

TBI Motion Technology Co., Ltd.

2024 Annual Report

Annual Report Inquiry Website:

<https://mops.twse.com.tw>

Company Website: <https://www.tbimotion.com.tw>

Printing Date: June 6, 2025

I. Name, Title, Contact Number and Email of the Company's Spokesperson and Deputy Spokesperson

Name of Spokesperson: Chiang, Wen-Lung

Title: Assistant Vice-President of Operations Management Center

Tel: (02)2689-2689

Email: tbimotion_IR@tbimotion.com.tw

Deputy Spokesperson: Shen, Hsin-Kai

Title: Manager, Treasury Department

Tel: (02)2689-2689

Email: vincentshen@tbimotion.com.tw

II. Address and Phone Number of Head Office and Plant

Head Office: No.123, Sanduo Rd., Shulin Dist., New Taipei City

Tel: (02)2689-2689

Shulin Plant: No.123, Sanduo Rd., Shulin Dist., New Taipei City

Tel: (02)2689-2689

III. Name, Address, Website, and Phone Number of the Stock Transfer Agency

Name: Stock Affairs Agency, First Securities Inc.

Website: <http://www.firstsec.com.tw>

Address: 6F., No. 27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City

Tel: (02)5581-9939

IV. CPAs Who Attests the Financial Report of the Most Recent Fiscal Year and Name, Address, Website and Phone Number of CPAs Who Attest to the Financial Report of the Most Recent Fiscal Year and the Accounting Firm, Address, Website and Phone Number of the Accounting Firm to Which They Belong

Attesting CPA: CPA Chih, Ping-Chun, CPA Chiu, Chao-Hsien

Accounting Firm: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd. Taipei City

Tel: (02)2729-6666

Website: <http://www.pwc.tw>

V. Exchanges Where the Company's Securities Are Traded Offshore and the Method by Which to Access Information on Said Offshore Securities: not applicable.

VI. Company Website: <http://www.tbimotion.com.tw>

Table of Contents

| | | |
|---------------|--|---------------|
| One. | Letter to Shareholders | - 1 - |
| Two. | Corporate Governance Report | - 4 - |
| I. | Information on directors, supervisors, president, vice- presidents, assistant vice residents and the executives of all the divisions | - 4 - |
| II. | Remuneration paid during the most recent fiscal year to directors, supervisors, president and vice- presidents..... | - 11 - |
| III. | Status of corporate governance..... | - 18 - |
| IV. | CPA professional fees | - 56 - |
| V. | Information on change of CPA. | - 57 - |
| VI. | Chairman, president or any manager in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its attesting CPAs or at an affiliated enterprise of such accounting firm. | - 57 - |
| VII. | Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report) by a director, manager or shareholder with a stake of more than 10 percent..... | - 57 - |
| VIII. | Information on relationships among top ten shareholders in terms of shareholding who are related parties, spouses or relatives within the second degree of kinship to each other..... | - 58 - |
| IX. | Total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers and any companies controlled either directly or indirectly by the Company: not applicable. | - 59 - |
| Three. | Capital Raising Activities | - 60 - |
| I. | Capital and shares | - 60 - |
| II. | Corporate bonds:..... | - 64 - |
| III. | Preferred shares. | - 69 - |
| IV. | Global depositary receipts. | - 69 - |
| V. | Employee share subscription warrants. | - 69 - |
| VI. | New restricted employee shares | - 69 - |
| VII. | Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies. | - 69 - |
| VIII. | Implementation of capital allocation plans:..... | - 69 - |
| Four. | Business Overview..... | - 70 - |
| I. | Business description | - 70 - |
| II. | Market, production and sales at a glance..... | - 74 - |
| III. | Number of employees employed for the two most recent fiscal years and during the current fiscal year up to the publication date of the annual report | - 81 - |
| IV. | Disbursements for environmental protection | - 81 - |

| | | |
|---------------|--|---------------|
| | V. Labor relations | - 82 - |
| | VI. Cyber security management | - 83 - |
| | VII. Important contracts | - 86 - |
| Five. | Review and Analysis of the Financial Position and Financial Performance and the Risks Thereof | - 89 - |
| | I. Financial position..... | - 89 - |
| | II. financial performance | - 91 - |
| | III. Cash flow analysis and review | - 92 - |
| | IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year | - 94 - |
| | V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improvement and investment plan for the coming year..... | - 94 - |
| | VI. Investment plans for the coming year:..... | - 95 - |
| | VII. Risk Analysis and Assessment..... | - 95 - |
| | VIII. Other important matters..... | - 98 - |
| Six. | Special Items to Be Included | - 99 - |
| | I. Information on the affiliates | - 99 - |
| | II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report. | - 99 - |
| | III. Other matters that require supplementary description..... | - 99 - |
| Seven. | Matters Specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Printing Date of the Annual Report..- | 100 |

One. Letter to Shareholders

Dear Shareholders,

The Company has been engaging in the manufacturing of ball screws and linear guides for more than 30 years and has been innovating in developing new products and technologies. Under the leadership of the management team, apart from the plant which refines the technologies of precision rolled ball screws, the Company also develops the production lines for comprehensive sizes of products with the innovating spirit. In addition to the precision ball screws and linear guides, the Company also has ball splines, linear motion platforms, rolled ball screw/spline and other products for transmission components.

I. 2024 Business Report

The Company's operating revenue for 2024 was NT\$2,294,281 thousand, a 10.77% decline compared to NT\$2,571,194 thousand in 2023; the net loss after tax for 2024 was NT\$486,652 thousand, and the after-tax loss per share was NT\$4.97. The 2024 business condition is as follows:

(I) Implementation result of the business plan

Unit: NT\$ thousand; earnings per share: NT\$

| Item \ Year | 2024 | 2023 | Variation | |
|---|-----------|-----------|-----------|--------------|
| | | | Amount | Percentage % |
| Net operating revenue | 2,294,281 | 2,571,194 | (276,913) | (10.77) |
| Operating costs | 2,419,392 | 2,153,100 | 266,292 | 12.37 |
| Operating gross profit (loss) | (125,111) | 418,094 | (543,205) | (129.92) |
| Operating expenses | 511,603 | 488,986 | 22,617 | 4.63 |
| Operating income (loss) | (636,714) | (70,892) | (565,822) | (798.15) |
| Net non-operating income (expenditures) | 72,882 | (76,903) | 149,785 | 194.77 |
| Profit (loss) before tax | (563,832) | (147,795) | (416,037) | (281.50) |
| Income tax benefit (expense) | 77,180 | 44,183 | 32,997 | 74.68 |
| Profit (loss) after tax | (486,652) | (103,612) | (383,040) | (369.69) |
| Earnings (deficits) per share after tax | (4.97) | (1.09) | (3.88) | (355.96) |

(II) Budget implementation

Unit: NT\$ thousand

| Item | Actual amount in 2024 | Budget for 2024 | Achievement rate % |
|---|-----------------------|-----------------|--------------------|
| Net operating revenue | 2,294,281 | 3,025,532 | 75.83 |
| Operating costs | 2,419,392 | 2,342,956 | 103.26 |
| Operating gross profit (loss) | (125,111) | 682,576 | (118.33) |
| Operating expenses | 511,603 | 516,358 | 99.08 |
| Operating income (loss) | (636,714) | 166,218 | (483.06) |
| Net non-operating income (expenditures) | 72,882 | 189,709 | 38.42 |
| Profit (loss) before tax | (563,832) | 355,927 | (258.41) |

Description: The revenue achievement rate was 75.83%, mainly due to the impact of high inflation, high interest rates, China's weak economy in 2024, plus the supply chain turmoil caused by the Russo-Ukrainian war and the Israel-Palestine conflict and the decline in demand in the international market, which affected revenue, resulting in a loss before tax in 2024.

(III) Financial balance and profitability analysis

| Item \ Year | | 2024 | 2023 |
|---------------------|-------------------------------------|-----------------------|-----------------------|
| Financial structure | Debt ratio (%) | 53.83% of face value | 58.00% of face value |
| | Long-term funds to fixed assets (%) | 210.15% of face value | 230.21% of face value |
| Profitability | Return on assets (%) | (5.80%) | (0.59%) |
| | Return on equity (%) | (14.88%) | (3.08%) |
| | To paid-in capital (%) | (58.34%) | (7.45%) |
| | | (51.66%) | (15.53%) |
| | Net profit margin (%) | (21.21%) | (4.03%) |
| | Earnings per share (NT\$) | (4.97) | (1.09) |

(IV) Research and development status

As the global demand for environmental protection and energy saving increases and the technology advances, the application of high-speed energy-saving and eco-friendly linear transmission components is gradually expanding. The corresponding technology requirements have also exceeded the traditional production technology. On the technology level, the Company is the top company in Taiwan in terms of rolled screws, and the technologies for ground screws and linear guides are also among the top companies. The

R&D staff has rich practical experience with solid fundamental knowledge and high stability without technology gap. Therefore, in addition to enhancing our own technologies and innovation, we endeavor to research and develop new products and technologies and apply for patents in many countries for our developed technologies and products. In response to the ever-changing environment, we will continue to invest in new product development and process improvement in the future.

II. Summary of 2025 business plan

In 2025, due to the unstable Taiwan Strait situation, coupled with China's announcement to terminate the Economic Cooperation Framework Agreement ("ECFA"), leading to an increase in tariffs on the importation of key components for tooling agencies into China, the original gap in manufacturing costs has widened, weakening the Group's competitiveness in the China market. Given this, the Company will actively expand the market in China, gradually implement the localization of production lines and R&D capabilities, in order to meet the expectations of customers for localized suppliers. In addition, the Company will actively extend the markets in Europe, Americas, Japan and the ASEAN region to boost the Company's overall profitability.

III. Development strategies for the future

The Company will continue to meet the market demand based on the business philosophy of diversifying production sites. Aiming to create cost advantages and improves overall quality, the Company will make an effort to combine the flexible organizational structure, core technology and innovative ideas to create differentiated advantages over competitors. This will help the Company further strengthen its core value, and enhance the overall management resilience and market competitiveness of the Group.

IV. Effect of external competition, the legal environment and the overall business environment

Currently, China is facing the continuous impact of Trump tariffs, accompanied by problems such as overcapacity and deflation, leading China to a slowdown of the overall economic growth, and serious price war in the market, further increasing the business risks and weakening the market competitiveness. However, the Company will actively develop niche new products and develop new markets. In addition to continuously deepening the cooperation with existing customers, the Company will focus on the mid-to-high-end market when establishing the subsidiary this year, in order to achieve the established operational objectives, and repay our shareholders' support with even better operational performance and profitability.

Chairman: Li, Ching-Kung President: Lee, Ching-Sheng Accounting Executive: Shen, Hsin-Kai

Two. Corporate Governance Report

I. Information on directors, supervisors, president, vice- presidents, assistant vice presidents and the executives of all the divisions

(I) Director information

1. Board member profile

April 28, 2025

| Position | Nationality or place of registration | Name | Gender / Age | Date of Election (Inauguration) | Term | Date of initial election | Shareholding at the time of appointment | | Current shareholding | | Current Spouse and Minor Children's Shareholdings | | Shareholdings by Nominee Arrangement | | Experience (Education) | Concurrent Position Held in the Company or Other Companies | Other Executives or Directors who Are Spouses or within the second Degrees of Kinship | | | Note |
|-------------------------|--------------------------------------|-------------------------------|--------------------|---------------------------------|------|--------------------------|---|---------------------|----------------------|---------------------|---|---------------------|--------------------------------------|---------------------|---|--|---|---------------------------------|------------------|------|
| | | | | | | | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | | | Position | Name | Relationship | |
| Chairman | R.O.C. | Te Yi Investment Co., Ltd. | — | 2022.06.27 | 3 | 2010.09.08 | 5,735,000 | 6.09% of face value | 5,735,000 | 5.11% of face value | — | — | — | — | — | — | — | — | — | |
| Representative | R.O.C. | Li, Ching-Kung | Male, 74 years old | 2022.06.27 | - | 2010.09.08 | 128,687 | 0.14% of face value | 128,687 | 0.11% of face value | — | — | — | — | Ji-Sui Junior High School | Chairman, TBI Motion Technology Co., Ltd. Chairman, Comtop Technology Co., Ltd. Supervisor, Fu Shan International Investment Co., Ltd. | Director | Lee, Ching-Sheng | Sibling | |
| Director | R.O.C. | Smartech & Green Co., Ltd. | — | 2022.06.27 | 3 | 2022.06.27 | 1,092,107 | 1.16% of face value | 1,092,107 | 0.97% of face value | — | — | — | — | — | — | — | — | — | |
| Director Representative | R.O.C. | Lee, Ching-Sheng | Male, 66 years old | 2022.06.27 | - | 2022.06.27 | 2,603,456 | 2.76% of face value | 2,603,456 | 2.32% of face value | 1,474,478 | 1.31% of face value | — | — | EMBA, Department of Industrial Engineering and Management, National Taipei University of Technology M.S., Graduate Institute of Mechanical Engineering, Lunghwa University of Science and Technology | President, TBI Motion Technology Co., Ltd. Chairman, Smartech & Green Co., Ltd. | Chairman | Li, Ching-Kung | Sibling | |
| Director | R.O.C. | Te Chang Investment Co., Ltd. | — | 2022.06.27 | 3 | 2010.09.08 | 2,200,000 | 2.34% of face value | 2,190,000 | 1.95% of face value | — | — | — | — | — | — | — | — | — | |
| Director Representative | R.O.C. | Li, Fu-Lin | Male, 49 years old | 2022.06.27 | - | 2012.05.02 | — | — | — | — | — | — | — | — | Department of Information Management, Lunghwa University of Science and Technology | Director, Te Chang Investment Co., Ltd. Chairman, Taiwan Ball Screw Industrial Co., Ltd. | Chairman Director | Li, Ching-Kung Lee, Ching-Sheng | Uncle and nephew | |
| Director | R.O.C. | Yeh, Chun-Yen | Male, 59 years old | 2022.06.27 | 3 | 2022.06.27 | — | — | — | — | — | — | — | — | Master of Finance, National Taiwan University of Management CPA, Internal Auditor, "Financial Management Consultant License for SMEs, Patent Agent Independent Director, British Cayman Taihe Biotechnology Group | Chief Finance Officer, Annji Pharmaceutical Co., Ltd. Independent Director, British Cayman Taihe Biotechnology Group | — | — | — | |
| Independent Director | R.O.C. | Liu, I-Lin | Male, 54 years old | 2022.06.27 | 3 | 2019.06.27 | — | — | — | — | — | — | — | — | PhD, Department of Industrial Engineering and Management, National Taipei University of Technology Assistant Vice President of Business, Orix Taiwan | Assistant Professor, Department of Information Management, Shih Hsin University | — | — | — | |

| Position | Nationality or place of registration | Name | Gender / Age | Date of Election (Inauguration) | Term | Date of initial election | Shareholding at the time of appointment | | Current shareholding | | Current Spouse and Minor Children's Shareholdings | | Shareholdings by Nominee Arrangement | | Experience (Education) | Concurrent Position Held in the Company or Other Companies | Other Executives or Directors who Are Spouses or within the second Degrees of Kinship | | | Note |
|----------------------|--------------------------------------|----------------|--------------------|---------------------------------|------|--------------------------|---|---------------------|----------------------|---------------------|---|---------------------|--------------------------------------|---------------------|--|--|---|------|--------------|------|
| | | | | | | | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | | | Position | Name | Relationship | |
| | | | | | | | | | | | | | | | Corporation Sales manager, HP Financial Services (Singapore) Pte. Ltd. Taiwan Branch | | | | | |
| Independent Director | R.O.C. | Fang, Chung-Li | Male, 67 years old | 2022.06.27 | 3 | 2022.06.27 | — | — | — | — | — | — | — | — | EMBA, Department of Industrial Engineering and Management, National Taipei University of Technology | Chairman, Achieve Image Map Public Relations Consultant Co., Ltd. Supervisor, Hezhong Science and Technology Co., Ltd. | — | — | — | |
| Independent Director | R.O.C. | Chou, Cheng-I | Male, 49 years old | 2022.06.27 | 3 | 2022.06.27 | — | — | — | — | — | — | — | — | M.S., Department of Industrial Engineering and Management, National Taipei University of Technology B.A., Department of Electronic Engineering, National Taipei University of Technology TIPS self-evaluator Chairman, 5th of the EMBA Association of Department of Industrial Engineering and Management, National Taipei University of Technology Executive Supervisor, 7th EMBA Alumni Association, College of Management, National Taipei University of Science and Technology | President, Chen Shiang Intellectual Property Inc. Chief Executive Officer, Chen Shiang Intellectual Property Inc. | — | — | — | |

2. For directors acting as the representatives of corporate shareholders, the major shareholders of such corporate shareholders:

(1) Major Shareholders

April 28, 2025

| Corporate Shareholder | Major Shareholders |
|-------------------------------|---|
| Te Yi Investment Co., Ltd. | Li Cheng, Yueh-E (25%), Li, Ching-Kung (25%), Li, Fu-Yu (25%), Li, Ching-Yi (25%) |
| Smartech & Green Co., Ltd. | Ding Jie Investment Co., Ltd. (100%) |
| Te Chang Investment Co., Ltd. | Li, Shan-Tien (37.5%), Li, Fu-Lin (12.5%), Li, Ku-Huai (12.5%), Li, Su-Kuan (12.5%), Li, Hsin-Yueh (12.5%), Yang, Ming-Shu (7.55%), Yang, Hui-Wen (2.475%), Yang, Fu-Lin (2.475%) |

- (2) Major shareholders of the major shareholders of the corporate shareholder who are corporate entities

April 28, 2025

| Name of corporate entity | Major shareholders of the corporate entity |
|-------------------------------|--|
| Ding Jie Investment Co., Ltd. | Lee, Ching-Sheng (31.976%), Wang, Fu-Mei (31.976%), Li Si-Ying (16.241%) Li, Chuan-Yu (16.241%), Li, Fang-Ling (3.566%) |

3. Director information

April 28, 2025

| Criteria | More than five years of work experience and the following professional qualifications | | | Independence Status (Note) | | | | | | | | | | | | Number of other public companies in which the Individual is concurrently serving as an independent director |
|--|--|--|---|----------------------------|---|---|---|---|---|---|---|---|----|----|----|---|
| | An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, or university | A judge, public prosecutor, attorney, certified public accountant or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business | Work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Name | | | | | | | | | | | | | | | | |
| Te Yi Investment Co., Ltd. (Representative: Li, Ching-Kung) | | | ✓ | ✓ | ✓ | ✓ | | | ✓ | | ✓ | ✓ | | ✓ | | 0 |
| Smartech & Green Co., Ltd. (Representative: Lee, Ching-Sheng) | | | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | ✓ | | ✓ | | 0 |
| Te Chang Investment Co., Ltd. (Representative: Li, Fu-Lin) | | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 0 |
| Yeh, Chun-Yen | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Liu, I-Lin | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Fang, Chung-Li | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |
| Chou, Cheng-I | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 0 |

Note: Please mark “✓” in the corresponding boxes if directors have met any of the following criteria during the two years prior to being elected or during the term of office.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the Company’s affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or

subsidiary).

- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking among the top 10 natural-person shareholders in holdings.
- (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship of any of the persons in the preceding three sub-paragraphs.
- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranks among the five largest shareholders in terms of shares held, or that assigns representative as the Company's director or supervisor pursuant to Article 27, Paragraph 1 or 2 of the Company Act (the same does not apply, however, in cases where the person is also an independent director of the Company, its parent company, any subsidiary or any subsidiary of the same parent company concurrently as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (6) Not a director, supervisor or employee of a corporation which is controlled by the same person who has over 50% of voting right shares or board of director seats of the Company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary or any subsidiary of the same parent company, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (7) Not a director, supervisor or employee of a corporate or institution which has the same or their spouse is: chairman, president or equivalent positions of the Company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary or any subsidiary of the same parent company, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (8) Not a director, supervisor, officer or shareholder holding 5% or more of shares of a specified company or institution that has a financial or business relationship with the Company (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary or any subsidiary of the same parent company as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary and the specific company or institution holds more than 20% but within 50% of the Company's shares).
- (9) Not a professional individual who, or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides auditing services to the company or any affiliate of the company or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation within NT\$500,000 or a spouse thereof. This same does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.
- (11) Not having any of the circumstances in the paragraphs of Article 30 of the Company Act.
- (12) Not elected in the capacity of a government agency, a juristic person or a representative thereof, as provided in Article 27 of the Company Act.

(II) Information on president, vice presidents, assistant vice presidents and the executives of all the departments and branches

April 28, 2025

| Position | Nationality | Name | Gender | Date of appointment (Note 1) | when Elected | | Spouse & Minor Children Shareholding | | Shares held in the name of others | | Experience (Education) | Concurrent Position Held in Other Companies | Managers who Are the Individual's Spouses or within the second degree of kinship | | | Note |
|--|-------------|------------------|--------|---------------------------------|--------------|------------------------|---|------------------------|--------------------------------------|------------------------|--|--|--|------|--------------|------|
| | | | | | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | | | Position | Name | Relationship | |
| President | R.O.C. | Lee, Ching-Sheng | Male | 2010.07.09 | 2,603,456 | 2.32% of face value | 1,474,478 | 1.31% of face value | — | — | EMBA, Department of Industrial Engineering and Management, National Taipei University of Technology M.S., Graduate Institute of Mechanical Engineering, Lunghwa University of Science and Technology | Chairman, Smartech & Green Co., Ltd. | — | — | — | |
| Vice President | R.O.C. | Lai, Wen-Hsin | Male | 2025.03.11 | — | — | — | — | — | — | Master of Mechanical Engineering, National Chung Cheng University Master of Industrial Engineering and Management, National Taipei University of Science and Technology Assistant Vice-President, President Office, HONG ZU MOULD ENTERPRISE CO., LTD. | No | — | — | — | |
| Assistant Vice-President of Operations Management Center | R.O.C. | Chiang, Wen-Lung | Male | 2023.05.11 | — | — | — | — | — | — | Master of Accounting, Chung Yuan Christian University CFO, Head of Accounting, Spokesperson, Head of Corporate Governance, Head of Business Planning Office of TZE SHIN INTERNATIONAL CO., LTD. | No | — | — | — | |
| Assistant Vice President of Marketing Management Center | R.O.C. | Liu, Su-Miao | Female | 2021.09.06 | — | — | — | — | — | — | Department of International Trade, Chihlee University of Technology Head of Administration Division, Everlight Electronics Co., Ltd. | No | — | — | — | |
| Supply chain management center Assistant VP | R.O.C. | Hsu, Hsuan-Yu | Female | 2024.11.11 | 3,000 | 0.00% of face value | 3,000 | 0.00% of face value | — | — | Department of Mechanical Engineering, Lunghwa University of Science and Technology Team Leader, Production Management Team, Comtop Technology Co., Ltd. | No | — | — | — | |
| Production Management Center Manager | R.O.C. | Li, Fu-Yu | Male | 2025.03.11 | — | — | — | — | — | — | Master of Organizational Behavior, New York University Manager of Manufacturing Engineering Department, TBI Motion Technology Co., Ltd. | Supervisors, Comtop Technology Co., Ltd. Chairman, Fu Shan International Investment Co., Ltd. | — | — | — | |
| Manager, Engineering Department | R.O.C. | Hsu, Fang-Jui | Male | 2014.07.01 | 62,000 | 0.06% of face value | — | — | — | — | Department of Mechanical Engineering, Hungkuo Delin University of Technology Factory Chief, Hwa Mean Industrial Co., Ltd. | No | — | — | — | |
| Manager, Management Department | R.O.C. | Hsu, Chien-shun | Male | 2015.08.17 | — | — | — | — | — | — | Department of Information Management, JinWen University of Science and Technology Section Head, Department of Management, Sanwa Engineering Corp. | No | — | — | — | |
| Manager, Treasury Department | R.O.C. | Shen, Hsin-Kai | Male | 2023.11.08 | — | — | — | — | — | — | Department of Accounting, Shih Chien University | No | — | — | — | |

| Position | Nationality | Name | Gender | Date of appointment (Note 1) | when Elected | | Spouse & Minor Children Shareholding | | Shares held in the name of others | | Experience (Education) | Concurrent Position Held in Other Companies | Managers who Are the Individual's Spouses or within the second degree of kinship | | | Note |
|---|-------------|---------------------------|--------|------------------------------|--------------|---------------------|--------------------------------------|---------------------|-----------------------------------|---------------------|---|---|--|------|--------------|------|
| | | | | | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | | | Position | Name | Relationship | |
| | | | | | | | | | | | Senior Manager, Audit Office of SunPower Energy Technology. | | | | | |
| Manager, Information Technology Department | R.O.C. | Hsieh, Ching-Jui (Note 3) | Male | 2022.12.15 | — | — | — | — | — | — | Computer Science, University of Massachusetts Manager, Information Technology Department, Reco Biotek Co., Ltd. | No | — | — | — | |
| Manager, Information Technology Department | R.O.C. | Yeh, Pin | Male | 2025.04.14 | — | — | — | — | — | — | Graduate Institute of Business Administration, National Chiao Tung University Senior Engineer, Avalue Technology Incorporation | No | — | — | — | |
| Manager, HR Department | R.O.C. | Su, Lung-Sheng (Note 4) | Male | 2019.08.16 | — | — | — | — | — | — | Master, Development of Technology Application and Human Resource, National Taiwan Normal University Deputy Manager, Human Resource Department, Career Technology (MFG.) Co., Ltd. | No | — | — | — | |
| Manager of Human Resources Department | R.O.C. | Hung, Hsuan-Pei | Female | 2024.09.25 | — | — | — | — | — | — | M.B.A., Tamkang University. COO, FRAVO Co., Ltd. | No | — | — | — | |
| Manager, Business Support Department | R.O.C. | Tseng, Yi-Ling | Female | 2022.04.25 | — | — | — | — | — | — | Department of Business Administration, Ming Chuan University Manager, Everlight Electronics Co., Ltd. | No | — | — | — | |
| Manager, Storage and Transportation Department | R.O.C. | Hsu, Hung-Kuan | Male | 2023.08.14 | — | — | — | — | — | — | Master's in Cross-Strait Business Management, MBA Program, National Central University. Manager, Radiant Opto-Electronics Corp. | No | — | — | — | |
| Manager, R&D Department | R.O.C. | Sun, Chung Yuan | Male | 2024.04.01 | 2,000 | 0.00% of face value | — | — | — | — | M.S., Mechanical Engineering, Lunghwa University of Science and Technology Engineer, Allied Sundar Corporation | No | — | — | — | |
| Manager, Legal and Intellectual Property Office | R.O.C. | Wu, Yueh-Hsien | Male | 2022.01.01 | — | — | — | — | — | — | M.S., Intellectual Property Law, Department of Law, Shih Hsin University Chief of Science and Technology, Yulon Management Enterprise Co., Ltd. | No | — | — | — | |
| Manager, Audit Office | R.O.C. | He, Chin-Liang | Male | 2025.01.14 | — | — | — | — | — | — | Master in Technology Application Management, Department of Industrial Education, College of Technology and Engineering, National Taiwan Normal University. Assistant Manager, Audit Office, Foxconn Technology Co Ltd. | No | — | — | — | |
| Manager, Occupational Safety Office | R.O.C. | Chen, Ye-Sheng | Male | 2010.07.09 | 56,000 | 0.05% of face value | — | — | — | — | Department of Food and Dining Management, Delin University of Technology Manager, Production Department, Comtop Technology Co., Ltd. | No | — | — | — | |

Note 1: The date of the current term.

