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**Coretronic Corporation**

**2024 Annual Shareholders' Meeting**

**Meeting Agenda**

(Translation)

**June 14, 2024**

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**Coretronic Corporation**  
**2024 Annual General Shareholders' Meeting Procedure**

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Meeting Adjournment

**Coretronic Corporation**  
**2024 Annual General Shareholders' Meeting Agenda**

Time : 9:00 a.m., June 14 (Friday), 2024

Place : No. 2, Kebei 5<sup>th</sup> Rd., Zhunan Science Park, Miaoli County

Type of Meeting : Physical Meeting

I. Chairman's Address

II. Report Items

1. 2023 Annual Business Report.
2. 2023 Audit Committee's Review Report.
3. The distribution of 2023 employees' compensation.
4. The distribution of 2023 Earnings in cash and additional paid-in capital in cash.

III. Ratification Items

1. Ratification of 2023 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2023 Earnings.

IV. Discussion Items

1. Proposal of Amending the Company's Procedures of Loaning of Funds and Making of Endorsements /Guarantees.

V. Extraordinary Motions

VI. Meeting Adjournment

## **Report Items**

### **1. 2023 Annual Business Report**

Description: 2023 Annual Business Report is attached as Attachment 1.

### **2. 2023 Audit Committee's Review Report**

Description: 2023 Audit Committee's Report is attached as Attachment 2.

### **3. The distribution of 2023 employees' compensation.**

Description: In accordance with Company Act and the Company Article of Incorporation, 10%~20% of profit of the current year shall be distributed as employees' compensation. The board of directors resolved to distribute NT\$201,440,394 as 2023's employee compensation in cash.

### **4. The distribution of 2023 Earnings in cash and additional paid-in capital in cash.**

Description:

- (1) The Board of Directors had resolved the earning for cash distribution amounting to NT\$899,256,553 were distributed at NT\$2.3 per share and additional paid-in capital NT\$273,686,777 were distributed at NT\$0.7 per share.
- (2) Cash distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash.
- (3) In the event that, any change in the number of outstanding common shares, it is proposed the Chairman be authorized to adjust the cash dividend per share based on the number of actual shares outstanding.

## **Ratification Items**

### **1. Ratification of 2023 Business Report and Financial Statements. (Proposed by the Board of Directors)**

Description:

- (1)The 2023 financial statements of the Company had been audited by Ernst & Young.
- (2)Please refer to attachment 1 and 3 for 2023 Business Report and financial statements.
- (3)Please resolve.

Resolution:

### **2. Ratification of the Proposal for the Distribution of 2023 Earnings. (Proposed by the Board of Directors)**

Description:

- (1)Please refer to attachment 4 for the Distribution of 2023 Earnings Table which was approved by the Board of Directors and reviewed by the Audit Committee.
- (2)Please resolve.

Resolution:

## **Discussion Items**

### **1. Proposal of Amending the Company's Procedures of Loaning of Funds and Making of Endorsements /Guarantees. (Proposed by the Board of Directors)**

(1) To comply with the Company's business practice, it is proposed to amend the " Procedures of Loaning of Funds and Making of Endorsements /Guarantees ". The comparison table of amendments is attached as Attachment 5.

(2) Please resolve.

Resolution:

### **Extraordinary Motions**

### **Meeting Adjournment**

## Coretronic Corporation

### 2023 Business Report

For the fiscal year of 2023, Coretronic reported a consolidated sales revenue of NT\$39,492 million, drop 21% YoY. The consolidated operating income totaled NT\$931 million with a pre-tax income of NT\$1,588 million. Net income was reported at NT\$1,202 million. Net income attributable to equity holders of the parent company was NT\$1,392 million, and the EPS in 2023 was NT\$3.56.

