	
	Earnings per Share (NT\$)		2.48	3.31	6.27	4.81	
Cash Flows	Cash Flow Ratio (%)		46.20	(27.62)	34.85	(21.18)	
	Cash Flow Adequacy Ratio ( % )		192.55	70.37	132.37	38.17	
	Cash Reinvestment Ratio (%)		37.88	(37.81)	26.10	(38.86)	
Leverage	Operating Leverage	3.12	2.83	2.21	2.10		
	Financial Leverage	1.06	1.05	1.05	1.06		



Items	Year	Financial Analysis in the Last 5 Calendar Years(Note 1)				
		2018	2019	2020	2021	2022
Analysis of financial ratio differences for the last two years, where the difference is 20% and more:						
1. Ratio of Long-term Capital to Property, Plant and Equipment: Ratio of Long-term Capital to Property, Plant and Equipment raised mainly due to increase in stockholders' equity.						
2. Quick Ratio: Quick Ratio decreased mainly due to increase in Current Liabilities resulting from increase in Inventory in 2022.						
3. Accounts Receivable Turnover (Times): Accounts Receivable Turnover (Times) has reduced and Average Collection Period has raised mainly due to increase in Accounts Receivable from the growth in operation scales.						
4. Inventory Turnover and Average Days in Sales: Inventory Turnover has decreased and Average Days in Sales has raised due to increase in Inventory resulting from the growth in operation scale.						
5. Accounts Payable Turnover: Accounts Payable Turnover has decreased due to mainly due to increase in Current Liabilities ratio resulting from increase in Inventory in 2022.						
6. Property, Plant and Equipment Turnover (Times): Fixed Assets Turnover (Times) has raised due to generation of sales revenue from growth in operations.						
7. Total Assets Turnover, Return on Assets: Total Assets Turnover and Return on Assets has decreased mainly due to increase in inventory for needs in operations.						
8. Return on Stockholders' Equity and Pre-tax Income to Paid-in Capital: Return on Stockholders' Equity and Income before Tax to Paid-in Capital have decreased due to increase in Capital.						
9. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Reinvestment Ratio: Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Reinvestment Ratio has revealed a downward trend mainly due to Cash Outflow in Operating Activities resulting from increases in Inventory and Current Liabilities.						

Note 1: The Company has adopted the IFRS since 2020, with 2019 restatement figures attached. The above-mentioned financial information of each year has been audited and attested by CPAs.

Note 2: Calculations for the above financial analyses are based on equations as follows:

1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets.

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.

2. Solvency

(1) Current Ratio = Current Asset / Current Liabilities.

(2) Quick Ratio = (Current Asset – Inventory – Prepaid Expenses) / Current Liabilities.

(3) Interest Earned Ratio = Income before Taxes and Interest Expense / Interest Expenditure in the Current Period.

3. Operating Performance

(1) Account Receivable (incl. Accounts Receivable and Notes Receivable from Operations) Turnover = Net Sales / Balance of Average Account Receivable (incl.

- Accounts Receivable and Notes Receivable from Operations) from Each Period.
- (2) Average Collection Period =  $365 / \text{Accounts Receivable Turnover}$ .
  - (3) Inventory Turnover =  $\text{Cost of Goods Sold} / \text{Average Inventory Amount}$ .
  - (4) Accounts Payable (incl. Accounts Payable and Notes Payable from Operations) Turnover =  $\text{Cost of Goods Sold} / \text{Balance of Average Accounts Payable (incl. Accounts Payable and Notes Payable from Operations)}$  from Each Period.
  - (5) Average Days in Sales =  $365 / \text{Inventory Turnover}$ .
  - (6) Property, Plant and Equipment Turnover =  $\text{Net Sales} / \text{Average Net Property, Plant and Equipment}$ .
  - (7) Total Assets Turnover =  $\text{Net Sales} / \text{Average Total Assets}$ .
4. Profitability
- (1) Return on Assets =  $[\text{Income (Loss) after Tax} + \text{Interest Expense} \times (1 - \text{Tax Rate})] / \text{Average Total Assets}$ .
  - (2) Return on Stockholders' Equity =  $\text{Income (Loss) after Tax} / \text{Average Total Equity}$ .
  - (3) Profit Ratio =  $\text{Income (Loss) after Tax} / \text{Net Sales}$ .
  - (4) EPS =  $(\text{Income Attributable Shareholders of the Parent} - \text{Dividend of Preferred Shares}) / \text{Weighted Average of Issued Shares}$ .
5. Cash Flows
- (1) Cash Flow Ratio =  $\text{Net Cash Flow from Operating Activities} / \text{Current Liabilities}$ .
  - (2) Net Cash Flow Adequacy Ratio =  $\text{Net Cash Flow from Operating Activities in the Last 5 Calendar Years} / (\text{Capital Expenditure} + \text{Increase in Inventory} + \text{Cash Dividend})$  in the Last 5 Calendar Years.
  - (3) Cash Reinvestment Ratio =  $(\text{Net Cash Flow from Operating Activities} - \text{Cash Dividend}) / (\text{Gross Property, Plant and Equipment} + \text{Long-term Investment} + \text{Other Non-current Assets} + \text{Working Capital})$ .
6. Leverage
- (1) Operating Leverage =  $(\text{Net Operating Income} - \text{Variable Operating Cost and Expense}) / \text{Operating Income}$ .
  - (2) Financial Leverage =  $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expense})$ .

## 2. Financial Analysis-Based on Domestic Accounting Standards (Parent-Only)

Items		Year	Financial Analysis in the Last 5 Calendar Years (Note 1)				
			2018	2019	2020	2021	2022
Financial Structure	Debt Ratio (%)		56.87	55.14	Not Applicable (Note 2)		
	Ratio of Long-term Capital to Property, Plant and Equipment		4084.74	5991.56			
Solvency	Current Ratio(%)		167.68	173.16			
	Quick Ratio(%)		163.15	158.70			
	Interest Earned Ratio		25.74	26.19			
Operating Performance	Accounts Receivable Turnover (Times)		3.72	3.10			
	Average Collection Period		98.16	117.64			
	Inventory Turnover (Times)		63.38	39.92			
	Accounts Payable Turnover (Times)		9.14	8.14			
	Average Days in Sales		5.76	9.14			
	Property, Plant and Equipment Turnover (Times)		194.89	193.69			
	Total Assets Turnover (Times)		2.12	1.74			
Profitability	Return on Assets (%)		10.76	9.92			
	Return on Stockholders' Equity (%)		23.37	21.65			
	Ratio to Paid-in Capital (%)	Operating Income		45.35			
		Income before Tax		44.41	40.78		
	Profit Ratio(%)		4.87	5.48			
	Earnings per Share (NT\$)		3.76	3.45			
Cash Flows	Cash Flow Ratio (%)		2.57	44.31			
	Cash Flow Adequacy Ratio (%)		176.62	207.87			
	Cash Reinvestment Ratio (%)		(0.01)	0.04			
Leverage	Operating Leverage		3.15	3.03			
	Financial Leverage		1.04	1.04			

Note 1: The financial data in 2018~2019 have been audited and attested by CPAs.

Note 2: Calculations for the above financial analyses are based on equations as follows:

### 1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets.

(2) Ratio of Long-term Capital to Property, Plant and Equipment =  $(\text{Total Equity} + \text{Non-current Liabilities}) / \text{Net Property, Plant and Equipment}$ .

## 2. Solvency

(1) Current Ratio =  $\text{Current Asset} / \text{Current Liabilities}$ .

(2) Quick Ratio =  $(\text{Current Asset} - \text{Inventory} - \text{Prepaid Expenses}) / \text{Current Liabilities}$ .

(3) Interest Earned Ratio =  $\text{Income before Taxes and Interest Expense} / \text{Interest Expenditure in the Current Period}$ .

## 3. Operating Performance

(1) Account Receivable (incl. Accounts Receivable and Notes Receivable from Operations) Turnover =  $\text{Net Sales} / \text{Balance of Average Account Receivable (incl. Accounts Receivable and Notes Receivable from Operations) from Each Period}$ .

(2) Average Collection Period =  $365 / \text{Accounts Receivable Turnover}$ .

(3) Inventory Turnover =  $\text{Cost of Goods Sold} / \text{Average Inventory Amount}$ .

(4) Accounts Payable (incl. Accounts Payable and Notes Payable from Operations) Turnover =  $\text{Cost of Goods Sold} / \text{Balance of Average Accounts Payable (incl. Accounts Payable and Notes Payable from Operations) from Each Period}$ .

(5) Average Days in Sales =  $365 / \text{Inventory Turnover}$ .

(6) Property, Plant and Equipment Turnover =  $\text{Net Sales} / \text{Average Net Property, Plant and Equipment}$ .

(7) Total Assets Turnover =  $\text{Net Sales} / \text{Average Total Assets}$ .

## 4. Profitability

(1) Return on Assets =  $\{ \text{Income (Loss) after Tax} + \text{Interest Expense} \times (1 - \text{Tax Rate}) \} / \text{Average Total Assets}$ .

(2) Return on Stockholders' Equity =  $\text{Income (Loss) after Tax} / \text{Average Net Equity}$ .

(3) Profit Ratio =  $\text{Income (Loss) after Tax} / \text{Net Sales}$ .

(4) EPS =  $(\text{Net Income} - \text{Dividend of Preferred Shares}) / \text{Weighted Average of Issued Shares}$ . (Note 4)

## 5. Cash Flows

(1) Cash Flow Ratio =  $\text{Net Cash Flow from Operating Activities} / \text{Current Liabilities}$ .

(2) Net Cash Flow Adequacy Ratio =  $\text{Net Cash Flow from Operating Activities in the Last 5 Calendar Years} / (\text{Capital Expenditure} + \text{Increase in Inventory} + \text{Cash Dividend}) \text{ in the Last 5 Calendar Years}$ .

(3) Cash Reinvestment Ratio =  $(\text{Net Cash Flow from Operating Activities} - \text{Cash Dividend}) / (\text{Gross Property, Plant and Equipment} + \text{Long-term Investment} + \text{Other Non-current Assets} + \text{Working Capital})$ . (Note 5)

## 6. Leverage:

(1) Operating Leverage =  $(\text{Net Operating Income} - \text{Variable Operating Cost and Expense}) / \text{Operating Income}$  (Note 6).

(2) Financial Leverage =  $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expense})$ .

### **3. Audit Committee's Review Reports for the Financial Statements in the Last 5 Calendar Years**

## **M-Power Information Co., Ltd. Audit Committee's Review Report**

The 2022 Business Report, Financial Statements, and Proposal for Earnings distribution have been prepared and submitted by the Board of Directors, among which the 2021 Financial Statement have been approved by the accountants Chen-Hsiu Guan and Chun-Yi Chang of KPMG Taiwan, who have also issued an audit report. After auditing the 2022 Business Report, Financial Statements and Proposal for Profit Distribution, the Committee found no non-conformities and thus issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

M-Power Information Co., Ltd. 2023  
Annual General Shareholders' Meeting

Audit Committee Convenor Hung-Hsun Ting

February 24, 2023

- 4. Financial Statements in the Most Recent Year, including Independent Auditor's Report, YoY Comparison for Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes or Schedules: Please refer to Appendix 1.**
  
- 5. Parent-Only Financial Statement for the Most Recent Year Audited and Attested by CPA: Not Applicable.**
  
- 6. Where the Company and its affiliated enterprises has encountered difficulties in financial turnover in the Most Recent Year and as of the Publication Date of this Annual Report, its impact on financial situation of the Company shall be specified: No occurrence in the Company.**

## VII. Review of Financial Conditions and Financial Performance, and Risk Management Thereof

### 1. Financial Conditions

(1) Reasons for Significant Changes in Assets, Liabilities and Equities in the Last Two Years and Effects thereof

Unit: NT\$ thousands

Items \ Year	2021	2022	Changes	
			Amount	Percentage(%)
Current Asset	482,416	1,070,766	588,350	121.96
Property, Plant and Equipment	2,726	2,236	(490)	(17.98)
Intangible Assets	67	841	774	1,155.22
Other Assets	75,387	123,272	47,885	63.52
Total Assets	560,596	1,197,115	636,519	113.54
Current Liabilities	258,194	691,484	433,290	167.82
Non-current Liabilities	30,948	24,978	(5,970)	(19.29)
Total Liabilities	289,142	716,462	427,320	147.79
Equity Attributable to Shareholders of the Parent	145,000	220,000	75,000	51.72
Share Capital	26,600	133,284	106,684	401.07
Capital Reserve	99,854	127,369	27,515	27.56
Retained Earnings	0	0	0	0.00
Total Equity	271,454	480,653	209,199	77.07

Explain the main reasons for the major changes in the Company's assets, liabilities, and equity items in the last two years (the changes in the previous and later periods amounted to more than 20%, and the amount of changes reached NT\$10 million), their effects and future response plans.

#### 1. Main Reasons and Effects of Significant Change(s)

- (1) Current Asset Increased: Mainly due to 2022 revenue growth, Cash Capital Increase and customer demand, leading to an increase in Inventory, resulting in an increase in Current Assets and Total Assets.
- (2) Intangible Assets Increased: mainly due to newly purchased software.
- (3) Other Assets Increased: mainly due to the increase in Long-term Accounts Receivable.
- (4) Current Liabilities Increased: Mainly due to the increase in bank loans and accounts payable required by Working Capital, the increase in Current

Liabilities and Total Liabilities.

- (5) Share Capital Increased: Mainly due to the Company's handling of Capital Increase out of Earnings and Cash Capital Increase.
- (6) Capital Reserve Increased: Mainly due to the Cash Capital Increase by the Company in 2022.
- (7) Retained Earnings Increased: mainly due to the 2022 revenue growth of 27% compared with 2021, which drives the increase of Net Profit for the Current Period.

## 2. Future Response Plans for Significant Effects

The above changes have no significant adverse effects on the Company, and the overall operating performance of the Company do not have significant abnormality, hence no response plan has been formulated.



## 2. Financial Performance

(1) Main Reasons for Significant Changes in Operating Revenue, Operating Profit and Income before Tax in the Last Two Years

Unit: NT\$ thousands

Items \ Year	2021	2022	Changes	
			Amount	Percentage (%)
Operating Revenue	1,164,726	1,476,766	312,040	26.79
Operating Cost	968,943	1,256,104	287,161	29.64
Operating Gross Profit	195,783	220,662	24,879	12.71
Operating Expense	93,799	101,646	7,847	8.37
Net Operating Profit	101,984	119,016	17,032	16.70
Non-operating Income and Expenses	(4,160)	(4,593)	(433)	10.41
Income before Tax	97,824	114,423	16,599	16.97
Income Tax Expense	18,825	22,866	4,041	21.47
Net Profit for the Current Period	78,999	91,557	12,558	15.90
Total Comprehensive Income	78,447	92,765	14,318	18.25

Explain the main reasons for the changes in the previous and later periods amounted to more than 20%, and the amount of changes reached NT\$10 million:

Operating Revenue, Operating Cost and Operating Gross Profit Increased: Mainly due to the increase in the number of sales and service customers and items received from the Company's distributed products in 2022, as well as the growth in the number of self-owned software product sales, resulting in the growth of Operating Income. The increase in Operating Cost is related to the business The Operating Cost recorded a growth YoY due to increase in revenue. The above factors combined led to growth in Operating Gross Profit of the Company in the current period.