Note 2: The Company's chairman and the president, or person of an GHG post (the highest level officer) of a company are the same person, spouses, or relatives of first degree of kinship: None.

Note 3: Resigned on April 2, 2025.

Note 4: Resigned on October 31, 2024.

II. Remuneration paid during the most recent fiscal year to directors, supervisors, president and vice- presidents

(I) Remuneration to directors (including independent directors)

Unit: NT\$ thousand

| Unit: NT\$ thousand | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------------------------|--|-------------------------------|--|-------------------------------|--|--------------------------------|--|---|--|--|-------------------------------|--|-------------------------------|--|--------------------------|------------------------|--|---------|--|-------------|
| Position | Name | Directors' Remuneration | | | | | | | | Sum of A, B, C and D as a percentage of net income (loss) | Remuneration received as employee | | | | | | | | Sum of A, B, C, D, E, F and G as a percentage of net income (loss) | | Remuneration from parent company or business investments other than subsidiaries | |
| | | Remuneration (A) | | Severance pay and pension (B) | | Remuneration to directors (C) | | Fees for services rendered (D) | | | Salaries, bonuses, special allowances etc. (E) | | Severance pay and pension (F) | | Remuneration to employees (G) | | | | | | | |
| | | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | | Companies included in the financial statements | | | The Company |
| | | | | | | | | | | Profit sharing in cash | | | | | | | Profit sharing in shares | Profit sharing in cash | Profit sharing in shares | | | |
| Chairman | Representative of Te Yi Investment Co., Ltd.: Li, Ching-Kung | 2,801 | 2,801 | 0 | 0 | 0 | 0 | 466 | 466 | (0.67%) | (0.67%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.67%) | (0.67%) | No |
| Director | Smartech & Green Co., Ltd. Representative: Lee, Ching-Sheng | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | (0.00%) | (0.00%) | 4,524 | 4,524 | 108 | 108 | 0 | 0 | 0 | 0 | (0.96%) | (0.96%) | No |
| Director | Representative of Te Chang Investment Co., Ltd.: Li, Fu-Lin | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | (0.00%) | (0.00%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.00%) | (0.00%) | No |
| Director | Yeh, Chun-Yen | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 25 | (0.01%) | (0.01%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.01%) | (0.01%) | No |
| Independent director | Liu, I-Lin | 600 | 600 | 0 | 0 | 0 | 0 | 55 | 55 | (0.13%) | (0.13%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.13%) | (0.13%) | No |
| Independent director | Fang, Chung-Li | 600 | 600 | 0 | 0 | 0 | 0 | 55 | 55 | (0.13%) | (0.13%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.13%) | (0.13%) | No |
| Independent director | Chou, Cheng-I | 600 | 600 | 0 | 0 | 0 | 0 | 55 | 55 | (0.13%) | (0.13%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0.13%) | (0.13%) | No |
| <div><div>1.</div><div>Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: The remuneration to the independent directors of the Company is paid with fixed amount of money every month, regardless of the profit or loss of the Company. The Remuneration Committee may determine or adjust the remuneration based on the level of each independent director's participation and contribution to the Company's operations, and may also make recommendations to the Board of Directors for reference in decision-making.</div></div> <div><div>2.</div><div>In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (e.g., serving as a consultant for a non-employee of the parent company/companies in the financial statements/investment businesses): None</div></div> | | | | | | | | | | | | | | | | | | | | | | |

Remuneration range table

| Range of Remuneration Paid to Each Director | Name of Director | | | |
|--|--|--|---|---|
| | Sum of First Four Remuneration (A+B+C+D) | | Sum of First Seven Remuneration (A+B+C+D+E+F+G) | |
| | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements |
| Less than NT\$2,000,000 | Representatives of SMARTECH & GREEN CO., LTD.: Lee, Ching-Sheng; Representatives of Te Chang Investment Co., Ltd.: Li, Fu-Lin; Yeh, Chun-Yen; Liu, I-Lin; Fang, Chung-Li; Chou, Cheng-I. | Representatives of SMARTECH & GREEN CO., LTD.: Lee, Ching-Sheng; Representatives of Te Chang Investment Co., Ltd.: Li, Fu-Lin; Yeh, Chun-Yen; Liu, I-Lin; Fang, Chung-Li; Chou, Cheng-I. | Representatives of Te Chang Investment Co., Ltd.: Li, Fu-Lin; Yeh, Chun-Yen; Liu, I-Lin; Fang, Chung-Li; Chou, Cheng-I. | Representatives of Te Chang Investment Co., Ltd.: Li, Fu-Lin; Yeh, Chun-Yen; Liu, I-Lin; Fang, Chung-Li; Chou, Cheng-I. |
| NT\$2,000,000 (inclusive) ~ NT\$5,000,000 (exclusive) | Representative of Te Yi Investment Co., Ltd.: Li, Ching-Kung | Representative of Te Yi Investment Co., Ltd.: Li, Ching-Kung | Representative of Te Yi Investment Co., Ltd.: Li, Ching-Kung, Representative of Smartech & Green: Lee, Ching-Sheng | Representative of Te Yi Investment Co., Ltd.: Li, Ching-Kung, Representative of Smartech & Green: Lee, Ching-Sheng |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | No | No | No | No |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | No | No | No | No |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive) | No | No | No | No |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | No | No | No | No |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) | No | No | No | No |
| NT\$100,000,000 and above | No | No | No | No |
| Total | 7 persons | 7 persons | 7 persons | 7 persons |

(II) Remuneration to supervisors: Not applicable.

(III) Remuneration paid during the most recent fiscal year to president and vice- presidents

Unit: NT\$ thousand

| Position | Name | Salary (A) | | Severance pay and pension (B) | | Bonuses and allowances (C) | | Employee Remuneration (D) | | | | Sum of A, B, C and D as a percentage of net income (loss) (%) | | Remuneration from parent company or business investments other than subsidiaries |
|----------------|----------------------|-------------|--|-------------------------------|--|----------------------------|--|---------------------------|------------------|--|------------------|---|--|--|
| | | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | | Companies included in the financial statements | | The Company | Companies included in the financial statements | |
| | | | | | | | | Cash amount | Amount of shares | Cash amount | Amount of shares | | | |
| President | Lee, Ching-Sheng | 3,445 | 3,445 | 108 | 108 | 1,079 | 1,079 | 0 | 0 | 0 | 0 | (0.95%) | (0.95%) | No |
| Vice President | Lai, Wen-Hsin (Note) | 1,577 | 1,577 | 79 | 79 | 267 | 267 | 0 | 0 | 0 | 0 | (0.40%) | (0.40%) | No |

Note: Promoted on March 11, 2025.

Remuneration range table

| Range of Remuneration Paid to President | Name of the President and Vice President | |
|--|--|--|
| | The Company | Companies included in the financial statements |
| Less than NT\$2,000,000 | Lai, Wen-Hsin | Lai, Wen-Hsin |
| NT\$2,000,000 (inclusive) ~ NT\$5,000,000 (exclusive) | Lee, Ching-Sheng | Lee, Ching-Sheng |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | No | No |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | No | No |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive) | No | No |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | No | No |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) | No | No |
| NT\$100,000,000 and above | No | No |
| Total | 2 persons | 2 persons |

(IV) Remuneration for the top five highest paid executives

Unit: NT\$ thousand

| Position | Name | Salary (A) | | Severance pay and pension (B) | | Bonuses and allowances (C) | | Employee Remuneration (D) | | | | Sum of A, B, C and D as a percentage of net income (loss) (%) | | Remuneration from parent company or business investments other than subsidiaries |
|--|---------------------------|-------------|--|-------------------------------|--|----------------------------|--|---------------------------|------------------|--|------------------|---|--|--|
| | | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements | The Company | | Companies included in the financial statements | | The Company | Companies included in the financial statements | |
| | | | | | | | | Cash amount | Amount of shares | Cash amount | Amount of shares | | | |
| President | Lee, Ching-Sheng | 3,445 | 3,445 | 108 | 108 | 1,079 | 1,079 | 0 | 0 | 0 | 0 | (0.95%) | (0.95%) | No |
| Vice President | Lai, Wen-Hsin (Note 1) | 1,577 | 1,577 | 79 | 79 | 267 | 267 | 0 | 0 | 0 | 0 | (0.40%) | (0.40%) | No |
| Assistant Vice President of Marketing Management Center | Liu, Su-Miao | 1,580 | 1,580 | 98 | 98 | 489 | 489 | 0 | 0 | 0 | 0 | (0.45%) | (0.45%) | No |
| Manager, Information Technology Department | Hsieh, Ching-Jui (Note 2) | 1,278 | 1,278 | 79 | 79 | 732 | 732 | 0 | 0 | 0 | 0 | (0.43%) | (0.43%) | No |
| Assistant Vice-President of Operations Management Center | Chiang, Wen-Lung | 1,689 | 1,689 | 88 | 88 | 549 | 549 | 0 | 0 | 0 | 0 | (0.48%) | (0.48%) | No |

Note 1: Promoted on March 11, 2025.

Note 2: Resigned on April 2, 2025.

(V) Names of managers who receive employee remuneration and distribution: Not applicable as the Company suffered a net loss before tax in 2024, no employee remuneration was appropriated.

(VI) Separately compare and describe total e.g. to remuneration, as a (loss) percentage of parent company only financial reports or individual financial reports for the net income stated in the parent company only financial statements or individual financial reports, as paid by the Company and by each other companies included in the consolidated financial statements during the most recent two fiscal years to directors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Remuneration paid to directors, president, and vice presidents as a percentage of net income (loss) by the Company and companies included in the consolidated financial statements for the most recent two fiscal years

| Remuneration paid to directors, president, and vice presidents as a (loss) percentage of net income | 2024 | | 2023 | |
|---|-------------|--|-------------|--|
| | The Company | Companies included in the financial statements | The Company | Companies included in the financial statements |
| Sum of directors' remuneration as a percentage of net income (loss) | (1.09%) | (1.09%) | (5.34%) | (5.34%) |
| Remuneration paid to president, and vice presidents as a percentage of net income (loss) | (1.35%) | (1.35%) | (7.59%) | (7.59%) |

2. Remuneration policies, standards and packages, the procedure for determining remuneration and its linkage to operating performance and future risk exposure:

- (1) Remuneration policies, standards and packages, the procedure for determining remuneration:

A Director

The remuneration to directors includes the director's salary and business execution and earnings distribution. The remuneration of earnings distribution shall be conducted in accordance with the Article 18 of the Company's Articles of Incorporation. If the Company makes a profit in a year, the Board of Directors shall resolve to allocate less than 5% of the profit for the remuneration of the directors. The appropriation of directors' remuneration shall be reported to the shareholders' meeting.

The Company's overall Board of Directors, functional committees, and individual directors' performance are evaluated once a year in accordance with the "Self-Evaluation of the Board of Directors or Evaluation of Peers". The evaluation items include the director's participation in the Company's operations, improvement of the quality of the Board's decision making, Board composition and structure, selection and continuing education of directors, internal control, the Company's

goals and missions, the awareness of the director's responsibilities, internal relationship management and communication, etc. The evaluation results and the Company's contributions are used to give reasonable remuneration.

B Managerial Officer

The remuneration policy of managers is the same as that of regular employees. Remuneration includes salaries, bonuses and employee remuneration. They are determined based on the individual's position, responsibilities, performance, and contribution to the Company while taking into account peer standards. The evaluation indicators include but are not limited to revenue growth ratio, internal management quality, implementation of corporate philosophy, talent cultivation, group strategy implementation and technological innovation; the distribution standards of employee remuneration are in accordance with the Company's Articles of Incorporation, which shall be reported to the Board of Directors and approved by the Shareholders' Meeting. The distribution of employee remuneration is based on the Articles of Incorporation, submitted to the Board of Directors for resolution, and reported to the shareholders' meeting.

C The remuneration policies and systems of the Company's directors and managers are reviewed by the Remuneration Committee in accordance with the Remuneration Committee Charter.

(2) Linkage to business performance and future risks:

A The Company's remuneration policy is based on the overall operating performance, and the relevant payment standards are approved based on the performance of each unit and the degree of substantive contribution. We aim to effectively reflect the results of the management of the Board of Directors and the management team. In addition, to ensure the market competitiveness of the management's remuneration, the Company regularly references the peer's remuneration level as the basis for adjusting and optimizing the remuneration system, in order to strengthen the retention and incentive mechanism for outstanding management talent.

B The Company integrates the performance objectives and risk control mechanism of managers to ensure the proper management and prevention of potential risks within the scope of responsibilities, further strengthening the overall operational stability. The results of performance evaluation are linked to the human resources policy and the remuneration system, to achieve a performance-oriented management mechanism. Before making major decisions, management must review existing and potential risks to ensure the quality of decision making and to

link the outcome of decisions to the Company's profitability and performance. By doing this, we realize the highest correlation between returns and risk control.

- C In terms of the continuous optimization of the remuneration system, the Company will dynamically review the changes in the external business environment and internal performance, and adjust the remuneration strategy in a timely manner to maintain the forward-looking and appropriate remuneration policy. In addition, the Company will take disciplinary measures against directors or employees for unlawful conduct that causes losses to the Company. In doing so, we strengthen the corporate governance mechanism, and protect the rights and interests of shareholders.

III. Status of corporate governance

(I) Board of Directors operation

The Board of Directors held 4 meetings (A) in the most recent year (2024). The attendance of directors is as follows:

| Position | Name | In-person Attendance (B) | Attendance by proxy | In-person attendance rate (%) (B÷A) | Note |
|----------------------|--|--------------------------|---------------------|-------------------------------------|------|
| Chairman | Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung | 4 | — | 100% of face value | |
| Director | Smartech & Green Co., Ltd. Representative: Lee, Ching-Sheng | 4 | — | 100% of face value | |
| Director | Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin | 4 | — | 100% of face value | |
| Director | Yeh, Chun-Yen | 4 | — | 100% of face value | |
| Independent director | Liu, I-Lin | 4 | — | 100% of face value | |
| Independent director | Fang, Chung-Li | 4 | — | 100% of face value | |
| Independent director | Chou, Cheng-I | 4 | — | 100% of face value | |

Other mandatory disclosures:

- I. For Board of Directors' meetings that meet any of the following descriptions, it is necessary to state the date, session, the motion discussed, independent directors' opinions and how the Company has responded to such opinions:
 1. Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, and the matters listed in Article 14-5 of the Securities and Exchange Act apply.
 2. In addition to aforementioned matters, other matters objected to by independent directors or subject to qualified opinion and recorded or declared in writing: The Company's independent directors did not reject or have any qualified opinions against any proposals in board meetings in 2024.
- II. For recusals of directors due to conflicts of interests, the name of directors, content of proposals, reasons for recusal, and participation and voting status shall be described: There were no proposals this year at the Board meeting that directors had to recuse themselves from.
- III. Listed companies shall disclose the evaluation frequency, period, scope, method, and content of the self-evaluation of the Board of Directors:

| | |
|----------------------|---|
| Evaluation frequency | Each year, an internal Board of Directors and functional committee performance evaluation is conducted; each year, every three years, an external evaluation of the Board of Directors is conducted. |
| Evaluation period | 2024/01/01 - 2024/12/31 |
| Evaluation scope | An internal performance evaluation includes the performance evaluation of the Board of Directors, individual directors, and functional committees. |
| Evaluation method | A performance evaluation is conducted via internal self-evaluation of the Board of Directors, self-evaluation of board directors, peer evaluation, appointing external professional organizations, experts, or via other appropriate methods. |

| | | |
|--|--------------------|---|
| | Evaluation content | <p>(I) The items of the Board performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Improvement of the quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal control. <p>(II) The items of the board members' (self-evaluation or peer evaluation) performance evaluation include the following six major aspects.</p> <ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company. 2. Awareness of the duties of a director. 3. Participation in the operation of the company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control. <p>(III) The items of the performance evaluation of the Audit Committee include the following five major aspects.</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of a functional committee 3. Improvement of the quality of the decision making of the functional committee. 4. Composition of the functional committee and election of its members. 5. Internal control. <p>(IV) The items of the performance evaluation of the Remuneration Committee include the following five major aspects.</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of the quality of the decision making of the functional committee. 4. Composition of the functional committee and election of its members. |
|--|--------------------|---|

Note: In 2024, the Company commissioned the external organization, TIEB, to conduct performance evaluation on the operation of the Board of Directors from January 1, 2024 to December 31, 2024. The organization evaluated the performance of the Board of Directors in terms of the Board's professional functions, the effectiveness of the Board's decision-making, the Board's emphasis on and supervision of internal controls, and the Board's attitude towards sustainable development. TIEB evaluated the effectiveness of the Board of Directors by reviewing the Company's regulations, questionnaires, and on-site interviews (November 29, 2024). The evaluation report was issued on January 23, 2025. For details, please refer to the Company's website.

IV. Targets for strengthening of the functions of the board during the current and the most recent fiscal years and evaluation of their implementation:

1. The Company's Board of Directors has resolved to establish the "Rules and Procedures of Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". The Board of Directors has operated pursuant to the "Rules of Procedures of Board of Directors Meetings", and the Company holds regular meetings of the Board of Directors, and the meetings are recorded and the minutes taken down in detail.
2. The Company establishes the Remuneration Committee and Audit Committee to strengthen the operation of the Board of Directors. Independent directors all possess expertise and independency to protect shareholders' rights and interests and promote the value of the Company to achieve sustainable operating objectives.
3. The Company regularly arranges professional training courses for directors to ensure that directors maintain their core values, professional advantages and abilities.
4. Continue to enhance information transparency: the Company assigns dedicated personnel to be responsible for the information disclosure and company website message updates.

(II) Audit Committee implementation:

The Audit Committee of the Company is composed of all independent directors. It has established a good corporate governance system, sound audit supervision function and strengthened management function; the Audit Committee aims to assist the Board of Directors to perform its supervisory duties and its duties are as follows:

1. Establishes or amends the internal control system in accordance with the Securities and

Exchange Act.

2. Evaluate the effectiveness of the internal control system.
3. Establish or amend the procedures for major financial business activities, including the acquisition or disposal of assets, derivative transactions, loaning of funds to others, endorsements and guarantees for others, in accordance with the Securities and Exchange Act.
4. Matters involving the interests of directors.
5. Major asset or derivative transactions.
6. Major loans, endorsements, or guarantees
7. Offering, issuance or private placement of securities with equity characteristics.
8. Appointment, dismissal or remuneration of CPAs.
9. Appointment and dismissal of finance, accounting, or internal audit officers.
10. Review of the annual financial statements.
11. Any other materiality defined by the Company or by the competent authority.

Audit Committee held four meetings (A) in the most recent fiscal year (2024). The operation of the Audit Committee is as follows:

| Position | Name | Attendance in Person (B) (Note) | Attendance by proxy | In-person Attendance Rate (%) (B ÷ A) | Note |
|---|---------------------|---|---------------------|---------------------------------------|--|
| Independent director | Liu, I-Lin | 4 | — | 100% of face value | |
| Independent director | Fang, Chung-Li | 4 | — | 100% of face value | |
| Independent director | Chou, Cheng-I | 4 | — | 100% of face value | |
| Other mandatory disclosures: | | | | | |
| I. If there is anything as below, the Company should state the date and session of the Board meeting, content of proposals, resolutions of the audit committee meetings and the Company's response and handling of the independent director's opinions: The Audit Committee approved all significant proposals for the year 2024. There were no resolutions approved by two-thirds or more of all directors without the approval of the Audit Committee, as shown in the table below. | | | | | |
| (I) Matters specified in the Article 14-5 of the Securities and Exchange Act: | | | | | |
| Date of Board Meeting | Session | Content of proposal | | Resolution of the Audit Committee | The Company's handling of the Audit Committee's opinions |
| 2024/03/12 | 1st meeting in 2024 | 1. 2023 Statement of Internal Control System | | Resolved for adoption | No |
| | | 2. Amendment to the "Table of Delegation of Authorities". | | Resolved for adoption | No |
| | | 3. 2023 Business Report and Financial Statements. | | Resolved for adoption | No |
| | | 4. 2023 loss make-up. | | Resolved for adoption | No |
| | | 5. Receivables exceeding the normal credit terms are not classified as fund lending transactions. | | Resolved for adoption | No |

| | | | | |
|------------|---------------------|---|-----------------------|----|
| | | 6. Change in chief internal auditor. | Resolved for adoption | No |
| | | 7. Amendment to the "Audit Committee Charter". | Resolved for adoption | No |
| | | 8. Amendment to the "Rules of Procedure for Board of Directors Meetings". | Resolved for adoption | No |
| | | 9. Amendment to "Operational Procedures for Acquisition and Disposal of Assets". | Resolved for adoption | No |
| | | 10. Appointment and remuneration of CPAs for the 2024 financial statements and tax returns. | Resolved for adoption | No |
| 2024/05/06 | 2nd meeting in 2024 | 1. 2024 Q1 financial statements. | Resolved for adoption | No |
| | | 2. Receivables exceeding the normal credit terms are not classified as fund lending transactions. | Resolved for adoption | No |
| | | 3. Capital increase of the subsidiary in the US. | Resolved for adoption | No |
| 2024/08/07 | 3rd meeting in 2024 | 1. 2024 Q2 financial statements. | Resolved for adoption | No |
| | | 2. Receivables exceeding the normal credit terms are not classified as fund lending transactions. | Resolved for adoption | No |
| | | 3. Sale of equipment to the subsidiary in China. | Resolved for adoption | No |
| 2024/11/11 | 4th meeting in 2024 | 1. 2025 internal audit plan. | Resolved for adoption | No |
| | | 2. Amendment to the "Internal Audit General Principles", "Enforcement Rules of Internal Audits" and "Internal Management System". | Resolved for adoption | No |
| | | 3. 2024 Q3 financial statements. | Resolved for adoption | No |
| | | 4. Receivables exceeding the normal credit terms are not classified as fund lending transactions. | Resolved for adoption | No |
| | | 5. Capital increase by new share issuance for corporate bonds. | Resolved for adoption | No |
| | | 6. Disposal of property at Daxi Plant | Resolved for adoption | No |
| | | 7. Investment and establishment of the subsidiary in China. | Resolved for adoption | No |
| | | 8. Establishment of the Sustainable Development Committee. | Resolved for adoption | No |

- (II) Beside the aforementioned matters, resolutions that were not approved by the Audit Committee but was approved by two thirds or more of all directors: none.
- II. For recusals of independent directors due to conflicts of interests, the name of directors, content of proposals, reasons for recusal, and participation and voting status shall be described: There were no proposals this year at the Board meeting that directors had to recuse themselves from.
- III. Communications between Independent Directors and the internal audit executives and CPAs:
- (I) Internal audit executives regularly communicate with the Audit Committee members regarding the result of audit reports and conduct internal audit reports at quarterly audit committee meetings. In case of special circumstances, they would also report to the Audit Committee members timely. There were no such special circumstances this year. The Audit Committee communicated with the internal audit officers well.
- (II) The Company's attesting CPAs would report the results of the audit or review of the concurrent quarter's financial statements at the Audit Committee meeting, if necessary and other communications required by the relevant laws and regulations. In case of special circumstances, they would also report to the Audit Committee members timely. There were no such special circumstances this year. The Company's auditors had a good communication with the attesting CPAs.