Sales breakdowns by product lines in 2023 as below: (Consolidated)

Product	2022	2023	Diff.
Energy Saving Products (unit/pc)	40,008,434	30,466,227	-23.85%
Visual Solutions Products (unit)	1,357,622	974,847	-28.19%

Reflecting to 2023, in response to the ultra-thin, narrow bezel, high-resolution, high-contrast and energy-saving displays on the market, we continued to develop its core technology of light guide plates, display technology, and system integration technology to enhance product competency. In injection-molded light guide plates, the Company introduced the new IML light guide plates, combined with special optical components to further enhance efficiency at least 50%~70% higher than traditional BLU. In hot embossing LGP, also continues refined, optimized process and microstructure design developed new PC/PMMA RS-IML, in addition to having the advantages of efficiency, low internal stress, resistance to material sticking, no need for molds, similar optical performance to injection type and high productivity, the thickness can be down to 0.3T, and can be used for ultra-narrow bezel thin displays. Looking forward to the energy-saving requirements of Energy star 9.0 in monitor displays, it has mass produced in high energy-efficient LGPs of 27" or below, which are 15-25% more efficient than existing products.

In the development of HDR, we started the mass production of Mini-LED area dimming and scanning backlight modules for use on narrow-bezel gaming laptops and FPDs. Alongside with company's specially developed optical alignment splicing light board, special diffusion plate/ sheet & printing technology has improved optics, picture quality and production stability. In response to the needs of future display technology ESG, small and medium-sized "front light" products have been developed to meet the high transparency and high contrast requirements of reflective LCD. Its special microstructure design can further improve the luminous efficiency and will make a certain contribution to the trend of energy saving and carbon reduction.

Furthermore, leveraging core technologies in light guide panels, backlight modules, special LCD cell and film processing, we have developed the sixth-generation switchable NB privacy module, which is lighter, thinner, and offers enhanced privacy and has been recognized by many customers and plans are under way. Additionally, for the privacy needs of the next generation OLED display, working sample and testing have been ongoing discussed with potential customers. By extending related concepts to automotive and industrial applications, such as the development of one-way and two-way privacy protection technology for automotive center information displays (CID) and passenger displays for drivers to dynamically switch the viewing angle in different scenarios to prevent driving safety caused by light interference, the first generation product has entered the trial production stage. In the face of the improvement of vehicle anti-peeping performance, a variety of new designs and trials have been completed and are being promoted with many customers. To cope with the trend towards large-size, high-brightness, and high-contrast automotive display, we have successfully developed a 2D dynamic dimming LCD display featuring optics structure, diffusion layer & LED design, a 2.0~4mm OD with low Halo effect, and dynamic dimming function. Its outline can be traditional rectangle or even free form type (ex. circle outline). Collaborative

development with customers has also begun. In semi-system integration, it smoothly won orders from global customers with the integrated technology covering open cell, LGP, touch module, and assembly and production integration business model. Based on these advantages, the Company also integrated the open cell in privacy display technology to in-house splitting and polarizer to form an integrated process from front-end to LCM.

Content creator has to certification for high color gamut, color calibration and stylus pen input. The Company has completed and in mass production of the 15.6" 4K creator stylus input display. This product can provide best user experience for artists. In addition, we used own color calibration technology to develop a module kit with micro-drive motors, color sensors, MCU and software for customer. It design-in the module kits to new display and launched in 2023 Q4 professional product line. Users do not need additional calibration equipment to achieve the maintaining monitor color stability and consistency. In the digital transformation trend, digital dental customers require new scanner displays and replace X86 PCs & monitor. We launched Linux equipped with ARM architecture AIO to provide a competitive solutions for market. The 21.5" AIO has started mass production in Q4.

More of countries decided to invest public transit infrastructure. Strong demand and growth fast from electric vehicle and transit industry, especially the displays need able to receive signal, connect network and resist environment. We developed and shipped the digitalization of public transportation information stretch display with high brightness, anti-static, waterproof, dust-proof and rugged solution to American customer for verification.

In 2023, we used unique optical and product integration technology to develop special light decoration plate which can be custom made and controlled thru software for e-sports product. This decoration plate has been successfully introduced into three of Top 5 e-Sport brand. Not only motherboards and graphics cards, but also monitors and mobile phone casings have entered the mass production stage. We will continues to leverage the advantages technology and approach new application in 2024.

