



Stock Code : 3088

# AXIOMTEK CO., LTD.

## Handbook for the 2024 Annual Meeting of Shareholders (Translation)

Meeting Time : May 24<sup>th</sup>, 2024

Meeting Venue : 8F., No.55, Nanxing Road, Xizhi District,  
New Taipei City, Taiwan

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# **AXIOMTEK CO., LTD.**

## **2024 Annual Meeting of Shareholders**

### **PART ONE – MEETING AGENDA**

Meeting time: 9:00 a.m., May 24<sup>th</sup> (Friday), 2024

Meeting venue: 8F., No.55, Nanxing Rd., Xizhi Dist., New Taipei City, Taiwan

Meeting Method: Physical Shareholders Meeting

1. Call Meeting to Order (and declaration of the number of shares of shareholders in attendance)
2. Chairman's Address
3. Reports Items
  - (1) 2023 Business Report.
  - (2) 2023 Consent Report of Audit Committee.
  - (3) Report of Communications between members of Audit Committee and the head of internal auditor.
  - (4) 2023 Report of Remuneration Distribution to Employees and Directors.
  - (5) 2023 Report of Profit Distribution of Cash Dividend.
  - (6) 2023 Report of Remuneration Paid to Directors.
  - (7) The Status of the Second Domestic Unsecured Convertible Corporate Bonds Conversion.
4. Proposals and Acknowledgement
  - (1) 2023 Business Report and Financial Statements.
  - (2) 2023 Profit Distribution.
5. Election and Discussion Items
  - (1) Re-election of Directors.
  - (2) Release of the Prohibition on Directors from Participation in Competitive Business.
6. Extemporaneous Motions
7. Adjournment

## I. Reports Items

### (I) 2023 Business Report

- Explanation:

The 2023 Business Report is attached as P.11 ~ P.15, ATTACHMENT I.

### (II) 2023 Consent Report of Audit Committee

- Explanation:

The 2023 Consent Report of Audit Committee is attached as P.16, ATTACHMENT II.

### (III) Report of Communications between members of Audit Committee and the head of internal auditor.

- Explanation:

The Communications between members of Audit Committee and the head internal auditor is attached as P.17 ~ P.18, ATTACHMENT III.

### (IV) 2023 Report of Remuneration Distribution to Employees and Directors

- Explanation:

1. According to Article 27 of the Articles of Incorporation of the Company: This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Company has profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year.
2. The Board of Directors of the Company had approved to allocate TWD 60,000,000 as the remuneration to employees and TWD 9,286,000 as the remuneration to the directors for the year 2023, where all remuneration shall be paid in cash. (hereinafter all monetary unit is TWD)
3. The above-mentioned remuneration to employees and to directors had been expensed for the year 2023, the amount of the expenditures is consistent with that of the remuneration allocation agreed by the Board of Directors.
4. The proposal has been approved by the Remuneration Committee and passed by the resolution of the Board of Directors.

(V) 2023 Report of Profit Distribution of Cash Dividend

● Explanation:

1. According to the 27-1 of the Article of Incorporation of the Company, the Board of Directors is authorized to distribute dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.
2. 2023 profit distribution of cash dividend totaling in TWD 438,232,180, or TWD 4.3 per share. The Chairman of the Board of Directors is authorized to determine the record date, payment date and other relevant matters for the distribution of the cash dividend.
3. If there is any change in the number of common shares of the Company which consequently leads to a change in the dividend distribution ratio, the Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio based on the actual shares outstanding on the record date for distribution.
4. The 2023 net income shall be distributed with higher priority this time.
5. Regarding the cash dividend distribution this time, the cash dividend is to be calculated to the integral number with all decimals truncated. And all the truncated decimals from all distorted figures are accumulated to a summation amount which will then be adjusted among shareholders - in the order of decimal of each cash dividend amount from big to small as well as in the order of account number from the top to the bottom - until the total amount of cash dividend actually paid out can match that in the book.

(VI) 2023 Report of Remuneration Paid to Directors.

● Explanation:

1. According to the Company's profitability, the investment and contribution of each director to the Company's affairs, the Chairman of the board will propose a remuneration proposal, which will be approved by the Remuneration Committee and passed by the Board of Directors.
2. Information on Directors' remuneration, including remuneration policy, content and amount of individual remuneration, etc., please refer to P.19 ~ P.20, ATTACHMENT IV.

(VII) The Status of the Second Domestic Unsecured Convertible Corporate Bonds Conversion.

● Explanation:

Particulars about the issuance and conversion of the Second Domestic Unsecured Convertible Corporate Bonds are as follows:

1. The aggregate amount of issuance: The face value of each convertible corporate bond was set to be TWD 100,000 even sold at the full price where totally 8,000 convertible corporate bonds were issued this time totaling in TWD 800 million even. Issued at 106% of the face value, the actual total issuance amount is TWD 848,003,380.
2. Coupon rate: Annual coupon rate was set to be 0%.
3. Issuance period: The maturity period was set to be three years from August 28<sup>th</sup>, 2023 (the issuance date) to August 28<sup>th</sup>, 2026(the maturity date).
4. Conversion status: As of March 26<sup>th</sup>, 2024, totally 1 of the convertible corporate bonds had been converted to 1,028 ordinary shares of the Company by the bondholders.

## II. Proposals and Acknowledgement

(I) Proposal One (proposed by the Board of Directors)

- Subject:

2023 Business Report and Financial Statements.

- Explanation:

1. 2023 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company had been passed by the Audit Committee and the Board of Directors where the Financial Statements had been audited by CPA Lin, Po-Chuan and Wu, Han-Chi of PricewaterhouseCoopers Taiwan. The Audit Committee had also issued a written Consent Report incorporating 2023 Business Report, Financial Statements along with 2023 Profit Distribution.
2. For details, please refer to ATTACHMENT I for 2023 Business Report (P.11 ~ P.15). ATTACHMENT V for 2023 Independent Auditors' Report and Parent Company Only Financial Statements (P.21 ~ P.31), and ATTACHMENT VI for 2023 Independent Auditors' Report and Consolidated Financial Statements (P.32 ~ P.42).
3. Please kindly acknowledge this proposal.

- Resolutions:

(II) Proposal Two (proposed by the Board of Directors)

- Subject:

2023 Profit Distribution.

- Explanation:

1. The 2023 Profit Distribution Table is attached as P.43, ATTACHMENT VII.
2. For 2023, the beginning retained earnings of the Company is TWD 1,090,816,543, less remeasurement of defined benefit plans recognized in retained earnings of TWD 1,957,780, and unappropriated retained earnings after adjustment is TWD 1,088,858,763, plus 2023 net income of TWD 727,623,554, and set aside legal reserve of TWD 72,566,577, and reversal of special reserve of TWD 4,279,749, the total unappropriated retained earnings is TWD 1,748,195,489, 2023 profit distribution of cash dividend totaling in TWD 438,232,180. The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors.

【TWD 1,748,195,489 =

TWD 1,090,816,543 - 1,957,780 + 727,623,554 - (727,623,554 - 1,957,780) x 10% + 4,279,749】

3. The 2023 net income shall be distributed with higher priority this time.

4. Please kindly acknowledge this proposal.

● Resolutions:

### III. Election and Discussion Items

(I) Proposal Three

(proposed by the Board of Directors)

● Subject:

Re-election of Directors.