(III) Corporate Governance Implementation Status and Deviations from Corporate Governance

Best Practice Principles for TWSE/TPEX-Listed Companies:

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies: |
|---|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| I. Does Company follow the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies to establish and disclose its corporate governance practices? | ✓ | | To establish a good corporate governance system and operate the Company soundly, we formulated a “Corporate Governance Best Practice Principles,” in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and relevant laws and regulations, which have been approved by the Board of Directors. The Company has implemented its relevant regulations based on the spirit of corporate governance and has uploaded it on the Company's website for shareholders' reference. | No significant deviations |
| II. Shareholding structure and shareholders’ rights | | | | |
| (I) Does the Company have internal operating procedures for handling shareholders’ suggestions, concerns, disputes, and litigation matters, and have these procedures been implemented accordingly? | ✓ | | (I) The Company convenes shareholders’ meetings by the Company Act and relevant laws and regulations and formulates sound “Rules and Procedures of Shareholders’ Meeting”. It appoints the Stock Affairs Agency of First Securities Inc. to deal with stock affairs and has the spokesperson system in place in which a spokesperson or an acting spokesperson is responsible for handling investors' suggestions or answering their questions. It also discloses contact information on the company website so that shareholders can voice out their opinions and have their opinions properly addressed. | No significant deviations |
| (II) Does the company have a list of major shareholders and their beneficial owners? | ✓ | | (II) The Company appoints a professional stock agent to declare changes in the shareholdings of insiders (directors, managers and shareholders holding more than 10% of the total shares) monthly on the Market Observation Post System by law. It also keeps abreast of a list of major shareholders and ultimate controllers of them who actually control the Company through the register of shareholders provided by the stock affairs agency at the time of the Company's book closure date. | No significant deviations |
| (III)Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? | ✓ | | (III) The Company has established the “Management Rules for Related Party Transactions” and the auditors would audit its implementation regularly. It has also established the “Rules for Supervision of Subsidiaries” to build a proper risk control mechanism and a firewall. | No significant deviations |
| (IV) Does the Company have internal regulations that prohibit insiders from trading marketable securities using information that is not publicly available in the market? | ✓ | | (IV) The Company has established the "Rules Governing the Handling of Material Inside Information and Prevention of Insider Trading" for compliance. The Company provides, from time to time, guidance to its directors, officers, employees and other personnel who have known of material inside information of the Company due to their status, occupation, or relationship of control, on compliance with the law and on that they should use the care of good administrators, their loyalty, and honesty in performing their duties when participating in important decisions. | No significant deviations |
| III. Composition and responsibilities of | | | | |

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------------------------|---------------------|---|---|--------------------------|---------------------|--------------------|----------------------|-----|------------------|--|--|--|--|--|--|---|---|---|--|--|--|---|---|---|--|--|---|---|---|---|--|--|---------------|---|---|---|---|--|------------|---|---|---|---|--|----------------|---|---|---|--|---|---------------|---|---|---|--|---|---------------------------|
| | Yes | No | Summary Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (I) the Board of Directors Has the board of directors established a diversity policy, set specific management goals, and implemented them accordingly ? | ✓ | | <div>(I) Based on Company has specified in the "Corporate Governance Best Practice Principles" and the "Regulations Governing the Election of Directors and Independent Directors" that diversity should be considered in the composition of the Board of Directors. The Company has also formulated a diversity policy with respect to the Company's business characteristics, and future development needs, covering gender, age and educational background e.g.. The 5th Board of Directors consists of seven directors, including three independent directors. The members' professional backgrounds are in different industries, finance and accounting, technology, management, and law. They possess the knowledge, skills, and professional competence needed to perform their duties. In addition, the Board diversity policy has been substantially implemented. The specific management objectives of the diversity policy: The Company plans to re-elect all directors at the 2025 annual general meeting, and at least one director of different gender will be elected. Implementation of the diversity policy of the board:</div> <table><tr><th>Diversity Core Items</th><th>Operation and management</th><th>Leadership decision</th><th>Industry knowledge</th><th>Financial Accounting</th><th>Law</th></tr><tr><th>Name of Director</th><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Representative of Smartech & Green: Lee, Ching-Sheng</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Yeh, Chun-Yen</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td></tr><tr><td>Liu, I-Lin</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td></tr><tr><td>Fang, Chung-Li</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr><tr><td>Chou, Cheng-I</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr></table> <div>Although there is no gender difference on the Board currently, a director candidate of a different gender has been included in the list of director candidates approved on May 7, 2025. In addition, at least one of the Board members has met the relevant professional requirements in terms of business management, leadership decision-making, and financial accounting, which is on par with the Company's promotion of the diversity policy and management objectives. The Company's Board of Directors, under the leadership of the chairman, continues to strengthen its governance functions, improve the supervisory mechanism, and elevate the overall management effectiveness, in order to implement the core spirit of corporate governance.</div> | Diversity Core Items | Operation and management | Leadership decision | Industry knowledge | Financial Accounting | Law | Name of Director | | | | | | Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung | V | V | V | | | Representative of Smartech & Green: Lee, Ching-Sheng | V | V | V | | | Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin | V | V | V | | | Yeh, Chun-Yen | V | V | V | V | | Liu, I-Lin | V | V | V | V | | Fang, Chung-Li | V | V | V | | V | Chou, Cheng-I | V | V | V | | V | No significant deviations |
| Diversity Core Items | Operation and management | Leadership decision | Industry knowledge | Financial Accounting | Law | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name of Director | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Representative of Smartech & Green: Lee, Ching-Sheng | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Yeh, Chun-Yen | V | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liu, I-Lin | V | V | V | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fang, Chung-Li | V | V | V | | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chou, Cheng-I | V | V | V | | V | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (II) Other than the Remuneration Committee and Audit Committee which are required by law, does the Company set up other functional committees? | ✓ | | <div>(II) In addition to the Remuneration Committee and Audit Committee, the Company has established the Sustainable Development Committee, consisting of five members (two directors and three independent directors), and operating in accordance with applicable laws. In the future, the Company will establish other functional committees depending on its operating conditions and relevant laws.</div> | No significant deviations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies: |
|---|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| (III) Has the Company established rules and methods for evaluating the performance of the Board of Directors? Is the performance evaluation conducted on a regular basis every year? Does the Company submit the results of the performance evaluation to the Board of Directors and use it as a reference for individual directors' remuneration and nomination? | ✓ | | (III) To implement corporate governance and enhance the functions of the Board of Directors, the Company established the "Board of Directors' Self-Evaluation or Peer Evaluation" management rules on May 8, 2019, which should be evaluated at least once a year and the evaluation results should be completed by the end of the first quarter of the following year. The evaluation results have been appropriately retained and will be used as a reference for future directors' remuneration and election. | No significant deviations |
| (IV) Does the Company regularly evaluate its attesting CPA's independence? | ✓ | | (IV) To implement corporate governance and evaluate the independence and competence of attesting CPAs, Treasury Department regularly evaluates CPAs' independence and competence on an annual basis with reference to the Audit Quality Indicators (AQIs) and keeps written records. The Audit Committee and the Board of Directors of the Company reported on March 11, 2025 and March 12, 2024, on the evaluation of the independence and competence of the CPAs. Please refer to [Explanation 1] for details of the independence evaluation items. The qualifications of the CPA Chih, Ping-Chun, Chiu, Chao-Hsien and Hsu, and Hsu, Ming-Chao of PricewaterhouseCoopers Taiwan were evaluated to comply with the accountant practice. They had no direct or indirect financial interest in the Company or its directors. The quality and timeliness of their audit and tax services met the standard and they are substantially independent and competent to serve as the Company's attesting CPAs. | No significant deviations |
| IV. Whether or not the TWSE/TPEX-listed company appoints competent and appropriate corporate governance personnel, and appoints a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with information handling matters related to the | ✓ | | On May 11, 2023, the Company's Board of Directors appointed Assistant Vice-President Chiang, Wen-Lung of the Operations Management Center as the highest officer in charge of corporate governance affairs. The Company's Corporate Governance Officer has more than three years of experience as a financial officer of a public company and has completed professional training as required by laws and regulations. Please refer to page 33 of this annual report for information on such training. The main responsibilities of the Company's corporate governance officer are as follows: 1. Handling of matters related to board meetings by law: To notify all directors of the meeting seven days before the meeting and to provide sufficient information for the directors to understand the content of the motion; If a motion at a meeting has an interest in the director himself/herself or the legal entity he/she represents, he/she will be reminded in advance to recuse himself/herself from the interest; Distribute the minutes of the meeting to the directors after the meeting. 2. Handling of matters related to shareholders' meetings by law: To register the date of the shareholders' meeting every year by the statutory deadline, prepare and declare the notice of the meeting, the handbook, and the minutes of the meeting by the deadline; To register changes of the Company after amendments to the Articles of Incorporation or the re-election of directors and supervisors. 3. Assisting directors and supervisors with legal compliance: To arrange regular annual training courses for directors and provides them with the information that they need to perform their duties from time to time so | No significant deviations |

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies: |
|--|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| Board of Directors and Shareholders' Meetings in accordance with the law, and preparation of minutes of Board of Directors' and Shareholders' meetings)? | | | that they can keep abreast of the latest legal and regulatory developments related to the Company's operation; Invite the attesting CPAs to present at board meetings at least twice a year to communicate with the directors regarding the annual and semi-annual reports, and the impact of updates to International Financial Reporting Standards, securities laws and regulations and tax regulations. 4. Handling of investor relation affairs: To provide information about shareholders' meetings, material information announcements, financial statements, financial and business presentations, and invitations to participate in legal conferences. | |
| V. Has the Company established a communication channel with its stakeholders (including but not limited to shareholders, employees, customers, etc.), set up a stakeholder section on the company website and responded properly to important CSR issues that stakeholders care about? | ✓ | | The Company values the rights and opinions of stakeholders and interacts with them in various ways in daily life. We have a spokesperson and an acting spokesperson system and the spokesperson coordinates the external speech. However, for different parties (including suppliers, investors and other stakeholders), we will reply and communicate with each of them depending on the situation by dedicated personnel to maintain a good relationship. We also have a stakeholder area on our website where we publish contact person, contact phone numbers, and emails and have dedicated personnel to respond to and properly address important CSR issues of concern to our stakeholders in order to respect and protect their rights and interests. | No significant deviations |
| VI. Does the Company appoint a professional stock affairs agency to deal with matters related to shareholders' meetings? | ✓ | | The Company appoints the Stock Affairs Agency of First Securities Inc. as its stock affairs agency to assist with various stock affairs. | No significant deviations |
| VII. Information disclosure (I) Does the Company establish a corporate website to disclose information regarding its financials, business, and corporate governance status? | ✓ | | (I) 1. Financial information disclosure: The Company has established a public website with an investor section, where financial information is updated regularly for investors' reference. Company Website: http://www.tbimotion.com.tw 2. Business information disclosure: The Company's website contains product descriptions to provide information on the business of each product for public reference. 3. Corporate governance information disclosure: The Company has disclosed major internal policies on its website, such as Internal Audit Organization and Operation, Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Procedures for Making Endorsement/Guarantees, Procedures for the Acquisition or Disposal of Assets, and Procedures for Loaning of Funds to Others. | No significant deviations |
| (II) Does the Company use other information disclosure channels (e.g., maintaining an | ✓ | | (II) 1. Designating personnel to collect and disclose the Company's information: The Company assigns dedicated personnel to collect and disclose information in order to grasp the external information of the Company and to disclose the latest and accurate information of the | No significant deviations |

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies: |
|--|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| <p>English website, designating staff to collect and disclose the Company's information, implementing the spokespersons system, webcasting investor conferences, etc.)?</p> <p>(III) Does the Company announce and file annual financial reports within two months of the end of a fiscal year and announce and declare the first, second and third quarter financial reports and monthly operation status by the deadline?</p> | | ✓ | <p>Company to the public through publishing Material Information from time to time.</p> <p>2. Implementing Spokespersons system: Assistant Vice-President Chiang, Wen-Lung of the Operations Management Center acted as the spokesperson.</p> <p>3. Webcasting the Investor Conference on the Company's website: The files of the Company's Investor Conference are placed in the Investors section of the Company's website for easy reference.</p> <p>(III) Due to the incompatibility of some of the subsidiary's information systems with the parent company, the Company was unable to make an early announcement within the deadline. Currently, the financial reports and monthly operations were announced and declared within the statutory deadlines.</p> | No significant deviations |
| <p>VIII. Does the Company disclose other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee rights, employee caring, investor relations, supplier relations, rights of stakeholders, directors' and supervisor's training records, the implementation of risk management policies and risk measurement criteria, the implementation of customer policy, and purchasing of liability insurance for directors)?</p> | ✓ | | <p>(I) Employee rights and employee caring: The Company sets up the Employee Welfare Committee to coordinate the planning, safekeeping and use of the employee benefit and other related matters by laws and regulations. In addition to providing a safe working environment and basic welfare of labor insurance, health insurance and pension contributions, we also provide regular health checkups, group insurance and sound Employee Retirement Rules. We hold various employee training courses in the hope of establishing a mutual trust relationship with employees through a good educational training system. We also hold labor-management meetings regularly as the bridge of communication between employees and the Company. All policy awareness and employee counseling are conducted in a two-way communication style to protect employees' rights and interests and harmonious labor relations.</p> <p>(II) Investor relations: the Company convenes shareholders meeting annually by law to provide shareholders the opportunity to ask questions and make proposals; we also has a spokesperson system to deal with shareholders' recommendations and concerns; the Company's website has an investor section for investors to inquire about the Company's various information and to be invited to attend investor conferences by investment institutions from time to time to enhance the transparency of information. The Company conducts information disclosure in accordance with the regulations of the competent authorities to provide investors with reference, with the long-term goal of improving operating performance and return on shareholders' equity.</p> <p>(III) Supplier relations: The Company establishes a complete supply chain in accordance with the internal control system "Purchasing and Payment Cycle" and its related management methods, by upholding the principle of honesty and trust and by comparing prices, quality, delivery schedule and payment terms. We value our suppliers' commitment to legal compliance, labor human rights, environmental protection and corporate social responsibility in order to create a better living environment and relationship with our suppliers.</p> <p>(IV) Stakeholders' rights: the Company establishes a complete supply chain in accordance with the internal control system "Purchasing and</p> | No significant deviations |

| Evaluation item | Implementation status | | | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies: |
|--|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| | | | <p>Payment Cycle" and its related management methods, by upholding the principle of honesty and trust and by comparing prices, quality, delivery schedule and payment terms. The Company maintains smooth communication with our stakeholders, including banks and other creditors, employees, customers, suppliers and stakeholders of the Company. Stakeholders can communicate with the Company, make suggestions, or defend their legitimate rights and interests through the Stakeholders Section of the Company's website.</p> <p>(V) Directors' training records: From time to time, the Company provides directors (including independent directors) with information on the relevant laws and regulations and information on the professional development courses offered by the relevant authorities and has arranged for directors (including independent directors) to attend the training courses in accordance with the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX-Listed Companies." Directors' training records are disclosed in the "Market Observation Post System." Please also refer to [Explanation II].</p> <p>(VI) The implementation of risk management policies and risk measurement criteria: The Company focuses on the principle of prudent management and concentrates on the operation of its business. All business strategies are formulated based on the premise that risks can be controlled and tolerated and are audited by internal audit units on a regular or irregular basis in order to reduce the risks that may be faced by operations.</p> <p>(VII) Implementation of customer policies: The Company adheres to the principle of customer first to design and produce high quality products and to meet customers' needs in terms of quality and quantity. We maintain a smooth customer contact channel, regularly review the maintenance of customer relations and communicate fully with our customers to maintain a good long-term relationship.</p> <p>(VIII) Purchase of the director liability insurance: In accordance with the Company's Articles of Incorporation, the Board of Directors is authorized to insure all directors against liabilities for their legal liability when performing their duties during their term of office; the Company's Board of Directors approved the renewal of "Directors' Liability Insurance" on August 7, 2024. Insurance Company: Cathay Century Insurance Co., Ltd.; Insured amount: US\$2 million; renewal period: until July 15, 2025, to reduce and diversify the loss caused by the directors' misconduct.</p> <p>(IX) Directors' attendance at board meetings: The Board of Directors' meetings are held regularly with directors' active participation and the Company has declared the attendance status of the directors online.</p> | |
| <p>IX. The improvement status and unimproved items with prioritized reinforcement for the result of the Corporate Governance Evaluation announced by the Taiwan Stock Exchange:</p> <p>The Company was rated at the top 51% to 65% of all listed TWSE companies in the corporate governance appraisal of this year, which was significantly better than the 81% to 100% bracket in the previous year. In the future, the Company will continue to strengthen its corporate governance mechanism in accordance with the evaluation guidelines, and focus on ESG-related issues to improve overall governance performance and sustainable development performance.</p> | | | | |

[Explanation I] CPA independence evaluation

| One. Review of the Independence Criteria | | |
|--|---|--|
| Item | Evaluation Content | Compliance with independence |
| 01 | Neither the CPAs nor their spouse nor minor children have any investment or financial interest sharing relationship with the Company. | Yes |
| 02 | Neither the CPAs nor their spouse nor minor children have any loaning of funds relationship with the Company, provided that when the principal is a financial institution and the transaction is normal. | Yes |
| 03 | The accounting firm did not issue an assurance report on the effectiveness of the operation on any financial systems which were designed or implemented assist by the firm before. | Yes |
| 04 | Neither the CPAs nor any member of the audit team is, nor has been a director nor supervisor of the Company, or employed by the Company in a position to exert significant influence over the audit engagement within the last two years. | Yes |
| 05 | The non-audit service which performed by the firm for the Company does not affect directly a material item of the audit engagement. | Yes |
| 06 | Neither the CPAs nor any member of the audit team have been promoting or brokering shares in the Company or other securities issued by the Company. | Yes |
| 07 | Besides legally permitted businesses, neither the CPAs nor any member of an audit team does not act as an advocate on behalf of the Company in litigation or disputes with third parties. | Yes |
| 08 | Neither the CPAs nor any member of the audit team is the spouse of a director, manager nor officer of the Company who has a significant influence on the audit engagement nor is related by lineal relatives by blood, lineal relatives by marriage or collateral relatives by blood within the second degree of kinship. | Yes |
| 09 | There is not any former partner within one year of disassociating from the firm joining the Company as a director or manager or is in a key position to exert significant influence over the audit engagement. | Yes |
| 10 | Neither the CPAs nor any member of the audit team has accepted gifts nor preferential treatment from the Company, our directors, managers or major shareholders. | Yes |
| 11 | The CPAs are not currently employed on a recurring basis by the Company, receiving a fixed salary or serving as directors or supervisors. | Yes |
| 12 | TWSE/ TPEX-listed company: The CPAs are not providing the Company audit service for seven consecutive years. Non-listed company: The CPAs are not providing the Company audit services for ten consecutive years. | Yes |
| Two. Independence review | | |
| Item | Evaluation Content | Compliance with independence |
| 01 | The CPAs have avoided handling audit business if they have direct or indirect interest in the engaged cases. | There is no such situation, so it is not applicable. |
| 02 | The CPAs maintain independence of mind and in appearance in the work of audit services including an audit or review of financial statements, or a special audit case and issuance of opinions. | Yes |
| 03 | The members of the audit team, the partners of the firm or shareholders of corporate accounting firms, accounting firms and any of the affiliates and network firms, are also independent of the Company. | Yes |
| 04 | The CPAs perform professional services with integrity and rigor. | Yes |
| 05 | The CPAs maintain an impartial and objective position when performing | Yes |

| | | |
|--------------------------|--|-----|
| | professional services and have avoided bias, conflict of interest or undue influence of others to override professional or business judgments. | |
| 06 | The CPAs have never compromised the integrity and objectivity of their position due to lack or loss of independence. | Yes |
| Three. Competence review | | |
| 01 | The CPAs have no record of disciplinary action by the CPA Discipline Committee in the most recent two fiscal years. The accounting firm has no litigation cases in the most recent two years. | Yes |
| 02 | The accounting firm has sufficient size, resources, and regional coverage to provide corporate audit services | Yes |
| 03 | The firm has a clear quality control process that covers aspects such as the level and key points of the audit process, the way audit issues and judgments are handled, independent quality control reviews and risk management. | Yes |
| 04 | The accounting firm has notified the Audit Committee of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls in a timely manner. | Yes |

"Note 2" Continuing education of the Company's directors, corporate governance officer, financial officer and audit officer

| Position | Name | Training Date | Name of Course | Hours of Training |
|----------------------|--|-------------------|---|-------------------|
| Director | Te Yi Investment Co., Ltd. Representative: Li, Ching-Kung | September 5, 2024 | How to Apply Robotic Process Automation (RPA) to Enhance Internal Control Performance | 6 |
| Director | Smartech & Green Co., Ltd. Representative: Lee, Ching-Sheng | October 30, 2024 | The Latest Trend of Corporate Governance Assessment Indicators for Directors and Supervisors - Intellectual Property Management | 3 |
| | | November 8, 2024 | M&A Equity Investment Planning and Joint Venture Agreement Practical Analysis | 3 |
| Director | Te Chang Investment Co., Ltd. Representative: Li, Fu-Lin | October 24, 2024 | How to Apply Digital Forensics to Trade Secret Protection and Investigations by Internal Auditors | 6 |
| Director | Yeh, Chun-Yen | August 27, 2024 | Discussion of Ethical Corporate Management and Anti-corruption From the Perspective of Sustainable Governance | 3 |
| | | October 1, 2024 | How Does a Board of Directors Establish a Sustainability Strategy | 3 |
| Independent director | Liu, I-Lin | January 16, 2024 | The 10 Sustainability Topics that Directors and Supervisors Must Know | 3 |
| | | March 11, 2024 | 2024 Corporate Governance Trends and Strategies | 3 |
| | | July 3, 2024 | 2024 Cathay Sustainable Finance and Climate Change Summit | 3 |
| | | September 3, 2024 | "2024 Elite Training Institute for Independent Directors" - "Refinement Program Classes" | 3 |
| Independent director | Fang, Chung-Li | August 24, 2024 | Effective Internal Control for Sustainability Reporting | 3 |
| | | August 27, 2024 | Establish ESG Strategy to Improve Competitiveness | 3 |
| Independent | Chou, Cheng-I | August 8, | Series of Courses for Directors, | 3 |

| Position | Name | Training Date | Name of Course | Hours of Training |
|------------------------------|------------------|--|---|-------------------|
| director | | 2024 | Supervisors and Corporate Governance Executives - Analysis of Taiwan's Industrial Economy | |
| | | August 8, 2024 | Series of Courses for Directors, Supervisors and Corporate Governance Officers - Nvidia's Three Trillion Miracle: New Mindset on Semiconductor Industry Revolution Behind Artificial Intelligence | 3 |
| Corporate Governance Officer | Chiang, Wen-Lung | March 22, 2024 | CDP Taiwan Presentation: Creating a New Carbon Age with Sustainable Knowledge | 3 |
| | | October 25, 2024 | 2024 Insider Trading Compliance Seminar | 3 |
| | | November 19, 2024 | Series of Courses for Directors, Supervisors and Corporate Governance Executives - Strategies and Planning for the Sustainable Development of Listed Counterparties | 3 |
| | | December 5, 2024 | Impact of Climate Change on Financial Statements | 3 |
| Treasury executive | Shen, Hsin-Kai | November 21, 2024 November 21, 2024 | Continuing education courses for issuers, securities firms and accounting executives of stock exchanges | 12 |
| Audit executive | He, Chin-Liang | April 26, 2024 | Journal Management and Audit Highlights | 6 |
| | | May 17, 2024 | Technology Risk Trends in the Cloud Generation | 6 |

(IV) Composition, responsibilities and operations of the Remuneration Committee:

1. Information on Remuneration Committee Members

| Criteria | | Professional qualification and experience | Independence status | Number of public companies where he/she is concurrently serving as remuneration committee member |
|---|----------------|--|---|--|
| Identity | Name | | | |
| Chair and convener (Independent Director) | Liu, I-Lin | The Company's Remuneration Committee consists of three independent directors. For the professional qualifications and experience of the members, please refer to the "Board member profile" in this annual report. | The Company's independence director who meets the criteria for independence as set forth in the of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note). | No |
| Member (Independent Director) | Fang, Chung-Li | | | No |
| Member (Independent Director) | Chou, Cheng-I | | | No |

Note: None of the members were subject to any of the following matters in the two years prior to election and during office.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates (the same does not apply, however, in cases where the person is concurrently an independent director of the Company, its parent company, any subsidiary, or any subsidiary under the same parent, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company, or ranking among the top 10 natural-person shareholders in holdings.
- (4) Not a spouse, or relative within the second degree of kinship or lineal relative within the third degree of kinship, of an executive officer falling under Point (1) above or of any of the persons in Point (2) or (3). above.
- (5) Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranks among the five largest shareholders in terms of shares held, or that assigns representative as the Company's director or supervisor pursuant to Article 27, Paragraph 1 or 2 of the Company Act (the same does not apply, however, in cases where the person is also an independent director of the Company, its parent company, any subsidiary or any subsidiary of the same parent company concurrently as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (6) Not a director, supervisor or employee of a corporation which is controlled by the same person who has over 50% of voting right shares or board of director seats of the Company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary or any subsidiary of the same parent company, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (7) Not a director, supervisor or employee of a corporate or institution which has the same or their spouse is: chairman, president or equivalent positions of the Company (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, any subsidiary or any subsidiary of the same parent company, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary).
- (8) Not a director, supervisor, officer or shareholder holding 5% or more of shares of a specified company or institution that has a financial or business relationship with the Company (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary or any subsidiary of the same parent company as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent company or subsidiary and the specific company or institution holds more than 20% but within 50% of the Company's shares).
- (9) Not a professional individual who, or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that, provides auditing services to the company or any affiliate of the company or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation within NT\$500,000 or a spouse thereof. This same does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having any of the circumstances in the paragraphs of Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee

The Committee's functions are to evaluate the remuneration policies and systems of the Company's directors and managers in a professional and objective manner, and to make recommendations to the Board of Directors for their reference in decision-making.

3. Operation of Remuneration Committee

(1) The Remuneration Committee consists of 3 members.