(2) Estimated Sales Volume in the Upcoming Year and its Foundation, its Potential Influences and Response Plans: Based on the sales situation, market demand, and industry development in the current year, The Company has set sales targets for the following year. It is anticipated that there will be sustainable growth, and the financial conditions are also favorable.

### 3. Cash Flows

#### (1) Analysis on Changes in Cash Flow in the Most Recent Year (2022)

Unit: NT\$ thousands; %

Items	Year	2021	2022	Change Amount	Change Percentage (%)
	Operating Activities		89,982	(146,470)	(236,452)
Investment Activities		(4,091)	(6,879)	(2,788)	68.15
Financing Activities		24,494	232,886	208,392	850.79

#### Analysis of Changes in Cash Flows:

- (1) Decrease in net cash inflow from operating activities: This is primarily due to the expansion of operations in 2022 to meet increased customer demand. As a result, accounts receivable increased and net profit for the current period also increased, leading to a decrease in cash inflow.
- (2) Increase in net cash outflow from investing activities: This is mainly attributed to the deposit of guarantee funds to support business expansion, resulting in cash outflow.
- (3) Increase in net cash inflow from financing activities: This is primarily due to the good performance of operations in 2022, leading to a decrease in bank borrowings. Additionally, a cash capital increase was carried out, resulting in cash inflow.

- (2) Improvement Plans on Insufficient Liquidity: As of the Publication Date of this Annual Report, the Company owns ample cash and therefore has no concerns of insufficient liquidity.

#### (3) Analysis on Cash Fluidity in the Upcoming Year (2023):

Unit: NT\$ thousands

Cash Balance at the Beginning of the Year	Estimated Net Cash Flow from Operating Activities throughout the Year	Estimated Cash Outflow (Inflow) throughout the Year from Investment and Financing Activities	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Investment Plans
242,888	60,000	(83,600)	266,488	Not Applicable	Not Applicable

#### 1. Analysis on Changes in Cash Flows in the Current Year

- (1) Operating Activities: The main reasons for cash inflow for the Company are the growth in operating income and the expansion of the operational scale, as well as the collection of accounts receivable.
- (2) Investment and Financing Activities: Mainly due to cash inflows through financing for working capital requirements and cash outflows from distribution of cash dividend.

2. Remedial Measures for Expected Cash Shortfall and Liquidity Analysis: Not applicable as there is no occurrence of expected cash shortfall.

#### **4. Influence on Company Finance by Significant Capital Expenditure in the Most Recent Year**

The Company did not engage in significant capital expenditure in 2022, hence there was no influence on Company finance.

#### **5. Re-investment Policies in the Most Recent Year, Main Reason(s) for the Profit or Loss of Such Re-investment, Improvement Plans, and Investment Plans in the Upcoming Year**

The Company's re-investment policy is based on considerations of sustainable operations and business growth, and the Company has adopted its "Handling Procedure for Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by competent authorities as the foundation for conducting investment activities, thereby allowing the Company to assess relevant business opportunities and financial conditions. Currently, the Company does not have any re-investment activities. However, as a preventive measure for potential expansion of its operational scale, the Company has established the "Regulations governing Management of Subsidiaries and Re-Investment Businesses" within its internal control system. These regulations define guidelines for information disclosure and daily operational management of investment activities.

#### **6. Risk Matters Analysis**

##### **(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:**

##### **A. Effects of Changes in Interest Rates on Corporate Income and Future Response Measures**

The Company's interest expenditures for 2021 and 2022 were NT\$4,536 thousand and NT\$6,526 thousand, respectively. These amounts represent 0.39% and 0.44% of the respective years' operating revenue, and 4.64% and 5.70% of the respective years' income before tax. The Company's interest income for 2021 and 2022 was NT\$ 68 thousand and NT\$ 246 thousand, respectively. Accounting for 0.01% and 0.02% of the respective years' operating revenue, and 0.07% and 0.21% of the respective years' income before tax. Therefore, the impact of interest rate changes on the Company's profitability remains limited. The Company follows a conservative and prudent financial management principle and appoints financial personnel to maintain close communication with partner banks, keeping track of interest rate fluctuations and regularly evaluating the interest rates offered by various banking schemes, meanwhile assessing the impact of changes in financial market interest rates on the Company's funds, make timely adjustments to idle fund positions, and adjusts response measures according to interest rate changes as needed.

##### **B. Effects of Changes in Exchange Rates on Corporate Income and Future Response Measures**

The Company's net foreign exchange (loss) gains for 2021 and 2022 were NT\$ 35 thousand and NT\$ (434) thousand, respectively, accounting for 0.00% and (0.03)% of the respective years' operating revenue, and 0.04% and (0.38)% of

the respective years' income before tax. Therefore, the impact of exchange rate fluctuations on the Company's profitability remains limited. The Company's financial personnel continuously enhance their understanding of foreign exchange hedging concepts and maintain close communication with banks to stay updated on the latest exchange rate information, assess the future direction of exchange rates and use it as a reference for adjusting foreign currency positions. Meanwhile, the Company takes appropriate measures to mitigate the impact of exchange rate risks and minimize potential effects.

#### C. Effects of Inflation on Corporate Income and Future Response Measures

As the Company's products are not sold to general consumers, inflation does not have an immediate direct impact on the Company. In the past, the Company's profitability has not been significantly affected by inflation. The Company will in the meantime closely monitor market price fluctuations in the future. In the event that inflation leads to increased purchasing costs, the Company will adjust selling prices appropriately and stay updated on price changes in the upstream market, thereby mitigating the risk of profitability being affected by cost fluctuations.

#### (2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Monetary Loans or Endorsement Guarantees, and Derivatives Transactions:

The Company focuses on its core business operations and adheres to a principle of conservative and prudent financial management. It does not engage in high-risk or high-leveraged transactions. Based on operational risks considerations, where the Company is required to engage in loans, endorsements, guarantees, derivative transactions, etc., the Company will handle such transactions in accordance with "Operational Procedures for Lending of Funds to Others", "Management Procedures for Endorsement or Guarantee Operations", and "Handling Procedure for Acquisition or Disposal of Assets". The Company has not engaged in high-risk, high-leverage investments, financial loans to others, endorsement and guarantees, or derivative transactions in the most recent year and as of the Publication Date of this Annual Report

#### (3) R&D Expenses: Future Research & Development Projects and Corresponding Budget:

##### A. Future R&D Plans

The Company has always aligned its product and technology development with customer and market demands and monitors industry trends and future developments while focusing on researching and developing products and technologies with market growth potential and promising prospects. The Company will actively invest in R&D in the following directions:

##### (A) Group Consolidated Statements System Optimization

The Company's R&D unit keeps track of feedback and suggestions from customers using the Group Consolidated Statements System product. They record this feedback and periodically release updates to optimize user experience and operational efficiency. The current versions of the Group Consolidated Statements System product have already addressed the majority of customers' common needs, and only subsequent development focusing on

fine-tuning specific system functionalities are required to gradually meeting customer expectations, and enhancing customer engagement with the product.

(B) CarbonKeeper System Optimization

In Q1 2023, the Company successfully completed the development of the CarbonKeeper system 1.0, a carbon management platform assisting businesses in collecting and generating results for organizational greenhouse gas inventory data, and the R&D unit may further optimize the system's functionalities, including data collection, system interface, verification data, and other convenient features, to facilitate organizational greenhouse gas inventory operations for businesses. In addition, the next phase of development will focus on the system functionality for product carbon footprint calculation and carbon reduction simulation with the expectation to assist all TWSE/TPEX companies to comply with government policies and cooperate with government policies for smooth promotion of "Sustainable Development Roadmap for Listed Overseas Companies" and cooperate with various industry clients in achieving the goal of carbon neutrality in the international supply chain, meanwhile strengthening the Company's ability to create sustainable and continuous growth momentum.

B. Expected Contribution in R&D

The contribution of R&D expenses will be allocated gradually based on the progress of new product and technology development. With the rise of operating revenue, gradual increase in annual R&D expenses may be made to support future research and development plans, sustain core technologies, and enhance the Company's competitiveness in the market.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company conducts its daily operations in compliance with relevant domestic and international laws and regulations and constantly monitors the trends in domestic and international policy development as well as changes in regulations to fully understand market environment changes. Furthermore, the Company proactively proposes responsive measures as needed. In the most recent year and as of the Publication Date of this Annual Report, the Company's research and development efforts have been positively impacted by policies promoting "Corporate Governance 3.0 - Sustainable Development Blueprint" and the active promotion of ESG (Environment, Social, Governance) sustainability evaluations and compliance regulations by domestic and overseas governments. As for other aspects, the Company's financial and business operations have not been significantly affected by major domestic or international policy and legal changes.

(5) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

The Company has implemented ISO 27001 (Information Security Management System) to strengthen its ability to respond to information security incidents and protect the security of Company and customer information assets. Information security control operations have been included as audit items for the year, and the Company's auditing unit shall perform auditing at least once a year.

The Company constantly focuses on technological changes and developments in the industry as well as market dynamics and information from peers, meanwhile adjusting its product portfolio accordingly to meet market demands and maintain competitiveness. In the most recent year and as of the Publication Date of this Annual Report, there have been no significant financial and business impacts on the Company due to major technological changes or industry shifts.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

Since its establishment, The Company has focused on its core business operations, complies with relevant laws and regulations, actively strengthens internal management, enhances management quality and performance, and donates software products and offers student scholarships to help improve the quality and achievements of university education, along with purchases and donates goods to disadvantaged groups in society from time to time aiming to maintain an excellent corporate image and increase customer trust. In the most recent year and as of the Publication Date of this Annual Report, there have been no incidents of operational crises caused by changes in the Company's image. However, it is acknowledged that the occurrence of a corporate crisis can potentially cause significant damage to the Company. Therefore, the Company will continue to implement various corporate governance requirements to mitigate the occurrence of corporate risks and minimize their impact on the company.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: The Company is not engaged in M&A of other companies in the most recent year and as of the Publication Date of this Annual Report.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: The Company is not engaged in factory expansion in the most recent year and as of the Publication Date of this Annual Report.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

A. Risks Relating to and Response to Excessive Concentration of Purchasing Sources

Sales of the Company mainly consists of licenses of proprietary software and authorized distribution of software from international software tycoons. The proprietary software encompasses comprehensive solution designed to assist TWSE/TPEX listed companies in preparing consolidated financial statements. As an authorized distributor, the Company represents international software giants such as Oracle, SAP, Quest, Cisco, One Identity, Instana, and Automation Anywhere. Apart from the vendor licensing, the value that the original manufacturers and enterprise customers highly prioritize is the ability of the distributor to provide value-added services, so that the customers to use the software products in a smooth and stable manner.

Among the afore-mentioned authorizing software providers, Oracle hold a significant portion of the Company's purchases. This is because Oracle's database products, considered highly stable and the mainstream database product, have a market share of over 50% in the large enterprise customer market. Therefore, compared to other authorized products, the percentage of purchases from Oracle was significantly higher. The Company has maintained a good and stable

distribution partnership with Oracle for over a decade, for the Company's technical expertise in Oracle-related products and its ability to provide value-added services that meet the requirements and expectations of both Oracle and enterprise customers.

In addition to agent sales for Oracle, SAP, Quest, Cisco, One Identity, Instana, Automation Anywhere, and other international software tycoons, the Company actively seeks to collaborate with outstanding international and domestic software and hardware suppliers with dedication to providing enterprise customers with a diverse range of software and hardware products and integrated value-added services to achieve its mission of bestowing upon customers long-term and reliable competitiveness. All the products under distribution are developed in the direction of application diversification, hence the Company shall not be exposed to risks associated with unstable supply sources.

**B. Risks Relating to and Response to Excessive Customer Concentration**

The Company is primarily engaged in the distribution and agent sales of international brands such as Oracle, SAP, Quest, Cisco, One Identity, Instana, and Automation Anywhere. In addition, the Company has developed its own enterprise solutions for financial reporting, including the Group Consolidated Statements System (GCRS), the Financial Notes Disclosure System (EZSO), the Profit Center Income Statement System (PCIS), and the CarbonKeeper system, as well as professional software implementation and maintenance services. In 2020 and H1 2021, sales to the top ten customers accounted for 42% and 46%, respectively, of the net operating revenue for each year. There is no excessive customer concentration on the top ten customers of the Company; furthermore, as there is no single customer contributing over 20% of the Company's sales, the Company does not have a significant sales concentration on a single customer.

**(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:**

There have been no incident where the Company's directors or shareholders holding more than ten percent of the shares have caused significant impacts on the Company's operations due to substantial transfers or changes in ownership in the most recent year and as of the Publication Date of this Annual Report.

**(11) Effects of, Risks Relating to and Response to the Changes in Management Rights:**

The Company has no changes in management rights in the most recent year and as of the Publication Date of this Annual Report.

**(12) If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company and a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending up to the date of publication of this Annual Report: None.**

**(13) Other Important Matters: None.**

**7. Other Important Matters: None.**

## **VIII. Special Disclosure**

### **1. Summary of Affiliated Enterprises**

- (1) Consolidated Business Report of Affiliate Enterprises: The Company has no affiliate enterprises, hence not applicable.
- (2) Consolidated Financial Statements of Affiliate Enterprises: The Company has no affiliate enterprises, hence not applicable.
- (3) Relationship Report: The Company has no affiliate enterprises, hence not applicable.

**2. Implementation Status of Private Placement of Securities in the most recent year and as of the Publication Date of this Annual Report:** No occurrence in the Company.

**3. Acquisition or Disposal of the Company's Stock by the Subsidiaries in the most recent year and as of the Publication Date of this Annual Report:** No occurrence in the Company.

**4. Other Matters Requiring Supplementary Descriptions:** No occurrence in the Company.

**5. Matters in the most recent year and as of the Publication Date of this Annual Report having Material Impacts on Shareholders' Equities or Securities Price provided for in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act:** No occurrence in the Company.



## Independent Auditors' Report

The Board of Directors  
M-Power Information Co., Ltd.:

### Opinion

We have audited the balance sheets of M-Power Information Co., Ltd. (the "Company") as of 31 December 2022 and 2021, the statements of comprehensive income, statements of changes in equity, statements of cash flows for the years then ended, and the notes to individual financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and its financial performance and its cash flows for the years ended 31 December 2022 and 2021 in accordance with IFRS, International Accounting Standards, Interpretations and Interpretation Announcements approved and announced by the Securities and Futures Bureau, Financial Supervisory Commission.

### Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. 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 the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the ROC, 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 individual financial statements of the Company for the year ended 31 December 2022. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

#### Income Recognition

For details of accounting policies related to income recognition, please refer to Note 4 (12) Income Recognition in the notes to individual financial statements. For details of description for income recognition, please refer to Note 6 (13).

#### Description for the Key Audit Matters:

M-Power Information Co., Ltd. primarily engages in the sales and integration of information software and provision of corresponding professional consultancy services, among which involves various transaction types requiring income recognition inclusive of

single recognition when performance obligation is satisfied and recognition by degree of transaction completion on the reporting date. As methods and time for income recognition are expected to significantly influence presentation of these financial statements of M-Power Information Co., Ltd., income recognition is a matter that requires great attention for our audits on these financial statements.

Corresponding audit procedures:

The primary audit procedures we performed for the abovementioned key audit matters include:

- evaluating the appropriateness of time spot and accounting policies for income recognition by acquiring operating status of M-Power Information Co., Ltd. and its industry characteristics and reviewing its sales contracts;
- performing tests on design and implementation of internal control for income recognition;
- performing a trend analysis for top 10 customers of sales to evaluate whether any significant anomaly exists by comparing the lists of customers and revenues for the current period, the most recent accounting period and the same period in the preceding year, and verifying and analyzing the reasons for significant changes, if any;
- sampling and verifying the full-year sales transactions for evaluating authenticity of sales transactions, accuracy of amounts for income from sales of goods recognized, and reasonableness of receipt time spots.
- performing tests on sales transaction samples for certain periods before and after the conclusion of the accounting period to evaluate the appropriateness of income recognition time spots.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with IFRS, International Accounting Standards, Interpretations and Interpretation Announcements approved and announced by the Securities and Futures Bureau, and for such internal control as management determines is necessary to enable the preparation of the individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the management is responsible for assessing the M-Power Information Co., Ltd.'s ability to continue as a going concern, disclosure of related matters, and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of M-Power Information Co., Ltd., including its supervisors and Audit Committee, are responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement in the individual financial statements 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 individual financial statements.

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

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

We communicate with those charged with governance regarding, among other matters,

the planned scope and time spot of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined key audit matters of these financial statements of the M-Power Information Co., Ltd. for the year ended 31 December 2022. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Hsiu Kuang and Chun-I, Chang.

KPMG Taiwans  
Taipei, Taiwan (The Republic of China)  
24 February 2023

### **Notes to Readers**

The accompanying company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 the company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and the company only financial statements, the Chinese version shall prevail.

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Balance Sheet

For the Year Ended 31 December 2022 and 2021

Unit: NT\$ Thousands

Assets		2022.12.31		2021.12.31		Liabilities and Equity		2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	<b>Current Assets:</b>					21xx	<b>Current Liabilities:</b>				
1100	Cash and Cash Equivalents (Note 6 (1))	\$ 242,888	20	163,351	29	2100	Short-Term Borrowings (Note 6 (1), (6), 7 and 8)	\$ 150,565	13	28,000	5
1136	Financial Assets at Amortized Cost - Current (Notes 6 (1), (6) and 8)	3,580	-	580	-	2130	Contract Liabilities - Current (Note 6 (13))	35,059	3	37,324	7
1150	Net Note Receivables (Notes 6 (2) and (13))	402	-	515	-	2170	Accounts Payable (Note 7)	424,782	35	110,215	20
1170	Net Account Receivable (Notes 6 (2) and (13))	473,222	40	277,942	50	2200	Other Payables (Note 6 (14))	60,671	5	57,706	10
1200	Other Receivables	220	-	41	-	2230	Income Tax Liabilities for the Period	11,749	1	15,099	2
130X	Inventories (Note 6 (3))	344,301	29	37,196	7	2280	Lease Liabilities - Current (Note 6 (7))	6,401	1	5,371	1
1410	Prepayments	6,061	1	2,776	-	2300	Other Current Liabilities	2,257	-	4,479	1
1470	Other Current Assets	92	-	15	-		<b>Total Current Liabilities</b>	691,484	58	258,194	46
	<b>Total Current Assets</b>	1,070,766	90	482,416	86	25xx	<b>Non-Current Liabilities:</b>				
15xx	<b>Non-Current Assets:</b>					2580	Lease Liabilities - Non-Current (Note 6 (7))	21,444	2	25,657	5
1600	Property, Plant and Equipment (Note 6 (4))	2,236	-	2,726	-	2640	Net Liabilities for Defined Benefits - Non-Current (Note 6 (8))	3,534	-	5,291	1
1755	Right-of-Use Assets (Notes 6 (5) and (7))	27,034	2	30,321	5		<b>Total Non-Current Liabilities</b>	24,978	2	30,948	6
1780	Intangible Assets	841	-	67	-	2xxx	<b>Total Liabilities</b>	716,462	60	289,142	52
1840	Deferred Income Tax Asset (Note 6 (9))	1,547	-	3,107	1	31xx	<b>Equity (Notes 6 (8), (9) and (10)):</b>				
1920	Refundable Deposits	18,930	2	16,659	3	3110	Common Stock Capital	220,000	18	145,000	26
1930	Long-Term Receivables (Note 6 (2) and (13))	75,761	6	25,300	5	3200	Capital Reserve	133,284	11	26,600	5
	<b>Total Non-Current Assets</b>	126,349	10	78,180	14	3300	Retained Earnings:				
						3310	Legal Reserve	25,963	2	18,740	3
						3350	Undistributed Earnings	101,406	9	81,114	14
							Total Retained Earnings	127,369	11	99,854	17
						3xxx	<b>Total Equity</b>	480,653	40	271,454	48
1xxx	<b>Total Assets</b>	\$ 1,197,115	100	560,596	100	2-3xx	<b>Total Liabilities and Equity</b>	\$ 1,197,115	100	560,596	100

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Comprehensive Income

For the Year Ended 31 December 2022 and 2021

Unit: NT\$ Thousands

	2022		2021	
	Amount	%	Amount	%
4110 Sales Income (Note 6 (13))	\$ 1,481,937	100	1,165,864	100
4190 Less: Sales Discounts	5,171	-	1,138	-
<b>Net Operating Income</b>	<b>1,476,766</b>	<b>100</b>	<b>1,164,726</b>	<b>100</b>
5000 Operating Costs(Notes 6 (3), (4), (5), (8) and 7)	1,256,104	85	968,943	83
5900 Operating Gross Profit	220,662	15	195,783	17
6000 Operating Expenses (Notes 6 (2), (4), (5), (7), (8), (14) and 7):				
6100 Marketing Expense	51,173	4	52,871	5
6200 Management Expense	33,784	2	29,134	3
6300 R&D Expense	16,771	1	11,957	1
6450 Expected Credit Impairment Losses (Gains)	(82)	-	(163)	-
<b>Total Operating Expenses</b>	<b>101,646</b>	<b>7</b>	<b>93,799</b>	<b>9</b>
6900 Net Operating Profit	119,016	8	101,984	8
7000 Non-Operating Incomes and Expenses (Notes 6 (7) and (15)):				
7100 Interest Revenue	246	-	68	-
7020 Other Gains and Losses	1,687	-	308	-
7050 Financial Costs	(6,526)	-	(4,536)	-
<b>Total Non-Operating Incomes and Expenses</b>	<b>(4,593)</b>	<b>-</b>	<b>(4,160)</b>	<b>-</b>
7900 Net Profit before Tax	114,423	8	97,824	8
7950 Less: Income Tax Expenses(Note 6 (9))	22,866	2	18,825	1
8200 Profit for the Period	91,557	6	78,999	7
8300 Other Comprehensive Income (Notes 6 (8) and (9)):				
8310 Items not to be Reclassified into Profit or Loss				
8311 Remeasurements of Defined Benefit Plans	1,510	-	(690)	-
8349 Less: Income Tax Concerning Items not to be Reclassified	302	-	(138)	-
8300 Other Comprehensive Income for the Period	1,208	-	(552)	-
8500 Total Comprehensive Income for the Period	\$ 92,765	6	78,447	7
<b>Earnings per Share (Unit: NT\$, Note 6 (12))</b>				
9750 Basic Earnings per Share	\$ 4.81		4.83	
9850 Diluted Earnings per Share	\$ 4.72		4.72	

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Changes in Equity

For the Year Ended 31 December 2022 and 2021

Unit: NT\$ Thousands

	Retained Earnings					Total Equity
	Common Stock Capital	Capital Reserve	Legal Reserve	Undistributed Earnings	Total	
<b>Balance on 1 January 2021</b>	\$ 100,000	9,100	14,624	36,783	51,407	160,507
Earnings Appropriations and Distributions:						
Legal Reserve Designation	-	-	4,116	(4,116)	-	-
Cash Dividend of Common Stock	-	-	-	(10,000)	(10,000)	(10,000)
Share Dividend of Common Stock	20,000	-	-	(20,000)	(20,000)	-
Profit for the Period	-	-	-	78,999	78,999	78,999
Other Comprehensive Income for the Period	-	-	-	(552)	(552)	(552)
Total Comprehensive Income for the Period	-	-	-	78,447	78,447	78,447
Cash Capital Increase	20,000	14,000	-	-	-	34,000
New Shares Issued for Employee Stock						
Warrants	5,000	3,500	-	-	-	8,500
Balance on 31 December 2021	145,000	26,600	18,740	81,114	99,854	271,454
Earnings Appropriations and Distributions:						
Legal Reserve Designation	-	-	7,223	(7,223)	-	-
Cash Dividend of Common Stock	-	-	-	(21,750)	(21,750)	(21,750)
Share Dividend of Common Stock	43,500	-	-	(43,500)	(43,500)	-
Profit for the Period	-	-	-	91,557	91,557	91,557
Other Comprehensive Income for the Period	-	-	-	1,208	1,208	1,208
Total Comprehensive Income for the Period	-	-	-	92,765	92,765	92,765
Cash Capital Increase	31,500	106,684	-	-	-	138,184
<b>Balance on 31 December 2022</b>	<b>\$ 220,000</b>	<b>133,284</b>	<b>25,963</b>	<b>101,406</b>	<b>127,369</b>	<b>480,653</b>

(Please refer to the enclosed Notes to Individual Financial Statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

M-Power Information Co., Ltd.

Statements of Cash Flows

For the Year Ended 31 December 2022 and 2021

	Unit: NT\$ Thousands	
	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Net Profit before Tax for the Period	\$ 114,423	97,824
<b>Adjustments:</b>		
Items for Profit/Loss		
Depreciation Expenses	7,427	7,944
Amortization Expenses	132	4
Expected Credit Impairment Losses (Gains)	(82)	(163)
Interest Expenses	6,526	4,536
Interest Revenue	(246)	(68)
Lease Modification Gain	(18)	(2)
Total Items for Profit/Loss	13,739	12,251
Changes in Assets/Liabilities Related to Operating Activities:		
Net Changes in Assets Related to Operating Activities:		
Notes Receivable	113	(389)
Accounts Receivable	(195,198)	(71,247)
Other Receivables	(179)	(41)
Inventories	(307,105)	35,148
Prepayments	(3,285)	(2,128)
Other Current Assets	(77)	(15)
Long-Term Receivables	(50,461)	(9,940)
Total Net Changes in Assets Related to Operating Activities	(556,192)	(48,612)
Net Changes in Liabilities Related to Operating Activities:		
Contract Liabilities	(2,265)	7,082
Accounts Payable	314,567	20,830
Other Payables	2,965	15,199
Other Current Liabilities	(2,222)	1,379
Net Defined Benefit Liabilities	(247)	(243)
Total Net Changes in Liabilities Related to Operating Activities	312,798	44,247
Total Net Changes in Assets/Liabilities Related to Operating Activities	(243,394)	(4,365)
Total Adjustments	(229,655)	7,886
Cash Inflow (Outflow) generated from Operations	(115,232)	105,710
Interests Received	246	68
Interests Paid	(6,526)	(4,536)
Income Tax Paid	(24,958)	(11,260)
<b>Net Cash Inflow (Outflow) from Operating Activities</b>	<b>(146,470)</b>	<b>89,982</b>
<b>Cash Flows from Investment Activities:</b>		
Acquisition of Financial Assets at Amortized Cost	(3,000)	-
Acquisition of Property, Plant and Equipment	(702)	(200)
Increase in Refundable Deposits	(2,271)	(3,820)
Acquisition of Intangible Assets	(906)	(71)
<b>Net Cash Inflow (Outflow) from Investment Activities</b>	<b>(6,879)</b>	<b>(4,091)</b>
<b>Cash Flows from Financing Activities:</b>		
Increase (Decrease) in Short-Term Borrowings	122,565	(2,000)
Repayment of Lease Principles	(6,113)	(6,006)
Distribution of Cash Dividend	(21,750)	(10,000)
Cash Capital Increase	138,184	34,000
Employee Exercise of Stock Option Rights	-	8,500
<b>Net Cash Inflow from Financing Activities</b>	<b>232,886</b>	<b>24,494</b>
<b>Increase in Cash and Cash Equivalents for the Period</b>	<b>79,537</b>	<b>110,385</b>
<b>Opening Balance for Cash and Cash Equivalents</b>	<b>163,351</b>	<b>52,966</b>
<b>Closing Balance for Cash and Cash Equivalents</b>	<b>\$ 242,888</b>	<b>163,351</b>

(Please refer to the enclosed Notes to Individual Financial Statements)



## **M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

### **M-Power Information Co., Ltd. Notes to Individual Financial Statements For the Year Ended on 31 December 2022 and 2021 (Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)**

#### **1. General Information**

M-Power Information Co., Ltd. (the "Company") was established on 10 September, 1999 under the approval of the Ministry of Economic Affairs. Stocks of the Company became available for trading at the Pioneer Stock Board (PSB) of the Taipei Exchange on 22 December, 2021, and became available at the Emerging Stock Board (ESB) of the same Exchange on 3 May, 2022. In addition, the stocks became available for OTC trading from 14 December, 2022. The Company primarily engages in the wholesale and retail of information software, and corresponding professional consultancy services, education and training, and technical services.

#### **2. Date and Procedures for the Approval of Financial Statements**

These financial statements were approved for issuance by the Board of Directors (the "Board") on 24 February 2023.

#### **3. Application of New and Amended Standards and Interpretations**

(1) Effects of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission ("FSC"):

The following newly revised International Financial Reporting Standards (the "IFRS") are applicable to the Company starting from 1 January 2022, and they had no significant effect on the consolidated financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendment to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual improvement of IFRS for the period 2018-2020.
- Amendment to IFRS 3 "References to the Conceptual Framework"

(2) Effects of IFRSs endorsed by the FSC not yet adopted:

The following newly revised IFRSs that became effective from 1 January 2023

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

are applicable to the Company, with potential influences stated as follows:

### 1. Amendment to IAS 1 “Disclosure of Accounting Policies”

The major amendments include:

- Statement that entities are required to disclose their material accounting policy information, instead of significant accounting policies;
- Statement that “accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed”; and
- The statement that “However, not all accounting policy information relating to material transactions, other events or conditions is itself material”.