● Explanation:

1. As the term of the current (the twelfth) directors expires on July 4<sup>th</sup>, 2024 and the re-election of directors shall be held in the Shareholders' Meeting this year.
2. According to Article 18 and Article 18-1 of the Articles of Incorporation of the Company, the Shareholders' Meeting plans to elect 7 directors (including 3 independent directors) with a term of 3 years. The candidate nomination system is adopted for the election of directors and they may be eligible for re-election.
3. The term of the 13<sup>th</sup> new directors shall be from May 24<sup>th</sup>, 2024 to May 23<sup>rd</sup>, 2027. The term of the current directors shall continue until the new director is elected and dismissed at the 2024 Shareholders' Meeting. The term of the original directors shall expire upon the completion of this Shareholders' Meeting.
4. The list of candidates for directors (including independent directors) and relevant information are as follows. The professional qualifications and independence of the candidates for independent directors have been inspected by the chief corporate governance and in compliance with relevant laws and regulations, and have been approved by the Nomination Committee and the Board of Directors.

Title	Name	Education	Experiences	Current Position	Shares Held
Director	Yang, Yu-Te	Bachelor of Electrical Engineering, Fu Jen University	Founder and General Manager of Axiomtek Co., Ltd. Manager of Advantech Co., Ltd. Automation System Unit	Chairman and Chief Strategy Officer of Axiomtek Co., Ltd.	1,977,156
Director	Advantech Co., Ltd.	Master of Business	Supervisor of Tran-Fei Development Co., Ltd.	Investment Representative of	28,080,142



Title	Name	Education	Experiences	Current Position	Shares Held
	Representative Liu, Wei-Ting	Administration, National Taiwan University Bachelor of Electrical Engineering, University of Illinois	Chairman of ACI IOT Investment Fund-I Corporation Director of DotZero Co., Ltd. Supervisor of iLink Co., Ltd.	Advantech Co., Ltd. Corporate Investment Division. Chairman of ChuanTing Investment Co., Ltd. Chairman of Tran-Fei Development Co., Ltd. Chairman of Shiung- Yang Investment Corporation. Chairman of IoT Vision Investment Corporation Chairman of Advantech Intelligent City Services Co., Ltd. Chairman of Cermate Technologies Inc. Chairman of Huan Yan Water Solution Co., Ltd. Director of Advantech Co., Ltd. Director of DeNeng Scientific Research Co., Ltd. Director of K&M Investment Co., Ltd. Director of CZ Investment Co., Ltd. Director of Smasoft Technology Co., Ltd. Director of ISAP Solution Corporation. Director of Yan Xu Green Electricity Co. LTD. Director of Advantech Corporate Investment Co.,Ltd. Supervisor of Advantech Intelligent Healthcare Co., Ltd. Supervisor of JiaTech International Investment Co., Ltd.	
Director	Tsai, Shih-Yang	Bachelor of Electronic Engineering,	Supervisor of Axiomtek Co., Ltd. Director of Advantech	Director of Axiomtek Co., Ltd. Chairman of Smart	1,547,855

Title	Name	Education	Experiences	Current Position	Shares Held
		MingHsin University Bachelor of Applied Mathematics (Information Dept.), Chinese Culture University	Equipment Corp. Supervisor of Advantech Equipment Corp. Supervisor of Winmate Inc.	Management Consulting Co., Ltd. Chairman of Fudi Investment Co., Ltd. Chairman of Junzhuang Comprehensive Development Co., Ltd. Director of JAYA Networks Corp. Director of Legendaire Technology Co., Ltd. Independent Director of Jeilin Technology CO., Ltd. Chief Consultant of Global Talentrepreneur Innovation & Collaboration Association.	
Director	Huang, Jui-Nan	Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information Engineering, National Taiwan University	VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Independent Director of Avermedia Technologies Inc. Director of Zotech Co., Ltd.	Director and President of Axiomtek Co., Ltd.	319,865
Independent Director	Chang, Jen-Chih	Master of Accounting, National Chengchi University Bachelor of Accounting, National Chung Hsing University	Department Head, Department of Accounting & Statistics, Chungyu College of Business Management Department Head, National Taipei College of Business	Independent Director of Axiomtek Co., Ltd. Certified Public Accountant of Hot Tai Accounting Firm. Chairman of Renchuang Investment Co., Ltd. Director of Liang Guan Investment Co., Ltd.	0
Independent Director	Yu, Chwo-Ming	PhD in Business Administration, University of Michigan	Independent Director of Yuanta Securities Co., Ltd. Independent Director of Yuanta Futures Co., Ltd. Independent Director of	Independent Director of Axiomtek Co., Ltd. Professor, Department of Industrial and Business Management, Chang Gung University.	18,595

Title	Name	Education	Experiences	Current Position	Shares Held
			Yuanta Bank Co., Ltd. Independent director of Advantech Co., Ltd. Member of Remuneration Committee, Advantech Co., Ltd. Professor, Department of Business Administration, National Chengchi University.	Independent Director of Integrated Service Technology Inc. Independent Director of WPG Holdings Limited.	
Independent Director	Lin, Hsiu-Ting	Bachelor of Accounting, National Chengchi University	CFO of VHQ Media Holdings Ltd Vice President of Investment, Vincera Capital Co., Ltd. Assistant Vice President, Industrial Bank of Taiwan Assistant Manager of Capital Securities Corporation Deloitte & Touche	CFO of SiliconCore Taiwan Co., Ltd. Independent Director of Thai Kin Co., Ltd.	0

5. Please Vote.

- Voting results:

(II) Proposal Four

(proposed by the Board of Directors)

- Subject:

Release of the Prohibition on Directors from Participation in Competitive Business.

- Explanation:

1. In order to comply with Article 209 of the Company Act: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”.
2. In order to take advantage of the specialty and relevant experience of the directors of the Company, hereby it is proposed – according to the provision mentioned above - to add a new clause which is to release the prohibition on directors from participation in competitive business in 2024.
3. The newly appointed directors (including independent directors) have been passed by the Audit Committee and the Board of Directors to release of the prohibition from participation in competitive business as follows:

<b>Title</b>	<b>Name</b>	<b>Concurrent Positions in Other Companies</b>
Chairman	Yang, Yu-Te	Chairman of Axiom Technology, Inc. U.S.A. Chairman of Axiomtek Deutschland GmbH Chairman of Axiom Technology (BVI) Co., Ltd. Chairman of Axiomtek Japan Co., Ltd. Chairman of Axiomtek UK Limited Director of Uni-innovate Technology Co., Ltd.
Director	Advantech Co., Ltd. Representative Liu, Wei-Ting	Investment Representative of Advantech Co., Ltd. Corporate Investment Division. Chairman of ChuanTing Investment Co., Ltd. Chairman of Tran-Fei Development Co., Ltd. Chairman of Shiung-Yang Investment Corporation. Chairman of IoT Vision Investment Corporation Chairman of Advantech Intelligent City Services Co., Ltd. Chairman of Cermate Technologies Inc. Chairman of Huan Yan Water Solution Co., Ltd. Director of Advantech Co., Ltd. Director of DeNeng Scientific Research Co., Ltd. Director of K&M Investment Co., Ltd. Director of CZ Investment Co., Ltd. Director of Smasoft Technology Co., Ltd. Director of ISAP Solution Corporation. Director of Yan Xu Green Electricity Co. LTD. Director of Advantech Corporate Investment Co.,Ltd. Supervisor of Advantech Intelligent Healthcare Co., Ltd. Supervisor of JiaTech International Investment Co., Ltd.
Director	Tsai, Shih-Yang	Chairman of Smart Management Consulting Co., Ltd. Chairman of Fudi Investment Co., Ltd. Chairman of Junzhuang Comprehensive Development Co., Ltd. Director of JAYA Networks Corp. Director of Legendaire Technology Co., Ltd. Independent Director of Jeilin Technology CO., Ltd. Chief Consultant of Global Talentpreneur Innovation & Collaboration Association.
Director	Huang, Jui-Nan	Director of Parktron Technology Co., Ltd.
Independent director	Chang, Jen-Chih	Certified Public Accountant of Hot Tai Accounting Firm. Chairman of Renchuang Investment Co., Ltd. Director of Liang Guan Investment Co., Ltd.
Independent Director	Yu, Chwo-Ming	Professor, Department of Industrial and Business Management, Chang Gung University. Independent Director of Integrated Service Technology Inc. Independent Director of WPG Holdings Limited.
Independent Director	Lin, Hsiu-Ting	CFO of SiliconCore Taiwan Co., Ltd. Independent Director of Thai Kin Co., Ltd.