(2) The term of office of the current members: June 27, 2022, to June 26, 2025. There were two meetings of the Remuneration Committee (A) held in 2024. The qualifications and attendance of members are as follows:

| Position | Name | In-person Attendance (B) | Frequency of attendance by proxy | In-person Attendance rate (%) (B/A) | Note |
|---|----------------|--------------------------|----------------------------------|-------------------------------------|------|
| Convener | Liu, I-Lin | 2 | — | 100% of face value | — |
| Member | Fang, Chung-Li | 2 | — | 100% of face value | — |
| Member | Chou, Cheng-I | 2 | — | 100% of face value | — |
| Other mandatory disclosures: | | | | | |
| I. If any recommendation of the Remuneration Committee is not adopted or is amended by the Board of Directors, the Company shall state the date, session of the Board of Directors' meeting, the content of the proposal, the outcome of the Board of Directors' resolution and the Company's disposition of the Remuneration Committee's recommendation: None. | | | | | |
| II. If there is any resolution of the Remuneration Committee meeting objected to or subject to qualified opinion by independent directors and recorded or declared in writing, the Company should state the date of the board meeting, session, content, all members' opinions and the Company's response and handling of the member's opinion: none. | | | | | |

(3) Date, session, motion discussed and the resolution results and the Company's handling of the opinions of the Remuneration Committee:

| Date | Attending members | Content of proposal | Meeting resolution |
|-------------------|---|--|---|
| January 23, 2024 | Mr. Liu, I-Lin Mr. Fang, Chung-Li Mr. Chou, Cheng-I | 1. Distribution of the Company's year-end bonus. 2. Salary change of the Company's managers. | After the chair consulted all the members present, the proposal was passed unanimously. |
| November 11, 2024 | Mr. Liu, I-Lin Mr. Fang, Chung-Li Mr. Chou, Cheng-I | 1. Remuneration to new managers. 2. Review of the remuneration to the Company's directors and managers. | After the chair consulted all the members present, the proposal was passed unanimously. |

(V) Promotion of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof:

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|--|--------------------------------|----|--|--|
| | Yes | No | Summary Description | |
| I. Does the Company establish a governance structure and a dedicated (or concurrent) unit to promote sustainable development which is handled by an executive-level position authorized by the Board of Directors and is under the supervision of the Board? | ✓ | | <p>In response to the international sustainable development trends and to fulfill corporate social responsibility, the Company has established the Sustainable Development Committee on November 11, 2024 in accordance with its "Sustainable Development Best Practice Principles" of the Company. We have also established the "Sustainable Development Committee Charter" to set forth the duties and responsibilities to be performed. The Committee consists of the chairman of the Company as the steering committee member, the President of the Company as the chair and convener, as well as three independent directors. The Sustainable Development Committee is established under the Board of Directors, and at least one meeting is held every year to review the performance of the Company's sustainable development business. The implementation results are reported to the Board of Directors.</p> <p>To implement sustainable development, the "Sustainable Development Office" was established under the Sustainable Development Committee. The Company's Assistant Vice-President of the Operations Management Center was appointed as the Executive Secretary of the Sustainable Development Office to coordinate the formulation of the Company's sustainable development direction and goals. There are also six functional groups under the Sustainable Development Office to promote sustainable development in a comprehensive manner. The implementation results are regularly reported to the Sustainable Development Office every quarter. The Executive Secretary must report to the ESG Committee on a yearly basis on the implementation of ESG, including the results of stakeholder engagement, the results of material topic identification, the Company's performance in social welfare, and the future strategies and directions for sustainable development.</p> | No significant deviations |
| II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? | ✓ | | <p>The Company has established a "Sustainability Information Management Procedures" to specifically implement corporate governance, develop a sustainable environment, safeguard social welfare and strengthen relevant information disclosure to achieve the goal of sustainability.</p> <p>In order to strengthen the overall operational resilience and corporate sustainability, the Company has established a complete risk management system covering three major aspects: risk identification, analysis and response, and has also integrated with external professional opinions through cross-departmental communication to continuously improve the effectiveness of risk governance.</p> <p>In terms of risk identification, the Company conducts major issue analysis every year in accordance with the international reporting guidelines (such as GRI standards). Through research reports, industry literature and external and internal important</p> | No significant deviations |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|--|--------------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | <p>stakeholders' communications, the Company is able to comprehensively review the correlation and impact of various issues, and determine their contents and priorities. This analysis covers operational risks, social issues, and corporate governance issues, and serves as the basis for establishing risk management strategies. The Company's current business locations in Taiwan are the core of its business. In the future, the Company will gradually include other domestic and foreign subsidiaries to expand the scope of its risk management.</p> <p>At the stage of risk analysis, the Risk Management Committee conducts in-depth analysis based on the identified risk items and their materiality principles, and takes into account the suggestions of external professional institutions on the Company's operational status to ensure that various issues are consistent with the Company's actual operational needs. All functional units maintain continuous communication with stakeholders to conduct comprehensive management on environmental, social and corporate governance (ESG) aspects. The Company has assessed the potential risks and opportunities from the policy, market changes, production process and other aspects of the climate change issues, and followed the climate-related financial disclosure (TCFD) structure. The ESG Committee and the Risk Management Committee jointly perform the risk assessment and financial impact analysis, and then formulate specific response strategies and action plans. Currently, the overall implementation is good.</p> <p>In terms of risk response and operation, each business unit has formulated clear countermeasures and control mechanisms for various risks based on its functions and nature. These cover operational risks, credit and financial risks, climate change, industrial changes, human resources, intellectual property and information security, litigation, supply chain, compliance, and occupational safety and environmental protection. For high-risk issues, apart from reporting to the Sustainable Development Team on a regular basis, we also submit them to the Sustainable Development Committee for review and supervision, and strengthen the effectiveness of internal control.</p> <p>The Sustainable Development Committee reports to the Board of Directors at least once a year on the implementation of overall risk management, to ensure effective implementation of the management system, and support the Company's stable operations and long-term development.</p> | |
| III. Environmental initiatives (I) Has the Company set an environmental management system designed to industry characteristics? | ✓ | | <p>Our quality system for product development and supply has obtained the international ISO 9001 quality assurance certification and will continue to be implemented. We have also obtained ISO 14001:2015 environmental management system certification and ISO45001:2018 occupational safety and health management system certification and will review the effectiveness of their implementation</p> | No significant deviations |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|---|--------------------------------|----|--|--|
| | Yes | No | Summary Description | |
| | | | from time to time. We uphold the spirit of continuous improvement to actively invest in energy and resource conservation, waste reduction and occupational safety and health management and review the effectiveness of their implementation from time to time to facilitate our management philosophy of sustainable development. | |
| (II) Is the Company committed to improving resource efficiency and the use of renewable materials with low environmental impact? | ✓ | | <p>The Company upholds the business philosophy of "environmental protection, harmonious co-existence" and fulfills its corporate social responsibility by devoting to environmental protection, resource conservation and green energy improvement. While pursuing corporate interest and shareholders' equity, we make every effort to protect the ecological environment, and actively seek to be in line with international environmental protection standards to improve corporate value and become a member of green energy contributions.</p> <p>In terms of specific measures, the Company actively promotes energy management and the use of renewable resources, and is committed to the recycling and reuse of renewable materials such as electricity, water resources, packaging materials and waste paper. To reduce waste, we not only strengthen the sorting of garbage and recycling of resources, but also promote paperless operations to reduce paper consumption and demonstrate our commitment to environmental sustainability.</p> <p>We actively implement green manufacturing in the manufacturing process to reduce unnecessary waste and develop waste reduction and resource reuse technology. To achieve the benefits of a circular economy, the Company prioritizes the use of eco-friendly and renewable materials in product design to reduce the impact on the environment.</p> <p>To implement water resource management, the Company recycles and reuses the water resources required for the grinding and cutting process in the manufacturing process to effectively extend the water quality life span and achieve the goal of resource recycling and utilization.</p> <p>It is the Company's ongoing dedication to promoting technological innovation and green manufacturing, and creating value for a circular economy through raw material recycling and waste reduction measures, while continuing to improve the overall benefits of sustainable development.</p> | No significant deviations |
| (III) Does the Company evaluate the potential risk and opportunities of climate change and also have measures for relevant climate change issues? | ✓ | | Our company focuses on the impact of climate change caused by the greenhouse gas effect on the environment and operations and implements management programs to reduce the use of energy and resources such as water and electricity, reduce the consumption of raw materials and reduce waste to achieve the goal of energy saving and carbon reduction. We have also reduced the impact of our operations on climate change by educating and promoting the use of LED energy-saving light bulbs, adding sensor devices to control the activation of switches, keeping office air conditioners at a constant temperature, installing rainwater recycling systems, modifying water-saving equipment to save | No significant deviations |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|--|--------------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | water and reducing the use of photocopying paper. We also continue to pursue the reduction of the impact of our products on the environment in the hope of contributing to the green economy and mitigating climate change. | |
| (IV) Does the Company calculate greenhouse gas emissions, water usage and the total weight of waste in the last two years and set up policies regarding reducing carbon, saving energy, water use reduction, and other waste management? | ✓ | | The Company is committed to coexisting with the global environment and are continuously promoting energy saving and greenhouse gas reduction measures, reviewing the energy consumption of our plants and erecting solar panels in line with the government's renewable energy policy to achieve the effects of increasing renewable energy and shading the environment. The Company's GHG emissions in 2024 were approximately 8,787.8500 tCO ₂ e; the water consumption was approximately 44,735 millions of liters, and the total weight of waste was approximately 756.312 metric tons. | No significant deviations |
| IV. Social initiatives (I) Does the Company comply with relevant laws and regulations and the International Bill of Human Rights and adopt relevant management policies and procedures? | ✓ | | The Company establishes employee policies and related management practices in accordance with labor laws and regulations, the Act of Gender Equality in Employment and other laws and regulations, to protect the rights and interests of employees. We hire employees regardless of gender, age, religion, race, nationality, etc. We comply with various employment and labor laws and regulations, do not use child labor or illegal workers, establish sexual harassment prevention and control measures and complaint and discipline rules, and handle complaints of sexual harassment in the workplace appropriately in order to create a safe and friendly working environment. | No significant deviations |
| (II) Has the Company established appropriately managed employee welfare measures (including salary and compensation, leave and others) and linked operational performance or achievements with employee salary and compensation? | ✓ | | The Company is committed to providing remuneration that is no less than the market price to recruit and retain talent. The remuneration is determined based on the employee's background, professional skills, job category and performance, while also taking into account the overall salary level of the industry. The fair salary system is established, and there is no difference on the basis of gender, race, religion, marital status and other factors. The remuneration is determined based on the overall operating conditions and the industry level, and a certain percentage of the annual operating performance is appropriated as remuneration to the employees, to share the results with the employees. The Remuneration Committee regularly reviews the reasonableness of the remuneration system every year. In addition to remuneration, we are also committed to providing employees with comprehensive and diversified welfare measures. We also provide subsidies for three major holidays, travel, funeral, and disasters, and benefits such as group meals, health checkups, and regular on-site health management, in order to become the best support for employees' daily life and work. | No significant deviations |
| (III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training? | ✓ | | The Company has established, implemented, maintained and continued to improve its environmental safety and health management system in accordance with the requirements of ISO 14001, | No significant deviations |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|----------------|--------------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | <p>ISO 45001 and TOSHMS (CNS 45001), including the required processes and interactions. The Company was certified by SGS and ISO 45001 (valid from January 8, 2023 to January 8, 2026) certificate.</p> <p>The Company has established an Occupational Safety and Health Committee to manage various safety and health related matters in the factory, reduce the probability of occupational hazards and create a friendly and safe workplace environment. The Committee has a total of 19 members, including 10 labor representatives, accounting for more than 1/2 of the total number of members and the meeting is convened once every quarter.</p> <p>The factory operating environment is measured every six months. The testing is entrusted to qualified institutions. If the operating environment testing data is abnormal, the Occupational Safety and Health Office will develop a hardware improvement plan or administrative management. Labor operating environment testing reports are archived and retained by the Occupational Safety and Health Office as a basis for subsequent special health examinations for workers and a reference for supervisors of each unit to assign workers to prevent occupational diseases.</p> <p>Safety and health education and training are arranged for new recruits. Regular safety and health education and training courses are provided to employees. The contents include work safety regulations, work safety knowledge, hazard prevention, and first aid knowledge. Lectures on health promotion activities are also provided. For the workers of special operations such as construction machinery, aerial work vehicles, winches and other machinery, the special operation training shall be provided to them and they would have to obtain the qualification certificates before they are allowed for the operation of special equipment.</p> <p>Establish an emergency response organization to standardize the response procedures and plans for each crisis, and conduct drills for different crisis situations every year to improve employees' crisis management capabilities and emergency response awareness. Furthermore, a Line occupational safety information exchange area has been set up. The group includes supervisors of direct units or above, and supervisors of indirect units of section chief or above. The Occupational Safety Office will go directly to confirm and take immediate measures to reduce the risk of disaster expansion and damage.</p> <p>Health checkups are held on a yearly basis for 100% of employees. In addition to the general health checkup items, the company also adds abdominal ultrasonography and A1c, and offers special health checkups for employees engaged in noisy and dusty operations.</p> <p>Health care measures:</p> <p>a Respiratory protection gear fit test - Employees wearing respiratory protection gear were assigned to conduct health education</p> | |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|---|--------------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | <p>information and tightness testing for a total of 6 persons.</p> <p>b Occupational physician outpatient service - monthly employee care interviews</p> <p>c Protection and management of maternal health - health education and consultation for employees who are pregnant or breastfeeding</p> <p>d Hearing Protection Program - Hearing exams and hearing protection seminars are held on a yearly basis</p> <p>e Management of work resumption by workers - The scope of work resumption covers musculoskeletal hazards and maternal protection.</p> <p>There is a contractor management policy that requires contractors to complete relevant documents before entering the plant, and to confirm that occupational safety education and training have been conducted and communicated to their employees. In this way, we ensure that all employees and workers entering the TBI Motion plant have sufficient professional safety awareness and training.</p> <p>There were no major occupational accidents or fire incidents of the Company in 2024.</p> | |
| (IV) Has the Company established effective career development training plans? | ✓ | | <p>The Company's training plan is based on its vision, strategies, objectives, annual operating performance, etc. We provide diverse learning channels, encourage self-guided learning and take into account employees' individual development to provide vocational training for each level.</p> <p>Training courses:</p> <ol style="list-style-type: none"> 1. New employee orientation: focus on the Company's history, corporate culture and management philosophy, vocational safety and health education, product introduction, etc. to facilitate a complete understanding of the Company for the new employees. 2. Core competency training: traits or competencies that every employee in the Company must possess, together with core values, to implement the corporate culture. 3. Professional competency training: different professional knowledge and skills are required depending on the function and organizational responsibilities of each department. 4. Management function training: according to the level of behavior required by different management levels and the required management functions, divide the training into the management capabilities of senior, middle, and junior executives. 5. Project-based training: specific training according to the Company's strategic development, senior management's instruction, project promotion characteristics and the needs of project-related units. <p>The Company has been improving the expertise and skills of our employees through professional training, either internally or externally. Through a functionally oriented learning and development system, all levels of the Company's workforce are</p> | No significant deviations |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|--|--------------------------------|----|---|--|
| | Yes | No | Summary Description | |
| | | | provided with appropriate development and training. In 2024, the total training hours of all employees of the Company were 21,489, and the average training hours per employee were 27.51 hours. | |
| (V) Does the Company's product and service comply with related regulations and international standards for customers' health and safety, privacy, sales, labeling, and set policies to protect consumers or customers' rights and customer complain procedures? | ✓ | | We are a manufacturer of mechanical components, not an end-consumer and our products are regulated internationally. Our company upholds the principles of professionalism, ethic, integrity and expects to provide products and services to the satisfaction of our customers. We have established relevant customer complaint procedures to properly determine the responsibility of customer complaints and resolve the problems. We also regularly refine measures to prevent problems from arising. For customer, marketing and labeling issues, we would sign NDA agreements with our customers to protect the rights of both parties. | No significant deviations |
| (VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right and their implementation status? | ✓ | | The Company enters into a contract with major suppliers and conduct audit periodically. Where there is any violation of social responsibilities with a significant impact on the environment, the Company may cancel or terminate the contract by the contents of the contract. | No significant deviations |
| V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire third party verification or statement of assurance? | ✓ | | The Company has disclosed relevant ESG information in accordance with the guidelines of the Sustainable Accounting Standards Board (SASB), including the SASB industry indicator index comparison table, and the latest version of GRI Standards to prepare a sustainability report, which is expected to be certified by a third party in 2025. For the Company's past sustainability reports, please refer to the official website, | No significant deviations |
| VI. If the Company has established its sustainable development best practice principles according to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its implementation status and deviations: The Company has established the Sustainable Development Best Practice Principles and has devoted to promoting its corporate social responsibilities. There is no significant deviations. | | | | |
| VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: <ol style="list-style-type: none"> Environment protection: The Company pursues the sustainable development of environmental protection and manufacturing at the same time. In addition to quality management, we are also committed to pollution prevention, industrial waste reduction, and environmental protection. In accordance with our Sustainable Development Best Practice Principles, we have adopted the following environmental protection principles: We strive to improve the efficiency of resource utilization and use recycled materials with low impact on the environment so that the earth's resources can be used sustainably; We establish a dedicated environmental protection unit or personnel to develop, promote and maintain relevant environment management systems and specific action plans; and we use the water resource appropriately and sustainably. Community engagement: Engage in community life with practical actions. We have long adopted the park on the south side of Qiangliao Li, regularly cleaning, disinfecting and spraying pesticides in the area to provide a comfortable and clean public space for community residents and to promote the concept of environmental protection to facilitate environmental sustainability. Community caring: We are committed to building good neighborly relations with the local community. In addition to providing community patrol stations to strengthen local law enforcement and protect the safety of neighbors, we also invite residents to join our mid-autumn party, year-end party, etc. to fully realize the Company's business philosophy of caring for the community. Public interests: In terms of supporting vulnerable groups, the Company organizes community senior caring events on the eve of the Chung Yeung Festival, distributing gifts to the elderly and providing services such as blood pressure checks. We also help the poverty-stricken students by setting up scholarships and nutritious lunches for the outstanding poverty-stricken students in the schools, so that the cultivation of talents is not limited by environmental factors and we can do our part for the society. | | | | |

| Promotion item | Implementation Status (Note 1) | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof: |
|---|--------------------------------|----|---------------------|--|
| | Yes | No | Summary Description | |
| <p>5. Human rights: The Company has insured the employer's liability insurance and employee group insurance.</p> <p>6. Vocational safety and health: The Company follows the Occupational Safety and Health Act and relevant laws and regulations to conduct related matters and implement the management of various safety and health affairs. To enhance employees' awareness of vocational safety and health, all newly hired employees are required to undergo safety training before they can take up their posts and start working. For current employees, we arrange regular occupational safety and health education training every year, including: safety production regulations, safety production knowledge, hazard prevention, first aid knowledge, etc. We also conduct regular inspections of the plant to ensure that our employees are working in a safe working environment.</p> <p>7. Industry-academe collaboration: In order to effectively enhance the competitiveness of the power transmission component industry, the Company actively invests in R&D innovation and cooperates with the government's diversified industry-academic coordination program, hoping to integrate theory and practice; we offer practicums and summer internship opportunities to students in high schools and colleges in the northern region, providing a workplace experience environment for students in the mechanical field and pass on the experience to students and industry and recruit excellent talents from them.</p> <p>8. Others: The Company creates many job opportunities, establishes the Employee Welfare Committee, adopts the pension system, arranges various employee training courses and insures employee group insurance. We value harmonious labor relations. We recognize our impact on corporate social responsibilities and strive to operate our business for the maximum benefit of our shareholders and related stakeholders. Going forward, the Company will not only cultivate professional talents but also take corporate social responsibilities and implement corporate core values.</p> <p>For more details on sustainable development, please refer to the Company's announcement of the sustainability development report and the Company's official website.</p> | | | | |

Climate-related information of TWSE/TPEX listed companies

1 Implementation of climate-related information

| Item | Implementation status | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---------------------|--|---------------------|--|---------------------|---------|-----------------------------------|--|-------------------|--|-------------------------------|--|---|--|--|--|----------------------|---|--|--|--|--|-------------------------|--|------------------|---------------------|------------------|---------------------|
| 1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and management. | <p>1. The Board of Directors is the highest unit responsible for TBI Motion's risk management and decision-making, and is also in charge of approving, supervising the risk management policy, as well as tracking the progress and achievement of action plans. In order to implement the governance of climate change, the global promotion is integrated by the Sustainable Development Team to establish climate change adaptation and mitigation management plans, review the implementation progress and discuss future planning. The top executive of the Sustainable Development Promotion Team reports to the Board of Directors at least once a year on the results of climate risk identification and the effectiveness of each control mitigation measure.</p> <p>2. The key climate issues of TBI Motion include transition risks (increased pricing of GHG emissions, requirements and regulation of existing products and services) and opportunities (entering to new markets).</p> <p>(1) Short-term impact:</p> <p>A As operating costs may rise due to the possible increase in the price of GHG emissions, GHG emission management is required.</p> <p>B The product and service supervision requirements are becoming more stringent, and the product development and certification costs are increasing.</p> <p>(2) Mid-term impact: The implementation of carbon fees and carbon tariffs must comply with the market and regulatory requirements for low-carbon products.</p> <p>(3) Long-term impact: Continued promotion of energy efficiency and GHG reduction is required to maintain a competitive edge in response to the global net zero trend.</p> <p>3. Extreme weather events such as typhoons, flooding and droughts may lead to disruptions of the supply chain or damage to production facilities, increasing capital expenditures and repair costs. Transformation actions (e.g. carbon tax, emission trading system implementation) will increase production costs, which may affect business profits.</p> <p>4. Climate change has been included in the overall risk management procedures for TBI Motion. The Sustainable Development Team coordinates the identification of climate risks and opportunities, formulates response strategies, and regularly reviews the implementation and effectiveness of strategies.</p> <p>5. The Company’s preliminary assessment of the financial impact on the Company was based on the major climate risk. The risk was assessed to be "direct operation" in the value chain. The impact of the domestic regulations (the government's net-zero route) was assessed as follows:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Describe the financial impact of extreme climate events and transformation actions. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation | <table><tr><td>Scenario assumption</td><td>Content</td><td colspan="2">Assessment of source of emissions</td><td colspan="2">Evaluation period</td></tr><tr><td>Government's Net Zero Roadmap</td><td>Based on the current net zero target and policy assumptions in Taiwan.</td><td colspan="2">Scope 1 + Scope 2 (Mainly focused on Taiwan operations)</td><td colspan="2">Short-term (2023-2026) Mid-term (2027-2030)</td></tr></table> <table><tr><td>Climate change risks</td><td>Assumptions about the parameters of operating costs</td><td colspan="2">Short-term (2023-2026) impact on revenue</td><td colspan="2">Mid-term (2027-2030) impact on revenue</td></tr><tr><td>Increase the pricing of</td><td>Carbon price setting: According to the</td><td>Stable operation</td><td>Optimistic business</td><td>Stable operation</td><td>Optimistic business</td></tr></table> | | | | | | Scenario assumption | Content | Assessment of source of emissions | | Evaluation period | | Government's Net Zero Roadmap | Based on the current net zero target and policy assumptions in Taiwan. | Scope 1 + Scope 2 (Mainly focused on Taiwan operations) | | Short-term (2023-2026) Mid-term (2027-2030) | | Climate change risks | Assumptions about the parameters of operating costs | Short-term (2023-2026) impact on revenue | | Mid-term (2027-2030) impact on revenue | | Increase the pricing of | Carbon price setting: According to the | Stable operation | Optimistic business | Stable operation | Optimistic business |
| Scenario assumption | Content | Assessment of source of emissions | | Evaluation period | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government's Net Zero Roadmap | Based on the current net zero target and policy assumptions in Taiwan. | Scope 1 + Scope 2 (Mainly focused on Taiwan operations) | | Short-term (2023-2026) Mid-term (2027-2030) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Climate change risks | Assumptions about the parameters of operating costs | Short-term (2023-2026) impact on revenue | | Mid-term (2027-2030) impact on revenue | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase the pricing of | Carbon price setting: According to the | Stable operation | Optimistic business | Stable operation | Optimistic business | | | | | | | | | | | | | | | | | | | | | | | | | |

| Item | Implementation status | | | | | |
|---|-----------------------|--|------------------|------------------|----------------------|-------------|
| <p>risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the pricing shall be stated.</p> <p>8. If climate-related goals have been set, specify the activities covered, the scope of GHG emissions, the planned schedule, and the progress made in each year. If carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) shall be specified.</p> <p>9. GHG inventory and verification status (to be filled in section 1-1 and 1-2).</p> | GHG emissions | <p>climate change regulations, the Company plans to charge a carbon fee of NT\$100-300 per tCO₂e GHG from 2024 onwards for the first and second GHG emissions. The assumed basis is NT\$1,500 by 2030.</p> <p>Threshold value of carbon tariff levied; The short to medium term is evaluated at 25,000 tCO₂-GHG ; the long term is parameterized at 10,000 tCO₂-GHG.</p> <p>Revenue growth: The evaluation is conducted with a flat (stable growth) and optimistic (industrial automation market is booming) basis.</p> | 0% of face value | 0% of face value | 0.002% of face value | 0.05%-0.51% |
| <p>In the future, the Company will refer to TCCIP, National Science and Technology Council, and National Science and Technology Center for Disaster Reduction to evaluate Taiwan's operating sites and quantify physical risks.</p> <p>6. In order to comply with the international net zero trend and the GHG inventory information disclosure schedule established by the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEx Listed Companies", the Company conducted a GHG inventory for the previous year in accordance with the "ISO14064-1:2018 Greenhouse Gas Inventory Standards". Based on the results of the inventory, we will identify the emission hotspots of the Company's processes and develop carbon reduction programs and targets accordingly. In the future, we will continue to complete the annual GHG inventory, while also planning the GHG verification to ensure the accuracy of the GHG results.</p> | | | | | | |
| Phase | | Content | | | | |
| Short-term targets (2025) | | <p>1. Completion of GHG inventory and verification: Complete the 2024 GHG inventory in accordance with ISO14064-1. The scope of inventory covers the Company's individual financial statements, and the inventory covers Categories 1-4.</p> <p>2. Organize carbon inventory education and training: Cultivate professional personnel with carbon inventory capabilities so that the Company can continue to conduct carbon inventory.</p> <p>3. GHG reduction target: GHG emissions reduced by 1% per year compared to the previous year.</p> | | | | |

| Item | Implementation status | |
|--|------------------------------|--|
| | Mid-term targets (2025-2027) | <ol style="list-style-type: none"> Carbon inventory certification completed: ISO14064-1 verification is conducted every year to ensure the accuracy of the results. GHG reduction target: GHG emissions will be reduced by 3% by 2027. Propose a carbon reduction action plan: The hotspots identified by the Company are monitors with relevant carbon reduction plans formulated. |
| | Long-term targets (2027-) | <ol style="list-style-type: none"> Maintain the validity of ISO14064-1 certificate: Continue to maintain the validity of the certificate. Electricity-saving target: Reduce the electricity consumption by 10% by 2034 according to the regulations of the Bureau of Energy, MOEA. GHG reduction target: GHG emission will be reduced by 8% by 2030. |
| <p>7. The Company has not yet adopted the internal carbon pricing system. In the future, the Company will continue to monitor changes in the cost of carbon emissions and carefully evaluate the feasibility of internal carbon pricing as a reference for risk assessment and decision-making.</p> <p>8. The current climate targets and ranges are as follows:</p> <ol style="list-style-type: none"> Coverage: The production process and operating activities within the scope of the Company's individual financial statements. Scope of Emissions: Category 1 (direct emissions), Category 2 (direct emissions from energy), Category 3 (indirect GHG emissions caused by transportation), and Scope4 (indirect GHG emissions caused by organizational use of products). As described in 6. The 2024 carbon inventory was completed and certified as follows <ul style="list-style-type: none"> Reasonable assurance level: <ul style="list-style-type: none"> Category 1: Direct GHG emissions: 421.4175 MtCO₂e Category 2: Indirect GHG emissions from input energy: 6,503.6592 MtCO₂e Limited guarantee grade <ul style="list-style-type: none"> Category 3: Indirect GHG emissions caused by transportation: 443.0525 MtCO₂e Category 4: Indirect GHG emissions caused by organizational use of products: 1,419.7212 MtCO₂e Category 5: Indirect GHG emissions caused by indirect GHG emissions caused by use of products: N.A. Category 6: Other indirect GHG emissions from other sources: N.A. Total emissions: 8,787.8500 MtCO₂e <p>(5) Currently, the Company has not used the carbon credit or renewable energy certificate (REC). In the future, the Company will evaluate the applicability and feasibility based on the carbon reduction needs and operating strategies.</p> <p>9. As described in 6.</p> <p>The information of the Company's climate governance and action will be detailed in the 2024 Sustainability Report. Please refer to our 2024 Sustainability Report for details.</p> | | |

1-1GHG inventory and assurance status of the Company in the last two years

1-1-1GHG inventory

Describe the GHG emission volume (MtCO₂e), intensity (MtCO₂e/NT\$million), and data coverage for the most recent two years.