Development of solid state illumination based on triple pure laser (RGB laser) and hybrid laser (Multi-Color Light Architecture, MCLA™) has been a key strategy for the Company in the field of image products. With the patented multi-source light combining technology and high efficiency thermal system, we continue to be the DLP #1 leader in the projector market. In 2023 we launched a series of 5000lm mainstream products that are industry leading in terms of energy saving, miniaturization and efficiency and use standard power suppliers. In addition to being compatible with a variety of light sources, they also adopted ESG concept in the product design. We also launched a smart Pico RGB laser product that is the smallest in its class. It's portable, easy to install and has smart and streaming features bringing great convenience in use, also is has wide color gamut and high contrast making it unaffected by ambient light. All of which combined allow it to provide ultimate color and brightness performance in any personal or business use scenarios.

In response to the urgent demand for AI applications and the evolution of technology, we are actively developing the smart projectors. By integrating advanced smart features such as voice control, personal projection mapping, and personalized smart desktop, we aim to provide intelligent and convenient product experiences. We will also incorporate smart projectors into smart home to achieve a seamless interconnection of the smart home ecosystem, meeting the expectations of consumers for smart living.

Projectors, from low brightness to high brightness, are first designed based on system's minimum requirements of air flow. The thermal management is then optimized following the principles of quiet, compact, light and energy-efficient. The R&D team conducted research on heat dissipation components and thermal interface materials to improve the efficiency of active and passive cooling measures. Also, by building a vibration digital model, the noise of the actuator and phosphor wheel were further reduced, thereby reducing the overall noise of the projector products. Also, digital



simulation technology is used to simulate the system vibration and photo thermal coupling, which improved the systems' photo thermal conversion efficiency and the design accuracy, expedited the projector development, extended the service life of the projector, and improved the product stability.

Under the global consensus on environmental sustainability and the Company's carbon reduction strategy, the commitment to ESG is not just limited to organizational and product level, but also deeply ingrained in the Company's core objectives covering from supply chains' compliance with ESG regulation, energy saving and carbon reduction at the manufacturing end and the overall planning of green projectors. Specifically, this includes the use of recycled materials in cardboard, adopting PCR in material selection standards, continuously improving the energy efficiency of projectors, striving to reduce the size, and effectively improving the carbon emission efficiency of the factory through modular design. In 2023, three models obtained the Carbon Footprint of Product ISO 14067:2018 certification for the complete life cycle (raw material acquisition, manufacturing, distribution, sales, consumer use, and waste disposal). By implementing these projects and conducting actual audits, we have demonstrated our commitment to ESG initiatives and fulfilled corporate's social responsibility through concrete actions.

Despite the impact of the global downturn, inflation and geopolitical instability in 2023, the overall performance of NIR spectrum is still growing in terms of volume/revenue/gross profit. Looking ahead to 2024, the uncertainty of global economic and geopolitics remains, but the market acceptance and demand for Miniature NIR spectrum meter will continue to grow. The Company will continue to introduce new products with high gross margins, increase modeling services revenue, rigorous inventory management, and reduce costs. Stabilizing sales by focusing on the applications of Precision Agriculture/Petrochemicals/Plastics and Fabric recycling/Drug identification, and R&D needs of scientific research institutions. Strengthen the website and social media exposure to disseminate new information, participate in multi exhibitions, expand distribution channels, to increase gross profit by optimize product mix, and aggressively develop new customers and markets.

In 2023, the continuation of the U.S. non-DJI policy, geopolitical supply chain reorganization, and strong military demand will bring new development opportunities to the drone business. Furthermore, the American Teledyne FLIR drone ODM, tailored for applications such as policing, firefighting, and energy inspection, has commenced mass production. In addition to entering the U.S. market where DJI has been eliminated and establishing significant field performance, the Company has also successfully passed tests for two domestic military-commercial tenders, solidifying its position as a qualified supplier for domestic military drone production.