The Company is evaluating and reviewing accounting policies required to be disclosed in financial statements to comply with such amendment.

### 2. Others

The Company expects that the newly revised standard will have no significant effect on these financial statements:

- Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”; and
- Amendment to IAS 8 “Definition of Accounting Estimates”

(3) New and amended standards and interpretations not yet endorsed by the FSC:

The Company expects that the following new and amended standards and interpretations not yet endorsed have no significant effect on these financial statements.

- Amendment to IFRS 10 and Amendment to IAS 28 “Long-term interests in Associates and Joint Ventures”;
- Amendment to IFRS 17 “Insurance Contracts”;
- Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”;
- Amendment to IAS 1 “Non-current Liabilities with Covenants”;
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”; and
- Amendment to IFRS 16 “Provisions Regarding Sale and Leaseback”.

## 4. Summary of Significant Accounting Policies

## **M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

The summary of significant accounting policies adopted for these financial statements is described as follows. The following accounting policies are consistently applied to all periods presented in these financial statements.

### **(1) Statement of Compliance**

The consolidated financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Preparation Regulations”) and IFRSs, IASs, interpretations, and interpretative bulletins endorsed by the FSC (the “IFRSs Endorsed by the FSC”).

### **(2) Preparation Basis**

#### **1. Measurement Basis**

Except for the net defined benefit liabilities measured on the basis of defined benefit obligation (current value of) less fair value of plan assets, and measurement on the cap effects stated in Note 4 (8), the preparation of these financial statements is based on historical costs.

#### **2. Functional Currency and Presentation Currency**

The functional currency of entities within the Company is the currency used in the respective primary economic environment where it operates. These financial statements are presented in New Taiwan Dollars (NTD), the functional currency of the Company. All financial information presented in Thousands of New Taiwan Dollars.

### **(3) Foreign Currency**

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Subsequently, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of each reporting period (the “Reporting Date”).

Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date of fair value measurement. Non-monetary items denominated in foreign currencies measured at historical costs are translated at the rate prevailing on the transaction date. The difference in converted values of foreign currencies arising from exchanges is included in gain or loss.

### **(4) Standards for the Classification of current and Non-Current Assets and Liabilities**

Assets fulfilling any of the following conditions are recognized as current

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

assets; all other assets that are not current assets are recognized as non-current assets:

1. Assets expected to be realized or intended to be sold or consumed during its normal operating cycle;
2. Assets held primarily for trading;
3. Assets expected to be realized within twelve months after the reporting period;  
or
4. Assets are cash or cash equivalents, but assets that will be exchanged or used for settling liabilities for at least twelve months after the reporting period or otherwise restricted are excluded.

Liabilities fulfilling any of the following conditions are recognized as current liabilities; all other liabilities that are not current liabilities are recognized as non-current liabilities:

1. Liabilities expected to be settled during its normal operating cycle;
2. Liabilities held primarily for trading;
3. Liabilities expected to fall due and be settled within twelve months after the reporting period; or
4. Liabilities with a settlement period that cannot be unconditionally deferred to at least twelve months after the reporting period. Settlement of the liabilities' terms may occur due to the issuance of equity instruments upon selecting the counterparty, which shall have no effect on its classification.

### (5) Cash and Cash Equivalents

Cash includes Cash, Current Deposits and Check Deposits. Cash equivalents are short-term investments with high liquidity that can be converted into a fixed amount of cash at any time and has minimal risks. Current deposits that fulfill the definition above and the purpose of holding is to satisfy short-term cash commitments, instead of investments or other purposes, are presented under cash equivalents.

### (6) Financial instruments

Account receivables and debt securities issued are initially recognized upon occurrence. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual term of the financial instruments. Financial assets or financial liabilities not at fair value through profit or loss are initially measured at fair value, plus transaction costs directly attributable to the acquisition or issuance.

#### 1. Financial Assets

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

For regular way purchases or sales of financial assets, the Company consistently adopts trade day or closing date accounting for all purchases and sales of financial assets that are classified in the same manner.

Upon initial recognition, financial assets are classified as financial assets at amortized costs.

The Company reclassifies all financial assets being affected on the first day of the next reporting period when changes occurred to the operating model for managing its financial assets.

### (1) Financial Assets at Amortized Cost

Financial assets fulfilling the following conditions and are not designated at fair value through profit or loss are measured at amortized costs:

- Financial assets are held under an operating model for receiving contractual cash flows.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Such assets are subsequently measured at the initially recognized amount plus/less accumulated amortization calculated using the effective interest method, with adjustments for amortized costs of any loss allowance. Interest income, gains or losses on foreign currency exchange, and impairment losses are recognized in profit or loss. Upon derecognition, gains or losses are included in profit or loss.

### (2) Impairment of Financial Assets

The Company recognize loss allowance for financial assets at amortized costs (including cash and cash equivalents, financial assets at amortized costs, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit loss (the "ECL") of contract assets.

Credit risks for bank deposits, financial assets at amortized cost, other receivables and refundable deposits (i.e. risk of default regarding the financial instruments during the expected lifetime) have not

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

significantly increased since initial recognition. The corresponding allowance for loss are measured based on the twelve month ECL.

Loss allowance for notes receivables and accounts receivable are measured at lifetime ECL.

To determine whether credit risks have significantly increased since the initial recognition, the Company considers reasonable and supportive information (available without undue costs or investments), including qualitative and quantitative information, and analysis based on the Company's historical experiences, credit evaluation, and forward-looking information.

Lifetime ECL refers to the ECL that may occur due to any default of financial instruments during the expected lifetime.

12-month ECL refers to the ECL that may occur due to any default of financial instruments within twelve months after the Reporting Date (or a shorter period when the expected lifetime of financial instruments is less than twelve months).

The longest period for measuring ECL shall be the longest contractual period that the Company is exposed to credit risks.

ECL is the weighted estimated probability of credit loss of financial instruments during the expected lifetime. Credit loss is measured at the current value of all cash shortfalls; in other words, the differences between cash flows that the Company may receive according to the contract and the cash flows that the Company expected to receive. ECL is discounted at the effective rates of financial assets.

At each reporting date, the Company evaluates whether there is any credit impairment that occurred to financial assets at amortized costs and debt securities measured at fair value through other comprehensive income. When one or multiple events unfavorable to the estimated future cash flows of financial assets occurred, such financial assets are credit impaired. Evidence of financial assets' credit impairment include observable data related to the following events:

- Significant financial difficulties of the borrower or issuer;

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

- Default, such as default or overdue for over one year;
- The Company provided concessions that would not have been considered to the borrower due to economic or contractual reasons related to the financial difficulties of the borrower;
- The borrower is likely to apply for bankruptcy or carry out other financial restructure; or
- No active market for financial assets due to financial difficulties.

Loss allowance for financial assets at amortized costs is deducted from the carrying amount of the assets.

When the Company is unable to reasonably expect the entire or partial recovery of financial assets, the Company directly reduces the gross carrying amount of its financial assets. For corporate customers, the Company separately analyzes the time and amount of write-off based on whether the amount of recovery may be reasonably expected. The Company expects that the written-off amount will not be significantly reversed. However, written-off financial assets may still be enforced to comply with the Company's procedures in recovering overdue amounts.

### (3) Derecognition of Financial Assets

The Company derecognizes its financial assets upon the termination of contractual rights to the cash flows from the assets, or when the financial assets are transferred, and the substantial risks and compensation regarding the ownership of the assets are transferred to other enterprises, or the substantial risks and compensation regarding the ownership of the assets are not transferred or retained, and the control over the financial assets is not retained.

The Company continues to recognize transactions entered into for the transfer of financial assets in the balance sheet when the substantial risks and compensation regarding the ownership of the transferred assets are retained.

## 2. Financial Liabilities

### (1) Financial Liabilities

Financial Liabilities are subsequently measured at amortized costs using. Related profits or losses, including any interest expenses, are

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized costs using the effective interest method. Interest expenses and gains or losses on exchanges are recognized in profit or loss. Upon derecognition, any gains or losses are recognized in profit or loss.

### (2) Equity transactions

Equity instruments refer to any contract with remaining interests after all liabilities are deducted from the assets of the Company. The equity instruments issued by the Company are recognized at the amount equivalent to proceeds deducting direct issuance costs.

### (3) Derecognition of Financial Liabilities

The Company derecognizes its financial liabilities upon the performance, cancellation, or expiry of contract obligations. When significant differences occur to the cash flows of liabilities upon or after the amendments to terms of financial liabilities, the Company derecognizes the original financial liabilities and recognizes new financial liabilities at fair value based on the amended terms.

Upon the derecognition of financial liabilities, the differences between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

### (4) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities may be offset with its net amount presented in the balance sheet when the Company currently has legal rights to enforce the offset and intends to settle on a net basis or concurrently realize assets and settle liabilities.

### (7) Inventory

The inventories are measured at the lower of costs and net realizable value. Initial costs of inventories are necessary expenses incurred in bringing inventories to the condition and venue available for use, with calculations using the weighted average method. The net realizable value is calculated based on the estimated selling price less costs requiring contribution and expenses for sales of goods under normal operations of the Company.



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (8) Property, Plant and Equipment

#### 1. Recognition and Measurement

Items of property, plant and equipment are measured at costs less accumulated depreciation and any accumulated impairment losses.

When significant components of property, plant and equipment have different useful lives, such components shall be accounted for as a single item of property, plant and equipment.

Gains or losses on the disposals of property, plant and equipment are recognized in profit or loss.

#### 2. Subsequent Costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Company.

#### 3. Depreciation

Depreciation is calculated at assets costs less residual value, and are recognized in profit or loss during the estimated useful life of each component on a straight-line basis. Office equipment has an estimated useful life of 3~5 years.

The Company reviews depreciation method, useful years and residual value on every Reporting Date, and make appropriate adjustments when necessary.

### (9) Lease - Lessee

The Company evaluates whether a contract is or includes a lease on the date of establishing the contract. When the contract transfers the control for the use of identified assets for a period in exchange for considerations, the contract is, or includes a lease.

The Company recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Right-of-use assets are initially measured at costs. Such costs include the initial measurements of lease liabilities, adjusted according to any lease payment paid on or before the commencement date of the lease, plus initial direct costs incurred and estimated costs to disassemble or remove the target asset and restore to its location or target assets, less any lease incentives received.

Right-of-use assets are subsequently depreciated during the period from the commencement date of the lease to the expiry of the right-of-use asset's useful life or the expiry of the lease period, whichever is earlier, on a straight-line basis.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Furthermore, the Company regularly evaluates whether right-of-use assets are impaired and accounts for any impairment loss incurred, and adjusts the right-of-use assets for remeasurements that occurred to lease liabilities.

Lease liabilities are initially measured at the current value of the outstanding lease payment on the commencement date of the lease. Where the interest rate implicit in a lease can be easily determined, the discount rate shall be such interest rate; where the interest rate implicit in a lease cannot be readily determined, the discount rate shall be the incremental borrowing interest rate of the Company. In general, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payment included in the measurement of lease liabilities includes:

1. Fixed payment, include the substantial fixed payment;
2. Variable lease payment subject to a certain index or rate is initially measured at the index or rate on the commencement date of the lease;
3. The residual value guarantee expected to pay; and
4. Exercise price or fines to be paid when it is reasonably confirmed that the right to call option or the lease termination option will be exercised.

Subsequently, interests for lease liabilities are accrued using the effective interest method, and the amount will be remeasured upon the occurrence of the following circumstances:

1. Changes in future lease payment resulted from changes in the index or rate used to determine the lease payment;
2. Changes in the residual value guarantee expected to pay;
3. Changes in the evaluation on the rights to call option regarding the target asset;
4. Changes in the evaluation for the lease period resulted from the changes in the estimate for whether exercising the rights to extension or termination;
5. Amendments to the lease target, scope, other terms.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

When remeasuring lease liabilities due to changes in the evaluation regarding changes in the index or rate used to determine the lease payment, changes in the residual value guarantee, and changes in the evaluation on the rights to call option, extension, or termination above, the Company adjusts the carrying amount of the right-of-use assets accordingly, and recognize the remaining remeasurements in profit or loss when the carrying amount of the right-of-use assets is reduced to nil.

For lease amendments related to reducing the scope of the lease, the Company reduces the carrying amount of the right-of-use assets to reflect the partial or overall termination of the lease, and recognizes the differences between the carrying amount and the remeasurement for the lease liabilities in profit or loss.

For short-term lease related to the lease of office equipment and the lease of low-value target assets, the Company elects to not recognize the right-of-use assets or lease liabilities, and the relevant lease payments are recognized as expenses throughout the lease period on a straight-line basis.

### (10) Intangible Assets

#### 1. Recognition and Measurement

The Company measures the computer software with limited useful lives acquired at costs less accumulated amortization and accumulated impairment.

#### 2. Subsequent Costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Company. All other expenses are recognized as profit or loss upon occurrence.

#### 3. Amortization

Amortization is calculated based on asset costs less estimated residual value, and is recognized in profit or loss during its estimated useful life on a straight-line basis when the intangible asset is ready for use.

The expense of computer software is amortized based on the useful life of 3 years from the time spot it becomes available for use and on a straight-line basis. The amortized amounts are recognized as profit or loss.

The Company shall at least examine the amortization method, useful life, and residual value of intangible assets on each annual reporting date and makes appropriate adjustments when necessary.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

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

The Company evaluates whether there is evidence of impairment regarding the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) on each Reporting Date. Where any evidence exists, the Company estimates the recoverable amount of the asset.

For impairment testing, the Company uses a set of assets with its cash inflows substantially separated from cash inflows of other individual assets or asset groups as the minimum identifiable asset group.

Recoverable amount is the higher of the fair value of an individual asset or cash-generating unit (the "CGU") less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flows are discounted to the current value at the pre-tax discount rate; the discount rate shall reflect current market assessments of the time value of money and the risks specific to the asset or CGU.

The Company recognizes impairment losses when the recoverable amount of the individual asset or CGU is lower than its carrying amount.

### (12) Income Recognition

Income is measured at the consideration expected to be entitled to obtain for the transfer of products or services. The Company recognizes its income when fulfilling the performance obligation due to the transfer of control over products or services to customers. The primary items of income of the Company are described as follows:

#### 1. Sales of Products

The Company manufactures ceramic tiles and sells them to distributors. The Company recognizes its income upon the transfer of control over products. The transfer of control over products refers to the delivery of products to customers, customers may determine the sales channels and prices of products at their discretion, and there is no outstanding obligation that may affect customers accepting the products. The delivery occurred when delivering products to a particular venue, the risks of obsolete and loss are transferred to customers, and the customers had accepted the products according to the sales contract with acceptance inspection terms invalid, or when the Company has objective evidence to consider that all acceptance inspection conditions are satisfied.