In 2023, the Company commissioned an external third-party independent organization to conduct coaching on GHG inventory and quantification. In accordance with the ISO 14064-1:2018 standard, we have conducted a GHG inventory and quantification, and calculated GHG emissions by the operating control approach. The

geographic coverage includes the Company's operating sites, including all processes and management facilities, and the GWP value calculated based on the IPCC 6th assessment report (2021). In order to effectively grasp the GHG emissions, the GHG intensity (MtCO₂e/total consolidated revenue (NT\$1,000)) is used as the GHG management index. In March 2025, UCS completed the verification in accordance with ISO 14064-3:2019, and met the requirements of ISO 14064-1:2018.

The following table shows the Company's carbon inventory data:

| | | 2023 | 2024 |
|---|--|-----------------------|------------------------|
| 1 | Category 1: Direct GHG emissions and removals | 386.8468 | 421.4175 |
| 1.1 | Stationary emission sources | 2.9232 | 1.8383 |
| 1.2 | Mobile emission sources | 34.6652 | 43.5343 |
| 1.3 | Process emission sources | 0.1862 | 0.0000 |
| 1.4 | Fugitive emission sources | 349.0722 | 376.0449 |
| 2 | Category 2: Indirect GHG emissions from purchased energy | 7,516.0800 | 6,503.6592 |
| 2.1 | Electricity emissions | 7,516.0800 | 6,503.6592 |
| 3 | Category 3: Indirect GHG emissions caused by transportation | 403.1032 | 443.0525 |
| 3.1 | Upstream transportation and distribution | 79.5124 | 212.3255 |
| 3.3 | Employee commuting | 311.8078 | 225.1995 |
| 3.5 | Business travel | 11.7830 | 5.5275 |
| 4 | Category 4: Indirect GHG caused by organizational use of products | 1,576.7676 | 1,419.7212 |
| 4.1 | Upstream emissions from purchased materials (energy resources) | 1,476.4833 | 1,346.5085 |
| 4.3 | Waste generated from operations | 100.2843 | 73.2127 |
| 5 | Category 5: Indirect GHG emissions caused by the use of products from the organization | Not quantified | Not quantified |
| 6 | Category 6: Indirect GHG emissions from other sources | Not quantified | Not quantified |
| Total of categories 3 -6 | | 1,979.8708 | 1,862.7737 |
| Total volume | | 9,882.7976 | 8,787.8500 |
| Reduction ratio | | 2.4944% of face value | 11.0793% of face value |
| Parent company only operating revenue (unit: NT\$million) | | 2,958,659 | 1,137,666 |
| Category 1 + Category 2 total GHG emission intensity (tCO ₂ e/operating revenue in millions NTD) | | 0.0033 | 0.0077 |

Note 1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions from energy (Scope 2, i.e. indirect GHG emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, i.e., emissions from the Company's activities that are not indirect emissions from energy, but are from sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect emissions from energy shall be handled in accordance with the schedule specified in Paragraph 2, Article 10 of the Rules. Other indirect emissions can be voluntarily disclosed.

Note 3: GHG standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

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

1-1-2GHG assurance information

Describe the assurance status for the most recent two years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

I. Assurance status

The Company has completed the 2024 GHG inventory, covering categories 1 to 4, and the coverage rate reached 100%. No GHG verification was conducted in 2023.

II. Assurance scope

TBI Motion Technology Co., Ltd. (geographic location: Shulin Headquarters)

III. Assurance standards

The boundary of the report covers TBI Motion, including direct GHG emissions and removals, as well as the significant indirect GHG emissions identified.

(I) Category 2 - Category 6 significance assessment description.

For the significance assessment considerations of ISO 14064-1:2018 Categories 2 to 6, the factors to be considered include:

1. Requirements of laws and regulations or specific departments.
2. Quality of data of the available activities.
3. Quality of available emission coefficients.
4. Control ability (the Company's ability to monitor and reduce emissions to a certain extent).
5. Employee participation level

We have established the Guidelines for Assessment of Indirect GHG Emission Significance, and consider the indirect GHG emission item with a significance assessment score of more than 20 points as a necessary inventory item. The results of the inventory must be disclosed in the inventory list, and Category 2 is a necessary inventory item when assessing indirect GHG emissions.

| Significant indirect evaluation principles | | | | | |
|--|---|---|--|---|---|
| Scoring criteria | Requirements of laws and regulations or specific departments. | Quality of factor of the available emissions. | Quality of available coefficients. | Control ability | Employee participation |
| 10 | Clearly require disclosure | Data can be obtained through measurement | Average coefficient available from national announcement | The organization has assessed that the reduction potential is high | Related to more than 60% of the total number of employees |
| 5 | Potential future disclosure requirement | Data can be obtained through financial information. | - | The organization has assessed that the reduction potential is moderate | Related to more than 20% of the total number of employees |
| 1 | Not required for disclosure | Data is only available through estimates or is not available. | Only the LCA coefficient can be used internationally, or currently no other coefficient can be used. | The organization has assessed that there is no reduction opportunity in the short term. | Number of employees |

(II) The results of the significance assessment are as follows:

| Category | GHG evaluate item | Requirements of laws and regulations or specific departments | Quality of factor of the available emissions | Quality of available coefficients | Control ability | Employee participation | Score | Significance ≥ 20 points |
|-----------|--|--|--|-----------------------------------|-----------------|------------------------|-------|--------------------------|
| | Purchased electricity | 10 | 10 | 10 | 10 | 5 | 45 | significant |
| category3 | 3.1 Upstream transportation/distribution of goods | 1 | 5 | 10 | 5 | 1 | 22 | significant |
| category3 | 3.2 Downstream transportation and distribution of goods | 1 | 1 | 10 | 5 | 1 | 18 | non-significant |
| category3 | 3.3 Employee commuting | 1 | 5 | 10 | 5 | 10 | 31 | significant |
| category3 | 3.4 Customer and visitor transportation | 1 | 1 | 10 | 1 | 1 | 14 | non-significant |
| category3 | 3.5 Business travel | 1 | 10 | 10 | 5 | 10 | 36 | significant |
| category4 | 4.1 Upstream emissions from the purchase of goods (Energy) | 1 | 10 | 10 | 10 | 5 | 36 | significant |
| category4 | 4.1 Upstream emissions from the purchase of goods (Raw material) | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category4 | 4.2 Upstream emissions from purchased capital goods | 1 | 5 | 1 | 1 | 1 | 9 | non-significant |
| category4 | 4.3 Disposal of waste generated from operations | 1 | 5 | 10 | 5 | 5 | 26 | significant |
| category4 | 4.4 Use of leased equipment | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |

| | | | | | | | | |
|-----------|---------------------------------------|---|---|---|---|---|---|-----------------|
| category4 | 4.5 Purchased services | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category5 | 5.1 Product use phase | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category5 | 5.2 Downstream leased assets | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category5 | 5.3 End-of-life treatment of products | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category5 | 5.4 Investment | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |
| category6 | Other indirect emission sources | 1 | 1 | 1 | 1 | 1 | 5 | non-significant |

(III) Based on the results of the significance assessment, TBI Motion is required to inventory and quantify the following items:

| Type | Type |
|---|--|
| Category 1: Direct emission sources | Stationary combustion sources: Generators (diesel), lawnmowers (gasoline) |
| | Mobile combustion sources: Company vehicles (gasoline, diesel) and forklifts (diesel) |
| | Process emission sources: Acetylene, welding rods |
| | Fugitive GHG emission sources Refrigerant escape equipment, fire extinguishers, WD-40 |
| Category 2: Indirect emission sources of input energy | Purchased electricity |
| Category 3: Indirect emission sources caused by transportation | Upstream transportation/distribution of goods |
| | Employee commuting |
| | Business travel |
| Category 4: Indirect GHG caused by organizational use of products | Upstream missions (energy resources) from the purchase of goods |
| | Disposal of waste generated from operations |
| Category 5: Indirect emission sources from the use of the Company's products | Not quantified |
| Category 6: Other indirect emission sources | Not quantified |

IV. Assurance institutions and assurance opinions

The verification for 2024 was completed by a third-party verification agency, UCS, carried out in accordance with ISO 14064-3:2019 and ISO 14064-1:2018 standards. The levels of guarantee are as follows:

Reasonable assurance level:

- Category 1: Direct GHG emissions: 421.4175 MtCO₂e.
- Category 2: Indirect GHG emissions between input energy: 6,503.6592 MtCO₂e.
- Limited assurance level:
- Category 3: Indirect GHG emissions caused by transportation: 443.0525 MtCO₂e.
- Category 4: Indirect GHG emissions caused by organizational use of products: 1,419.7212 MtCO₂e.
- Category 5: Indirect GHG emissions caused by indirect GHG emissions caused by use of products: N.A.
- Category 6: Other indirect GHG emissions from other sources: N.A.
- Total emissions: 8,787.8500 MtCO₂e.

1-2GHG reduction goals, strategies and concrete action plans

Describe the baseline year of GHG reduction, its data, reduction targets, strategies and specific action plans and achievement of reduction targets.

The Company set 2024 as the baseline year for GHG reduction. The number of the total GHG emissions in 2024 were 8,787.8500 MtCO₂e, which is used as a reference for the subsequent emission management and reduction performance evaluation.

I. Reduction targets

■ Short-term targets (up to 2025):

1. Complete Category 1 and Category 2 GHG inventories with a data accuracy rate of more than 95%.
2. Introduce carbon emission education and training to enhance employees' climate awareness and management capability.

■ Mid-term targets (up to 2027):

1. Complete carbon inventories of the subsidiaries.
2. Carbon emissions in 2027 are expected to be 5% lower than 2024.

■ Long-term targets:

1. The Group has completed the carbon inventory and inspection of all aspects, and established a systematic carbon management system.
2. Strategy and concrete action plan.

II. GHG reduction plan:

The Company introduced the inventory tool and inspection system in 2024 to strengthen data transparency.

Meanwhile, the Company has promoted the energy-saving management measures for equipment, optimized energy efficiency, controlled carbon emissions, and trained employees to establish a carbon management culture.

The Company has implemented a number of carbon reduction measures in 2024, including:

Commissioning a third-party verification agency to conduct reasonable and limited level of verification, covering Scopes 1 to 4.

Organize carbon inventory training and carbon awareness promotion activities.

Promoting the inventory and energy saving improvement of high energy consumption equipment, and continuing to optimize the energy consumption structure.

The overall action plan is expected to complete group-level verification by 2029, and establish cross-departmental participation in carbon reduction initiatives to support the implementation and expansion of the mid- to long-term greenhouse gas reduction pathway.

(VI) Ethical Management implementation and deviations from Ethical Corporate Management

Best Practice Principles for TWSE/TPEX-Listed Companies:

| Evaluation item | Implementation status | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies: |
|---|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| I. Establishment of ethical management policy and measures | | | | |
| (I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its ethical corporate management policy and measures and commitment regarding implementation of such policy from the Board of Directors and the senior management? | ✓ | | (I) In order to demonstrate the spirit of ethical management and to fulfill the corporate social responsibility of sustainable management, the Company follows the laws and regulations of the Republic of China as the basic principle for the Company's operations. To implement the spirit of ethical management, the Company has formulated various internal regulations and requires all colleagues to rigorously abide by laws and regulations, and strictly prohibits all unethical behaviors. The Company's specific practices for promoting ethical management are summarized as follows: <u>Formulate internal regulations</u> At TBI Motion, we value reputation very much, and promote the Company's ethical philosophy to new recruits and in-service employees. In order to implement the concept of ethical corporate management, the Company has appointed the Finance Department as the dedicated unit for promoting ethical corporate management, and reports the implementation of ethical corporate management to the Board of Directors at least once a year. The Company has established the "Ethical Corporate Management Best Practice Principles" to prohibit all unethical conduct, and requires all employees to strictly comply with laws and regulations to implement ethical management. The "Codes of Ethical Conduct" sets forth that all employees shall not seek illicit gains and not to engage in unfair trade with customers, suppliers and competitors. The "Measures for Prevention of Insider Trading" strictly prohibit insider trading for directors, managers and employees of the Company, and information disclosure must be clear and transparent. In accordance with the "Corporate Governance Best Practice Principles", the Company shall implement a corporate governance system, comply with laws and regulations and the Articles of Incorporation. The Company shall also encourage shareholders to participate in corporate governance. The "Sustainable Development Best Practice Principles" stipulate that corporate governance responsibilities shall be fulfilled and sustainability information disclosure strengthened. | No significant deviations |
| (II) Whether the company has established an | ✓ | | (II) The Company has established relevant | No significant |

| Evaluation item | Implementation status | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies: |
|---|-----------------------|----|---|---|
| | Yes | No | Summary Description | |
| <p>assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?"</p> <p>(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures and periodically reviews and revises such policies?</p> | ✓ | | <p>preventive measures in the Ethical Corporate Management Best Practice Principles and encourages internal and external personnel to report unethical or inappropriate conduct. In addition, the Company has effective accounting and internal control systems to ensure the implementation of ethical corporate management. Internal auditors review the compliance status of various systems regularly and report to the Board of Directors.</p> <p><u>Internal audit and internal control</u> Self-evaluation of internal control system - each department of the Company (including the production units) conducts a self-evaluation of internal control system once a year. The self-evaluation process is to check whether the operating process is in compliance with the laws and regulations and the ethical standards, and to assess the possible violation risk.</p> <p>Internal audit operation: The internal auditors conduct the internal control cycle audit every month to review whether there is any major violation of the law and regulations in each department, and submit the audit results to the Board of Directors.</p> <p>(III) In addition to explicitly prohibiting unethical conduct in the "Ethical Corporate Manage Best Practice Principles and the "Codes of Ethical Conduct," the Company regularly educates its employees on the implementation and compliance. Besides, the Company has explicitly stated in its work rules that no bribes or commissions should be accepted. Any person who uses his or her authority to commit fraud or accept bribes illegally will be removed from office.</p> <p><u>Complaint and reporting channels</u> Whistleblower reporting and protection system - to prevent illegal or improper behaviors that lead to damaging the Company's business integrity or moral behavior, and to establish a corporate culture of integrity and transparency. At the same time, the "Procedures for Whistleblower Reporting and Protection System" were established to protect the rights and interests of whistleblowers.</p> | <p>deviations</p> <p>No significant deviations</p> |
| <p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> | ✓ | | <p>(I) Prior to doing business, the Company would consider the legitimacy and goodwill of customers, suppliers, and counterparties of the transaction to avoid trading with parties involving unethical conduct. Besides, if any of our business partners or cooperative partners are found to have unethical conduct, we will stop doing</p> | No significant deviations |

| Evaluation item | Implementation status | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies: |
|--|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| (II) Does the Company set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters and program to prevent unethical conduct and monitor its implementation? | ✓ | | business with them and will be listed as a rejected partner in order to implement the Company's ethical management policy. (II) The Company has established the "Ethical Corporate Management Best Practice Principles" assigned the Treasury Department as the dedicated unit responsible for the promotion of ethical corporate management. The implementation status is regularly reported to the Board of Directors. | No significant deviations |
| (III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? | ✓ | | (III) The Company's "Ethical Corporate Management Best Practice Principles" stipulates a conflict of interest prevention policy that governs the standards of corporate conduct to be followed by employees. We post our internal rules and regulations on the Company's website, conduct regular training and have appropriate channels for communication. If unethical or illegal conduct is discovered or reported, it would be handled by dedicated personnel. | No significant deviations |
| (IV) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? | ✓ | | (IV) We have established effective accounting and internal control systems to ensure the implementation of ethical corporate management. 1. Accounting system: we have established an effective accounting system to implement ethical corporate management. The accounting system of the Company was established in accordance with the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, the International Accounting Standards and other relevant laws and principles and was designed in accordance with the Company's regulations to meet actual operational needs. 2. Internal control system: The Company amends the internal control system periodically to respond to the environmental changes timely, adjust the design and implementation of the internal control system and enhance the audit quality and efficiency of the internal audit department. The amendments are reported to the Audit Committee and the Board of Directors for approval. After evaluating the Company's risks each year, the internal auditors would prepare an annual audit plan, conduct | No significant deviations |

| Evaluation item | Implementation status | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies: |
|--|-----------------------|----|--|---|
| | Yes | No | Summary Description | |
| (V) Does the Company provide internal and external ethical conduct training programs on a regular basis? | ✓ | | audits accordingly, issue audit reports, continuously track and report on improvements and conduct annual internal control self-assessment. The Company's internal audit executive regularly communicates with members of the Audit Committee about the results of audit reports and the implementation of the tracking reports and reports and discussions on audit operations are made to the independent directors at the Audit Committee meetings and Board of Directors meetings. The implementation and effectiveness of audit operations have been fully communicated. (V) The Company's management philosophy is integrity, quality, professionalism, innovation and cooperation. In addition to posting posters at each of our offices, we also promote our corporate culture and management philosophy in the new employee orientation and on-the-job training. | No significant deviations |
| III. Implementation of Reporting Procedures (I) Does the Company set up a specific reporting and reward system and convenient reporting channels, and assign an appropriate and dedicated unit to handle the case? | ✓ | | (I) The Company has stipulated a complaint and reward system in the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct", and the "Procedures for Whistleblower Reporting and Protection System. Furthermore, the Company has set up a complaint page on its website and a contact email address (tbiwhistleblower@tbimotion.com.tw) to serve as channels for internal and external personnel to file complaints and reports, with independent directors handling follow-up actions. | No significant deviations |
| (II) Does the Company establish standard operating procedures for the investigation, following measures and a confidentiality mechanism? | ✓ | | (II) All reports received by the Company and subsequent investigations are conducted in a confidential and rigorous manner and are clearly defined in the Company's internal rules and regulations. | No significant deviations |
| (III) Does the Company adopt protection measures against unfair treatment for whistle-blowers? | ✓ | | (III) The Company provides formal and independent reporting channels and keeps strictly confidential the whistleblower's identity and the reporting content to protect the personal safety of the whistleblower. | No significant deviations |
| IV. Enhancing information disclosure (I) Does the Company disclose its Ethical Corporate Management Best Practice Principles as well as its implementation effectiveness on the Company's website and Market Observation Post System (hereinafter referred to as the "MOPS")? | ✓ | | The Company has set up a special section on its website and reports financial and business information on the MOPS regularly and irregularly. | No significant deviations |
| V. If the Company has established Ethical Corporate Management Principles based on "Ethical Corporate Management Best | | | | |

| Evaluation item | Implementation status | | | Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies: |
|---|-----------------------|----|---------------------|---|
| | Yes | No | Summary Description | |
| Practice Principles for TWSE/GTSM Listed Companies," please describe any deviation between the principles and their implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” and implemented it accordingly which complies with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and relevant laws. | | | | |
| VI. Other important information to facilitate better understanding of the company's Ethical Corporate Management: (e.g., discussions in how the Company can further revise its ethical corporate management principles) | | | | |
| <div>1. The Company complies with the Company Act, the Securities and Exchange Act, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM- Listed Companies and other business conduct-related laws and regulations to implement the Ethical Corporate Management Principles and create a business environment of sustainable development.</div> <div>2. The Company has formulated the "Operating Rules for Handling of Internal Material Information and Insider Trading Prevention" to establish a good internal material information handling and disclosure mechanism to avoid improper disclosure of information and to ensure the consistency and accuracy of information released by the Company publicly; the Company also stipulates that directors, managers, and employees shall not disclose material internal information known to them to others before it is formally disclosed to the public by the Company's spokesperson system and shall not inquire or collect material internal information not related to their duties from those who know material internal information of the Company, nor shall they disclose material internal information of the Company known to them that is not related to their duties to others.</div> | | | | |

(VII) Other important information to facilitate better understanding of the Company's corporate governance implementation:

Please refer to the Company's website (<http://www.tbimotion.com.tw>) and the MOPS (<https://mops.twse.com.tw/mops/#/web/home>).

(VIII) Implementation of internal control system:

1. Internal Control Statement:

Please visit MOPS (<https://mops.twse.com.tw/mops/#/web/home>) "Single Company" - "Corporate Governance" - "Company Regulations/Internal Control" - "Declaration of Internal Control" for inquiry.

2. Companies appointing a CPA to conduct a special audit for their internal control systems shall disclose the CPA audit report: None.

(IX) Important resolutions of the Shareholders' Meeting and Board Meetings in the most recent fiscal year and up to the publication date of the annual report:

| Date | Type | Resolution |
|------------|--------------------|--|
| 2024.03.12 | Board of Directors | <p>(1) Approved the Company's "Review on the Effectiveness of the Internal Control System" and "Internal Control Statement".</p> <p>(2) Approved amendments to the Company's "Table of Delegation of Authorities".</p> <p>(3) Approved the Company's 2023 Business Report and Financial Statements.</p> <p>(4) Approved the Company 2023 loss make-up.</p> <p>(5) Approved the recognition of the Company's accounts receivable, as of December 31, 2023, that had been outstanding for more than three months beyond the normal credit period and have significant amounts as non-loans to others..</p> <p>(6) Approved the change of the Company's internal chief auditor.</p> <p>(7) Approved amendments to the Company's "Audit Committee Charter".</p> <p>(8) Approved amendments to the "Rules of Procedures for Board of Directors' Meetings".</p> <p>(9) Approved amendments to the "Operating Procedures for Acquisition and Disposal of Assets".</p> <p>(10) Approved the appointment of the attesting CPAs for 2024 financial and tax statements and the appointment fees.</p> <p>(11) Approved the date, place and agenda of the 2024 Annual General Meeting.</p> <p>(12) Approved the period for acceptance of shareholders' proposals for the 2024 Annual General Meeting.</p> <p>(13) Approved the change to the Company's acting spokesperson.</p> <p>(14) Approved the increase in the loan amount between the Company and Bank of Panhsin.</p> |
| 2024.05.06 | Board of Directors | <p>(1) Approved the Company's 2024 Q1 financial statements.</p> <p>(2) Approved the recognition of the Company's accounts receivable, as of March 31, 2024, that had been outstanding for more than three months beyond the</p> |

| Date | Type | Resolution |
|------------|------------------------------|--|
| | | <p>normal credit period and have significant amounts as non-loans to others.</p> <p>(3) Approved amendments to the “Procedures Governing the Acquisition and Disposal of Assets” of subsidiary TBI Motion (Suzhou) Co., Ltd.</p> <p>(4) Approved the capital increase in the subsidiary in USA, TBI MOTION TECHNOLOGY (USA) LLC.</p> <p>(5) Approved the formulation of whistle-blowing and protection measures.</p> |
| 2024.06.27 | Annual Shareholders’ Meeting | <p>(1) Approved 2023 Business Report and ratification of Financial Statements.</p> <p>(2) Approved 2023 loss make-up.</p> <p>(3) Approved the amendments to the "Operating Procedures for Acquisition and Disposal of Assets."</p> |
| 2024.08.07 | Board of Directors | <p>(1) Approved the Company's 2024 Q2 financial statements.</p> <p>(2) Approved the recognition of the Company's accounts receivable, as of June 30, 2024, that had been outstanding for more than three months beyond the normal credit period and have significant amounts as non-loans to others..</p> <p>(3) Approved for the Company to sell equipment to the related party, TBI Motion (Suzhou) Co., Ltd.</p> <p>(4) Approved the Company's 2023 Sustainability Report.</p> <p>(5) Approved the application for increasing the credit line of Chang Hwa Commercial Bank.</p> |
| 2024.11.11 | Board of Directors | <p>(1) Approved the establishment of the Company’s 2024 internal audit plan.</p> <p>(2) Approved the establishment of the 2025 internal audit plan of subsidiaries.</p> <p>(3) Approved amendments to the Company's "Internal Audit General Principles", "Enforcement Rules of Internal Audit" and "Internal Management System".</p> <p>(4) Approved the Company's 2024 Q3 financial statements.</p> <p>(5) Approved the submission of the Company's 2025 budget.</p> <p>(6) Approved the recognition of the Company's accounts receivable, as of September 30, 2024, that had been outstanding for more than three months beyond the normal credit period and have significant amounts as non-loans to others..</p> <p>(7) Approved the conversion of the Company's 1st domestic secured convertible bond and 2nd domestic unsecured convertible bond Issued issuance of new shares..</p> <p>(8) Approved the disposal of real property of the Company's Daxi Plant.</p> <p>(9) Approved for the Company to invest in and establish a subsidiary in China.</p> <p>(10) Approved for appointing managers for the Company.</p> <p>(11) Approved the change of the Company's internal chief auditor.</p> <p>(12) Approved the renewal of financing facilities of financial institutions.</p> <p>(13) Approved the establishment of the Sustainable Development Committee and</p> |

| Date | Type | Resolution |
|------------|--------------------|--|
| | | formulating relevant measures. |
| 2025.01.14 | Board of Directors | (1) Approved the motion for the subsidiary, TBI Motion (Jiangsu) Co., Ltd.. to acquire the right to use the land. (2) Approved for the Company to sell equipment to the related party, TBI Motion (Suzhou) Co., Ltd. (3) Approved the Company's new chief auditor. |
| 2025.03.11 | Board of Directors | (1) Approved the Company's "Review on the Effectiveness of the Internal Control System" and "Internal Control Statement". (2) Approved the Company's 2024 Business Report and Financial Statements. (3) Approved the Company 2024 loss make-up. (4) Approver the change of the CPAs. (5) Approved the appointment of the attesting CPAs for 2025 financial and tax statements and the appointment fees. (6) Approved the date, place and agenda of the 2025 Annual General Meeting. (7) Approved the location and time to accept shareholder proposals for the Company's 2025 annual general meeting. (8) Approved the location and time for acceptance of the nomination of directors for the Company's 2025 annual general meeting. (9) Approved the conversion of the Company's 1st domestic secured convertible bond and 2nd domestic unsecured convertible bond Issued issuance of new shares.. (10) Approved the recognition of the Company's accounts receivable, as of December 31, 2024, that had been outstanding for more than three months beyond the normal credit period and have significant amounts as non-loans to others.. (11) Approved the application for a credit line at First Commercial Bank. (12) Approved the application for a credit line at Chang Hwa Commercial Bank. (13) Approved the amendment to some provisions of the Company's "Articles of Incorporation". (14) Approved the amendment to some provisions of the Company's "Procedures for Prevention of Insider Trading". (15) Approved the promotion of Assistant VP Lai, Wen-Hsin to VP. |
| 2025.05.07 | Board of Directors | (1) Approved the Company's 2025 Q1 financial statements. (2) Approved the full re-election of the Company's directors and nomination of director candidates. (3) Approved the termination of the restrictions of non-competing clauses for the new directors of the Company and their representatives. (4) Approved amendments to the Company's "Table of Delegation of |

| Date | Type | Resolution |
|------|------|---|
| | | Authorities”. |
| | | (5) Approved the conversion of the Company's 1st domestic secured convertible bond and 2nd domestic unsecured convertible bond Issued issuance of new shares.. |
| | | (6) Approved the recognition of the Company's accounts receivable, as of March 31, 2025, that had been outstanding for more than three months beyond the normal credit period and have significant amounts as non-loans to others.. |
| | | (7) Approved the application for bank credit lines. |

Implementation of resolutions of the 2024 annual general meeting:

1. 2023 Business Report and ratification of Financial Statements

Implementation: The proposal was resolved by voting.