The team has received approval for the mass production of outdoor last mile delivery robots for Smart Autonomous Vehicle/Robot applications from a European client in the fourth quarter of 2023. Additionally, successful delivery of samples for the 3D LiDAR project has been accomplished. In terms of smart logistics applications, leveraging the team's expertise in AMR chassis design and electric-mechanical integration, collaborative efforts with a US-based customer have resulted in the design of a rover base for smart truck loading/unloading applications. Milestones including sample delivery and integration with industrial robots have been achieved. Furthermore, a new-generation design tailored to address challenges encountered in field sites has been initiated with the objective of commencing mass production in the fourth quarter of 2024.

In addition, we providing consulting, planning, implementation, and software development solutions for IT infrastructure, cloud migration, and cloud application, and it is a crucial strategic layout for the group in the digital cloud trend. It assists clients in defining and planning modern IT/MIS information architectures to accelerate corporate digital transformation.

Moving forward, we will adhere to the mission to be the leader of the digital display system technology, continue to develop innovative display solutions, and aim at cloud services, AI, and complete solutions for various smart fields. The specific development strategies are as follows:

- (I) Intensely develop optical core technology to extend the cross-sector application of optical components, system products and semi-system products to increase product add value and price competitiveness and secure global competitiveness in the display and visual technology fields.
- (II) In BLM technology, apart from constantly developing various new type LGPs, direct type LGLs, special optical control films, and Mini-LED BLMs and its related optical diffusion film/plate and printing technology; we will continue to reduce the thickness, bezel width, optical films and LEDs and enhance the optical efficiency of BLMs to develop slim, small, lightweight, energy-efficient, HDR, and high-value added displays with privacy protection, for game consoles, tablets, notebooks, industrial monitors, automotive HUDs and touch screens, advanced monitors for medical and gaming, AIO monitors, slim and smart high-end TVs and smart home display modules. In terms of front light module technology, in response to the needs of different products, combined with our experience in optical design and light guide plate manufacturing, we continue to develop and send samples to potential customers.
- (III) In response to the changes in market business models and customer demands, product development has turned from BLMs to semi-system and integrated system products designed and manufactured in combination with tablets/notebooks/ automotive HUDs and displays, and TV outer parts. This move aims to provide the best possible design, production, and global after-sales services for Brand Name/SI, and panel customers through a highly flexible business model.
- (IV) Mainstream products will focus on three strategic directions: (1) To develop SSI based on triple pure laser (RGB laser) and hybrid laser (Multi-Color Light Architecture, MCLA™) and drive for light source transition for lamp-based products; (2) To accelerate the development and adoption of AI and incorporate advanced smart technologies to strengthen the connection between smart features and user experience to provide an even more friendly user interface; (3) To consolidate the projector industry with business strategy cooperation and expansion, and strengthen the connection with the industry ecosystem. Looking forward, we will continue to focus on laser light source technology and patent acquisition as the foundation, develop smart technologies for applications, expand the influence of mainstream products in the commercial and consumer market by strategic alliances with key suppliers and aggressive customer acquisition to achieve a smarter, more convenience and more superior product experience.
- (V) Leveraging the advantages of DLP technology, further expanding the DLP technology, products, and business models to ensure competitive and seek revenue growth. (1) Deployment of HEP & 4K/2K platforms, expanding the product line and applications in the 1-DLP segment. (2) Keep 3-DLP business development, buildup the EMS/OEM manufacturing capabilities to ensure full deployment by 2025. Keep development of 3-DLP technology and product platform expansion.
- (VI) Extending projection technology and applications, focus & explore the opportunities of specific fields and automotive projection applications, to make sure the momentum of future growth. (1) Focusing on automotive Augmented Reality Head-Up Display (AR HUD) and in-car/out-car projection applications, engaging with automotive manufacturers for implementation by 2024 and ensuring revenue momentum by 2026. (2) Continuing the strategic layout of simulation, dome, and specific industrial application technologies and products, targeting key customers to explore opportunities for solution implementation.
- (VII) Will develop new 2K, 4K, and 8K smart laser ultra-short-throw projection TVs to complete the full range of products for our customers. Provide customized optical engine or complete projector services for a variety of applications for the growing pico-projector market. While continue to refine the R&D and manufacturing capabilities of AR optical engines and develop international brands and vertical markets, to establish a long-term competitive advantage in the AR glasses market.