The Company recognizes account receivables upon the delivery of products, as the Company has the right to unconditionally receive the consideration at the time.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### 2. Income from Services through Labor

The Company offers maintenance and consultancy services for its products. Where the transaction results for labors provided may be dependably estimated, the income generated is recognized based on the degree of completion on the Reporting Date. The Company has

Where the hourly rate for labors are provided in a contract, the income is recognized by the amounts contained on invoices issued by the Company under entitlement. The Company requests such payment from the customers on a monthly basis, and may receive the payment as consideration following issuance of the relevant invoice(s).

### (13) Employees benefits

#### 1. Defined Contribution Plans

The contribution obligations for defined contribution plans are recognized as expenses during the period when employees provide their services.

#### 2. Defined Benefit Plan

The net obligations of the Company under the defined benefit plans are calculated based on the earned future benefit amount discounted to the current value for the services provided by employees during the current or prior periods, less fair value of plan assets.

Actuarial for defined benefit obligations are performed by qualified actuary according to the projected unit credit method each year. When the calculation results are likely to be favorable to the Company, assets recognition shall be limited to the current value of any economic benefits that may be obtained in the manner of returning the appropriation from the plans or reducing the future appropriation for the plans. When calculating the current value of economic benefits, the Company considers all minimum fund appropriation requirements.

The remeasurements of net defined benefit liabilities (including actuarial gain or loss, return on plan assets (excluding interests)) and any changes in the effect of asset cap (excluding interests) are immediately recognized in other comprehensive income and accumulated in retained earnings. For the determination of net interest expenses (income) from net defined benefit liabilities (assets), the Company makes use of the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

from the defined benefit plans are recognized in profit or loss.

Upon the amendments to or reduction in the plans, the changes in benefits incurred related to past service costs or reduction gains or losses are immediately recognized in profit or loss. Upon settlement, the Company recognizes the gains or losses from the settlement of defined benefit plans.

### 3. Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses upon the provision of services. Where the Company is liable for the legal or constructive payment obligations due to the services provided by employees in the past, and such obligations may be reliably estimated, the amount shall be recognized as liabilities.

#### (14) Share-Based Payment Transactions

The share-based payment agreement for equity delivery is based on the fair value on the date of grant, and during the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized expense is under adjustment based on expected compliance with service conditions and the quantity of rewards under the vested conditions at a non-current value; and the final recognition is measured on the basis of the compliance with service conditions on the vesting date and the quantity of rewards under the vested conditions at a non-current value.

The non-acquired conditions of the share-based payment rewards have been reflected in the measurement of the fair value of the share-based payment date, and the difference between the expected and actual results need not be verified and adjusted.

The date for share-based basic payment by the Company coincides with the date the Company's notifications on subscription price and the number of shares available for subscription is made.

#### (15) Income Tax

Income tax includes current and deferred income tax. Except for business mergers and items directly recognized in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax reimbursement receivable calculated based on the taxable income (loss) of the year, and the adjustments to any income tax payable or tax reimbursement receivable for prior years. The amount shall be the best estimates for the amount expected to

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

pay or receive measured at the statutory tax rate or the tax rate substantially enacted on the Reporting Date.

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities for the purpose of financial reporting and their taxable basis.

Unused taxable losses and unused income tax credits carry forward and temporary deductible differences are recognized as deferred income tax assets, to the extent that there may be future taxable income available, and are re-evaluated on each Reporting Date. The amounts are adjusted downward for relevant income tax gains to the extent where it is likely to realize, or reversed the reduced amount to the extent where there is likely to be sufficient taxable income.

Deferred income tax is measured at the tax rate at the time expected for the reversal of the temporary differences, and the statutory tax rate or tax rate substantially enacted on the Reporting Date are used as the basis.

The Company offsets deferred tax assets and deferred tax liabilities upon the satisfaction of the following conditions:

1. The Company has the right to enforce the offset of current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to any of the following taxable entity regarding the income tax levied by the same taxation authority:
  - (1) The same taxable entity; or
  - (2) Different taxable entities, but the entities intend to settle current income tax liabilities and assets on a net basis or concurrently realize assets and settle liabilities in each future period that they expect to recover the deferred income tax assets with significant amounts or expect to settle deferred income tax liabilities.

### (16) Earnings per Share

The Company presents basic and diluted earnings per share attributable to the holders of the ordinary shares of the Company. The basic earnings per share of the Company are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company, divided by the weighted average number of outstanding ordinary shares for the current period. The diluted earnings per share are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company and the weighted average number of outstanding ordinary shares after adjustments made for the effects of all potential diluted ordinary

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

shares.

### (17) Segment Information

Business segments are components of the Company, and they engage in operating activities that may earn income and incur expenses (including income and expenses related to transactions with other components within the Company). The operating results of all business segments are regularly reviewed by the primary decision-maker of the Company to establish the decisions to allocate resources to such departments and evaluate their performances.

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When preparing the consolidated financial statements according to the Preparation Regulations, the management is required to make judgments, estimates, and assumptions that have effects on the adoption of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The actual results may differ from the estimation.

The management continued to examine the estimation and basic assumption; the changes in accounting estimated are recognized during the period when the changes occurred and the future periods affected.

These financial statements do not contain information concerning accounting policies that involve material determination and may have material influence on recognized amounts herein.

The Company may confirm that there is no matter of uncertainty concerning assumptions and estimates which have material risks potentially leading to material adjustments.

### 6. Description of Significant Accounting Items

#### (1) Cash and Cash Equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash	\$ -	100
Current Deposits	242,198	162,670
Check Deposits	690	581
	<u>\$ 242,888</u>	<u>163,351</u>

For disclosure of interest rate risks and sensitivity analysis concerning financial assets and liabilities of the Company, please refer to Note 6 (16). In



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

addition, the Company requested loans of funds on 31 December 2022 and 2021, with current deposits at NT\$3,580 Thousand and NT\$580 Thousand as collaterals, recognized as Financial Assets at Amortized Cost - Current. For situation of pledges and collaterals, please refer to Note 8.

### (2) Notes Receivable and Accounts Receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes Receivable	\$ 402	515
Accounts Receivable	473,247	278,049
Long-Term Receivables	78,280	25,300
Less: Allowance for Uncollectible Accounts	(25)	(107)
Unrealized Interest Revenue – Long-Term Receivables	(2,519)	-
	<u>\$ 549,385</u>	<u>303,757</u>

The Company adopts the simplified method to estimate the ECL of its note receivables and account receivables; in other words, the Company uses lifetime ECL for measurements. For measuring purposes, notes receivable and accounts receivable are grouped based on the shared credit risk characteristics regarding customers paying all amounts falling due according to the contract terms, with forward-looking information containing macroeconomics and industrial updates included.

The ECL for notes receivable and accounts receivable of the Company on 31 December 2022 and 2021 are analyzed as follows:

	<u>2022.12.31</u>		
	<u>Amount of Notes and Accounts Receivables</u>	<u>ECL Rate (%)</u>	<u>Allowance for Lifetime UCL</u>
Not Overdue	\$ 546,343	0	-
1~30 Days Overdue	2,332	0	-
31 ~ 60 Days Overdue	2,672	0.34	9
61 ~ 90 Days Overdue	539	2.04	11
121 ~ 180 Days Overdue	43	11.63	5
	<u>\$ 551,929</u>		<u>25</u>
	<u>2021.12.31</u>		
	<u>Amount of Notes and Accounts Receivables</u>	<u>ECL Rate (%)</u>	<u>Allowance for Lifetime UCL</u>

**M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

	<b>Accounts Receivables</b>		<b>UCL</b>
Not Overdue	\$ 250,365	-	-
1~30 Days Overdue	36,799	-	-
31 ~ 60 Days Overdue	13,745	0.26	36
61 ~ 90 Days Overdue	<u>2,955</u>	2.42	<u>71</u>
	<b><u>\$ 303,864</u></b>		<b><u>107</u></b>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Movements in the loss allowance for notes and accounts receivables of the Company for the year ended on 31 December 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Opening Balance	\$ 107	270
Gain on Reversal of Impairment Loss Recognized	(82)	(163)
Closing Balance	<u>\$ 25</u>	<u>107</u>

As of 31 December 2022 and 2021, the Company had not discounted or pledged its accounts receivable.

### (3) Inventory

	<u>2022.12.31</u>	<u>2021.12.31</u>
Inventories of Products	\$ 348,500	46,303
Allowance for Inventory Falling Price Loss	(4,199)	(9,107)
	<u>\$ 344,301</u>	<u>37,196</u>

Items currently recognized by the Company as product sales costs are as follows:

	<u>2022</u>	<u>2021</u>
Cost of Inventory Sold	\$ 1,218,535	929,011
Inventory Falling Price Loss (Gain from Reversal)	(4,908)	1,815
Service and Maintenance Costs	42,477	38,117
	<u>\$ 1,256,104</u>	<u>968,943</u>

As of 31 December 2022 and 2021, the Company had not pledged its Inventories.

### (4) Property, Plant and Equipment

Movements in the Costs and Cumulative Depreciation of the Company's Property, Plant and Equipment for the Year Ended on 31 December 2022 and 2021 are as follows:

	<u>Office Equipment</u>
Costs:	
Balance on 1 January 2022	\$ 6,772
Addition	702
Disposal	<u>(2,119)</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Balance on 31 December 2022	<u>\$ 5,355</u>
Balance on 1 January 2021	\$ 7,889
Addition	200
Disposal	<u>(1,317)</u>
Balance on 31 December 2021	<u>\$ 6,772</u>
Cumulative Depreciation:	
Balance on 1 January 2022	\$ 4,046
Depreciation	1,192
Disposal	<u>(2,119)</u>
Balance on 31 December 2022	<u>\$ 3,119</u>
Balance on 1 January 2021	\$ 3,620
Depreciation	1,743
Disposal	<u>(1,317)</u>
Balance on 31 December 2021	<u>\$ 4,046</u>
Carrying Value:	
Balance on 31 December 2022	<u>\$ 2,236</u>
Balance on 31 December 2021	<u>\$ 2,726</u>

As of 31 December 2022 and 2021, the Company had not pledged its Property, Plant and Equipment.

### (5) Right-of-Use Assets

Movements in the costs and depreciation for the houses, buildings and transportation equipment leased by the Company are as follows:

	<b>Houses and Buildings</b>	<b>Transportatio n Equipment</b>	<b>Total</b>
Right-of-Use Assets Cost:			
Balance on 1 January 2022	\$ 43,996	2,229	46,225
Addition	800	2,659	3,459
Contract Maturity	<u>(1,084)</u>	<u>(2,229)</u>	<u>(3,313)</u>
Balance on 31 December 2022	<u>\$ 43,712</u>	<u>2,659</u>	<u>46,371</u>
Balance on 1 January 2021	\$ 44,259	2,229	46,488
Contract Maturity	<u>(263)</u>	<u>-</u>	<u>(263)</u>
Balance on 31 December 2021	<u>\$ 43,996</u>	<u>2,229</u>	<u>46,225</u>

### Depreciation and Impairment

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Loss of Right-of-Use Assets:				
Balance on 1 January 2022	\$	13,737	2,167	15,904
Current Depreciation		5,434	801	6,235
Contract Maturity		(573)	(2,229)	(2,802)
Balance on 31 December 2022	\$	<u>18,598</u>	<u>739</u>	<u>19,337</u>
Balance on 1 January 2021	\$	8,326	1,424	9,750
Current Depreciation		5,458	743	6,201
Contract Maturity		(47)	-	(47)
Balance on 31 December 2021	\$	<u>13,737</u>	<u>2,167</u>	<u>15,904</u>
Carrying Value:				
Balance on 31 December 2022	\$	<u>25,114</u>	<u>1,920</u>	<u>27,034</u>
Balance on 31 December 2021	\$	<u>30,259</u>	<u>62</u>	<u>30,321</u>

### (6) Short-Term Borrowings

The Company's short-term borrowings are stated as follows:

		<u>2022.12.31</u>	<u>2021.12.31</u>
Unsecured Bank Borrowings	\$	<u>150,565</u>	<u>28,000</u>
Unused Credits	\$	<u>351,435</u>	<u>297,000</u>
Range of Interest Rate (%)		<u>1.87~2.54</u>	<u>1.66</u>

For situation of the Company's pledge of assets as collateral for bank borrowings, please refer to Note 8.

### (7) Lease Liabilities

Carrying amounts of the Company's lease liabilities are as follows:

		<u>2022.12.31</u>	<u>2021.12.31</u>
Current	\$	<u>6,401</u>	<u>5,371</u>
Non-Current		<u>21,444</u>	<u>25,657</u>
Total	\$	<u>27,845</u>	<u>31,028</u>

For maturity analysis, please refer to Note 6 (16) Financial Instruments.

Amounts of lease recognized as profit or loss are as follows:

		<u>2022</u>	<u>2021</u>
Interest Expenses incurred by Lease Liabilities	\$	<u>570</u>	<u>643</u>
Short-Term Lease Expense	\$	<u>12</u>	<u>52</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Expense of Low-Value Lease Assets (not incl. those under short lease periods)	\$	<u>22</u>	<u>24</u>
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Amounts recognized in the Statement of Cash Flows are as follows:

	<u>2022</u>	<u>2021</u>
Total Cash Outflow from Operating Activities	\$ 604	719
Total Cash Outflow from Funding Activities	<u>6,113</u>	<u>6,006</u>
Total Cash Outflow from Leases	<u>\$ 6,717</u>	<u>6,725</u>

The Company has leased houses and buildings as office premise and transportation equipment for operation purpose. The lease term for office premises is generally 5 years, and that for transportation equipment is generally 3 years.

### (8) Employee Benefits

#### 1. Defined Benefit Plans

Reconciliation between the current value of defined benefit obligations and the fair value of plan assets of the Company is as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current Value of Defined Benefit Obligations	\$ 9,680	10,708
Fair Value of Plan Assets	<u>(6,146)</u>	<u>(5,417)</u>
Net Defined Benefit Liabilities	<u>\$ 3,534</u>	<u>5,291</u>

The Company's defined benefit plans contribute to the accounts of labor retirement reserve fund at the Bank of Taiwan for pension payment to employees pursuant to the Labor Standard Act, whose amounts are calculated based on years of services and the average salaries for the six months before their retirement.

#### (1) Composition of Plan Assets

The retirement fund appropriated by the Company according to the Labor Standard Act is managed by the Bureau of Labor Funds under the Ministry of Labor (the "BLF"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," with regard to utilization of the fund, the minimum earnings in the distributions of each period shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Furthermore, the

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Company has set aside an employee retirement fund in form of time or current deposit for depositing into specialized accounts at the designated financial institution pursuant to “Regulations governing Safekeeping, Use and Distribution of Employee Retirement Funds Established by Profit-Seeking Businesses”. The appropriation of such employee retirement fund is separated from appropriation of funds by the Company, and principle and interests of such account may not be spent in any form in addition to payments of employee pension and severance pay.