4. Please kindly discuss this proposal.

- Resolutions:

#### **IV. Extemporary Motions**

#### **V. Adjournment**

## **PART TWO – ATTACHMENTS**

**(ATTACHMENT I)**

### **AXIOMTEK CO., LTD.**

#### **2023 Business Report**

Axiomtek Co., Ltd. (hereinafter referred to as "the Company") has the annual operating revenue of TWD 4.609 billion in 2023, an reduce of 9.31% from TWD 5.082 billion in 2022.

The overall global environment is still facing regional political and economic instability. The Company has demonstrated growth in profits for three consecutive years. In the future, the market is expected to gradually explore more business opportunities with AI (artificial intelligence), edge computing, Internet of Things, industrial cybersecurity, and 5G innovative application technologies. The company will be based on the core technology of the Industrial Internet of Things, embedded technology, software and hardware integration, and ecosystem partners, making good use of existing hardware professional manufacturing and flexible design advantages to create valuable services and provide customers with domain-focused solutions. The company will continue to pursue sustainable operations as its goal, fulfill its corporate social responsibilities, attach importance to ESG, and become the best partner trusted by customers with value service as the core.

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

#### **I. Operating Results in 2023:**

**(I) Outcome of business plan implementation:**

The Company's operating revenue was TWD 4.609 billion, the net income of TWD 728 million, a total comprehensive income of TWD 732 million and after-tax earnings per share was TWD 7.19 in 2023.

**(II) Budget implementation:**

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

(III) Financial income, expenditures and profitability:

Item		2023	2022
Financial Structure (%)	Debt to assets ratio	33.61	36.37
	Long-term capital to property, plant and equipment ratio	244.42	230.29
Solvency (%)	Current ratio	236.64	142.93
	Quick ratio	135.60	79.87
	Interest earned ratio (times)	7,784.77	13,385.70
Profitability	Return on assets (%)	12.37	11.62
	Return on equity (%)	18.76	18.17
	Income before tax to paid-in capital (%)	90.12	82.28
	Profit ratio (%)	15.79	11.86
	Earnings per share (TWD)	7.19	6.06

(IV) Research and development status:

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

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

II. Summary Business Plan for 2024:

(I) Business policy

1. Focus on the integration of artificial intelligence and the Internet of Things, smart manufacturing-related technologies and edge computing platforms, and continue to invest in domain industries such as factory automation, smart energy, transportation, medical, gaming, and smart retail.

2. Provide a complete product line and professional customization services for targeted vertical markets.
3. Collaborate with strategic partners to create alliances, integrate software and hardware to enhance value-added products, and pursue long-term development and sustainable operation of the enterprise.
4. Global localization business policy, actively deploying overseas Design Engineering Service to provide localized professional services; adding overseas service bases, global marketing channels to deepen customer relationships, and establishing global distribution partners.
5. Form follows function can organize corresponding development, pursue the vision of sustainable development of the enterprise and long-term talent cultivation.

(II) Production and sales policies:

1. Introduce MES (Manufacturing Execution System) smart factory operations management and progress towards full factory automation.
2. Implement green production supply chain and supplier management, use GPMS (Green Product Management System) and SCM (Supply Chain Management) management mechanisms to confirm that products are non-toxic and harmless, and regularly audit the quality of suppliers.
3. Through the PLM (Product Lifecycle Management), global information management and communication systems, obtain data on materials, semi-finished products, inventories and future market demands, reducing inventory management costs and losses due to price reduction on the slow-moving stock.

III. The Company's Development Strategy:

(I) Sales strategy:

1. Give full play to the key influence of digital transformation, accumulate innovative design service capabilities, software and hardware integration technology, deepen the added value of the industry, and provide customers with exclusive technology services.
2. Focusing on research and development, design, professional manufacturing, and global sales, marketing worldwide with its own brand; actively deploying global localization strategies, establishing sales bases and technical bases, expanding marketing channels, and realizing localized services.
3. Formulate strategies and tactics for the sales strategies of major global customers including key accounts, domain-focused system integrators, and channel partners, expand sales scale and assist customers to develop a new market.
4. Strengthen the added value of software and hardware integration, duplicate

success cases, shorten customer development time and development costs, and create a win-win model.

5. Utilize the Salesforce cloud application and platform, use IT and BI (Business Intelligence) to effectively manage customer relationships and manage project progress, and integrate digital marketing models to improve customer experience.

(II) Product technology:

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

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

Edge computing with Artificial Intelligence of Things, AR/VR, 5G, and other technologies for domain vertical industries are made to support customers' success. The Company will continue to promote digital transformation and business growth, accumulate innovative



design service capabilities, and formulate Company organizational development, taking sustainable management as its mission. The company will attach importance to corporate social responsibility and create talents with an international business perspective. Long-term development strategies will be planned, and regionalized services and supply chains will be implemented to meet the local needs of customers.

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

Yang, Yu-Te, Chairman

Huang, Jui-Nan, President

Hsu, Chin-Chuan,  
Principal Accounting Officer

AXIOMTEK CO., LTD.

(ATTACHMENT II)

## 2023 Consent Report of Audit Committee

To 2024 Annual Meeting of Shareholders of  
AXIOMTEK CO., LTD.

Date: February 22<sup>nd</sup>, 2024

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

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

Sincerely yours,

Chang, Jen-Chih  
Convener of Audit Committee  
AXIOMTEK CO., LTD.

**(ATTACHMENT III)**

Communication Status between the Members of Audit Committee and the Head of Internal Auditor.