2. 2023 deficit compensation proposal.

Implementation: The proposal was resolved by voting.

3. Amendments to the "Operating Procedures for Acquisition and Disposal of Assets."

Implementation: The proposal was resolved by voting.

- (X) For the most recent year and as of the publication date of the annual report, the directors have dissenting opinions on important resolutions passed by the board of directors, and there are records or written statements of the main contents: None.

IV. CPA professional fees

Unit: NT\$ thousand

| Accounting Firm | Certified Public Accountant | CPAs' audit period | Audit Fee | Non-audit Fee | Total | Note |
|----------------------------------|-----------------------------|-------------------------|-----------|---------------|-------|--|
| PricewaterhouseCoopers Taiwan | Chih, Ping-Chun | 2024.01.01 - 2024.12.31 | 2,630 | 1,688 | 4,318 | Non-audit fees are fees for the audit of profit-seeking enterprise income tax, review of the information checklist of full-time non-management staff, and preparation of transfer pricing reports. |
| | Chiu, Chao-Hsien | | | | | |

1. Change of accounting firm and the audit fee of the changing year is less than previous year, the amount of audit fee, respectively, and the reason for the change shall be disclosed: None.
2. If the audit fee is reduced by more than 10% compared to the previous year, the amount, percentage and

reason for the reduction shall be disclosed: None.

V. Information on change of CPA: None.

VI. Chairman, president or any manager in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its attesting CPAs or at an affiliated enterprise of such accounting firm: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report) by a director, manager or shareholder with a stake of more than 10 percent

(I) Changes in shares held by directors, managers and major shareholders.

Please visit MOPS (<https://mops.twse.com.tw/mops/#/web/home>) "Single Company" - "Equity Changes/Securities Issuance" - "Information on Equity Transfers" - "Declaration of Insider Shareholding Changes" for inquiry.

(II) Counterparty in any such transfer of equity interests is a related party: None.

(III) Counterparty in any such pledge of equity interests is a related party: None.

VIII. Information on relationships among top ten shareholders in terms of shareholding who are related parties, spouses or relatives within the second degree of kinship to each other

April 28, 2025 Unit: Shares; %

| Name | Shares held | | Spouse & Minor Children Shareholding | | Shareholding by Nominee Arrangement | | Names and relationship information, if among the Company's top 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another. | | Note |
|--|-------------|---------------------|--------------------------------------|---------------------|-------------------------------------|---------------------|---|--|------|
| | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Name (or full name of a person) | Relationship | |
| Ding Jie Investment Co., Ltd. Responsible person: Li, Chuan-Yu | 6,950,000 | 6.20 | — | — | — | — | — | — | — |
| | 1,028,892 | 0.92 | — | — | — | — | Lee, Ching-Sheng Wang, Fu-Mei | Father Mother | — |
| Te Yi Investment Co., Ltd. Responsible person: Li Cheng, Yueh-E | 5,735,000 | 5.11 | — | — | — | — | — | — | — |
| | — | — | — | — | — | — | Li, Ching-Kung Li, Fu-Yu Lee, Ching-Sheng Wang, Fu-Mei | Spouse Mother Relative by marriage Relative by marriage | — |
| Eminence Investment Corporation Responsible person: Wu, Chun-Huei | 3,144,000 | 2.80 | — | — | — | — | Gains Investment Corporation (Note 2) | Parent | — |
| | — | — | — | — | — | — | — | — | — |
| Comtop Technology Co., Ltd. Responsible person: Li, Ching-Kung | 3,001,303 | 2.68 | — | — | — | — | — | — | — |
| | 128,687 | 0.11 | — | — | — | — | Li Cheng, Yueh-E Li, Fu-Yu Lee, Ching-Sheng Wang, Fu-Mei | Spouse Father Sibling Relative by marriage | — |
| Lee, Ching-Sheng | 2,603,456 | 2.32 | — | — | — | — | Wang, Fu-Mei Li, Chuan-Yu Li, Ching-Kung Li Cheng, Yueh-E | Spouse Father Sibling Relative by marriage | — |
| Te Chang Investment Co., Ltd. Person in charge: Li, Fu-Lin | 2,190,000 | 1.95 | — | — | — | — | — | — | — |
| | — | — | — | — | — | — | — | — | — |
| Gains Investment Corporation (Note 2) Responsible person: Wu, Chun-Huei | 1,975,000 | 1.76 | — | — | — | — | Eminence Investment Corporation | Subsidiary | — |
| | — | — | — | — | — | — | — | — | — |
| Fu Shan International Investment Co., Ltd. Person in charge: Li, Fu-Yu | 1,496,599 | 1.33 | — | — | — | — | — | — | — |
| | — | — | — | — | — | — | Li, Ching-Kung Li Cheng, Yueh-E | Father Mother | — |
| Wang, Fu-Mei | 1,474,478 | 1.31 | — | — | — | — | Lee, Ching-Sheng Li, Chuan-Yu | Spouse Mother Relative by | — |

| Name | Shares held | | Spouse & Minor Children Shareholding | | Shareholding by Nominee Arrangement | | Names and relationship information, if among the Company's top 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another. | | Note |
|----------------|-------------|---------------------|---|------------------------|--|------------------------|---|-------------------------------------|------|
| | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Shares | Shareholdings Ratio | Name (or full name of a person) | Relationship | |
| | | | | | | | Li, Ching- Kung Li Cheng, Yueh-E | marriage Relative by marriage | |
| Shen, Min-Hsun | 1,295,000 | 1.15 | — | — | — | — | — | — | — |

IX. Total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers and any companies controlled either directly or indirectly by the Company: not applicable.

Three. Capital Raising Activities

I. Capital and shares

(I) Source of capital

Unit: thousand shares; NT\$ thousand

| Year/Month | Issuing Price | Authorized Capital | | Paid-in Capital | | Note | | |
|----------------|---------------|--------------------|-----------|-----------------|-----------|---|--|---------|
| | | Shares | Amount | Shares | Amount | Source of capital | Use of property other than cash as capital contributions | Others |
| July 2010 | 10 | 20,000 | 200,000 | 100 | 1,000 | Registered capital NT\$1,000 thousand | No | Note 1 |
| September 2010 | 10 | 20,000 | 200,000 | 17,460 | 174,600 | Cash capital increase of NT\$173,600 thousand | No | Note 2 |
| October 2010 | 10 | 100,000 | 1,000,000 | 30,860 | 308,600 | Cash capital increase of NT\$134,600 thousand | No | Note 3 |
| December 2010 | 10 | 100,000 | 1,000,000 | 40,560 | 405,600 | Accepting a transfer of NT\$97,000 thousand from the split company | Stock exchange by splitting the transferee | Note 4 |
| January 2011 | 15 | 100,000 | 1,000,000 | 45,715 | 457,150 | Cash capital increase of NT\$51,550 thousand | No | Note 5 |
| April 2011 | 20 | 100,000 | 1,000,000 | 59,278 | 592,780 | Cash capital increase of NT\$135,630 thousand | No | Note 6 |
| August 2011 | 20 | 100,000 | 1,000,000 | 65,278 | 652,780 | Cash capital increase of NT\$60,000 thousand | No | Note 7 |
| November 2013 | 30 | 100,000 | 1,000,000 | 85,278 | 852,780 | Cash capital increase of NT\$200,000 thousand | No | Note 8 |
| August 2018 | 94.80 | 100,000 | 1,000,000 | 96,678 | 966,780 | Cash capital increase of NT\$114,000 thousand | No | Note 9 |
| September 2020 | 10 | 300,000 | 3,000,000 | 94,178 | 941,780 | Capital reduction of NT\$25,000 thousand due to cancellation of treasury shares | No | Note 10 |
| April 2023 | 10 | 300,000 | 3,000,000 | 95,105 | 951,048 | Conversion of convertible bonds of \$9,268 thousand | No | Note 11 |
| June 2023 | 10 | 300,000 | 3,000,000 | 95,159 | 951,588 | Conversion of convertible bonds of \$540 thousand | No | Note 12 |
| November 2024 | 10 | 300,000 | 3,000,000 | 99,614 | 996,143 | Conversion of convertible bonds of \$44,555 thousand | No | Note 13 |
| April 2025 | 10 | 300,000 | 3,000,000 | 109,138 | 1,091,382 | Conversion of convertible bonds of \$95,239 thousand | No | Note 14 |
| June 2025 | 10 | 300,000 | 3,000,000 | 112,140 | 1,121,405 | Conversion of convertible bonds of \$30,023 thousand | No | Note 15 |

Note 1: Approved by the Taipei County Government 2010.07.09 Bei-Fu-Jing-Deng Zi No. 0993099554.

Note 2: Approved by the Taipei County Government 2010.09.14 Bei-Fu-Jing-Deng Zi No. 0993155038.

Note 3: Approved by the Taipei County Government 2010.10.14 Bei-Fu-Jing-Deng Zi No. 0993161605.

Note 4: Approved by the Taipei County Government 2010.12.13 Bei-Fu-Jing-Deng Zi No. 0993174559.

Note 5: Approved by the Taipei County Government 2011.01.03 Bei-Fu-Jing-Deng Zi No. 0993181001.

Note 6: Approved by Department of Commerce, MOEA 2011.04.29 Jing-Shou-Shang Zi No. 10001086670.

Note 7: Approved by Department of Commerce, MOEA 2011.08.03 Jing-Shou-Shang Zi No. 10001175700.

Note 8: Approved by Department of Commerce, MOEA 2013.11.13 Jing-Shou-Shang Zi No. 10201231420.

Note 9: Approved by Department of Commerce, MOEA 2018.08.21 Jing-Shou-Shang Zi No. 10701104540.

Note 10: Approved by Department of Commerce, MOEA 2020.09.29 Jing-Shou-Shang Zi No. 10901177260.

Note 11: Approved by the Department of Commerce, Ministry of Economic Affairs, Jing-Shou-Shang-Zi No. 11230091580 on 2023.05.31.

Note 12: Approved by the Department of Commerce, Ministry of Economic Affairs, Jing-Shou-Shang-Zi No. 11230166600 on 2023.08.29.

Note 13: Approved by Administration of Commerce, Ministry of Economic Affairs, Jing-Shou-Shang-Zi No. 11330206660 on 2024.11.28.

Note 14: Approved by Administration of Commerce, Ministry of Economic Affairs, Jing-Shou-Shang-Zi No. 11430042740 on 2025.05.17.

Note 15: As of June 6, 2025, the registration change had not yet been completed.

| Types of shares | Authorized Capital | | | Note |
|-----------------|---------------------------|-----------------|-------------|------|
| | Outstanding Shares (Note) | Unissued shares | Total | |
| Ordinary share | 112,140,457 | 187,859,543 | 300,000,000 | - |

Note: As of June 6, 2025, registration changes for 3,002,273 shares had not yet been completed.

Information related to shelf registration shares: None.

(II) List of major shareholders

April 28, 2025; unit: shares

| Name of major shareholders | Shares | Number of Shares Held | Percentage of shareholdings (%) |
|--|--------|-----------------------|---------------------------------|
| Ding Jie Investment Co., Ltd. | | 6,950,000 | 6.20% of face value |
| Te Yi Investment Co., Ltd. | | 5,735,000 | 5.11% of face value |
| Eminence Investment Corporation | | 3,144,000 | 2.80% of face value |
| Comtop Technology Co., Ltd. | | 3,001,303 | 2.68% of face value |
| Lee, Ching-Sheng | | 2,603,456 | 2.32% of face value |
| Te Chang Investment Co., Ltd. | | 2,190,000 | 1.95% of face value |
| Gains Investment Corporation (Note 2) | | 1,975,000 | 1.76% of face value |
| Fu Shan International Investment Co., Ltd. | | 1,496,599 | 1.33% of face value |
| Wang, Fu-Mei | | 1,474,478 | 1.31% of face value |
| Shen, Min-Hsun | | 1,295,000 | 1.15% of face value |

(III) Dividends policy and implementation status

1. Dividends policy specified in the Articles of Incorporation:

If the Company makes a profit in the year, it shall allocate at least 1% as remuneration to employees, which shall be distributed in shares or cash by resolution of the board of directors. The recipients of the payment may include employees of the controlling or subsidiaries. The remuneration to directors not more than 5% of the amount of the above-mentioned profit, shall be set aside by resolution of the Board of Directors. The proposal of the distribution of remuneration to employees and directors shall be reported in the shareholders' meeting.

However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate funds for the remuneration to employees and directors proportionally from the remaining amount based on the ratio indicated in the preceding paragraph.

Where the Company has earnings at the end of the fiscal year, the Company shall first pay all taxes, offset its losses in the precious years and set aside a legal capital reserve at 10% of the net profit, which may be exempted when the accumulated legal capital reserve is

equal the paid-in capital of the Company. Then set aside or reverse special capital reserve in accordance with operational demand of the Company and relevant laws or regulations or the requirements of the competent authority. Where there are still remaining earnings, the Board of Directors may propose the distribution of the remaining earnings plus the undistributed earnings of the previous years in the earnings distribution proposal for approval in the shareholders' meeting.

For the stability of the future business and long-term sound financial structure to generate the maximum profits for shareholders, the distribution of shareholders' bonus adopts cash and stock dividends balance policy. The dividends shall not be less than 10% of the distributable earnings in the current year. However, where the accumulated distributable earnings is less than 10% of the paid-in capital, the Company may transfer them into retained earnings and choose not to distribute dividends. During the earnings distribution, the dividends paid in cash shall not be less than 10% of the total dividends distributed in the current year.

2. Implementation status

The 2024 loss make-up table proposed by the Board of Directors on March 11, 2025 is as follows:

TBI Motion Technology Co., Ltd. Deficit Compensation Statement 2024

| | | Unit: NTD \$ |
|--|----|----------------|
| Undistributed earnings at the beginning of the period | \$ | 360,884,707 |
| Current for 2024 | | (486,651,780) |
| Losses to be made up | | (125,767,073) |
| The legal reserve was used to offset deficits in 2024. | | 125,767,073 |
| Unappropriated retained earnings | \$ | - |

(IV) Impact of proposed stock dividends on the Company's business performance and earnings per share.

Not applicable, as no stock dividend or employee stock dividends were distributed in 2024.
Impact of proposed stock dividends on the Company's business performance and earnings per share: not applicable.

(V) Remuneration to employees and directors..

1. Employee and director remuneration prescribed by the Company's Articles of Incorporation:
 - (1) Employees' remuneration as at least one per cent.
 - (2) Directors' remuneration as no more than five percent.
2. The basis for estimating the amount of remuneration to employees and directors, for calculating the number of shares to be distributed as remuneration to employees and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If, after the end of the year, there is a material difference in the amount of distribution resolved by the Board of Directors, the difference is used to adjust the expenses in the year in which the distribution was originally set aside. If the difference occurs after the financial report announcing date in the next year, it will be treated according to the change in accounting estimates and will be adjusted and recorded in the next year.

3. Distribution of remuneration approved by the Board of Directors:
 - (1) Amount of remuneration to employees and directors paid in cash:

As there was no profit in 2024, no remuneration to employees and directors was appropriated. The actual distribution amount was both NT\$0.
 - (2) The amount of any employees' remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports financial reports for the current period and total remuneration to employees: Not applicable, as no appropriation was made in the previous year.
4. Actual distribution of remuneration to employees and directors in the previous year: Not applicable, as no appropriation was made in the previous year.

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

II. Corporate bonds:

(I) Information of corporate bonds

| | | |
|---|---|---|
| Type of corporate bond | 1st domestic secured convertible bond | 2nd domestic unsecured convertible bond |
| Issuance (process) date | 2022/10/24 | 2022/12/12 |
| Face value | NT\$ 100,000 | NT\$ 100,000 |
| Issuing Price | Issuance at face value | Issued at face value |
| Total amount | NT\$ 500,000,000 | NT\$ 300,000,000 |
| Interest rate | Coupon rate: 0% | Coupon rate: 0% |
| Term | 3-years Maturity date: 2025/10/24 | 3-years Maturity date: 2025/12/12 |
| Guaranteeing institution | FIRST COMMERCIAL BANK | Not applicable. |
| Trustee | Taipei Fubon Commercial Bank Co., Ltd. | Taipei Fubon Commercial Bank Co., Ltd. |
| Underwriting Institution | KGI Securities | KGI Securities |
| Attorney-at-Law | Not applicable. | Not applicable. |
| Certified Public Accountant | Not applicable. | Not applicable. |
| Repayment method | Unless the bondholder converts to the Company's common stock, or the Company redeems it early, or repurchases the bond from securities dealers and cancels the bond, the Company shall make repayment in cash in one lump sum. | Unless the bondholder converts to the Company's common stock, or the Company redeems it early, or repurchases the bond from securities dealers and cancels the bond, the Company shall make repayment in cash in one lump sum. |
| Outstanding principal | NT\$ 94,400,000 | NT\$ 31,000,000 |
| Terms of redemption or early settlement | I. From the day following the expiration of three months after the issue date of these convertible corporate bonds (January 25, 2023) until the maturity date (October 24, 2025), except for (1) the common shares' book closure period as required by law; (2) 15 business days prior to the date of suspension of transfer of shares, the date of book closure for cash dividends, or the closure of transfer of capital increase in cash | I. From the day following the expiration of three months after the issue date of these convertible corporate bonds (March 13, 2023) until the maturity date (December 12, 2025), except for (1) the common shares' book closure period as required by law; (2) 15 business days prior to the date of suspension of transfer of shares, the date of book closure for cash dividends, or the closure of |

| | | |
|--|---|--|
| | <p>up till the base date of distribution; (3) capital reduction from the base date of the capital reduction to the one day prior to the trading day for the capital reduction, and (4) the date for suspension of change to face value of shares up to one day prior to the trading commencement date for new share conversion, shareholders may issue shares through their brokers at any time to inform the stock affairs agency of the Taiwan Depository & Clearing Corporation Limited to request the conversion of bonds held into the Company's common shares.</p> <p>II. The period from the day following the expiration of three months after the issuance of the convertible corporate bonds (January 25, 2023) to forty days prior to the expiry date of the issuance (September 15, 2025), if the closing price of the common shares exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send a copy of the "Notice of 30-day-old Bond Call" by registered mail within 30 business days (the aforesaid period shall be calculated from the date the Company issues the letter and the expiry date of the said period shall be the record date of bond call, and shall not be the period</p> | <p>transfer of capital increase in cash up till the base date of distribution; (3) capital reduction from the base date of the capital reduction to the one day prior to the trading day for the capital reduction, and (4) the date for suspension of change to face value of shares up to one day prior to the trading commencement date for new share conversion, shareholders may issue shares through their brokers at any time to inform the stock affairs agency of the Taiwan Depository & Clearing Corporation Limited to request the conversion of bonds held into the Company's common shares according to this regulation.</p> <p>II. The period from the day following the expiration of three months after the issuance of the convertible corporate bonds (March 13, 2023) to forty days prior to the expiry date of the issuance (November 2, 2025), if the closing price of the common shares exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send a copy of the "Notice of 30-day-old Bond Call" by registered mail within 30 business days (the aforesaid period shall be calculated from the date the Company issues the letter and the expiry date of the said period</p> |
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| | | |
|--|--|---|
| | <p>for suspension of conversion of convertible corporate bonds) to the bond holders (based on the roster of bondholders on the 5th business day prior to the date of dispatch of the letter; for bondholders who acquire the convertible bonds for trading or for other reasons after that date, the announcement shall be used) and the redemption price is determined at the face value of this convertible corporate bond, and all bonds were recovered in cash, and an announcement was made in writing to the Taipei Exchange. When executing the call, the Company shall redeem the outstanding convertible bonds at the face value of the bonds within five business days after the record date.</p> <p>III. The period from the day following the expiration of three months after the issuance of the convertible corporate bonds (January 25, 2023) to forty days prior to the expiry date of the issuance (September 15, 2025), if the outstanding balance of the convertible corporate bonds is less than 10% of the total face value of the original issuance, the Company may at any time thereafter send a copy of the "Notice of 30-day-old Bond Call" by registered mail (the aforesaid period shall be calculated from the date the Company issues the</p> | <p>shall be the record date of bond call, and shall not be the period for suspension of conversion of convertible corporate bonds) to the bond holders (based on the roster of bondholders on the 5th business day prior to the date of dispatch of the letter; for bondholders who acquire the convertible bonds for trading or for other reasons after that date, the announcement shall be used) and the redemption price is determined at the face value of this convertible corporate bond, and all bonds were recovered in cash, and an announcement was made in writing to the Taipei Exchange. When executing the call, the Company shall redeem the outstanding convertible bonds at the face value of the bonds within five business days after the record date.</p> <p>III. The period from the day following the expiration of three months after the issuance of the convertible corporate bonds (March 13, 2023) to forty days prior to the expiry date of the issuance (November 2, 2025), if the outstanding balance of the convertible corporate bonds is less than 10% of the total face value of the original issuance, the Company may at any time thereafter send a copy of the "Notice of 30-day-old Bond Call" by registered mail (the</p> |
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| | | |
|--|--|--|
| | <p>letter, and the expiry date of the said period shall be the record date of bond call and shall not be the period for suspension of conversion of convertible corporate bonds) to the bond holders (based on the roster of bondholders on the 5th business day prior to the date of dispatch of the letter; for bondholders who acquire the convertible bonds for trading or for other reasons after that date, the announcement shall be used), and the redemption price is determined at the face value of this convertible corporate bond and the convertible bonds of the bondholders were recovered in cash, and an announcement was made in writing to the Taipei Exchange. When the Company executes the redemption request, the Company shall recover the convertible bonds of the bondholders at the face value of the bonds in cash within five business days after the base date of the recovery of the bonds.</p> <p>IV. If the bondholders fail to respond in writing to the Company's stock affairs agent before the record date of bond call as stated in the "Bond Call Notice" (effective immediately upon delivery; the postmark date shall be used as the basis); the Company shall recover the bonds of the bondholders in cash at the face value within five business</p> | <p>aforesaid period shall be calculated from the date the Company issues the letter, and the expiry date of the said period shall be the record date of bond call and shall not be the period for suspension of conversion of convertible corporate bonds) to the bond holders (based on the roster of bondholders on the 5th business day prior to the date of dispatch of the letter; for bondholders who acquire the convertible bonds for trading or for other reasons after that date, the announcement shall be used), and the redemption price is determined at the face value of this convertible corporate bond and the convertible bonds of the bondholders were recovered in cash, and an announcement was made in writing to the Taipei Exchange. When the Company executes the redemption request, the Company shall recover the convertible bonds of the bondholders at the face value of the bonds in cash within five business days after the base date of the recovery of the bonds.</p> <p>IV. If the bondholders fail to respond in writing to the Company's stock affairs agent before the record date of bond call as stated in the "Bond Call Notice" (effective immediately upon delivery; the postmark date shall be used as the basis); the</p> |
|--|--|--|

| | | | |
|---|--|--|--|
| | | <p>days after the record date.</p> <p>V. If the Company executes the recall request, the deadline for the bondholders to request the conversion is the second business day after the day on which the over-the-counter trading of the convertible corporate bonds is terminated.</p> | <p>Company shall recover the bonds of the bondholders in cash at the face value within five business days after the record date.</p> <p>V. If the Company executes the recall request, the deadline for the bondholders to request the conversion is the second business day after the day on which the over-the-counter trading of the convertible corporate bonds is terminated.</p> |
| Restriction Clause | | No | No |
| Name of credit rating agency, date of rating and result of corporate bond rating | | No | No |
| Additional rights | Amount that has been converted to common shares, overseas depository receipts or other marketable securities as of the date of the annual report | Amount of ordinary shares converted: NT\$ 405,600,000 | Amount of ordinary shares converted: NT\$ 269,000,000 |
| | Issuance and Conversion Regulations | For details, please visit MOPS - Investment Section - Credit Section | For details, please visit MOPS - Investment Section - Credit Section |
| Possible dilution of shareholding by the regulations and conditions of issuance, conversion, exchange or subscription and impact on existing shareholders' equity | | If all the domestic secured convertible bonds issued this time are converted this year, the capital dilution ratio will be about 2.12%. | If all the domestic unsecured convertible corporate bonds were converted this year, the capital dilution ratio would be about 0.77%. |
| Name of custodian for exchange object | | Not applicable. | Not applicable. |

(II) Information on convertible corporate bonds

| Type of corporate bond | | 1st domestic secured convertible bond | | 2nd domestic unsecured convertible bond | |
|---|---------|--|-----------------------------|---|-----------------------------|
| Item | Year | 2024 | Current year up to April 28 | 2024 | Current year up to April 28 |
| | | | | | |
| Market price of convertible bonds | Highest | NT\$166.00 | NT\$164.00 | NT\$176.00 | NT\$171.00 |
| | Lowest | NT\$103.95 | NT\$106.00 | NT\$101.25 | NT\$155.00 |
| | Average | NT\$124.08 | NT\$139.50 | NT\$126.73 | NT\$164.44 |
| Conversion price | | NT\$38.9 | NT\$38.9 | NT\$35.5 | NT\$35.5 |
| Issued (process) date and conversion price at the time of issue | | Issued on October 24, 2022, T NT\$40.5 | | Issued on December 12, 2022, at NT\$37 | |
| Method of performing the conversion obligation | | Issuance of new shares | | Issuance of new shares | |

(III) Information on exchangeable corporate bonds: None.