- (VIII) Developing an integrated platform for core enterprise operations and databases, incorporating data-centric services such as AI, deep learning, and cloud computing. We provide consulting, planning, implementation, and software development solutions for enterprise clients in IT infrastructure, cloud migration, and cloud application. We assist clients in defining and planning modern IT/MIS information architectures to accelerate corporate digital transformation. Focusing on AI vision technology and digital twin design technology for developing SLAM navigation solutions based on multi-sensing device fusion technology, as well as core capabilities such as image recognition and motion control algorithms. Provide complete solutions for drones and indoor/outdoor self-driving vehicles in the application fields of intelligent inspection and smart logistics, and actively expand the ODM business with international brand name company.
- (IX) Plan and implement group resources allocation and ensure the information security with Digital optimization technology to enhance overall organizational performance; define information processes and system resource utilization required for business operations and quickly provide integrated information management platforms; design, plan, and implement cloud computing architecture, digital platforms and IoT environments and applications to promote the new business development within the group.
- (X) In response to the group's operations and growth, raise low-cost funding to support organizational development and develop strength for long-term development.

We will further consolidate the highest consensus among all employees to implement medium to long-term strategies. Through professional management and outstanding execution, we are committed to the mission of "Developing Technology-oriented and Sustainable Business Operations." Simultaneously, we strive to pursue the maximum benefits for all shareholders and employees, continually advancing towards becoming a benchmark enterprise in sustainability.

Sincerely,

Chairman: Wade Chang      President: Sarah Lin, Ann Wu      Accounting Officer: Franck Ho

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 business report, financial statements, and proposal for allocation of profits. The CPA firm of Ernst & Young was retained to audit Coretronic's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To Coretronic Corporation 2024 Annual General Shareholders' Meeting

Coretronic Corporation

Chairman of the Audit Committee : Hsing-Yi Chow

March 18, 2024



安永聯合會計師事務所

30078 新竹市新竹科學園區力行一路1號E-3  
E-3, No. 1, Lixing 1st Rd., Hsinchu Science Park  
Hsinchu City, Taiwan, R.O.C.

電話 Tel: 886 3 688 5678  
傳真 Fax: 886 3 688 6000  
ey.com/zh\_tw

## Independent Auditors' Report

To Coretronic Corporation

### Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter – Making Reference to the Audit of Other Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation for inventories

The Company recognized the allowance write-down of inventories amounted to NT\$27,044 thousand for the year ended December 31, 2023, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

### Revenue recognition

The Company recognized the revenue amounted to NT\$23,935,042 thousand for the year ended December 31, 2023. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the company, the company recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the parent company only financial statements.



#### **Other Matter – Making Reference to the Audits of Other Auditors**

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the report of the other auditors. These associates and joint ventures under equity method amounted to NT\$40,975 thousand and NT\$50,117 thousand, representing 0.08% and 0.10% of total assets as of December 31, 2023 and 2022, respectively. The related shares of (losses) gains from the associates and joint ventures under the equity method amounted to NT\$(9,128) thousand and NT\$7,071 thousand, representing (0.65)% and 0.28% of the net income before tax for the years ended December 31, 2023 and 2022, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

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

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

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

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





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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 26, 2024