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
Head of Internal Auditor	Feb 23, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Feng, Ming-Chuan, CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2022 Q4 audit report 2. The status of the execution of the internal control system and the results of the self-audits. Discuss the effectiveness of the 2022 internal control system and the internal control system statement. 3. Explanation and discussion on the revision of the "Internal Control System" and " Internal Audit Implementation Rules " of the company.	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Apr 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou	1. 2023 Q1 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Jul 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2023 Q2 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Oct 26, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: Manager Raby Cheng, May Yang	1. 2023 Q3 audit report 2. 2024 annual audit plan	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Jan 21, 2023 Feb 23, 2023 Mar 29, 2023 May 12, 2023 Jun 8, 2023 July 5, 2023 Aug 9, 2023 Sep 4, 2023 Oct 5, 2023 Oct 31, 2023 Dec 4, 2023 Jan 2, 2024 Internal audit reports	Before the end of each month, the confirmed audit report of the previous month will be sent to the mailboxes of the Independent Directors	Jan 2023 Monthly audit and tracking report. Feb 2023 Monthly audit and tracking report. Mar 2023 Monthly audit and tracking report. Apr 2023 Monthly audit and tracking report. May 2023 Monthly audit and tracking report. Jun 2023 Monthly audit and tracking report. Jul 2023 Monthly audit and tracking report. Aug 2023 Monthly audit and tracking report. Sep 2023 Monthly audit	According to the 2022 annual audit plan passed on Oct 28, 2021, various circular audits will be carried out monthly, and the audit results and follow-up reports will be sent to each Independent Directors before the end of each month and obtained all Independent Director's Receipt letter.

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
			and tracking report. Oct 2023 Monthly audit and tracking report. Nov 2023 Monthly audit and tracking report. Dec 2023 Monthly audit and tracking report.	

**(ATTACHMENT IV)****2023 Remuneration Paid to Directors**

Unit: Thousand shares/TWD Thousand

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ATTACHMENT V)

## **2023 Independent Auditors' Report**

### **(Parent Company Only Financial Statements)**

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

#### **Opinion**

We have audited the accompanying parent company only balance sheets of AXIOMTEK CO., LTD. (hereinafter referred to as "Axiomtek" or "the Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Key audit matters for the parent company only financial statements for the year ended December 31, 2023 are stated as follows:

## **Existence and Occurrence of Sales of Goods**

### Description

Please refer to Note 4(31) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

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

### How our audit addressed the matter

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

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

## **Allowance for Inventory Valuation Losses**

### Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT\$1,169,566 thousand and NT\$75,000 thousand, respectively.

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



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

#### How our audit addressed the matter

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

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

#### **Other Matter- Audit by the Other Independent Accountants**

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT \$231,507 thousand constituting 4.15% of total assets as of December 31, 2022, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to NT\$22,384 thousand constituting 3.26% of total comprehensive income for the years ended December 31, 2022, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the

Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Po-Chuan

Wu, Han-Chi

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

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,084,067	17	\$ 774,147	14
1110	Financial assets at fair value through profit or loss - current	6(2)	720	-	-	-
1136	Financial assets at amortized cost – current	6(1) and 8	10,000	-	3,000	-
1150	Notes receivable	6(3)	2,961	-	5,583	-
1170	Accounts receivable	6(3)	114,084	2	185,940	3
1180	Accounts receivable – related parties	6(3) and 7	249,168	4	449,061	8
1200	Other receivables		25,985	1	25,551	1
1210	Other receivables – related parties	7	-	-	104	-
1220	Current income tax assets		541	-	541	-
130X	Inventories	6(4)	1,094,566	17	1,123,561	20
1410	Prepayments		14,001	-	16,800	-
1470	Other current assets		244	-	434	-
11XX	Total current assets		<u>2,596,337</u>	<u>41</u>	<u>2,584,722</u>	<u>46</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	1,451,326	23	1,220,085	22
1600	Property, plant and equipment	6(6)	2,141,516	34	1,639,967	29
1755	Use rights assets	6(7)	4,882	-	7,936	-
1760	Investment property	6(9)	37,488	1	37,983	1
1780	Intangible assets	6(10)	30,381	-	33,560	1
1840	Deferred income tax assets	6(27)	67,495	1	52,675	1
1920	Refundable deposits		1,973	-	8,072	-
15XX	Total non-current assets		<u>3,735,061</u>	<u>59</u>	<u>3,000,278</u>	<u>54</u>
1XXX	Total Assets		<u>\$ 6,331,398</u>	<u>100</u>	<u>\$ 5,585,000</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ -	-	\$ 635,300	11
2130	Contract liabilities - current	6(20)	58,460	1	66,657	1
2150	Notes payables		-	-	1,350	-
2170	Accounts payable		410,116	7	596,615	11
2180	Accounts payable – related parties	7	9,634	-	17,495	-
2200	Other payables	6(12)	439,967	7	308,537	6
2230	Current income tax liabilities		172,590	3	170,401	3
2250	Provisions for liabilities - current		1,361	-	1,539	-
2280	Lease liabilities-current portion		2,178	-	7,302	-
2399	Other current liabilities		2,851	-	3,198	-
21XX	<b>Total current liabilities</b>		<u>1,097,157</u>	<u>18</u>	<u>1,808,394</u>	<u>32</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(13)	760,924	12	-	-
2560	Income tax liabilities- non current		-	-	8,913	-
2570	Deferred income tax liabilities	6(27)	232,571	4	180,464	3
2580	Lease liabilities-non current		2,869	-	229	-
2640	Accrued pension liabilities	6(14)	33,740	-	32,385	1
2645	Guarantee deposit received		603	-	763	-
25XX	<b>Total non-current liabilities</b>		<u>1,030,707</u>	<u>16</u>	<u>222,754</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>2,127,864</u>	<u>34</u>	<u>2,031,148</u>	<u>36</u>
<b>Equity attributable to shareholders of the parent</b>						
<b>Share capital</b>						
3110	Ordinary shares	6(16)	1,015,374	16	910,235	16
3140	Advance receipts for share capital		3,370	-	13,079	-
<b>Capital surplus</b>						
3200	Capital surplus	6(17)	685,203	10	633,715	12
<b>Retained earnings</b>						
3310	Legal reserve	6(18)	676,932	11	615,504	11
3320	Special reserve		4,280	-	76,627	1
3350	Unappropriated retained earnings		1,816,483	29	1,308,972	24
<b>Other equity</b>						
3400	Other equity	6(19)	(1,892)	-	(4,280)	-
3XXX	<b>Total equity</b>		<u>4,203,534</u>	<u>66</u>	<u>3,553,852</u>	<u>64</u>
<b>Significant commitment and contingent item</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 6,331,398</u>	<u>100</u>	<u>\$ 5,585,000</u>	<u>100</u>

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

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	Year ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(20) and 7	\$ 4,608,852	100	\$ 5,082,224	100
5000 <b>Operating costs</b>	6(4), (25), (26) and 7	( 3,062,447)	( 67)	( 3,586,613)	( 71)
5900 <b>Gross profit</b>		1,546,405	33	1,495,611	29
5910 Unrealized gain from sale	6(5)	( 154,885)	( 3)	( 121,217)	( 2)
5920 Realized gain from sale		121,217	3	81,600	2
5950 <b>Net gross profit</b>		1,512,737	33	1,455,994	29
<b>Operating expenses</b>	6(25) and (26)				
6100 Selling expenses		( 130,478)	( 3)	( 123,108)	( 3)
6200 General and administrative expenses		( 189,365)	( 4)	( 193,426)	( 4)
6300 Research and development expenses		( 577,856)	( 13)	( 567,638)	( 11)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	51	-	( 75)	-
6000 <b>Total operating expenses</b>		( 897,648)	( 20)	( 884,247)	( 18)
6900 <b>Operating profit</b>		615,089	13	571,747	11
<b>Non-operating income and expenses</b>					
7100 Interest income	6(21)	29,131	1	5,442	-
7010 Other income	6(22)	24,441	1	33,571	1
7020 Other gains and losses	6(23)	4,084	-	24,680	1
7050 Finance costs	6(24)	( 11,908)	-	( 5,637)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(5)	254,265	5	119,112	2
7000 <b>Total non-operating income and expenses</b>		300,013	7	177,168	4
7900 <b>Profit before income tax</b>		915,102	20	748,915	15
7950 Income tax expenses	6(27)	( 187,478)	( 4)	( 146,278)	( 3)
8200 <b>Net Income</b>		\$ 727,624	16	\$ 602,637	12
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Remeasurements of defined benefit plan	6(14)	(\$ 2,352)	-	\$ 12,778	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(5)	( 76)	-	1,425	-
8349 Income tax relating to components of other comprehensive income	6(27)	470	-	( 2,556)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		7,715	-	90,434	2
8399 Income tax relating to the components of other comprehensive income	6(27)	( 1,543)	-	( 18,087)	-
8300 <b>Other comprehensive income (loss) for the year</b>		\$ 4,214	-	\$ 83,994	2
8500 <b>Total Comprehensive Income</b>		\$ 731,838	16	\$ 686,631	14
9750 <b>Basic earnings per share</b>	6(28)	\$ 7.19		\$ 6.06	
9850 <b>Diluted earnings per share</b>	6(28)	\$ 6.86		\$ 5.93	