As of the 31 December 2022, the balance in the Company’s account for labor retirement reserve fund at Bank of Taiwan was NT\$6,104 Thousand. Data regarding the utilization of labor retirement reserve fund assets include fund yield and fund asset allocation. For details, please refer to the information announced on the website of BLF.

### (2) Change in Current Value of Defined Benefit Obligations

Changes in the current value of the Company’s defined benefit obligations are as follows:

	<u>2022</u>	<u>2021</u>
Defined Benefit Obligations on 1 January	\$ 10,708	9,894
Current Service Costs	-	-
Interest Costs	67	74
Remeasurement for Net Defined Benefit Liabilities (Assets)		
– Actuarial Gains and Losses Adjusted based on Experience	349	256
– Actuarial Gains and Losses arising from Changes in Financial Assumptions	<u>(1,444)</u>	<u>484</u>
Defined Benefit Obligations on 31 December	<u>\$ 9,680</u>	<u>10,708</u>

### (3) Changes in the Current Fair Value of Plan Assets

Changes in the fair value of defined benefit plan assets are as follows:

	<u>2022</u>	<u>2021</u>
Fair Value of Plan Assets 1 January	\$ (5,417)	(5,050)

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Interest Revenue	(35)	(39)
Remeasurement for Net Defined Benefit Liabilities		
– Actuarial Gains and Losses (not incl. Current Interests)	(415)	(50)
Amounts Contributed to the Plan	<u>(279)</u>	<u>(278)</u>
Fair Value of Plan Assets on 31 December	<u>\$ (6,146)</u>	<u>(5,417)</u>

### (4) Changes in Assets Cap

There is no cap for the Company's defined benefit plan assets in 2022 and 2021.

### (5) Expenses Recognized in Profit or Loss

In 2022 and 2021, the expenses recognized are stated as follows:

	<u>2022</u>	<u>2021</u>
Net Interest of Net Defined Benefit Liabilities	<u>\$ 32</u>	<u>35</u>

### (6) Actuarial Assumption

Major actuarial assumptions used by the Company at the end of the financial reporting period are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount Rate	1.750%	0.625%
Increase in Future Salaries	1.750%	1.750%

The Company expected to make payment for the appropriation of defined benefit plans within one year from 31 December 2022 in the amount of NT\$281 Thousand. The weighted average lifetime for defined benefit plans is 13.44 years.

### (7) Sensitivity Analysis

On 31 December 2022 and 2021, the effects arising from changes in the major actuarial assumptions adopted on the current value of defined benefit obligations are as follows:

<b>Effects on the Defined Benefit Obligations</b>	
<u>Increase by</u>	<u>Decrease by</u>
<u>0.25%</u>	<u>0.25%</u>



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

31 December 2022		
Discount Rate	(290)	300
Increase in Future Salaries	295	(285)
31 December 2021		
Discount Rate	(357)	372
Increase in Future Salaries	361	(349)

The sensitivity analysis above analyzes the effects of changes in a single assumption based on the circumstances when other assumptions remain stable. In practice, changes in multiple assumptions may be linked. The method adopted for the sensitivity analysis is consistent with the calculation for net retirement fund liabilities in the balance sheet. The method and assumptions used in preparing the sensitivity analysis for the period are the same as that of the previous period.

### 2. Defined Contribution Plans

Pursuant to the Labor Pension Act, the Company's defined contribution plan make contributions to the labor pension personal account at the Bureau of Labor Insurance with a contribution rate equivalent to 6.00% of the monthly wages of laborers. Under the plans, the Company has no legal or constructive obligations to pay an additional amount after contributing a fixed amount to the Bureau of Labor Insurance.

Pension expenses under the Company's Regulations for Defined Contribution Pension in 2022 and 2021 were NT\$4,245 Thousand and NT\$3,470 Thousand.

### (9) Income Tax

1. The Company's income tax expenses in 2022 and 2021 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Current Income Tax Expenses		
Incurred during the Period	\$ 21,627	20,107
Adjustments to Current Income Tax for the Previous Period	(19)	16
Deferred Income Tax Expenses (Gain)		
Occurrence of Temporary Difference	1,258	(1,298)
Income Tax Expenses	<u>\$ 22,866</u>	<u>18,825</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

In 2022 and 2021, details on income tax expense (gains) recognized under other comprehensive income of the Company are as follows:

	<u>2022</u>	<u>2021</u>
Items not to be Reclassified into Profit or Loss:		
Remeasurements of Defined Benefit Plans	<u>\$ 302</u>	<u>(138)</u>

In 2022 and 2021, reconciliation between income tax expenses and net profit (loss) before tax is as follows:

	<u>2022</u>	<u>2021</u>
Net Profit before Tax	<u>\$ 114,423</u>	<u>97,824</u>
Income Tax Calculated based on the Domestic Tax Rate where the Company Locates	\$ 22,885	19,565
Underestimation of Deferred Income Tax Asset in the Previous Year	-	(756)
(Over) Underestimation in the Previous Period	<u>(19)</u>	<u>16</u>
Total	<u>\$ 22,866</u>	<u>18,825</u>

### 2. Recognized Deferred Income Tax Asset and Liabilities

In 2022 and 2021, changes in deferred income tax assets and liabilities are as follows:

Deferred Income Tax Asset:

	<u>Allowance for Inventories Price-Drop Loss</u>	<u>Remeasur ement for Defined Benefits</u>	<u>Recogniti on of Refund Liabilities</u>	<u>Total</u>
<b>Balance on 1 January 2022</b>	\$ 1,822	1,058	227	3,107
Debited/Credited to Statements of Profit or Loss	(982)	(49)	(227)	(1,258)
Recognized as Other Comprehensive Loss	<u>-</u>	<u>(302)</u>	<u>-</u>	<u>(302)</u>
<b>Balance on 31 December 2022</b>	<u>840</u>	<u>707</u>	<u>-</u>	<u>1,547</u>
<b>Balance on 1 January 2021</b>	\$ 1,458	213	-	1,671
Debited/Credited to Statements of Profit or Loss	364	707	227	1,298

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Recognized as Other Comprehensive Gain	-	138	-	138
<b>Balance on 31 December 2021</b>	<b>\$ 1,822</b>	<b>1,058</b>	<b>227</b>	<b>3,107</b>

### 3. Approval of Income Tax

The Company's Profit-seeking Enterprise Annual Income Tax Return was submitted to the tax authority and was approved up to 2020.

### (10) Capital and Other Equity

#### 1. Issuance of Ordinary Shares

As of 31 December 2022 and 2021, the total authorized capital of the Company is NT\$300,000 thousand, with 22,000 and 14,500 thousands of ordinary shares issued in two installments, with a par value of NT\$10. All payments for the subscription of issued shares have been collected.

On 10 June 2022 and 18 August 2021, the Company had resolved in its Regular Shareholder's Meetings the issuance of new shares from capital increase out of undistributed earnings at 4,350 Thousand and 2,000 Thousand shares, with 3 October 2022 and 5 October 2021 set as Record Dates of Capital Increase. Relevant change registrations pursuant to relevant laws and regulations had been completed.

On 17 October 2022, the Board of the Company had resolved the proposal of issuance of ordinary shares at 3,150 Thousand shares through cash capital increase for the underwriting upon initial listing on OTC market, with public subscription price at NT\$44.88. This proposal of capital increase was approved by competent authorities on 8 November 2022, and 12 December 2022 is the capital increase base date, with NT\$138,184 Thousand of capital payments in total collected in full.

On 6 September and 8 October 2021, the Board of the Company had resolved the cash capital increase and issuance of employee stock warrant, with 5 October and 13 October 2021 set as Record Dates of Capital Increase. A collective 2,500 Thousand shares were issued in the above two proposals, with the par value of NT\$10 per share and in premium of NT\$17 per share. The total capital stock was NT\$42,500 Thousand, and relevant change registration procedures had been completed.

#### 2. Capital Reserve

The balance of the Company's capital reserve comprises the following:

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	<u>2022.12.31</u>	<u>2021.12.31</u>
Premium for the Issuance of Shares	<u>\$ 133,284</u>	<u>26,600</u>

According to the requirements of the Company Act, distribution of new shares or cash may be made from the realized capital reserve according to the original shareholding of the shareholders after the capital reserve had been used for compensating losses first. The realized capital reserve mentioned above includes the premium received from the issuance of shares at a price exceeding its par value and proceeds received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, for capital reserves to be appropriated to capital, the aggregate appropriation amount each year shall not exceed 10% of the paid-in capital.

### 3.Retained Earnings

According to the Company's Articles of Incorporation, any surplus from the final annual account shall be used for tax payment and compensation for losses in prior years before appropriating 10% of the retained earnings as the legal reserve; however, this shall not apply when the legal reserve amounts to the Company's paid-in capital. A special reserve shall be provided or reversed according to the laws and regulations or the requirements of the competent authority. Where there are still earnings, the retained earnings shall be combined with the undistributed earnings at the beginning of the period, and the Board shall propose the earnings distribution to the Shareholders' Meeting for the resolution on distribution.

The Company shall set aside a proportion no less than 10% of the distributable earnings for the current year as the shareholder's dividend. Where there is a loss for the current year or there are still earnings from the previous years, the earnings for the previous years may be distributable; however, the Company may elect not to distribute dividend to shareholders where the Company's cumulative earnings distributable for current year is lower than 10% of the Company's paid-in capital. The distribution of shareholders' dividend may be made in cash or stock, among which the total dividend paid in cash may not be lower than 10% of the distributable earnings for the current year.

#### (1) Legal Reserve

When the Company has no loss, the Shareholders' Meeting may pass the resolution to distribute new shares or cash from the legal reserve to the extent that the reserve exceeds 25% of its paid-in capital.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (2) Earnings Distributions

On 10 June 2022 and 18 August 2021, the Annual Shareholders' Meeting passed the loss compensation resolutions for 2021 and 2020. The amounts of dividend distributed to owners of ordinary shares is as follows:

	2021		2020	
	EPS (NT\$)	Amount	EPS (NT\$)	Amount
Dividend Distributed to Owners of Ordinary Shares:				
Cash	\$ 1.50	21,750	1.00	10,000
Stock	3.00	<u>43,500</u>	2.00	<u>20,000</u>
		<u>\$ 65,250</u>		<u>30,000</u>

On 24 February 2023, the Board of the Company proposed the distribution of earnings in 2022. The amounts of dividend distributed to owners of ordinary shares is as follows:

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	2022	
	EPS (NT\$)	Amount
Dividend Distributed to Owners of Ordinary Shares:		
Cash	\$ 3.80	<u>83,600</u>

Please visit the MOPS for information related to earnings distributions resolved in the Company's Shareholders' Meetings.

### (11) Share-Based Payments

The information related to share-based payment transactions by the Company in 2022 and 2021 is as follows:

	2022	2021
	<b>Cash Capital Increase Reserved for Employee Subscription</b>	<b>Employee Stock Option</b>
Grant Date	2022/12/1	2021/10/8
Quantity Granted	341 Units	500 Units
Contract Period (Years)	0.0250	0.0137
Vested Parties	Employees Meeting Specific Requirements	Employees Meeting Specific Requirements
Vesting Conditions	Vested Immediately	Vested Immediately

#### 1. Measure Parameters for Fair Value on Grant Date

The Company adopts Black-Scholes model as the option assessment model to evaluate the fair value of share-based payments on Grant Date. The input values of such model is as follows:

	2022	2021
	<b>Cash Capital Increase Reserved for Employee Subscription</b>	<b>Employee Stock Option</b>
Fair Value on Grant Date (NT\$)	0.4100	0.1000
Exercise Price (NT\$)	44.88	17.00
Option Retention Period (Years)	0.0250	0.0137

**M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

Expected Dividend (%)	-	-
Risk-Free Rate (%)	0.85	0.21

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

2. Detailed information for employee stock option plan is as follows:

	2022		2021	
	Weighted-Average Exercise Price (NT\$)	Number of Shares Subscribed	Weighted-Average Exercise Price (NT\$)	Number of Shares Subscribed
Outstanding on 1 January	\$ -	-	-	-
Number of Shares Granted in Current Period	44.88	341	17.00	500
Number of Shares Exercised in Current Period	44.88	(341)	17.00	(500)
Outstanding on 31 December	-	-	-	-
Exercisable on 31 December	-	-	-	-

### (12) Earnings per Share

	2022	2021
Basic Earnings per Share:		
Profit for the Period	\$ 91,557	78,999
Weighted-Average Number of Ordinary Shares Outstanding (Unit: Thousand Shares)	19,022	16,368
Basic Earnings per Share (Unit: NT\$)	\$ 4.81	4.83
Diluted Earnings per Share:		
Profit for the Period	\$ 91,557	78,999
Weighted-Average Number of Ordinary Shares Outstanding (Unit: Thousand Shares)	19,022	16,368
Dilutive Potential Ordinary Share—Employees' Remunerations (Unit: Thousand Shares)	381	375
Calculation of Weighted-Average Outstanding Shares for Diluted Earnings per Share (Unit: Thousand Shares)	19,403	16,743
Diluted Earnings per Share (Unit: NT\$)	\$ 4.72	4.72



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (13) Income from Contracts with Customers

#### 1. Income Breakdown

	<u>2022</u>	<u>2021</u>
Major Regional Markets:		
Taiwan	\$ 1,469,921	1,107,805
Others	6,845	56,921
	<u>\$ 1,476,766</u>	<u>1,164,726</u>
Primary Products/Services:		
Sales of Computer Software	\$ 1,373,404	1,057,177
Service and Repair Income	108,123	108,302
Others	410	385
Less: Sales Return and Allowance	(5,171)	(1,138)
	<u>\$ 1,476,766</u>	<u>1,164,726</u>

#### 2. Contract Balance

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Notes and Accounts Receivables (incl. Long-Term Receivables)	\$ 551,929	303,864	222,288
Less: Loss Allowance	(25)	(107)	(270)
Unrealized Interest Revenue	(2,519)	-	-
Total	<u>\$ 549,385</u>	<u>303,757</u>	<u>222,018</u>
Contract Liabilities	<u>\$ 35,059</u>	<u>37,324</u>	<u>30,242</u>

For disclosure of notes and accounts receivables and their impairment, please refer to Note 6 (2).

Opening balances for contract liabilities on 1 Jan 2022 and 2021 are recognized on 31 December 2022 and 2021 as incomes at NT\$37,324 Thousand and NT\$24,684 Thousand, respectively.

Changes in contract liabilities are mainly derived from the time spot differences between the Company's contract fulfillment through transfer of products or labor to customers and the customers' payments.

### (14) Remuneration for Employees and Directors and Supervisors

According to the predecessor Articles of Incorporation of the Company, where the Company recorded any profits for the year, it shall allocate 10%~15% as the

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

remuneration for employees. However, when the Company has accumulated losses, it shall reserve the amount for compensation. The share or cash distribution targets for the above remuneration for employees include employees of subsidiaries fulfilling certain conditions. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remunerations in the preceding paragraph distributed in the form of shares or in cash. In addition, the Company made amendments to its Articles of Incorporation on 18 August 2021 by adding the provision "Where there is a profit in the final accounts, a portion no more than 3% of such profit shall be set aside as directors and supervisors' remunerations. However, the company's accumulated losses shall have been covered." On 24 January 2022, the Company made additional amendments to its Articles of Incorporation by revising the "directors and supervisors' remunerations" to "directors' remunerations" due to its re-election of directors and supervisors and establishment of its Audit Committee as replacement of supervisors. The directors' remunerations as provided for in the preceding article may only be made in form of cash.