#### **Notice to Readers**

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 525,283	1.00	\$ 240,074	0.48
Financial assets at fair value through profit or loss - current	4, 6(2)	447,764	0.85	134,752	0.27
Trade receivables, net	4, 6(4), 16	6,435,156	12.27	5,912,317	11.71
Trade receivables - related parties, net	4, 6(4), 7	848,316	1.62	1,019,690	2.02
Other receivables	4, 8	166,319	0.32	116,350	0.23
Other receivables - related parties	4, 7	229,987	0.44	273,256	0.54
Inventories, net	4, 5, 6(5)	2,848,656	5.43	3,784,421	7.50
Prepayments		253,020	0.48	169,272	0.33
Other current assets		25,634	0.05	27,159	0.05
Total current assets		11,780,135	22.46	11,677,291	23.13
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income - noncurrent	4, 6(3)	4,204,130	8.01	3,067,948	6.08
Investments accounted for using the equity method	4, 6(6), 6(20)	33,631,948	64.11	32,970,938	65.30
Property, plant and equipment, net	4, 6(7)	1,856,758	3.54	1,614,882	3.20
Right-of-use assets	4, 6(17)	584,810	1.11	701,071	1.39
Intangible assets	4, 6(8)	261,593	0.50	213,268	0.42
Deferred tax assets	4, 6(21)	87,972	0.17	168,880	0.33
Net defined benefit assets - noncurrent, net	4, 6(12)	17,543	0.03	13,254	0.03
Other noncurrent assets		35,690	0.07	62,279	0.12
Total non-current assets		40,680,444	77.54	38,812,520	76.87
<b>Total assets</b>		<b>\$ 52,460,579</b>	<b>100.00</b>	<b>\$ 50,489,811</b>	<b>100.00</b>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2023	%	December 31, 2022	%
<b>Current liabilities</b>					
Short-term borrowings	6(9)	\$ 12,750,000	24.30	\$ 8,145,511	16.13
Financial liabilities at fair value through profit or loss - current	4, 6(10)	338,372	0.65	427,105	0.85
Contract liabilities-current	6(15)	410,841	0.78	282,330	0.56
Accounts payable		2,613,401	4.98	2,561,416	5.07
Accounts payable - related parties	7	4,911,399	9.36	4,657,290	9.23
Other payables		1,286,069	2.45	1,731,815	3.43
Other payables - related parties	7	4,992,033	9.52	4,762,327	9.43
Current tax liabilities	4, 6(21)	409,397	0.78	636,885	1.26
Provisions - current	4, 5, 6(13)	143,264	0.27	197,660	0.39
Lease liabilities - current	4, 6(17)	38,070	0.07	55,567	0.11
Other current liabilities		366,829	0.70	272,216	0.54
Total current liabilities		28,259,675	53.86	23,730,122	47.00
<b>Non-current liabilities</b>					
Long-term borrowing	6(11)	-	-	2,995,163	5.93
Deferred tax liabilities	4, 6(21)	14,663	0.03	29,097	0.06
Lease liabilities - noncurrent	4, 6(17)	573,072	1.09	667,403	1.32
Other noncurrent liabilities	6(6)	128,880	0.25	338,481	0.67
Total non-current liabilities		716,615	1.37	4,030,144	7.98
Total liabilities		28,976,290	55.23	27,760,266	54.98
<b>Equity</b>					
Share capital					
Common stock	6(14)	3,909,811	7.46	3,909,811	7.74
Capital surplus	6(14)	2,507,703	4.78	2,808,225	5.56
Retained earnings	6(14), 6(20)				
Legal reserve		4,364,561	8.32	4,121,627	8.16
Special reserve		1,322,902	2.52	1,276,610	2.53
Unappropriated retained earnings		11,755,209	22.41	12,024,401	23.82
Total retained earnings		17,442,672	33.25	17,422,638	34.51
Other equity		(375,897)	(0.72)	(1,411,129)	(2.79)
Total equity		23,484,289	44.77	22,729,545	45.02
<b>Total liabilities and equity</b>		<b>\$ 52,460,579</b>	<b>100.00</b>	<b>\$ 50,489,811</b>	<b>100.00</b>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