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

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital			Retained earnings			Other equity	Total equity
		Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 884,829	\$ 75,094	\$ 533,041	\$ 576,846	\$ 38,974	\$ 1,046,116	(\$ 76,627)	\$ 3,078,273
Profit for the year		-	-	-	-	-	602,637	-	602,637
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	11,647	72,347	83,994
Total comprehensive income		-	-	-	-	-	614,284	72,347	686,631
Appropriations of 2021 earnings									
Legal reserve	6(18)	-	-	-	38,658	-	( 38,658 )	-	-
Reversal of special reserve	6(18)	-	-	-	-	37,653	( 37,653 )	-	-
Cash dividends	6(18)	-	-	-	-	-	( 275,117 )	-	( 275,117 )
Share-based payments		8,910	13,079	30,191	-	-	-	-	52,180
Compensation cost of share-based payments		-	-	11,829	-	-	-	-	11,829
Conversion of convertible bonds		16,496	( 75,094 )	58,598	-	-	-	-	-
Change in Capital Surplus-others		-	-	56	-	-	-	-	56
Balance at December 31, 2022		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
<u>Year 2023</u>									
Balance at January 1, 2023		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
Profit for the year		-	-	-	-	-	727,624	-	727,624
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	( 1,958 )	6,172	4,214
Total comprehensive income		-	-	-	-	-	725,666	6,172	731,838
Appropriations of 2022 earnings									
Legal reserve	6(18)	-	-	-	61,428	-	( 61,428 )	-	-
Special reserve	6(18)	-	-	-	-	( 72,347 )	72,347	-	-
Cash dividends	6(18)	-	-	-	-	-	( 229,074 )	-	( 229,074 )
Stock dividends from capital surplus	6(18)	91,629	-	( 91,629 )	-	-	-	-	-
Share-based payments		13,510	( 9,815 )	46,638	-	-	-	-	50,333
Compensation cost of share-based payments		-	-	5,338	-	-	-	-	5,338
Issue of convertible bonds	6(13)	-	-	87,971	-	-	-	-	87,971
Conversion of convertible bonds		-	106	( 11 )	-	-	-	-	95
Capital surplus, changes in equity of investment accounted for using equity method		-	-	3,006	-	-	-	-	3,006
Change in Capital Surplus-others		-	-	175	-	-	-	-	175
Balance at December 31, 2023		\$ 1,015,374	\$ 3,370	\$ 685,203	\$ 676,932	\$ 4,280	\$ 1,816,483	\$ 1,892	\$ 4,203,534

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

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 915,102	\$ 748,915
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6), (7) and (25)	53,442	61,666
Depreciation from investment Property	6(9) and (23)	495	496
Amortization	6(10) and (25)	16,894	15,067
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	( 51 )	75
Gain on financial assets at fair value through profit or loss	6(23)	( 320 )	-
Interest expense	6(24)	11,908	5,637
Interest income	6(21)	( 29,131 )	( 5,442 )
Compensation cost of share-based payments	6(15) and (26)	4,215	9,380
Share of profit of associates and joint ventures accounted for under equity method	6(5)	( 254,265 )	( 119,112 )
Gain on disposal of property, plant and equipment	6(23)	( 273 )	-
Gain on disposal of investments	6(23)	( 493 )	( 11 )
Gain on lease modification	6(23)	( 2 )	-
Impairment loss on other assets	6(23)	-	2,000
Unrealized profit from sales		33,668	39,617
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		493	11
Notes receivable		2,622	( 17 )
Accounts receivable (including related parties)		271,800	( 124,730 )
Other receivables (including related parties)		4,821	8,351
Inventories		28,995	( 181,178 )
Prepayments		2,799	( 2,905 )
Other current assets		190	162
Changes in liabilities relating to operating activities			
Contract liabilities		( 8,197 )	( 9,505 )
Notes payables		( 1,350 )	675
Accounts payable (including related parties)		( 194,360 )	( 78,718 )
Other payables		( 27,032 )	12,124
Other current assets		( 347 )	906
Accrued pension liabilities		( 997 )	( 1,295 )
Cash inflow (outflow) generated from operations		830,626	382,169
Receipt of interest		25,103	3,660
Payment of interest		( 7,416 )	( 5,468 )
Payment of income tax		( 156,950 )	( 79,444 )
Net cash flows from operating activities		<u>691,363</u>	<u>300,917</u>

(Continued)



AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in Financial assets at amortized cost		(\$ 7,000)	(\$ 3,000)
Acquisition of property, plant and equipment	6(29)	( 391,316 )	( 132,650 )
Proceeds from disposal of equipment		401	34
Acquisition of intangible assets	6(10)	( 12,293 )	( 20,736 )
Increase in refundable deposits		3,071	( 40 )
Net cash flows used in investing activities		( 407,137 )	( 156,392 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		3,383,200	4,505,600
Redemption of short -term borrowings		( 4,018,500 )	( 4,244,300 )
Issue of convertible bonds		848,003	-
Payment of cash dividends	6(13) (30)	( 229,074 )	( 275,117 )
Proceeds from exercise of employee stock options	6(18)	50,333	52,180
Decrease in refundable deposits		( 160 )	-
Payment of lease liabilities	6 (30)	( 8,283 )	( 16,029 )
Proceeds from disposal of employee stock ownership trust		175	56
Net cash flows provided by financing activities		25,694	22,390
Increase in cash and cash equivalents		309,920	166,915
Cash and cash equivalents at beginning of year		774,147	607,232
Cash and cash equivalents at end of year		\$ 1,084,067	\$ 774,147

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

(ATTACHMENT VI)

## **2023 Independent Auditors' Report**

### **(Consolidated Financial Statements)**

#### **Opinion**

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

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

#### **Basis for Opinion**

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

## **Key Audit Matters**

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

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

### **Existence and Occurrence of Operating Revenue**

#### Description

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

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

#### How our audit addressed the matter

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

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

### **Allowance for Inventory Valuation Losses**

#### Description

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

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

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

#### How our audit addressed the matter

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

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

#### **Other Matter – Audits of Other Independent Accountants**

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

#### **Other Matter – Parent Company Only Financial Reports**

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Po-Chuan

Wu, Han-Chi

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

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

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

(Continued)

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

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

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



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

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

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

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

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

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

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

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

(Continued)

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

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

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

(ATTACHMENT VII)

**AXIOMTEK CO., LTD.**

**2023 Profit Distribution Table**

Unit : TWD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings at the beginning of the term		1,090,816,543
Remeasurement of defined benefit plans recognized in retained earnings	(1,957,780)	
Adjusted unappropriated retained earnings		1,088,858,763
2023 Net income	727,623,554	
10% set aside as legal reserve	(72,566,577)	
Reversal of special reserves	4,279,749	
Total unappropriated retained earnings		1,748,195,489
Distributable item:		
Shareholders' dividend – cash (\$4.3 per share)		(438,232,180)
Unappropriated retained earnings at the end of the term		1,309,963,309

Note: The 2023 net income shall be distributed with higher priority this time.