The Company's remunerations for the employees recognized in 2022 and 2021 are NT\$ 15,795 Thousand and NT\$14,000 Thousand, respectively, and the estimates for the directors and supervisors' remunerations in the said years are NT\$1,403 Thousand and NT\$700 Thousand, respectively. The above-mentioned estimates are based on the Company's net profit before tax in the said periods prior to deduction of employees' remunerations, multiplied by distribution percentage(s) for employees' remunerations provided for in the Company's Articles of Incorporation. The remunerations are recognized as operating expenses in 2022 and 2021. Where the actual distribution for the upcoming year has a difference from its estimates, such difference shall be handled on the basis of changes in accounting estimates and recognized as profit or loss in the upcoming year. Where the Board has resolved the distribution of the employees' remunerations in the form of shares, the calculation for the shares as

## **M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

remunerations in 2022 shall be based on the closing price of ordinary shares on the date prior to the date of Board resolution, and calculation for the shares as remunerations in 2021 shall be based on the net values on the financial statements in the preceding year.

The actual distribution regarding the remuneration for employees and directors during 2022 and 2021 as resolved by the Board equaled the amounts recognized in the financial statements. Please visit MOPS for relevant information.

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (15) Non-Operating Incomes and Expenses

#### 1. Interest Revenue

	<u>2022</u>	<u>2021</u>
Interest Incurred by Bank Deposit	\$ 231	53
Imputed Interest Revenue from Security Deposit	15	15
	<u>\$ 246</u>	<u>68</u>

#### 2. Other Gains and Losses

	<u>2022</u>	<u>2021</u>
Commission Income	\$ 2,143	271
Lease Modification Gain	18	2
Net Gain (Loss) from Foreign Currency Exchanges	(434)	35
Other Losses	(40)	-
	<u>\$ 1,687</u>	<u>308</u>

#### 3. Financial Costs

	<u>2022</u>	<u>2021</u>
Interest Expenses:		
Bank Borrowings	\$ 5,956	3,893
Lease Liabilities	570	643
	<u>\$ 6,526</u>	<u>4,536</u>

### (16) Financial Instruments

#### 1. Credit Risks

##### (1) Exposure to Credit Risk

The carrying amount of financial assets is the maximum exposure to credit risks.

##### (2) Concentration of Credit Risk

As the Company has a broad base of customers who are not related to one another, the concentration of credit risk is limited.

##### (3) Credit Risk of Accounts Receivable

For information concerning exposure to Credit Risk of Notes and Accounts Receivables, please refer to Note 6 (2).

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### 2. Liquidity Risks

Contract maturity dates for the Company's financial liabilities (not including the effects of estimated interest rates) are stated in the following table.

	Carrying Amounts	Contract Cash Flow	Within 1 Year	1-2 Years	2-5 Years	Over 5 Years
<b>31 December 2022</b>						
Non-Derivative Financial Liabilities						
Short-Term Borrowings	\$ 150,565	150,565	150,565	-	-	-
Accounts Payable	424,782	424,782	424,782	-	-	-
Other Payables	60,671	60,671	60,671	-	-	-
Lease Liabilities	27,845	27,845	6,401	6,521	14,923	-
	<b>\$ 663,863</b>	<b>663,863</b>	<b>642,419</b>	<b>6,521</b>	<b>14,923</b>	<b>-</b>
<b>31 December 2021</b>						
Non-Derivative Financial Liabilities						
Short-Term Borrowings	\$ 28,000	28,000	28,000	-	-	-
Accounts Payable	110,215	110,215	110,215	-	-	-
Other Payables	57,706	57,706	57,706	-	-	-
Lease Liabilities	31,028	31,028	5,371	5,407	16,718	3,532
	<b>\$ 226,949</b>	<b>226,949</b>	<b>201,292</b>	<b>5,407</b>	<b>16,718</b>	<b>3,532</b>

The Company does not expect the time of occurrence for cash flows within the maturity date analysis to be materially ahead of time or the actual amount to be significantly different.

### 3. Currency Risks

#### (1) Exposure to Currency Risks

Financial assets and liabilities of the Company exposed to significant foreign currency risk are as follows:

	2022.12.31			2021.12.31		
	Foreign Currencies	Exchange Rate	in NT\$	Foreign Currencies	Exchange Rate	in NT\$
<u>Financial Assets</u>						
<u>Monetary Items</u>						
US Dollars	\$ 25	30.66	760	577	27.79	16,032
Chinese Yuan Renminbi	24	4.38	105	-	-	-

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### Financial Liabilities

#### Monetary Items

US Dollars	200	30.75	6,149	93	27.85	2,588
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### (2) Sensitivity Analysis

The Company's exposure to currency risks is mainly derived from gains and losses through exchange of foreign currencies during conversion of cash and cash equivalents, accounts receivable (payable), etc. in valuation with non-functional currencies. For 2022 and 2021, where the New Taiwan Dollar is depreciated by 1% compared with US Dollars and all other factors stand, the net profit before tax would decrease or increase by NT\$52 Thousand and NT\$134 Thousand, respectively.

### 4. Interest Rate Analysis

The Company is not exposed to significant interest rate risks as its short-term borrowings are of fixed interest rates.

### 5. Fair Value Information

#### (1) Types of Financial Instruments and their Fair Values

Financial assets at fair value through other comprehensive income of the Company are measured at fair value on a repetitive basis. The carrying amount and fair value of the Consolidated Company's financial assets (including information on the level of fair value, but the carrying amount of financial assets not measured at fair value shall be the reasonable equivalent to its fair value, and no information on the fair value of lease liabilities is required to be disclosed according to the rules) are set out as follows:

	<u>Carrying Amounts</u>	<u>2022.12.31</u>			
		<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial Assets at Amortized Cost					
Cash and Cash Equivalents	\$ 242,888	-	-	-	-
Financial Assets at Amortized Cost -	3,580	-	-	-	-

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	2022.12.31				
	Carrying Amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Current					
Notes and Accounts Receivables	473,624	-	-	-	-
Other Receivables	220	-	-	-	-
Refundable Deposits	18,930	-	-	-	-
Long-Term Receivables	75,761	-	-	-	-
<b>Total</b>	<b>\$ 815,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Liabilities at Amortized Cost					
Short-Term Borrowings	\$ 150,565	-	-	-	-
Accounts Payable	424,782	-	-	-	-
Other Payables	60,671	-	-	-	-
Lease Liabilities	27,845	-	-	-	-
<b>Total</b>	<b>\$ 663,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2021.12.31				
	carrying amounts	Fair Value			合 計
		Level 1	Level 2	Level 3	
Financial Assets at Amortized Cost					
Cash and Cash Equivalents	\$ 163,351	-	-	-	-
Financial Assets at Amortized Cost - Current	580	-	-	-	-
Notes and Accounts Receivables	278,457	-	-	-	-
Other Receivables	41	-	-	-	-
Refundable Deposits	16,659	-	-	-	-
Long-Term Receivables	25,300	-	-	-	-
<b>Total</b>	<b>\$ 484,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2021.12.31				
	Carrying Value	Fair Value			Total
		Level 1	Level 1	Level 1	
Financial Liabilities at Amortized Cost					
Short-Term	\$ 28,000	-	-	-	-

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Borrowings					
Accounts Payable	110,215	-	-	-	-
Other Payables	57,706	-	-	-	-
Lease Liabilities	31,028	-	-	-	-
Total	<u>\$ 226,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There has been no change in the fair value of financial assets or liabilities for the years ended on 31 December 2022 and 2021.



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (17) Financial Risk Management

#### 1. Summary

The Company is exposed to the following risks due to use of financial instruments:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Market Risk

This note presents the exposure information, the Company's objectives for measuring and managing risks, policies, and procedures regarding the above risks.

#### 2. Risk Management Structure

The Board is responsible for establishing and supervising the Company's risk management structure, whose establishment serves the purpose of identifying and analyzing the risks faced by the Company, setting of appropriate risk caps and controls, as well as supervision of risks and compliance with risk caps. The risk management policies and system are subject to re-examinations on a regular basis to reflect market circumstances and changes in the Company's operations.

Management of the Company supervises and re-examines the financial activities of the Company in accordance with relevant regulations and internal control system, with re-examination results reported to the Board on a regular basis.

#### 3. Credit Risk

Credit risks refer to risks of financial losses incurred to the Company when customers or the transaction counterparties failed to perform their contractual obligations for financial instruments, primarily arising from the Company's accounts receivable from customers and other financial assets.

##### (1) Accounts Receivable

The Company is engaged in the wholesale and retail of information software and provision of professional consultancy, etc., and has a large customer base. As indicated by notes and accounts receivables on 31 December 2022 and 2021, there is no significant concentration of transactions with specific customers, the credit risk of accounts receivable is therefore without concerns of significant concentrations. The Company has established its credit policy determining credit limits

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

for each customer on a by-case basis through individual analyses on credit statuses, and has taken measures including ongoing assessments on customers' financial statuses on a regular basis and insurance to reduce credit risk.

### (2) Bank Deposit and Financial Assets at Amortized Cost

The credit risks related to financial assets inclusive of bank deposit and financial assets at amortized are under measurement and monitoring of the Company's finance department. The Company is exposed to no material credit risk due to the nature of its trading counterparties and other parties fulfilling the contracts as banks with good credits.

### (3) Guarantee

The Company made no endorsement or guarantee in 2022 and 2021.

## 4. Liquidity Risk

Liquidity risks are risks of being unable to perform relevant obligations when the Company is not capable of settling financial liabilities by the delivery of cash or other financial assets. The methods adopted by the Company to manage its liquidity are supervisions over the current and mid-to-long-term funds needs on a regular basis and maintaining sufficient cash and cash equivalents and bank funding credits. The unused borrowing and funding credits on 31 December 2022 and 2021 are NT\$351,435 Thousand and NT\$297,000 Thousand, respectively.

## 5. Market Risk

Market risks refer to risks related to effects on the revenue of or value of financial instruments held by the Company due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments. The goal of market risk management is to control the degree of exposure to market risk to within the acceptable range and to optimize returns on investments.

### (1) Exchange Rate Risk

The Company is under no circumstances of material exchange rate risk as it operates in Taiwan with main transactions valuated in New Taiwan Dollars as functional currency.

### (2) Interest Rate Risk

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

The Company is under no circumstances of material interest rate risk as its bank borrowings are on a fixed interest rate basis.

### (18) Capital Management

Based on the characteristics of the current operating industry and the future development of the company, and considering factors such as changes in the external environment, The Company plans the needs of working capital, capital expenditures, and dividends in the future based on characteristics the Company is currently engaged in and future Company development along with changes in external circumstances to ensure that the Company may continue to operate, give back to shareholders, and at the same time take into account gain of other stakeholders, and maintain the optimal capital structure to enhance shareholder value in the long run. The Company monitors its capital through periodic reviews on the debt-to-capital ratio. The ratio is calculated based on net liabilities divided by total capital. Net liabilities shall be the total liabilities presented in the balance sheet less cash and cash equivalents. Total capital is all components of equity (i.e., share capital, capital reserve, and retained earnings).

Debt to Asset Ratios on 31 December 2022 and 2021 are as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total Liabilities	\$ 716,462	289,142
Less: Cash and Cash Equivalents	<u>(242,888)</u>	<u>(163,351)</u>
Net Liabilities	<u>\$ 473,574</u>	<u>125,791</u>
Total Capital	<u>\$ 480,653</u>	<u>271,454</u>
Debt-to-Asset Ratio	<u>98.53%</u>	<u>46.34%</u>

The increase in debt-to-asset ratio on 31 December 2022 is mainly due to increase in total liabilities resulting from employment of bank borrowings needed in turnover of normal operating activities.

### (19) Funding Activities for Non-Cash Transactions

For the Company's acquisition of right-of-use assets through lease in 2022 and 2021, please refer to Notes 6 (5) and (7).

Reconciliations for the Company's liabilities from funding activities in 2022

**M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

and 2021 are stated in the following table:

	<u>2022.1.1</u>	<u>Cash Flow</u>	<u>Non-Cash Changes</u>		<u>2022.12.31</u>
			<u>Addition</u>	<u>Cancellation</u>	
Short-Term Borrowings	\$ 28,000	122,565	-	-	150,565
Lease Liabilities	31,028	(6,113)	3,459	(529)	27,845
Total of Liabilities from Funding Activities	<u>\$ 59,028</u>	<u>116,452</u>	<u>3,459</u>	<u>(529)</u>	<u>178,410</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	<u>2021.1.1</u>	<u>Cash Flow</u>	<u>Non-Cash Changes</u>		<u>2021.12.31</u>
			<u>Addition</u>	<u>Cancellation</u>	
Short-Term Borrowings	\$ 30,000	(2,000)	-	-	28,000
Lease Liabilities	37,252	(6,006)	-	(218)	31,028
Total of Liabilities from Funding Activities	<u>\$ 67,252</u>	<u>(8,006)</u>	<u>-</u>	<u>(218)</u>	<u>59,028</u>

### 7. Transactions with Related Parties

#### (1) Name of Related Parties and their Relationships to the Company

Related parties engaged in transactions with the Company throughout the reporting period of these financial reports are as follows:

<u>Name of Related Parties</u>	<u>Relationship to the Company</u>
Ares International Corporation	An entity having significant influence over the Company
Hsu, Jin-Long	A member of the Company's key management personnel
Li, Han-Lin	A member of the Company's key management personnel

#### (2) Matters of Material Transactions with Related Parties

##### 1. Purchase

The Company's purchases from related parties are as follows:

	<u>2022</u>	<u>2021</u>
An entity having significant influence over the Company	<u>\$ 3,760</u>	<u>-</u>

Purchases from the above-mentioned related parties does not reveal significant differences from those made with generic suppliers; furthermore, the payment term of such purchases is 30-75 days, which does not significantly deviate from those made with generic suppliers.

##### 2. Amounts Payable to Related Parties

The Company's accounts payable to the related parties are as follows:

<u>Accounting Item</u>	<u>Category of Related Parties</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Accounts	An entity having significant	<u>\$ 1,108</u>	<u>-</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Payable influence over the Company

### 3. Endorsement and Guarantee

The Company's key management personnel Hsu, Jin-Long and Li, Han-Lin, in form of credit guarantee, are the joint guarantors for the Company's borrowings from financial institutions in 2022 and 2021.