(IV) Information on shelf registration for issuance of corporate bonds: None.

(V) Information on corporate bonds with warrants: None.

III. Preferred shares: None.

IV. Global depositary receipts: None.

V. Employee share subscription warrants: None.

VI. New restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital allocation plans:

As of the date of publication of the annual report, the Company had not issued or completed any private placement of securities in the most recent three years. The planned benefits have not yet been shown.

Four. Business Overview

I. Business description

(I) Business scope

1. Major lines of business: Producing and selling ball screws, linear guides, ball splines, and other products.
2. Business weights

Unit: NT\$ thousand

| Product | 2024 | | 2023 | |
|--------------|-----------|-----------------------|-----------|-----------------------|
| | Amount | % | Amount | % |
| Ball Screw | 1,463,095 | 63.77% of face value | 1,664,486 | 64.74% of face value |
| Linear Guide | 702,155 | 30.60% of face value | 737,874 | 28.70% of face value |
| Ball Spline | 114,420 | 4.99% of face value | 138,212 | 5.37% of face value |
| Others | 14,611 | 0.64% of face value | 30,622 | 1.19% of face value |
| Total | 2,294,281 | 100.00% of face value | 2,571,194 | 100.00% of face value |

3. Current products (services)
 - (1) Ball Screw
 - (2) Linear Guide
 - (3) Ball Spline
 - (4) Rotary Series
 - (5) Single Axis Actuator
 - (6) Others (linear ball bearing, coupling, fixed/floated sides, etc.)
4. New products planned for development
 - (1) Roller linear rail
 - (2) Roller screw
 - (3) Lightweight rotary spline shaft
 - (4) U-Rail 5 type
 - (5) Bidirectional single-axis actuator

(II) Industry overview

1. Current status and development of the industry

Transmission components play an important role in modern machinery and equipment, and forms a core mechanism with motors to generate power and movement control. Whether in high-tech semiconductor manufacturing equipment, precision machine tools, automated production lines, automotive electronic systems, or even medical instruments and robotic devices, the applications of transmission components can be found in virtually any device that involves precision motion and linear actuation.

The functions of transmission component mainly include linear movement, rotary movement, heavy load bearing and positioning control, which are the foundations of modern automation and mechanical engineering. Although they are “small” components, transmission components play an indispensable role as a screw in the overall system. Therefore, how to develop from “small and useful” and “small and precise” to “small and refined” has become the key to improve the efficiency of overall manufacturing equipment.

In recent years, sectors across the world has been promoting smart manufacturing and digital transformation, and the role of components has also been upgraded to become the "point of contact" for the digital transformation of smart equipment. Through the introduction of built-in sensing, data analysis, intelligent monitoring and other functions, transmission components have been transformed from passive mechanisms to intelligent control nodes, further assisting enterprises to move towards Industry 4.0.

At the same time, under the pressure of the global net-zero carbon emission target, transmission components have also assumed the responsibility of optimizing energy efficiency and reducing carbon footprint. For example, smart ball screws can reduce lubricant consumption and machine downtime, promote energy saving and carbon reduction through digital means, and accelerate the process of corporate low-carbon transformation.

2. Links between the upstream, midstream and downstream segments of the industry

Upstream segment: raw material supply - alloy steel, stainless steel, high carbon steel.

Processing - cold drawing, forging, heat treatment, precision cutting processing.

Processed material supply - precision ball, roller, precision plastic injection mold.

Midstream segment: precision power transmission components manufacturing, linear guides, ball screws, ball splines, linear motion robotics.

Supporting segment: mold designing and manufacturing, specialized processing machines, controller, drive.

Downstream segment: IC industry equipment, TFT-LCD industry equipment, biotech and medicare industry equipment, connector industry equipment, PCB, FPC, motor vehicle and aerospace industry equipment, optical product industry equipment, automated special equipment industry and others, IT (hardware), home appliance, mold factory, mobile phone and tooling equipment industry, passive component industry equipment, green energy and energy saving industry, and hardware agency related industry.

3. Development trends and competition for the company's products

(1) Development trends

Our linear guides, ball screws and ball splines are parts and components that are used in machinery, tools, and production support equipment for the downstream

automation industry.

With the invention of various precision mechanical equipment and the advancement of information technology, the manufacturing industries have introduced a variety of automated production equipment in the past 60 years in the replacement of a large number of manpower requirements and improve production efficiency and product quality, thus driving the development of the linear power transmission component industry. In recent years, the global manufacturing industry has invested in the transformation and upgrading of smart manufacturing. They are actively introducing various new technologies to upgrade traditional automated equipment and production lines into smart factories. The related equipment requires a certain degree of speed, precision and compounding. Therefore, the future development trend of the linear motion products is not only to improve accuracy, speed and quality but also to make modular designs to meet the demands of downstream equipment.

(2) Competition

The Company operates in the precision linear power transmission industry which is highly technology- and capital-intensive and has long been dominated by advanced industrial countries such as Japan, Germany, the United States and Switzerland. The main international manufacturers are THK, NSK, IKO, NB, TSUBAKI and UNION in Japan; Bosch Rexroth, INA and NEFF in Germany; THOMSON in the United States; Schneeberger in Switzerland and SKF in Sweden, etc. In the face of the technical resources and brand names accumulated over the years by large foreign manufacturers, it is not easy for the Company to gain an obvious advantage. Major domestic competitors are HIWIN, PMI, CPC, etc., among which HIWIN has become a major transmission component manufacturer in the world and has diversified into automated equipment production and system integration. CPC's main products are linear motors and miniature rails, which are differentiated from other manufacturers' products. The Company's main products are similar to those of PMI. However, since incorporation, the Company has been targeting the market of automation equipment, so our ball screws are mainly in the form of rolled screws, which is mostly of standard specifications and we can stock it in advance and produce it faster to meet the demands of a shorter delivery time.

(III) Technologies and R&D overview

1. Technology level and R&D of the business

Our main technical team has more than 30 years of experience in the manufacturing

and R&D of linear motion products. The target market of our products is the automation market. The main focus of our ball screw is to develop the rolling process. The Company designs our own tooling for turning screws and can modify the tooling to meet production requirements to achieve stable production quality. At present, we are able to produce precision-grade adapter screw products.

2. R&D personnel and their educational background

| Year | | 2023 | | 2024 | | April 30, 2025 | |
|-----------------------------------|----------------------|------------------|------------|------------------|------------|------------------|------------|
| Education | | Number of people | Percentage | Number of people | Percentage | Number of people | Percentage |
| Education Background Distribution | Master's | 9 | 16.98 | 11 | 22.00 | 11 | 22.00 |
| | University (college) | 33 | 62.27 | 26 | 52.00 | 25 | 50.00 |
| | High School | 11 | 20.75 | 13 | 26.00 | 14 | 28.00 |
| | Total | 53 | 100.00 | 50 | 100.00 | 50 | 100.00 |
| Average years of service (years) | | 6.85 | | 7.31 | | 7.54 | |

3. R&D expenses for each of the most recent five years

Unit: NT\$ thousand

| Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| R&D expenses (A) | 82,511 | 87,378 | 86,749 | 83,811 | 81,085 |
| Net operating revenue (B) | 2,740,221 | 3,285,319 | 3,374,243 | 2,571,194 | 2,294,281 |
| R&D expenses as a percentage of operating revenues (A/B) | 3.01% of face value | 2.66% of face value | 2.57% of face value | 3.26% of face value | 3.53% of face value |

4. Technology or products developed successfully in the most recent five years

| Year | R&D Results |
|------|--|
| 2020 | 1. Low-noise ball chain rail assembly series products 2. Low-noise roller chain rail assembly series products |
| 2021 | 1. TH miniature rail assembly series |
| 2022 | 1. Ground ball spline series products 2. J bolt nut series products. |

| Year | R&D Results |
|------|---|
| 2023 | 1. Micro linear guide |
| 2024 | 1. High-speed reinforced silent and dust-proof ball screw 2. Reinforced anti-dust ball spline sets |

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

1. Short-term development plan

The Company focuses on the automation market, and the nut is our most competitive product. In the short term, we will focus on developing our nut production capacity. In terms of research and development, we will develop specifications and functions for the automation market to strengthen our most competitive products and enhance our brand value.

2. Long- and short-term business development plans

We will drive sales of linear rail products and other products through distribution of screws and nuts as well as continue to develop a distribution system with processing capabilities in order to deepen our customer service and enhance customer adhesion.

II. Market, production and sales at a glance

(I) Market analysis

1. Sales (provision) of major goods (services) by region

Unit: NT\$ thousand; %

| Year Sales Region | | 2024 | | 2023 | |
|----------------------|----------|-----------|-----------------------|-----------|-----------------------|
| | | Amount | Ratio | Amount | Ratio |
| Export | Europe | 89,941 | 3.92% of face value | 115,191 | 4.48% of face value |
| | Asia | 2,026,922 | 88.35% of face value | 2,104,721 | 81.86% of face value |
| | Others | 39,334 | 1.71% of face value | 92,455 | 3.59% of face value |
| | Subtotal | 2,156,197 | 93.98% of face value | 2,312,367 | 89.93% of face value |
| Domestic sales | | 138,084 | 6.02% of face value | 258,827 | 10.07% of face value |
| Total | | 2,294,281 | 100.00% of face value | 2,571,194 | 100.00% of face value |

2. Market share

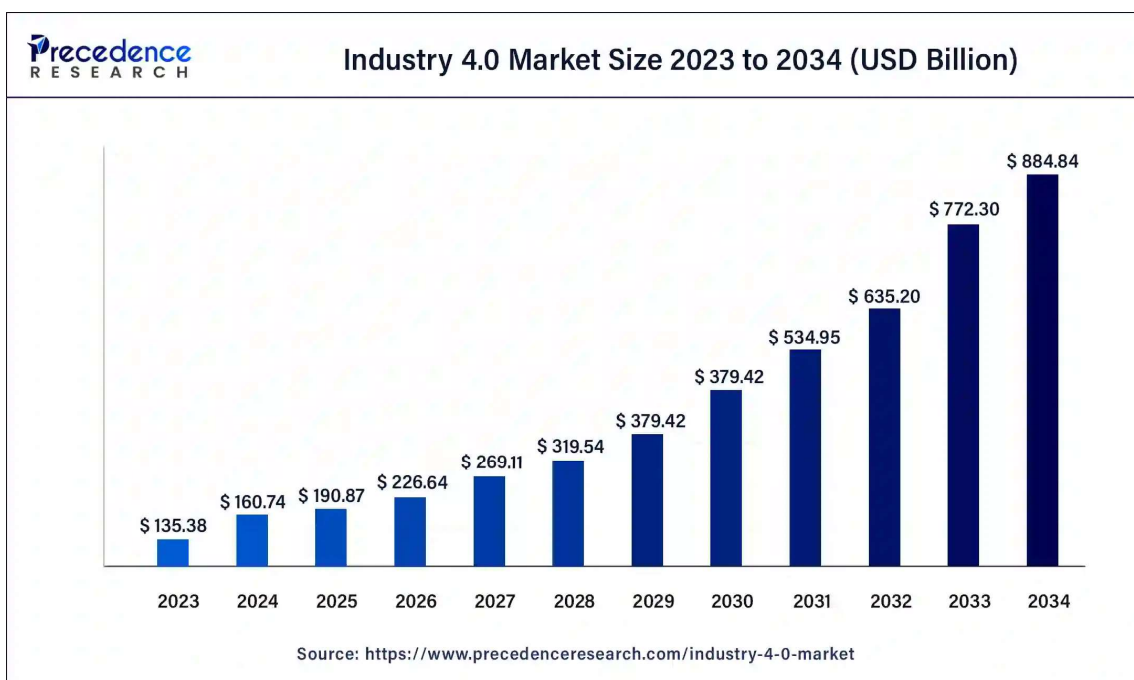
In 2024, the Company's revenue from ball screws and linear guides were NT\$1,463,095 thousand and NT\$702,155 thousand, respectively, accounting for 63.77% and 30.60% of the operating income. According to the product statistics of the Industrial Production, Shipment and Inventory Survey by the Department of Statistics, Ministry of Economic Affairs, the sales value of ball screws and linear guides for 2024 was NT\$7,208,831 thousand and NT\$18,887,289 thousand, respectively. Based on our estimated revenue of each product in 2024, the market share of the Company's ball screw and linear guide would be 20.30% and

3.72%, respectively.

3. Market demand and supply conditions for the market in the future and the growth potential

Under the long-term development, there are a number of linear guide and ball screw manufacturers globally, and the industry competition is fierce. In recent years, the China government has promoted an import substitution policy for the machinery equipment industry in order to enhance the equipment's self-reliant rate and support local industry players. The support of government policy and domestic demand have been driving the power transmission component industry to grow rapidly. Although most of them still produce low-priced products, the large number of products introduced into the market will still have an impact on the overall market. In 2016, the "13th Five-Year Plan for Quality Control in the Machinery Industry" set the main policy to comprehensively improve the quality of products and quality control standards in the machinery industry. With the improvement of product quality and technology of Chinese manufacturers, it will have an impact on the existing manufacturers in the future, and the competition in the industry will become more fierce.

However, with major industrial countries launching industrial upgrading policies and actively developing smart factories, smart production has become a trend for the future development of the manufacturing industry. In terms of hardware, to be in line with the development of relevant software and IoT technology, the demand for high-efficiency, high-precision, high-customization and smart automation equipment such as industrial robots will also increase, which will drive the growth of key components such as linear motion products. According to Precedence Research's future market forecast, the industrial automation market is estimated to reach nearly US\$190.87 billion in 2025 and will continue to grow annually to reach nearly US\$884.84 billion in 2034, with a GAGR of 18.6%.



4. Competitive niche

(1) Diversified products and complete specifications

The Company's main products include linear guide, ball screw, and ball spline which are key parts and components for machinery equipment. Depending on the customer's requirements and purposes, the product specifications and properties may vary. Our standard linear rail size covers 15mm~65mm, and we can also provide 7mm~15mm miniature rail. For the block, there are two types of choices with flanges or without flanges to choose from and relevant accessories can be added according to the needs of dust prevention and lubrication. Our ball screws mainly focus on the rotary series, the standard specification is 6mm ~ 80mm, as well as 4mm ~ 160mm for ground series screws. As for the nuts, they are divided into internal circulation, external circulation and end-cap circulation and can be selected with or without flange; The standard ball spline has an outer diameter of 6mm~50mm and can be used with a solid shaft or a hollow shaft, while the outer barrel of the spline is available in cylindrical, round flange type, flange type and reinforced dustproof flange type. We also developed the single axis actuator products. We have complete product lines and specifications that provide customers with a complete solution to meet their one-stop shopping needs.

(2) Professional business operation

Being a precision component supplier of linear power transmission components, since incorporation, the Company has focused our resources on the manufacturing and development of linear motion products such as ball screws,

linear guides and ball splines and have adopted a cooperative development model with our customers to achieve the goals of professional production and mutual benefits.

(3) Proficient in the production technology of rolled screws

The Company has the advantage in rolling process for our ball screw products. Generally speaking, the precision of the rolled screws is lower than that of the ground screws. However, we are proficient in the rolling process and now capable of mass production of precision rolled screws. We can provide customer with high price-performance ratio products within a shorter delivery time.

(4) Competitive delivery time and price

The main focus of our ball screw is to develop the rolling process. The rolled screw has the characteristics of faster production, mass production, and lower cost. Besides, except for the custom production of ground screws, our linear guides, rolled ball screws and ball splines are mostly standard type products. These products are highly compatible with each other and can be shipped according to customer's requirements, and are fast enough to meet customer's needs for delivery and cost.

5. Positive and negative factors for future development and countermeasures

(1) Positive factors:

- A High entry barrier: the linear transmission industry is a capital- and technology-intensive industry, which requires strong capital to achieve economies of scale and because the market is mature and international manufacturers have a large number of product patents, the launch of new products depends on long-term investment in product development and production technology. Without solid technology backing, only lower-tier products can be produced, and patent applications are required to avoid product infringement, so it is generally not easy for new manufacturers to enter.
- B Trend of automation development: The development of smart factories is the future trend of the global manufacturing industry. Our linear motion products are mainly aimed on key parts and components for automation equipment. The industry's upgrading to highly automated and intelligent equipment will drive the demand for transmission components, which will help the sales of the Company's products
- C Technical team and certifications: our technical team has many years of experience in designing linear motion products and, based on production technology, we have an Engineering Department that can develop specialized production machines to meet the needs of our production processes in order to

master production technology and have obtained a number of quality certifications. In addition, our ball screw products are mainly made by the rolling process. With the same precision, the production cost is lower and the production time is shorter, so we can provide customers with more cost-effective products in a short period of time.

(2) Negative factors and countermeasures

A Not easy to obtain, cultivate talent

Countermeasures: the Company's main technologies are self-developed, so we have an internal training mechanism. In the future, we will not only enhance the industry-academic collaboration to train young talents to put their learning into practice but also improve our benefits system to attract and retain good talents.

B The market is dominated by price competition

Countermeasures: the Company mainly produces rolled products which are more competitive in terms of delivery time and price compared to ground products. Besides, in terms of product R&D, the Company continues to develop products for niche markets, such as ball spline products that have been launched mainly for the medical industry. Since the demand in niche markets is relatively small, it is not easy to attract a large number of competitors to invest in the development, so the gross profit is relatively high, which can reduce the impact of price competition in the industry.

C Rising labor cost

Countermeasures: we have started to automate some of our production processes. At present, the production of nuts has started to use robotic arms to feed. This will not only share the manpower demand but also eliminate the need to wait for pausing the machine to load and unload the material, which will help to increase the production capacity steadily. The rest of the production line has also started to develop an automation upgrade plan. Based on the evaluation results, we will draw up a production line upgrade plan to develop an automated production system to improve production efficiency and save labor costs.

(II) Usage and manufacturing processes for main products

1. Usage of main products

The Company produces key components for equipment. Our products have a wide range of applications, covering the automation industry, industrial equipment, semi-conductor industry, robot industry, machine tools, solar equipment, medical industry, parking equipment, etc.

2. Production process

(1) Rolled screw processing process

Raw material→Feed inspection→Centerless grinding→Inspection→Thread rolling→Contour measurement→Heat treatment→Slurry polishing→Pad polishing→Classification→Packaging→Stocking

(2) Finished screw processing process

Raw material→Feed inspection→Cutting→Polishing→Straightening→Trimming head and tail→Center hole drilling→Straightening→External grinding→Inspection→Internal grinding→Metal polishing→Measurement→Matching→OQC→Packaging→Shipping

(3) Nut processing process

Raw material→Incoming→Inspection→Turning→Milling→Drilling→Inspection→thread cutting→Inspection→Heat treatment→inspection→External grinding→internal grinding→inspection→Laser tag→WIP inventory

(4) Block processing process

Raw material processing→IQC inspection I→Heat treatment→IQC inspection II→Substrate surface grinding→Form grinding→Glueing→Metal polishing→Assembly→OQC inspection III→Packaging→Shipping

(5) Linear guide rail processing process

Raw material incoming→IQC inspection I→Heat treatment→Twist and calibration→Drilling→Twist and calibration→Substrate surface grinding→Form grinding→Twist and calibration→OQC inspection II→Packaging→Shipping

(III) Supply situation for major raw materials

| Major raw materials | Major suppliers | Supply Situation |
|---------------------|--|------------------|
| For screws | China Steel, June Lai Metal, Gloria Material | Good |
| Nut materials | Egret, Leadbank, and Chun Yuan | Good |
| For rails | June Lai Metal, Formosa Steel | Good |
| For blocks | Giant Young Machinery Component Parts | Good |

(IV) List of major suppliers and customers

1. Clients accounting for ten percent or more of the Company's total sales amount in either of the two most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each and an explanation of the reason for increases or decreases in the above figures.

Unit: NT\$ thousand

| 2024 | | | | 2023 | | | |
|----------------|-----------|-----------------------------|----------------------|----------------|-----------|-----------------------------|----------------------|
| Business Title | Amount | Percentage of Net Sales (%) | Relation with Issuer | Business Title | Amount | Percentage of Net Sales (%) | Relation with Issuer |
| A | 648,147 | 28.25% of face value | No | D | 506,669 | 19.71% of face value | No |
| B | 323,122 | 14.08% of face value | No | B | 334,230 | 13.00% of face value | No |
| C | 228,676 | 9.97% of face value | No | A | 315,264 | 12.26% of face value | No |
| Others | 1,094,336 | 47.70% of face value | | E | 253,295 | 9.85% of face value | No |
| | | | | Others | 1,161,736 | 45.18% of face value | |
| Net sales | 2,294,281 | 100.00% of face value | | Net sales | 2,571,194 | 100.00% of face value | |

Reason for increase or decrease: Due to the unstable Taiwan Strait situation, coupled with China's announcement to terminate the Economic Cooperation Framework Agreement ("ECFA"), leading to an increase in tariffs on the importation of key components for tooling agencies into China, the original gap in manufacturing costs has widened, weakening the Group's competitiveness in the China market. Given this, the Company will actively expand the market in China, gradually implement the localization of production lines and R&D capabilities, in order to meet the expectations of customers for localized suppliers. In addition, the Company will actively extend the markets in Europe, Americas, Japan and the ASEAN region to boost the Company's overall profitability.

2. Suppliers accounting for ten percent or more of the Company's total purchase amount in either of the two most recent fiscal years, the amounts bought from each, the percentage of total purchase accounted for by each

Unit: NT\$ thousand

| 2024 | | | | 2023 | | | |
|----------------|---------|--------------------------------|----------------------|----------------|-----------|--------------------------------|----------------------|
| Business Title | Amount | Percentage of Net Purchase (%) | Relation with Issuer | Business Title | Amount | Percentage of Net Purchase (%) | Relation with Issuer |
| A | 83,720 | 17.76% of face value | No | C | 135,370 | 12.43% of face value | No |
| B | 50,922 | 10.80% of face value | No | | | | |
| C | 50,101 | 10.63% of face value | No | | | | |
| Others | 286,574 | 60.81% of face value | | | | | |
| | | | | Others | 953,319 | 87.57% of face value | |
| Net sales | 471,317 | 100.00% of face value | | Net sales | 1,088,689 | 100.00% of face value | |

Reason for increase or decrease: The decline in revenue was due to the impact of the economy in the current year, resulting in a decrease in the purchase amount from the same period of last year.

III. Number of employees employed for the two most recent fiscal years and during the current fiscal year up to the publication date of the annual report

Unit: people

| Year | | 2023 | 2024 | April 30, 2025 |
|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| Number of employees | Direct and indirect personnel | 702 | 631 | 763 |
| | Management personnel | 108 | 86 | 86 |
| | Sales personnel | 17 | 14 | 12 |
| | R&D personnel | 53 | 50 | 50 |
| | Total | 880 | 781 | 911 |
| Average Age | | 40.44 | 35.14 | 35.07 |
| Average years of service (years) | | 5.33 | 5.65 | 5.01 |
| Educational level percentages | PhD | - | - | - |
| | Master's | 3.90% of face value | 5.80% of face value | 5.89% of face value |
| | University | 46.80% of face value | 52.01% of face value | 50.62% of face value |
| | High school | 44.30% of face value | 33.98% of face value | 34.98% of face value |
| | Middle school and below | 5.00% of face value | 8.21% of face value | 8.51% of face value |

Note: The table is based on the total number of employees employed by the Company at the end of each period, including dispatched workers.

IV. Disbursements for environmental protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report

publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions); disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. The Company did not suffer any losses or was penalized for polluting the environment during the most recent year and up to the publication date of the annual report.

V. Labor relations

(I) The Company's employee benefit plans, continuing education, training, retirement systems and the implementation status thereof, labor-management agreements, and measures for preserving employees' rights and interests:

1. Employee benefits

From the official date of employment, the Company's employees will be insured for labor and health insurance in accordance with the Labor Standards Act as well as additional employee group insurance. We also attach great importance to protecting the vocational safety of our employees by providing them with work uniforms and safety shoes. In addition, we have also established an Employee Welfare Committee, which, by regulations, appropriates and handles various benefits, such as annual festival gifts, wedding and funeral subsidies, scholarship subsidies for employees' children, congratulatory payments for childbirth, employee health checkups, lucky draws in yearend party.

2. Continuing education, training and the implementation status

The Company values the on-the-job training for employees and encourages employees to continue their education. In addition to new employee orientation, we actively organize various regular training courses within the company according to our functions and business needs or arrange external training. We also places great emphasis on industry-academe exchanges. Currently, we are working with the universities of science and technology on a "Dual Program" to jointly invest in the training of talents and provide students with favorable conditions for practicums. Moreover, we often invite students from vocational schools to visit the Company and production lines to provide students with diversified learning space and contribute to the cultivation of national talents.

3. Retirement system and its implementation

The Company has a defined contribution retirement plan in accordance with the Labor Pension Act. For employees who choose to adopt the "Labor Pension Act," the Company appropriates six percent of each employee's monthly wage as the pension fund and deposits

it to the individual labor pension accounts.

4. Labor-management agreements and measures for preserving employees' rights and interests

The Company values the harmony of labor relations. We protect the rights and interests of our employees in accordance with various laws and regulations and we have good interaction with our employees. The Company handles and protects the aforementioned rights and interests of employees well. We also take initiatives to add many employee benefit measures to retain a harmonic labor relations.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

Due to the difference in the amount of labor insurance premiums, there was a discrepancy in the amount of unemployment benefits and pension benefits applied for by employees, resulting in a labor-management dispute and arbitration case (New Taipei City Government Case No. 89981).

The case was again meditated in December 2024, and the Company paid NT\$397,500 for the settlement. The arbitration was established. (New Taipei City Government Case No.: 97981).

This case was not a result of the authority's ruling, and did not involve any violation of the "Labor Standards Act" or any administrative penalty. Therefore, there is disposition date or disposition reference number available for disclosure.

To prevent the recurrence of similar events, the Company has already reviewed its internal operating procedures. Once the underwriter has completed the insurance coverage, the unit head shall conduct the second review and confirmation to strengthen internal control and risk control.

There is currently no other relevant potential dispute, and no need to estimate or disclose the amount of losses that cannot be reasonably estimated.

- (III) The union has never proposed a negotiation of collective bargaining, and no collective bargaining has been signed.