Chairman : Yang, Yu-Te

President : Huang, Jui-Nan

Principal Accounting Officer : Hsu, Chin-Chuan

## **PART THREE – APPENDICES**

**(APPENDIX I)**

### **AXIOMTEK CO., LTD.**

#### **Article of Incorporation**

##### **Section I-General Principles**

###### **Article 1**

The Company is incorporated under the Company Act and its name shall be “Axiomtek Co., Ltd.”.

###### **Article 2**

The scope of business of the Company shall be as follow:

1. CB01020 Office Machines Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. F219010 Retail Sale of Electronic Materials
4. I301020 Data Processing Services
5. I301030 Digital Information Supply Services
6. I501010 Product Designing
7. E605010 Computing Equipment Installation Construction
8. CC01060 Wired Communication Equipment and Apparatus Manufacturing
9. CC01070 Telecommunication Equipment and Apparatus Manufacturing
10. CC01110 Computers and Computing Peripheral Equipment Manufacturing
11. CE01010 Precision Instruments Manufacturing
12. EZ05010 Apparatus Installation Construction
13. I301010 Software Design Services
14. F213030 Retail sale of Computing and Business Machinery Equipment
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

###### **Article 3**

The Company’s headquarter is in New Taipei City and may setup domestic or overseas branches with the resolution of the Board of Directors.

###### **Article 4**

The Company for business needs may conduct the making of endorsement and guarantee in accordance with the “Operating Procedures of Fund Lending and Making of Endorsements and Guarantees”.

## **Section II – Shares**

### **Article 5**

The Company's total capital shall be in the amount of NT\$1,600,000,000, divided into 160,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of Board of Directors.

Within the aforementioned capital, NT\$100,000,000 divided into 10,000,000 shares, with a par value of Ten New Taiwan Dollars (NT\$10) each shall be reserved for issuing employee stock options which may be issued in installments in accordance with the resolution of the Board of Directors.

### **Article 6**

To transfer shares to employees at less than the average actual share repurchase price, the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent Shareholders' Meeting attended by shareholders representing a majority of total issued shares.

#### **Article 6-1**

When the Company issuing the employee stock options at an exercise price lower than the Company's closing price on the date the issuance, it must obtain the consent of at least two-thirds of the voting rights represented at a Shareholders Meeting attended by shareholders representing a majority of the total issued shares.

#### **Article 6-2**

Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive the Company's treasury stocks in accordance with the Company Act. The requirement and manner of distribution are authorized to Board of Directors for resolution.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive the share subscription warrant. The requirement and manner of distribution are authorized to Board of Directors for resolution.

When the Company issues new shares, qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive the shares. The requirement and manner of distribution are authorized to Board of Directors for resolution.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive restricted stock for employees. The requirement and manner of distribution are authorized to Board of Directors for resolution.

### **Article 7**

The Company is exempted from having the stock shares printed out; however, the Company should contact the securities depository and clearing institution for registration.

### **Article 8**

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

## **Article 9**

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholder of the Company shall follow the “Guidelines for Stock Operations for Public Companies”.

## **Article 10**

The total investment of the Company shall not be restricted by Article 13 of the Company Act, which shall not exceed 40% of the paid-up capital of the Company.

## **SECTION III- Shareholders’ Meeting**

### **Article 11**

Shareholders’ Meeting of the Company shall be of two types, namely regular meeting and special meetings. Regular meeting shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each fiscal year. Special meetings shall be convened in accordance with laws whenever necessary.

The Company’s Shareholders’ Meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

### **Article 12**

Shareholder who is unable to attend the Shareholders’ Meeting in person may have a representative appointed to attend the meeting by issuing the power of attorney that is printed by the Company with the scope of authorization specified and then signed and sealed. The power of attorney referred to above is regulated in accordance with Article 177 of the Company Act and the “Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” published by the competent authority.

### **Article 13**

A shareholder shall have one voting power in respect of each share in his/her/its possession. The shares shall have no voting power in accordance with the regulations of Article 179 of the Company Act.

### **Article 14**

Resolutions at a Shareholders' Meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

### **Article 15**

A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty (30) days prior to the scheduled meeting date. In case the Company intends to convene a special meeting of shareholders, a meeting notice shall be given to each shareholder no later than fifteen (15) days prior to the scheduled meeting date. All shareholders will be notified of the meeting date, venue and proposed matters for convening any such meeting.

### **Article 16**

The Chairman of the Board of Directors shall be the Chairman of the Shareholders’ Meeting. When the Chairman is absent for some reason, the Chairman shall appoint one of the Board of Directors as the Chairman, and when not appointed, one of the directors shall be elected as the Chairman. If a Shareholders' Meeting convened by any other person having the convening right, he/she shall act as the Chairman of that meeting provided, however, that if there are two or more persons having the convening right, the Chairman of the meeting shall be elected from among themselves.



## **Article 17**

Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, and handle in accordance with the regulations of Article 183 of the Company Act.

## **Section IV-Directors and Functional Committees**

### **Article 18**

The Company shall have seven to nine directors. They are elected from capable candidates through a nominating system at the Shareholders' Meeting for a term of three (3) years. A director may be re-elected. The total shareholding of the Company held by all Directors shall be handled in accordance with the regulations of the security's regulatory authorities. The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

### **Article 18-1**

The Company shall have to appoint Independent Directors at least three in number and not less than one-fifth of total number of Directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and appointment, and other matters for compliance with respect to Independent Directors shall be prescribed by the competent authority. Independent Directors and Directors shall be elected at the same time, but in separately calculated numbers, a candidate to whom the ballots cast represent a prevailing number of votes shall be deemed Independent Directors and Directors.

### **Article 19**

The Board of Directors is formed by the Directors. The Chairman is elected by a majority of the attending directors at the Board meeting that is attended by two-thirds of the Directors. The Chairman of the Board of Directors shall externally represent the Company.

### **Article 20**

In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the matter regarding the deputy of the Chairman should be handled in accordance with Article 208 of the Company Act.

### **Article 21**

In calling a meeting of the Board of Directors, a notice shall be given to each director no later than seven (7) days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The Board of Directors is authorized to determine the remunerations of all Directors according to their participation and contributions to the Companies' operation and by referring to the remuneration standard adopted by other firms of the same industry.

### **Article 22**

When the number of vacancies in the Board of Directors of the Company equals to one-third of the total number of Directors, the Board of Directors shall convene a special meeting of shareholders to elect succeeding directors to fill the vacancies within 60 days, the new Directors shall serve the remaining term of the predecessors.

### **Article 23**

Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy for one other director only.