#### (3) Remunerations for Key Management Personnel

	<u>2022</u>	<u>2021</u>
Short-Term Employee Benefits	\$ 19,922	19,049
Post-Employment Benefits	435	433
	<u>\$ 20,357</u>	<u>19,482</u>

### 8. Pledged Assets

The carrying amount of the Company's assets pledged for security is detailed as follows:

<u>Title of Assets</u>	<u>Target of Pledge</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial Assets at Amortized Cost - Current:			
Restricted Bank Deposit	Short-Term Borrowings and Tariff Guarantee	<u>\$ 3,580</u>	<u>580</u>

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments: None.

10. Significant Disaster Loss: None.

11. Significant Events After the Period: None.

12. Others

Employee Benefits, depreciation, depletion and amortization expenses are summarized by functions as follows:

Function Nature	2022			2021		
	Operatin g costs	Operatin g expenses	Total	Operatin g costs	Operatin g expenses	Total
Employee Benefit Expenses						
Salary and Wages	31,778	65,816	97,594	29,774	67,002	96,776
Labor and Health	2,921	5,552	8,473	2,157	3,667	5,824

**M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)**

Function Nature	2022			2021		
	Operatin g costs	Operatin g expenses	Total	Operatin g costs	Operatin g expenses	Total
Insurance Expenses						
Pension Expenses	1,498	2,779	4,277	1,323	2,182	3,505
Directors’ Remunerations	-	1,821	1,821	-	736	736
Other Employee Benefit Expenses	1,554	2,333	3,887	988	2,500	3,488
Depreciation Expenses	2,016	5,411	7,427	1,812	6,132	7,944
Amortization Expenses	45	87	132	1	3	4

Additional information of the Company’s number of employees and employee benefit expenses in 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Number of Employees	<u>975</u>	<u>794</u>
Number of Directors who are not currently employees	<u>5</u>	<u>3</u>
Average Employee Benefit Expenses	<u>\$ 118</u>	<u>139</u>
Average Employee Salary and Wages	<u>\$ 101</u>	<u>122</u>
Adjustment of Average Employee Salary and Wages	<u>(17.21)%</u>	<u>15.94%</u>
Supervisors’ Remunerations	<u>\$ 15</u>	<u>164</u>

Information of the Company’s salary and compensation policies (including directors, managerial officers, and employees) is stated as follows:

The Company has adopted its “Regulations governing Management over Directors and Managers’ Remunerations”, including the following:

- (1) Salary and Compensations: The Company, regardless of profit or loss in its operations, may pay remunerations at fixed amounts, among which the compensations for independent directors are determined by the Board under resolution according to degree of participation in the Company's operations and the value of contribution by the said directors; the salary for managerial officers is determined based on joint

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

assessments inclusive of references to Taiwanese human resources market, industries of the identical nature, and the Company's salary and welfare policies.

(2) Remunerations: In accordance with Article 20 of the Company's Articles of Incorporation, where the Company recorded any profits for the year, it shall allocate remunerations at fixed rates (3% as the remunerations for the directors; 10%~15% as the remuneration for employees) following resolutions by the Board. The said allocation shall be reported to the Shareholders' Meeting.

(3) Transportation allowance (director), year-end bonus (manager) and expenses related to professional practices, etc.

The Company's salary for its employees includes base pay, allowances, surcharges, overtime pay paid on a monthly basis and various bonuses approved by the supervisor. In addition, pursuant to with laws and regulations and with reference to the salary level of the peer, employees are offered with good salary and welfare conditions. The Company carries out the performance appraisal on all employees of the Company on an annual basis, and regularly confirms the work performance of all employees as the basis for promotion and salary distribution.

### 13. Supplementary Disclosures

- (1) Information on Significant Transactions: None.
- (2) Information on Investee Companies: None.
- (3) Information on Investments in Mainland China: None.
- (4) Information on Major Shareholders:

Unit: Shares

Name of Major Shareholders	Shares	Shares Held	Shareholding Percentage
Ares International Corporation		4,343,015	19.74%
Wei Gu Co., Ltd.		2,682,381	12.19%

Note: (1) This Information on Major Shareholders table contains information concerning shareholders holding more than 5% of the total of dematerialized ordinary and preferred shares (including treasury shares)



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

delivered as of the last business day at the end of each quarter, prepared by TDCC. There may be differences between the share capital recorded in the Company's financial statement and the number of dematerialized shares delivered the Company due to differences in preparation and calculation bases.

- (2) With respect to the above-mentioned information, where a shareholder has entrusted the shares held to the trust will be disclosed by the branch individual trustor accounts under the trust accounts opened by the trustee. With respect to the declaration of insider equity by a shareholder who holds more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding shall include the shares held by the shareholder himself/herself plus the shares delivered to the trust and having the right to use the trust property, etc. For information on the declaration of insider equity, please refer to MOPS.
- (3) The shareholding percentage herein is rounded down to two decimal places.

### 14. Segment Information

#### (1) General

The Company is mainly engaged in the wholesale, development and sales of information software and corresponding maintenance services. It belongs to a single reporting department. The financial information of the department is the same as the financial statement. The accounting policies of the operating departments are identical to those stated in Note 4.

- (2) Profit and loss, assets and liabilities of departments and their measurement basis and reconciliation information shall be reported.

Information concerning profit and loss, assets and liabilities of departments of the Company is consistent with the financial statements. Please refer to Balance Sheet and Statements of Comprehensive Income.

#### (3) Overall Enterprise Information

##### 1. Product Information

The Company is mainly engaged in the wholesale, development and sales of information software and corresponding maintenance services, and the product information is consistent with the financial statements. Please refer to Statements of Comprehensive Income.

##### 2. Region Information

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

The Company's region information is as follows, in which revenue is classified based on the geographical location of customers, while non-current assets is classified according to the geographical location of assets.

Income from external customers:

Regions	2022	2021
Taiwan	\$ 1,469,921	1,107,805
Other Countries	6,845	56,921
Total	\$ 1,476,766	1,164,726

Non-Current Assets:

Regions	2022.12.31	2021.12.31
Taiwan	\$ 30,111	33,114

Non-current assets include property, plant and equipment, right-of-use assets, and intangible assets; however, it does not include deferred income tax asset, long-term receivables, and non-current assets of refundable deposits.

### 3. Information of Key Customers

Customers generating sales income accounting for 10% or above of the Company's net operating income in Statements of Comprehensive Income are stated as follows:

	2022		2021	
	Amount	%	Amount	%
Company A	\$ 2,740	-	117,945	10

No income received from any single customer of the Company accounted for 10% of the net operating income or above.

**M-Power Information Co., Ltd.**  
**Statement of Cash and Cash Equivalents**

**31 December 2022**

**Unit: NT\$**  
**Thousands**  
**Foreign Currency**  
**Unit: Dollar**

<b>Items</b>	<b>Summary</b>	<b>Amount</b>
Bank Deposit	Check Deposits	690
	Current Deposits	241,333
	US Dollars (USD25.00@30.660)	760
	Chinese Yuan Renminbi (CNY24.00@4.380)	105
		<b>\$ 242,888</b>

**M-Power Information Co., Ltd.**  
**Notes Receivable and Accounts Receivable**

**31 December 2022**

**Unit: NT\$**  
**Thousands**

<u>Names of Customers</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Notes Receivable:			
Non-Related Parties:			
Others (Note)		\$ 402	
Accounts Receivable:			
Non-Related Parties:			
Company A		45,326	
Company B		36,207	
Company C		27,625	
Company D		22,194	
Company E		17,225	
Others (Note)		<u>324,670</u>	
		<u>473,247</u>	
Less: Allowance for Uncollectible Accounts		<u>25</u>	
		<u>\$ 473,222</u>	
Long-Term Receivables:			
Non-Related Parties:			
Company A		14,736	
Company F		9,117	
Company G		7,782	
Company H		5,086	
Company I		4,349	
Others (Note)		<u>73,931</u>	
		<u>78,280</u>	
Less: Unrealized Interest Revenue		<u>2,519</u>	
		<u>75,761</u>	
Total		<u>\$ 549,385</u>	

Note: Individual items with amounts at below 5% of this Item, respectively.

**M-Power Information Co., Ltd.**

**Statement of Other Receivables**

**31 December 2022**

**Unit: NT\$  
Thousands**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Non-Related Parties:			
Customer E		\$ 182	
Others (Note)		<u>38</u>	
Total		<u><u>\$ 220</u></u>	

Note: Individual items with amounts at below 5% of this Item, respectively.

**Statement of Inventories**

<u>Items</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Cost</u>	<u>Market Price</u>	
Product Inventory	\$ 348,500	<u><u>344,301</u></u>	The Market Price adopts the Net Realizable Value
Less: Allowance for Inventories Price-Drop Loss	<u>4,199</u>		
		<u><u>\$ 344,301</u></u>	

**Statement of Prepayments**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Payment in Advance		\$ 5,197	
Prepaid Rents		154	
Other Prepayments (Printing, Software Use, etc.)		704	
Prepaid Security Service Fee		<u>6</u>	
		<u><u>\$ 6,061</u></u>	

**M-Power Information Co., Ltd.**  
**Statement of Other Current Assets**

31 December 2022

Unit: NT\$  
Thousands

Items	Summary	Amount	Remarks
Temporary Payment		\$ 92	

**Statement of Changes in Intangible Assets**

For the Year Ended on 31 December 2022

Items	Opening Balance	Increase in the Period	Decrease in the Period	Closing Balance	Remarks
Computer Software Cost	\$ 71	906	-	977	
Less: Current Amortization	4	132	-	136	
	\$ 67	774	-	841	

**Statement of Refundable Deposits**

31 December 2022

Items	Summary	Amount	Remarks
Performance Bond		\$ 16,284	
Bid Bond		570	
Others		2,076	
		\$ 18,930	

**M-Power Information Co., Ltd.**  
**Statement of Short-Term Borrowings**

31 December 2022

Unit: NT\$  
Thousands

Type of Borrowing	Description	Closing Balance	Contract Period	Range of Interest Rate	Funding Credit	Pledge or Collateral	Remarks
Unsecured Borrowings	Hua Nan Commercial Bank	\$ 30,000	111/8~112/3	2.3	200,000	Note	
Unsecured Borrowings	Taishin International Bank	40,000	111/11~112/2	2.06	109,000	Note	
Unsecured Borrowings	Mega International Commercial Bank	38,800	111/8~112/3	2.24~2.54	55,000	Note	
Unsecured Borrowings	Taipei Fubon Commercial Bank	26,064	111/3~112/3	1.87	88,000	None	
Unsecured Borrowings	Shin Kong Commercial Bank	<u>15,701</u>	111/9~112/3	2.35	50,000	None	
Total		<u>\$ 150,565</u>					

Note: Borrowings of the Company are guaranteed with credit guarantee funds and key management personnel.

**Statement of Contract Liabilities**

Items	Summary	Amount	Remarks
Service Revenue Received in Advance		\$ 31,158	
Sales Revenue Received in Advance		<u>3,901</u>	
		<u>\$ 35,059</u>	

**M-Power Information Co., Ltd.**

**Statement of Accounts Payable**

**31 December 2022**

**Unit: NT\$  
Thousands**

<u>Names of Customers</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Accounts Payable:			
Related Parties:			
Ares International Corporation		\$ <u>1,108</u>	
Non-Related Parties:			
Company A		388,092	
Others (Individual items with balance at below 5% of this Item, respectively)		<u>35,582</u>	
		<u>423,674</u>	
		<u>\$ <b>424,782</b></u>	

**Statement of Other Payables**

<u>Name of Customers</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salary and Bonus Payable		\$ 32,608	
Employees' and Directors and Supervisors' Remunerations Payable		17,198	
Other Payables (NHI, Labor Insurance, Pension, etc.)		<u>10,865</u>	
		<u>\$ <b>60,671</b></u>	



**M-Power Information Co., Ltd.**  
**Statement of Other Current Liabilities**

**31 December 2022**

**Unit: NT\$**  
**Thousands**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Taxes Payable		\$ 1,856	
Receipts under Custody		401	
		<u>\$ 2,257</u>	

**Statement of Operating Income**  
**For the Year Ended on 31 December 2022**

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Product Sales Income:			
Sales of Computer Software		\$ 1,368,233	
Service and Repair Income		108,123	
		1,476,356	
Others		410	
		<u>\$ 1,476,766</u>	

**M-Power Information Co., Ltd.**

**Statement of Operating Costs**

**For the Year Ended on 31 December 2022**

**Unit: NT\$  
Thousands**

<b>Items</b>	<b>Amount</b>	
	<b>Subtotal</b>	<b>Total</b>
<b>Cost of Goods Sold</b>	<b>\$</b>	<b>1,214,032</b>
Beginning Inventory	46,303	
Net Purchase for the Period	1,516,229	
Ending Inventory	(348,500)	
Others		4,503
Service and Maintenance Cost		42,477
Gain from Price Recovery of Inventory		(4,908)
<b>Total Operating Costs</b>	<b>\$</b>	<b><u>1,256,104</u></b>

**Statement of Marketing Expense**

<b>Items</b>	<b>Summary</b>	<b>Amount</b>	<b>Remarks</b>
Payroll Expense		\$ 34,795	
Others (Individual items with balance at below 5% of this Item, respectively)		<u>16,378</u>	
		<b>\$ <u>51,173</u></b>	

**M-Power Information Co., Ltd.**

**Statement of Management Expense**

**For the Year Ended on 31 December 2022**

**Unit: NT\$  
Thousands**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Payroll Expense		\$ 21,461	
Depreciation Expenses		2,015	
Professional Service Fees		3,821	
Others (Individual items with balance at below 5% of this Item, respectively)		<u>6,487</u>	
		<u><u>\$ 33,784</u></u>	

**Statement of R&D Expenses**

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Payroll Expense		\$ 11,381	
Insurance		1,222	
Depreciation Expenses		922	
Others (Individual items with balance at below 5% of this Item, respectively)		<u>3,246</u>	
		<u><u>\$ 16,771</u></u>	

For Statement of Changes in Property, Plant and Equipment, please refer to Notes to Individual Financial Statements Note 6 (4).

For Statement of Changes in Cumulative Depreciation of Property, Plant and Equipment, please refer to Notes to Individual Financial Statements Note 6 (4).

For Statement of Changes in Right-of-Use Assets, please refer to Notes to Individual Financial Statements Note 6 (5).

For Statement of Changes in Cumulative Depreciation of Right-of-Use Assets, please refer to Notes to Individual Financial Statements Note 6 (5).

For Statement of Lease Liabilities, please refer to Notes to Individual Financial Statements Note 6 (7).

For Statement of Deferred Tax Assets (Liabilities), please refer to Notes to Individual Financial Statements Note 6 (9).

For Statement of Interest Revenue, please refer to Notes to Individual Financial Statements Note 6 (15).

For Statement of Other Gains and Losses, please refer to Notes to Individual Financial Statements Note 6 (15).

For Statement of Financial Costs, please refer to Notes to Individual Financial Statements Note 6 (15).

M-Power Information Co., Ltd.

Chairman: Chin-Lung Hsu