code	Description	Notes	For the year ended December 31		For the year ended December 31	
			2023	%	2022	%
4000	Net sales	4, 5, 6(15), 7	\$ 23,935,042	100.00	\$ 30,567,680	100.00
5000	Operating costs	4, 6(5), 6(8), 6(12), 6(18), 7	20,917,025	87.39	27,175,501	88.90
5900	Gross profit		3,018,017	12.61	3,392,179	11.10
5910	Unrealized gross profit on sales	6(6)	147,236	0.61	263,735	0.86
5920	Realized gross profit on sales		263,735	1.10	126,019	0.41
5950	Gross profit, net		3,134,516	13.10	3,254,463	10.65
6000	Operating expenses	6(8), 6(12), 6(16), 6(18)				
6100	Selling expenses		266,860	1.11	284,176	0.93
6200	General and administrative expenses		1,088,198	4.55	1,137,729	3.72
6300	Research and development expenses		1,395,176	5.83	1,454,873	4.76
6450	Reversal of expected credit loss		(113)	-	(1,156)	-
	Total operating expenses		2,750,121	11.49	2,875,622	9.41
6900	Operating income		384,395	1.61	378,841	1.24
7000	Non-operating income and expenses					
7100	Interest income	6(19)	17,104	0.07	2,379	0.01
7010	Other income	4, 6(19)	340,328	1.42	169,228	0.56
7020	Other gains and losses	6(19)	366,437	1.53	590,813	1.93
7050	Finance costs	6(19)	(313,094)	(1.31)	(266,155)	(0.87)
7070	Share of gain of subsidiaries, associates and joint ventures accounted for using the equity method	4, 6(6)	614,912	2.57	1,645,311	5.38
	Total non-operating income and expenses		1,025,687	4.28	2,141,576	7.01
7900	Income before income tax		1,410,082	5.89	2,520,417	8.25
7950	Income tax expense	4, 6(21)	(18,159)	(0.07)	(161,482)	(0.53)
8200	Net income		1,391,923	5.82	2,358,935	7.72
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit pension plans	6(20)	(2,247)	(0.01)	53,568	0.18
8316	Unrealized gain (loss) from equity instrument investments measured at fair value through other comprehensive income	6(20)	1,136,182	4.75	(997,657)	(3.27)
8331	Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	(1,657)	(0.01)	27,554	0.09
8336	Unrealized gain (loss) from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	276,865	1.16	(406,786)	(1.33)
8349	Income tax related to items that will not be reclassified	6(20), 6(21)	703	-	(11,896)	(0.04)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations	6(20)	(378,055)	(1.58)	811,873	2.66
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	6(20)	(14)	-	11	-
	Other comprehensive income (loss), net of tax		1,031,777	4.31	(523,333)	(1.71)
8500	Total comprehensive income		\$ 2,423,700	10.13	\$ 1,835,602	6.01
9750	Basic Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 3.56		\$ 6.03	
9850	Diluted Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 3.53		\$ 5.92	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)	
Balance as of January 1, 2022	\$ 3,909,811	\$ 2,893,442	\$ 4,046,623	\$ 2,469,437	\$ 9,650,179	\$ (2,276,257)	\$ 1,458,869	\$ 22,152,104
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	334,824
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	(29,060)
Appropriation and distribution of 2021 earnings: (Note)								
Legal reserve	-	-	75,004	-	(75,004)	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	2,358,935
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	(523,333)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	1,835,602
Balance as of December 31, 2022	3,909,811	2,808,225	4,121,627	1,276,610	12,024,401	(1,464,373)	53,244	22,729,545
Acquisition or disposal of the interest of subsidiaries	-	80,443	-	-	-	-	-	80,443
Changes in subsidiaries' ownership	-	10,016	-	-	-	-	-	10,016
Reversal of special reserve	-	-	-	(88,227)	88,227	-	-	-
Appropriation and distribution of 2022 earnings: (Note)								
Legal reserve	-	-	242,934	-	(242,934)	-	-	-
Cash dividends	-	-	-	-	(1,368,434)	-	-	(1,368,434)
Special reserve	-	-	-	134,519	(134,519)	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2023	-	-	-	-	1,391,923	-	-	1,391,923
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(3,455)	(378,069)	1,413,301	1,031,777
Total comprehensive income (loss)	-	-	-	-	1,388,468	(378,069)	1,413,301	2,423,700
Balance as of December 31, 2023	\$ 3,909,811	\$ 2,507,703	\$ 4,364,561	\$ 1,322,902	\$ 11,755,209	\$ (1,842,442)	\$ 1,466,545	\$ 23,484,289

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

Note: the amount of employee compensation was NT\$201,440 thousand and NT\$360,060 thousand for the years ended December 31, 2023 and 2022, respectively.