### **Article 24**

Resolutions adopted at a meeting of the Board of Directors shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all Directors within fifteen (15) days after the close of the meeting. The minute of the meeting of the Board of Directors shall record the date and place of the meeting, the name of the Chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Company. The attendance list bearing the signatures of Directors present at the meeting and the powers of attorney of the proxies shall be kept with the minutes of the meeting by the Company.

### **Article 24-1**

The Board of Directors may set up a Remuneration Committee, an Audit Committee or other Functional Committees due to the needs of business operations.

The Company establishes an Audit Committee, which composes of the entire number of Independent Directors in accordance with Article 14-4 of the Securities and Exchange Act, The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant regulations.

## **Section V-Managers**

### **Article 25**

The Company may have one or more managerial personnel. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act. Managerial personnel shall be empowered to manage the operation of the Company and to sign relevant business documents for the company, subject to the scope of authorization. The Company may obtain managerial liability insurance with respect to liabilities resulting from exercising their duties during their tenure.

## **Section VI-Accounting**

### **Article 26**

At the close of each fiscal year, the Board of Directors shall prepare Business Report, Financial Statement, and the Profit Distribution Proposal for acknowledgement in the general meeting of shareholders.

### **Article 27**

This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Company has profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year. However, the Company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings). The Company may have the profit distributable as employees' remuneration in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees,

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

The Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs distributed and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

### **Article 27-1**

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

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

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

### **Article 27-2**

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

## **Section VII-Supplementary Provisions**

### **Article 28**

For all matters not stipulated in the Company's Articles of Incorporation, the Company Act shall govern.

### **Article 29**

These Articles of Incorporation were established on May 8, 1990.

The first amendment was approved on January 7, 1993.

The second amendment was made on October 1, 1993.

The third amendment was made on May 24, 1997.

The fourth amendment was made on August 15, 1997.

The fifth amendment was made on September 5, 1997.

The sixth amendment was made on June 20, 1998.

The seventh amendment was made on June 12, 1999.

The eighth amendment was made on June 24, 2000.

The ninth amendment was made on June 16, 2001.  
The tenth amendment was made on March 5, 2002.  
The eleventh amendment was made on June 25, 2002.  
The twelfth amendment was made on June 30, 2003.  
The thirteenth amendment was made on May 24, 2004.  
The fourteenth amendment was made on June 24, 2005.  
The fifteenth amendment was made on June 9, 2006.  
The sixteen amendment was made on June 25, 2007.  
The seventeenth amendment was made on June 6, 2008.  
The eighteenth amendment was made on June 22, 2009.  
The nineteenth amendment was made on June 17, 2010.  
The twentieth amendment was made on June 24, 2011.  
The twenty-first amendment was made on June 18, 2012.  
The twenty-second amendment was made on June 3, 2015.  
The twenty-third Amendment was made on May 31, 2016.  
The twenty-fourth Amendment was made on May 22, 2017.  
The twenty-fifth Amendment was made on May 29, 2019.  
The twenty-sixth Amendment was made on May 30, 2023.

## **AXIOMTEK CO., LTD.**

### **Rules of Procedures for Shareholders' Meeting**

#### **Article 1**

To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

#### **Article 2**

The rules of procedures for the Company's Shareholders Meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

#### **Article 3**

Unless otherwise provided by law or regulation, the Company's Shareholders Meeting shall be convened by the Board of Directors.

When the Company convenes the virtual meeting of the Shareholders meeting, unless otherwise stipulated in Regulations Governing the Administration of Shareholder Services of Public Companies, it shall be specified in the articles of association, and shall be resolved by the Board of Directors, and the virtual meeting of the Shareholders meeting shall be implemented with the attendance of more than two-thirds of the Directors and the consent of more than half of the Directors present at the Board of Directors.

Changes to how the Company convenes its Shareholders Meeting shall be resolved by the Board of Directors and shall be made no later than mailing of the Shareholders Meeting notice.

The Company shall prepare electronic versions of the Shareholders Meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular Shareholders Meeting or before 15 days before the date of a special Shareholders Meeting. The Company shall prepare electronic versions of the Shareholders Meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular Shareholders Meeting or before 15 days before the date of the special Shareholders Meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the Shareholders Meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular Shareholders Meeting. In addition, before 15 days before the date of the Shareholders Meeting, the Company shall also have prepared the Shareholders Meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the Shareholders Meeting:

1. For physical Shareholders Meetings, to be distributed on-site at the meeting.
2. For hybrid Shareholders Meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only Shareholders Meetings, electronic files shall be shared on the virtual meeting

platform.

The reasons for convening a Shareholders Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of Company Act, Article 26-1, Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.

The convening of the Shareholders Meeting has stated the full re-election of directors and the date of appointment. After the re-election of the Shareholders Meeting is completed, the same meeting may not change its appointment date by provisional motion or other means.

A shareholder holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular Shareholders Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit a proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities, and it is limited to one only in accordance with the relevant provisions of Article 172-1 of Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular Shareholders Meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### **Article 4**

For each Shareholders Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders Meeting and shall deliver the proxy form to the Company before 5 days before the date of the Shareholders Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the Shareholders Meeting online, a written notice of proxy cancellation shall be submitted to the Company two business

days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

## **Article 5**

The venue for a Shareholders Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the Independent Directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only Shareholders Meeting.

## **Article 6**

The Company shall specify in its Shareholders Meeting notices the time during which shareholder, solicitor and proxies (collectively, “shareholders”) attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual Shareholders Meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the Shareholders Meeting in person.

Shareholders shall attend Shareholders Meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker’s slips, voting slips, and other meeting materials. Where there is an election of Directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual Shareholders Meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual Shareholders Meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

## **Article 6-1**

To convene a virtual Shareholders Meeting, the Company shall include the follow particulars in the Shareholders Meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual Shareholders Meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid Shareholders Meeting, when the virtual meeting cannot be continued, if the

total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual Shareholders Meeting online, meets the minimum legal requirement for a shareholder meeting, then the Shareholders Meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that Shareholders Meeting.

- D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only Shareholders Meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual Shareholders Meeting online shall be specified. Except for the circumstances stipulated in Item 6, Article 44-9 of Regulations Governing the Administration of Shareholder Services of Public Companies, at least shareholders shall be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the Company and other relevant matters shall be specified.

## **Article 7**

If a Shareholders Meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the Directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the Directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that Shareholders Meetings convened by the Board of Directors be chaired by the chairperson of the board in person and attended by a majority of the Directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a Shareholders Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders Meeting in a non-voting capacity.

## **Article 8**

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders Meeting, and the voting and vote counting procedures.

The Company shall retain the recording for at 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a Shareholders Meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.



In case of a virtual Shareholders Meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

## **Article 9**

Attendance at Shareholders Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sing-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting rights and the number of shares in attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual Shareholders Meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act, all shareholders shall be notified of the tentative resolution and another Shareholders Meeting shall be convened within 1 month. In the event of a virtual Shareholders Meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders Meeting pursuant to Article 174 of the Company Act.

## **Article 10**

If a Shareholders Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Relevant motions (including temporary motions and amendments to the original motions) shall be decided on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders Meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in order to comply with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders, when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

## **Article 11**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal,

and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a Shareholders Meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual Shareholders Meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

## **Article 12**

Voting at Shareholders Meeting shall be calculated based the number of shares.