VI. Cyber security management

(I) Cyber security risk management framework

1. Corporate Information Security Governance

In order to maintain information security, the Company has designated the VP of the

Information Technology Department as the Cyber Security Supervisor and the System Administrator of the Information Technology Department as the Cyber Security Executive, who are responsible for implementing Cyber security management planning, establishing and maintaining a cyber security management system and coordinating the formulation, implementation, risk management, and compliance inspection of cyber security and protection related policies. They are responsible to report to the board of directors once a year the cyber security management effectiveness and strategic direction.

2. Cyber security risks and countermeasures

the Company values cyber security and the internet risk prevention. We establish a sound multi-layer prevention system including the firewall, intrusion detection, anti-virus system, vulnerability scanning, and patch management, etc. and periodically engage cyber security companies to conduct the penetration tests to ensure continuous improvement of cyber security defenses.

(II) Cyber security policies

The Company's cyber security policies are to

1. Establish cyber security management rules in line with laws, regulations and customer needs.
2. Build a consensus on information security is everyone's responsibility through employees' awareness.
3. Protect the confidentiality, integrity and availability of company and customer information.
4. Establish a safe production environment to ensure the sustainability of our operation and with the three main axes of information security protection: anti-virus, anti-hack, and anti-leakage, we have established firewalls, intrusion detection, anti-virus systems and various internal control systems to enhance the company's ability to prevent external attacks and ensure internal confidential information protection.

(III) Specific management program

The Company attaches great importance to information security. To ensure the security of our confidential and personal information, we have management programs such as cyber security management measures, equipment management and disaster recovery :

1. Cyber security management measures: To ensure the security of information, system, equipment and networks and to protect users' rights, establish and implement a cyber security plan as follows:
 - (1) Different access rights are granted according to the user's function. If the user leaves or is rotated, the original privileges will be revoked.
 - (2) Regularly perform social engineering drills, conduct cyber security educational training,

- and announce and promote cyber security to raise employee awareness of cyber security.
- (3) Regularly perform network vulnerability scanning and penetration tests.
 - (4) Install anti-virus software.
 - (5) Put up a firewall.
 - (6) Prohibit the use of unauthorized and unknown software/hardware.
2. Equipment management:
- (1) Computer data and equipment are kept by a safekeeping unit/person.
 - (2) Erase all confidential, sensitive data and copyrighted software before a storage device is disposed of.
3. Disaster recovery: in the event of damage to information systems caused by natural disasters, human error or vandalism, a recovery mechanism is in place to quickly restore the system to normal operating levels. Take the necessary steps to ensure that resources, staff and business processes continue to operate in a timely manner to reduce the risk of data loss and shorten the recovery window. Conduct two disaster recovery drills each year to ensure that the data can be recovered and the system can be restored to normal operations.

(IV) Investments in resources for cyber security management

Cyber security is an important part of the Company's operations and the resources devoted to cyber security management are as follows:

1. Dedicated manpower: there is a dedicated supervisor and an executive member who are responsible for cyber security planning, technology introduction, and related auditing to maintain and continuously strengthen cyber security.
2. Educational training: all new employees have to complete the cyber security training course before taking office. All employees have to complete at least one cyber security training course per year and one social engineering phishing email test every six months.
3. Cyber security announcement: issue Cyber security announcements monthly to communicate important cyber security regulations and precautions.
4. In 2024, the Company invested in equipment such as scanning and penetration testing, network security equipment, anti-virus software and hardware, VPN and account authorization management systems.

(V) Significant cyber security incidents:

1. The Company did not have significant cyber security incidents that could cause business damage.
2. We will continue to implement our cyber security management policies and conduct regular recovery plan drills to protect the security of our critical systems and data and safeguard the

interests of our shareholders and investors.

VII. Important contracts

| Nature of Contract | Parties | Commencing and Ending Dates | Main Content | Restriction Clause |
|---|---|-----------------------------|-----------------------------|--------------------|
| Leases | Economic Development Department, New Taipei City Government | 2012.03.23~2032.03.22 | Land lease for Shulin Plant | (Note 1) |
| Non-current portion of non-current borrowings | Chang Hwa Bank | 2016.03.23~2031.03.23 | Secured loan | No |
| Non-current portion of non-current borrowings | Chang Hwa Bank | 2020.08.03-2027.07.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | Chang Hwa Bank | 2020.09.01-2027.07.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | Chang Hwa Bank | 2020.09.30-2027.07.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | Chang Hwa Bank | 2022.01.27 - 2042.01.27 | Secured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2016.12.01~2026.12.01 | Unsecured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2016.12.01~2031.12.01 | Secured loan | No |
| Non-current portion of non-current | E. Sun Bank | 2021.10.29~2031.10.15 | Unsecured loan | No |

| Nature of Contract | Parties | Commencing and Ending Dates | Main Content | Restriction Clause |
|---|-------------|-----------------------------|----------------|--------------------|
| borrowings | | | | |
| Non-current portion of non-current borrowings | E. Sun Bank | 2021.12.24~2031.10.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2022.01.03-2031.10.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2022.04.08-2031.10.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2022.05.25-2031.10.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | E. Sun Bank | 2022.10.07~2031.10.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | First Bank | 2016.03.29~2031.03.29 | Secured loan | No |
| Non-current portion of non-current borrowings | First Bank | 2021.05.20-2028.05.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | First Bank | 2023.08.02-2028.05.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | First Bank | 2024.12.24-2028.05.15 | Unsecured loan | No |

| Nature of Contract | Parties | Commencing and Ending Dates | Main Content | Restriction Clause |
|---|-------------------------|-----------------------------|----------------|--------------------|
| Non-current portion of non-current borrowings | Taiwan Cooperative Bank | 2016.06.29~2031.06.29 | Secured loan | No |
| Non-current portion of non-current borrowings | Taiwan Cooperative Bank | 2016.06.29~2031.06.29 | Secured loan | No |
| Non-current portion of non-current borrowings | Taiwan Cooperative Bank | 2020.07.01-2027.06.15 | Unsecured loan | No |
| Non-current portion of non-current borrowings | Bank of Shanghai | 2023.01.03-2025.01.03 | Unsecured loan | No |

Note 1: The lessee may not sub-let or transfer all or part of the leasehold rights to others; use it for purposes that violate the law or violate the purposes specified in the investment execution plan; request the establishment of superficies and apply for compensation from the lessor for this reason.

Five. Review and Analysis of the Financial Position and Financial Performance and the Risks Thereof

I. Financial position

(I) Consolidated (the Company and subsidiaries)

Unit: NT\$ thousand

| Item \ Year | 2024 | 2023 | Difference | |
|---|-----------|-----------|------------|----------------------|
| | | | Amount | % |
| Current assets | 3,382,222 | 4,086,030 | (703,808) | (17.22%) |
| Non-current financial assets at fair value through other comprehensive income | 88,918 | 94,594 | (5,676) | (6.00%) |
| Property, plant and equipment | 2,634,977 | 2,770,488 | (135,511) | (4.89%) |
| Right-of-use assets | 742,802 | 637,948 | 104,854 | 16.44% of face value |
| Intangible assets | 23,943 | 27,813 | (3,870) | (13.91%) |
| Other assets | 230,212 | 144,148 | 86,064 | 59.71% of face value |
| Total Assets | 7,103,074 | 7,761,021 | (657,947) | (8.48%) |
| Current liabilities | 1,565,677 | 1,382,977 | 182,700 | 13.21% of face value |
| Non-current liabilities | 2,257,816 | 3,118,607 | (860,791) | (27.60%) |
| Total Liabilities | 3,823,493 | 4,501,584 | (678,091) | (15.06%) |
| Equity attributable to owners of parent | 3,279,581 | 3,259,437 | 20,144 | 0.62% of face value |
| Share capital | 1,091,382 | 951,588 | 139,794 | 14.69% of face value |
| Capital surplus | 2,097,475 | 1,724,900 | 372,575 | 21.60% of face value |
| Retained earnings | 51,373 | 538,025 | (486,652) | (90.45%) |
| Other equity interest | 39,351 | 44,924 | (5,573) | (12.41%) |
| Total equity | 3,279,581 | 3,259,437 | 20,144 | 0.62% of face value |

An analysis of the changes with the percentage change of 20% or more and the amount change of NT\$10,000 thousand or more is as follows:

1. Increase in other assets: Mainly due to the increase in deferred income tax assets recognized for operating losses in the current year.
2. Decrease in non-current liabilities: Mainly due to the maturity of corporate bonds in 2025, and reclassification of current liabilities in accordance with the nature of the liabilities.
3. Increase in capital reserve: Mainly due to the conversion of convertible bonds by bondholders to stock options, and the amount of premium generated therefor.
4. Decrease in retained earnings: Mainly due to the operating loss of the current year.

(II) The Company

| Item \ Year | 2024 | 2023 | Difference | |
|--|-----------|-----------|------------|----------------------|
| | | | Amount | % |
| Current assets | 3,716,131 | 4,178,175 | (462,044) | (11.06%) |
| Non-current financial assets at fair value through other comprehensive income | 88,918 | 94,594 | (5,676) | (6.00%) |
| Property, plant and equipment | 2,588,199 | 2,728,434 | (140,235) | (5.14%) |
| Right-of-use assets | 717,202 | 634,115 | 83,087 | 13.10% of face value |
| Intangible assets | 23,529 | 26,930 | (3,401) | (12.63%) |
| Other assets | 262,701 | 251,574 | 11,127 | 4.42% of face value |
| Total Assets | 7,396,680 | 7,913,822 | (517,142) | (6.53%) |
| Current liabilities | 1,500,546 | 1,339,276 | 161,270 | 12.04% of face value |
| Non-current liabilities | 2,616,553 | 3,315,109 | (698,556) | (21.07%) |
| Total Liabilities | 4,117,099 | 4,654,385 | (537,286) | (11.54%) |
| Equity attributable to owners of parent | 3,279,581 | 3,259,437 | 20,144 | 0.62% of face value |
| Share capital | 1,091,382 | 951,588 | 139,794 | 14.69% of face value |
| Capital surplus | 2,097,475 | 1,724,900 | 372,575 | 21.60% of face value |
| Retained earnings | 51,373 | 538,025 | (486,652) | (90.45%) |
| Other equity interest | 39,351 | 44,924 | (5,573) | (12.41%) |
| Total equity | 3,279,581 | 3,259,437 | 20,144 | 0.62% of face value |
| An analysis of the changes with the percentage change of 20% or more and the amount change of NT\$10,000 thousand or more is as follows: | | | | |
| 1. Decrease in non-current liabilities: Mainly due to the maturity of corporate bonds in 2025, and reclassification of current liabilities in accordance with the nature of the liabilities. | | | | |
| 2. Increase in capital reserve: Mainly due to the conversion of convertible bonds by bondholders to stock options, and the amount of premium generated therefor. | | | | |
| 3. Decrease in retained earnings: Mainly due to the operating loss of the current year. | | | | |

II. financial performance

(I) Operating performance analysis

1. Consolidated (the Company and subsidiaries)

Unit: NT\$ thousand

| Item \ Year | 2024 | 2023 | Increase (decrease) amount | Change Percentage |
|---|-----------|-----------|-------------------------------|-----------------------|
| Operating revenue | 2,294,281 | 2,571,194 | (276,913) | (10.77%) |
| Operating costs | 2,419,392 | 2,153,100 | 266,292 | 12.37% of face value |
| Gross profit (loss) from operations | (125,111) | 418,094 | (543,205) | (129.92%) |
| Operating expenses | 511,603 | 488,986 | 22,617 | 4.63% of face value |
| Operating net profit (loss) | (636,714) | (70,892) | (565,822) | (798.15%) |
| Non-operating income and expenses | 72,882 | (76,903) | 149,785 | 194.77% of face value |
| Profit (loss) before tax | (563,832) | (147,795) | (416,037) | (281.50%) |
| Income tax benefit (expense) | 77,180 | 44,183 | 32,997 | 74.68% of face value |
| Net income (loss) of the period | (486,652) | (103,612) | (383,040) | (369.69%) |
| Other comprehensive income (after tax) | (5,573) | (2,611) | (2,962) | (113.44%) |
| Total comprehensive income | (492,225) | (106,223) | (386,002) | (363.39%) |
| An analysis of the changes with the percentage change of 20% or more and the amount change of NT\$10,000 thousand or more is as follows: | | | | |
| Decrease in gross profit (loss), net operating profit (loss), net income before tax, net income (loss), and total comprehensive income: Due to the decline in the market economy, resulting in the decrease in shipments this year. | | | | |
| Increase in non-operating income and expenses: Mainly due to exchange rate changes, and exchange gains arising from the current year. | | | | |
| Increase in income tax benefits: Mainly due to the Company's loss in the current year, recognized as loss carry forward deferred income tax assets. | | | | |

2. The Company

Unit: NT\$ thousand

| Item \ Year | 2024 | 2023 | Increase (decrease) amount | Change Percentage |
|---|-----------|-----------|----------------------------|-----------------------|
| Operating revenue | 1,137,666 | 2,958,659 | (1,820,993) | (61.55%) |
| Operating costs | 1,244,162 | 2,441,570 | (1,197,408) | (49.04%) |
| Gross profit (loss) from operations | (106,496) | 517,089 | (623,585) | (120.60%) |
| Unrealized loss (gain) from sales | 111,317 | (123,412) | 234,729 | 190.20% of face value |
| Net operating gross profit (loss) | 4,821 | 393,677 | (388,856) | (98.78%) |
| Operating expenses | 320,939 | 294,827 | 26,112 | 8.86% of face value |
| Operating net profit (loss) | (316,118) | 98,850 | (414,968) | (419.80%) |
| Non-operating income and expenses | (182,884) | (267,425) | 84,541 | 31.61% of face value |
| Profit (loss) before tax | (499,002) | (168,575) | (330,427) | (196.01%) |
| Income tax benefit (expense) | 12,350 | 64,963 | (52,613) | (80.99%) |
| Net income (loss) of the period | (486,652) | (103,612) | (383,040) | (369.69%) |
| Other comprehensive income (after tax) | (5,573) | (2,611) | (2,962) | (113.44%) |
| Total comprehensive income | (492,225) | (106,223) | (386,002) | (363.39%) |
| An analysis of the changes with the percentage change of 20% or more and the amount change of NT\$10,000 thousand or more is as follows: | | | | |
| Operating revenue, operating cost, operating gross profit (loss), net operating gross profit (loss), net operating profit (loss), net income before tax, net income (loss), and total comprehensive income: Due to the decline in the market economy, resulting in the decrease in shipments this year. | | | | |
| Increase in unrealized loss (gain) on sales: Mainly due to the reduction of inventory by the subsidiary in the current year, and recognized as realized gross profit on sales. | | | | |
| Increase in non-operating income and expenses: Mainly due to exchange rate changes, and exchange gains arising from the current year. | | | | |
| Decrease in income tax benefit: Mainly due to the decrease in deferred income tax assets on unrealized gross profit on sales recognized in previous years as the subsidiary has reduced inventory. | | | | |

(II) Expected sales volume, its basis, the possible impact on the Company's future financial operations, and the countermeasures to be taken:

The Company takes into account the needs of customers, the business dynamics of the industry and the growth trend of the overall market size, and expects that the sales volume in the coming year will be more stable and growing than the previous year. Based on the existing capacity planning, sales base deployment and major customer needs forecast, the sales volume of each product is estimated as follows: 1,819,749 pieces of ball screws, 2,683,756 pieces of linear guides, 56,686 pieces of ball spline, 3,038 pieces of rotary series, and 4,034 pieces of other products. It is expected that the above sales growth will bring positive benefits to the overall operation and financial performance of the Company. For the Company's possible future financial business impacts and countermeasures, please refer to the "II. Summary of 2025 business plan" and "III. Development strategies for the future" of "Letter to Shareholders".

III. Cash flow analysis and review

(I) Cash flow change analysis for the most recent year

1. Consolidated (the Company and subsidiaries)

Unit: NT\$ thousand

| Item \ Year | 2024 | 2023 | Changes | Increase (decrease) percentage (%) |
|---|-----------|-----------|-----------|------------------------------------|
| Operating activities | 628,818 | (299,960) | 928,778 | 309.63% of face value |
| Investing activities | (88,163) | (209,619) | 121,456 | 57.94% of face value |
| Financing activities | (421,411) | 424,388 | (845,799) | (199.30%) |
| Cash flow change analysis: | | | | |
| 1. Increase in net cash inflow from operating activities: Mainly due to the reduction of inventory in the current year. | | | | |
| 2. Decrease in net cash outflow from investing activities: Mainly due to the decrease in purchase of property, plant and equipment this year. | | | | |
| 3. Increase in net cash outflow from financing activities: Mainly due to the repayment of loans in the current year. | | | | |

2. The Company

Unit: NT\$ thousand

| Item \ Year | 2024 | 2023 | Changes | Increase (decrease) percentage (%) |
|---|-----------|-----------|-----------|------------------------------------|
| Operating activities | 798,411 | (290,879) | 1,089,290 | 374.48% of face value |
| Investing activities | (69,875) | (197,800) | 127,925 | 64.67% of face value |
| Financing activities | (434,286) | 440,809 | (875,095) | (198.52%) |
| Cash flow change analysis: | | | | |
| 1. Increase in net cash inflow from operating activities: Mainly due to the decrease in accounts receivable in the current year. | | | | |
| 2. Decrease in net cash outflow from investing activities: Mainly due to the decrease in capital expenditure in the current year. | | | | |
| 3. Increase in net cash outflow from financing activities: Mainly due to the repayment of loans in the current year. | | | | |

(II) Improvement plan for insufficient liquidity:

The Company did not experienced insufficient liquidity.

(III) Cash flow analysis for the coming year:

The Company expects the overall cash flow in the coming year to be stable, and the cash inflow from operating activities to be sufficient to support daily operating funds and part of the capital expenditures. The main sources of cash inflow include the continued growth of operating revenue and the improvement of the efficiency of accounts receivable recovery, and the stability of the overall cash inflow from operating activities is enhanced through strengthened credit management and optimized capital allocation mechanisms. If the Company's cash flow are insufficient due to capital expenditure or business expansion in the future, as the Company has maintained good credit cooperative relations with several financial institutions, short-term or mid- and long-term borrowings will be made in a timely manner to meet the need for capital allocation. In addition, if the cash flow required for investment activities exceed the range of its

own capital expenditure, the Company will also increase capital by way of capital increase depending on the operational development and the capital market situation, to ensure the successful implementation of major investment plans. The main cash outflow items include raw material procurement, operating cost expenditure, production equipment updates, information system construction, and debt repayment and interest payment. The Company will continue to carefully plan the use of capital, strengthen the financial structure, and keep track of the overall economy and market changes to ensure the stability of future cash flow and capital security.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

(I) Sources of funds for and the usage of significant capital expenditures: None.

(II) Impact on financial operations: none.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improvement and investment plan for the coming year

(I) Re-investment policy for the most recent fiscal year: the Company's reinvestment policy is implemented by the relevant executive departments in accordance with the "Investment Cycle" and "Management Procedures for the Acquisition and Disposal of Assets" of the internal control system. Such rules and procedures have been discussed and approved by the board of directors or the shareholders' meeting.

(II) Profit or loss of reinvestment and improvement plan

Unit: NT\$ thousand

| Investee | Main business items | 2024 Profit (loss) amount | Main reason for profit or loss | Improvement plan |
|-----------------------------------|--|---------------------------|---|------------------|
| TBI Motion Technology (USA) LLC. | Sale of precision transmission components for the automated industry | (13,425) | Decline in demand in Europe and the US market | (Note 1) |
| TBI Motion Technology (HK) LTD. | Holding company for overseas enterprises | (271,158) | Investment loss arising from the loss of the investee company | (Note 2) |
| TBI Motion Intelligence Co., Ltd. | Sale of precision transmission components for the automated industry | 34,881 | Stable demand in the Asia Pacific market | No |
| TBI Motion (Suzhou) Co., Ltd. | Sale of precision transmission components for the automated industry | (271,158) | Decline in demand in China market | (Note 2) |

Note 1: Through targeted participation in industry exhibitions, regular visits to multinational group

customers, and direct customers, the Company is able to strategically focus on developing first-line direct customers, particularly in the fields of automation, medicine, and automotive.

Note 2: To meet the needs of emerging markets, integrate sales channels, develop cross-industry cooperation and product integration projects to facilitate patent technology advantages, creating long-term brand value and increasing market share.

VI. Investment plans for the coming year:

The Company's Board of Directors resolved to invest in the establishment of a subsidiary in China indirectly through the subsidiary, TBI Motion Technology (HK) Ltd. The amount of investment is expected to be US\$20 million.

VII. Risk Analysis and Assessment

(I) Impact of interest/exchange rate changes and inflation on the Company's profit (loss) and future countermeasures:

1. Interest rate

As of the date of publication of the annual report, the Company continued to regularly evaluate the changes in the interest rate of bank loans and market interest rates based on the principle of improving the financial structure and reducing the risk of interest rate changes. The Company's financial structure has gradually strengthened and has been actively seeking more favorable financing terms from banks. Therefore, in general, the changes in interest rates do not have a significant impact on the Company's operations.

2. Exchange rate

The Company's main currencies are RMB and USD. In response to the risk of exchange rate changes, the Company will continue to monitor and collect exchange rate changes information, grasp the trend of exchange rates, and maintain good interaction with its banks to take timely countermeasures. This will help the Company effectively control and hedge interest rate risks.

3. Inflation

As of now, there is no significant impact on the Company's profit or loss due to inflation. We will pay attention to future inflation and adjust inventory and product prices in a timely manner.

(II) Policies regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions, reasons for gains or losses generated thereby, and future countermeasures:

1. In an effort to manage financial risks, the Company does not engage in high-risk and highly leveraged investments, nor does it engage in derivative transactions. The relevant risks are limited.

2. To control the related transactions, the Company has, by laws and regulations, established internal management rules and operating procedures, including the "Operational Procedures for Acquisition and Disposal of Assets," "Rules for Loans to Others," and "Rules for Making of Endorsements/Guarantees," as the basis for conducting the related transactions.
- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:
- The total budget created for R&D in 2025 is NT\$111,216 thousand. The new products expected to be developed in the coming year are as follows:
1. Roller linear rail.
 2. Roller screw.
 3. Lightweight rotary spline shaft.
 4. U-Rail 5 type.
 5. Bidirectional single-axis actuator.
- (IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad and countermeasures
- The Company's businesses are conducted in compliance with laws and regulations of the competent authorities. We pay attention to important policies adopted and changes in the legal environment at home and abroad from time to time and evaluate their effect on the Company. There was not any effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad in the most recent fiscal year and up to the publication date of the annual report.
- (V) Effect on the Company's financial operations of developments in science and technology as well as industrial change, and countermeasures:
- In response to technological changes, our information security defense system will be deployed to enhance endpoint detection response, network anomaly traffic monitoring, intrusion detection protection, complete system backup and the cyber security monitoring platform. We have increased our defensive depth from both the management and technical perspectives to reduce cyber security risks. The Company always keeps abreast of technological changes and developments related to its own industry in order to introduce products that meet market trends. Therefore, there are currently no technological changes that have a significant impact on the Company's financial operations.

- (VI) Effect on the Company's crisis management of changes in the Company's corporate image and measures:

Since our incorporation, the Company has been following relevant laws and regulations, actively enhancing internal management, building the strength of our management team and fulfilling our corporate social responsibilities. We have a dedicated spokesperson who is responsible to maintain our relationships with the public and the investors and maintain our corporate image. Therefore, there is no incident that damaged our corporate image that has occurred. For the most recent year and up to the publication date of the annual report, there were no relevant reports about the Company's poor corporate image.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures: not applicable. There was no such circumstances in the most recent fiscal year and up to the publication date of the annual report.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures: Not applicable. There was not such circumstance in the most recent fiscal year and up to the publication date of the annual report.

- (IX) Risks associated with any sales or purchase concentration, and countermeasures:

1. Risks of the purchase concentration: The main raw material of the Company is steel. Most of our suppliers are domestic manufacturers and their delivery methods are quite flexible. We have a deep partnership with them for a long time. In addition, we have a number of homogeneous suppliers at the same time to achieve a higher flexibility of raw material supply. The supplier also needs to have the ability to flexibly deploy special specification raw materials and sourcing from the spot market to ensure the stability of our steel sources. We maintain good relationships with our supplier partners so there is no risk of material shortage or disruption due to concentration of supply.
2. Risks of sales concentration: our end-customers covering various industries. The wide range of customers can reduce the risk of concentration of sales caused by the economic cycle. Besides, we have been working closely with our major customers for many years and we are still actively expanding into new markets in Europe, the US and emerging countries to diversify our operational risks. Overall speaking, the Company does not have any risk of sales concentration.

- (X) Effect upon and risk to the Company in the event a major quantity of shares held by a director, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands and countermeasures: not applicable. There is not such circumstance.

(XI) Effect upon and risk to company associated with any change in governance personnel, and mitigation measures being or to be taken: Not applicable.

(XII) Major litigious, non-litigious or administrative disputes that involve the Company and/or any director, any supervisor, the president, actual responsible person, any major shareholder holding a stake greater than 10 percent, and/or any company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

The Company's subsidiary, TBI Motion (Suzhou) Co., Ltd. received a civil lawsuit on February 11, 2025 from the Ningbo Haishu People's Court, for a trademark infringement lawsuit filed by ZJSNE. In response to this, the Company has appointed Beijing Yingke (Suzhou) Law Firm as the litigation agent, and has also completed the preparation of relevant evidence, and actively responded to the litigation procedures to ensure that the Company's rights and interests are not damaged. As of the publication date of the annual report, the plaintiff had not yet claimed any damages. According to the legal opinions of the attorney, the Company believes that the case has no significant adverse impact on the overall finance or business of the Company and does not cause significant liabilities. The case is at the stage of preparation for the court hearing, and the operation of TBI Motion (Suzhou) Co., Ltd. is normal. There is no significant impact on shareholders' equity and the Company's securities price.

(XIII) Other major risks and countermeasures: Not applicable as there was no such situation in the most recent year and as of the date of publication of the annual report, thus not applicable.

VIII. Other important matters: None.

Six. Special Items to Be Included

I. Information on the affiliates:

Please visit the MOPS (<https://mops.twse.com.tw/mops/#/web/home>) "Single Company" - "Download Electronic Documents" - "Three Reporting Forms for Affiliated Enterprises" for inquiry.

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None.

III. Other matters that require supplementary description: None.

Seven. Matters Specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Printing Date of the Annual Report: None.

TBI Motion Technology Co., Ltd.

Chairman: Li, Ching-Kung