With respect to resolutions of Shareholders Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

## **Article 13**

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When voting rights are exercised by correspondence or electronic means, the method of exercise shall be established in accordance with the laws and shall be specified in the Shareholders Meeting notice.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the shareholder mentioned in the preceding paragraph will be deemed to waive the right for the motion and the modification of the proposal at that Shareholders Meeting mentioned herein, therefore, the Company shall avoid the situation of providing the proposal for the motion and the modification for the agenda item.

When shareholder exercises voting rights by written consent or electronic means in accordance with the preceding paragraph, the intention shall be delivered to the Company before 2 days before the date of the Shareholders Meeting, when the intention repeat, the one received earliest shall prevail unless a declaration is made to cancel the previous intention.

After shareholder exercises voting rights by written consent or electronic means, if they want to attend to the Shareholders Meeting in personal or online, the shareholder mentioned in the preceding sentence shall withdraw the intention by written consent or electronic means in the same way of exercising voting rights before 2 days before the date of the Shareholders Meeting; when the withdraw mentioned herein is overdue, the voting rights by written consent or electronic mean shall prevail. If shareholder

exercises voting rights by written consent or electronic means and appoint agent as proxy to attend the Shareholders Meeting, the voting right of proxy shall prevail.

Except as otherwise specified in the Company Act or in the Company's articles of incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed veto, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, and all monitoring personnel shall be shareholders of the Company.

Vote counting shall be conducted in public at the place of the Shareholders Meeting and voting results shall be reported on-site immediately and recorded in writing.

When the Company convenes a virtual Shareholders Meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual Shareholders Meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid Shareholders Meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical Shareholders Meeting in person, they shall revoke their registration two days before the Shareholders Meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the Shareholders Meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the Shareholders Meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

## **Article 14**

The election of Directors at a Shareholders Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the list of elected Directors and the number of elected rights, and the list of failed Directors and the number of election rights obtained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the company Act, the ballots shall be retained until the conclusion of the litigation.

## **Article 15**

Matters relating to the resolutions of a Shareholders Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The distribution of the meeting minutes could be in the way of electronic form.

The distribution for the meeting minutes in the preceding paragraph can be in the ways of published in MOPS.

The meeting minutes shall record the date of the meeting, place, the chair name, the way of resolution and the results of voting (including the weight of statistics). When there are elected directors, the number of votes for each candidate shall be disclosed and keep it forever during the term of continuing of the Company.

Where a virtual Shareholders Meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the

Shareholders Meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only Shareholders Meeting online.

## **Article 16**

On the day of a Shareholders Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the Shareholders Meeting. In the event a virtual Shareholders Meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual Shareholders Meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a Shareholders Meeting constitute information under applicable laws or regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

## **Article 17**

The personnel who is responsible for the Shareholders Meeting shall wear the badge or identification card.

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the meeting place. Such disciplinary officers or the security guard shall wear the badge marked "Disciplinary officers" for identification purpose.

At the place of meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceeding and refusing to heed calls to stop, the chair may direct relevant personnel to escort the shareholder from the meeting.

## **Article 18**

During the meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders Meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

## **Article 19**

In the event of a virtual Shareholders Meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

## **Article 20**

When the Company convenes a virtual-only Shareholders Meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

## **Article 21**

In the event of a virtual Shareholders Meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual Shareholders Meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected Shareholders Meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected Shareholders Meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected Shareholders Meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a Shareholders Meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid Shareholders Meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual Shareholders Meeting online, still meets the minimum legal requirement for a shareholder meeting, then the Shareholders Meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that Shareholders Meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original Shareholders Meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the Shareholders Meeting that is postponed or resumed under the second paragraph.

## **Article 22**

When convening a virtual-only Shareholders Meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual Shareholders Meeting online. Except for the circumstances stipulated in Item 6, Article 44-9 of Regulations

Governing the Administration of Shareholder Services of Public Companies, at least shareholders shall be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the Company and other relevant matters shall be specified.

**Article 23**

These Rules and Procedure shall be effective from the date it is approved by the Shareholders Meeting. The same applies in case of revision.

**Article 24**

The amendment was made on May 30, 2023.

## **AXIOMTEK CO., LTD.**

### **Procedures for Election of Directors**

#### **Article 1**

To ensure a just, fair, and open election of Directors, these Procedures are adopted pursuant to Articles 21 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”

#### **Article 2**

Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of Directors shall be conducted in accordance with these Procedures.

#### **Article 3**

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's Directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the Directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

#### **Article 4**

The qualifications for the Independent Directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of Independent Directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

## **Article 5**

Elections of Directors at the Company shall be in order to comply with the procedures for the nomination of candidates in order to comply with Article 192-1 of the Company Act.

When the number of Directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders' Meeting. When the number of Directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special Shareholders' Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below that required under the provision of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When the independent Directors are all dismissed, a special s Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

## **Article 6**

The cumulative voting method shall be used for election of the Directors at the Company. Each share will have voting rights in number equal to the Directors to be elected and may be cast for a single candidate or split among multiple candidates.

## **Article 7**

The Board of Directors shall prepare separate ballots for Directors in numbers corresponding to the Directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

## **Article 8**

The number of Directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

## **Article 9**

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel, vote monitoring personnel shall be shareholder to execute each job of duty. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

## **Article 10**

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the convener.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. A cross-check shows that the candidate's name and list of director candidates do not match.
5. Other words or marks are entered in addition to the number of voting rights allotted.



**Article 11**

The voting rights shall be calculated on site immediately under the supervision of vote monitoring after the end of the poll. The results of the calculation, including the list of persons elected as Directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

**Article 12**

The Board of Directors of the Company will issue a notice of election to the elected director.

**Article 13**

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

**Article 14**

The Procedures was amended on July 5, 2021.

**AXIOMTEK CO., LTD.****Particulars about Shareholding of All Directors**

I. As per calculation based on the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares that all directors of the Company should hold is as follows:

(I) The Company's paid-in capital is TWD 1,020,204,600, and the number of issued shares is 102,020,460. The total registered shares owned by all directors shall not be less than 7.5% of the total shares, totaling 7,651,535 shares. Since it is less than the maximum shareholding under the preceding subparagraph, according to the regulations, the minimum number of shares held by all directors shall be 10,000,000 shares based on the maximum number of 10,000,000 shares stipulated in the preceding subparagraph.

(II) The Company has elected three independent directors. According to the regulations, the shareholding ratio calculated based on the ratio in the preceding paragraph for all directors other than independent directors is reduced to 80%. Therefore, the minimum number of shares that all directors of the Company should hold is 8,000,000 shares.

II. As of March 26<sup>th</sup>, 2024 (book closure date), the shareholding of all directors in the shareholders' registry are as follows:

Title	Name	Representative	Current Shareholding	
			Shares	Shareholding Ratio %
Chairman	Yang, Yu-Te		1,977,156	1.94
Director	Advantech Co., Ltd.	Liu, Wei-Ting	28,080,142	27.52
Director	Tsai, Shih-Yang		1,547,855	1.52
Director	Huang, Jui-Nan		319,865	0.31
Independent Director	Lin, Yih-Jong		0	0
Independent Director	Chang, Jen-Chih		0	0
Independent Director	Yu, Chwo-Ming		18,595	0.02
The Shareholding of Ordinary Shares Held by all Directors			31,943,613	31.31

III. The number of shares held by all Directors has reached the legal minimum shareholding ratio.