English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$ 1,410,082	\$ 2,520,417	Acquisition of financial assets at fair value through profit or loss	\$ -	\$ (41,610)
Adjustments for:			Acquisition of investments accounted for using the equity method	(251,804)	(328,277)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of investments accounted for using the equity method	66,760	139,971
Reversal of expected credit loss	(113)	(1,156)	Capital reduction from associates and joint ventures accounted for using the equity method	-	2,766
Depreciation (including right-of-use-assets)	184,603	181,801	Acquisition of financial assets at fair value through other comprehensive income	-	(1,211,610)
Amortization (including other noncurrent assets)	37,257	29,318	Acquisition of property, plant and equipment	(282,780)	(146,920)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(401,745)	376,690	Proceeds from disposal of property, plant and equipment	-	1,745
Interest expenses	313,094	266,155	Acquisition of intangible assets	(85,582)	(79,578)
Interest income	(17,104)	(2,379)	Proceeds from disposal of intangible assets	-	103
Dividend income	(40,384)	(26,000)	Acquisition through business combination	-	1,193
Share of gain of subsidiaries, associates and joint ventures accounted for using the equity method	(614,912)	(1,645,311)	Decrease in other noncurrent assets	4,369	307
Gain on lease modification	(31)	(23)	Net cash used in investing activities	(549,037)	(1,661,910)
Gain on disposal of other assets (recognized in other income)	(7,377)	(12,067)			
Unrealized gain from sales	147,236	263,735	Cash flows from financing activities:		
Realized gain from sales	(263,735)	(126,019)	Increase (decrease) in short-term borrowings	4,604,489	(3,025,252)
Changes in operating assets and liabilities:			Increase in other payables - related parties	217,577	2,844,965
Trade receivables	(522,726)	5,350,517	Cash payment for the principle portion of lease liabilities	(42,719)	(51,271)
Trade receivables - related parties	171,374	645,089	Decrease in other noncurrent liabilities	(782)	(242)
Other receivables	(49,819)	(16,260)	Increase in long-term borrowings (including current portion of long-term borrowings)	-	8,995,163
Other receivables - related parties	43,269	(237,224)	Decrease in long-term borrowings (including current portion of long-term borrowings)	(2,995,163)	(6,991,970)
Inventories	935,765	(2,350,974)	Cash dividends	(1,759,415)	(1,563,925)
Prepayments	(83,748)	143,136	Net cash provided by financing activities	23,987	207,468
Other current assets	1,525	2,902			
Contract liabilities - current	128,511	175,302	Net increase (decrease) in cash and cash equivalents	285,209	(294,846)
Accounts payable	51,985	(1,671,301)	Cash and cash equivalents at the beginning of the period	240,074	534,920
Accounts payable - related parties	254,109	(2,562,599)	Cash and cash equivalents at the end of the period	\$ 525,283	\$ 240,074
Other payables	(517,771)	(52,365)			
Other payables - related parties	12,129	(399,747)			
Provisions - current	(54,396)	54,477			
Other current liabilities	94,613	41,500			
Net defined benefit liabilities	(6,536)	(17,404)			
Cash generated from operating activities	1,205,155	930,210			
Interest received	16,954	2,427			
Dividend received	81,985	497,001			
Interest paid	(315,365)	(255,643)			
Income tax paid	(178,470)	(14,399)			
Net cash provided by operating activities	810,259	1,159,596			

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

## **Independent Auditors' Report**

To Coretronic Corporation

### **Opinion**

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries ("the Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Other Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$561,216 thousand for the year ended December 31, 2023, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

### Revenue recognition

The Group recognized the revenue amounted to NT\$39,491,708 thousand for the year ended December 31, 2023. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the Group, the Group recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.



#### **Other Matter – Making Reference to the Audit of Other Auditors**

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NT\$40,975 thousand and NT\$50,117 thousand, representing 0.07% and 0.09% of consolidated total assets as of December 31, 2023 and 2022, respectively. The related shares of gain (loss) from the associates and joint ventures under the equity method amounted to NT\$(9,128) thousand and NT\$7,071 thousand, representing (0.57)% and 0.22% of the consolidated net income before tax for the years ended December 31, 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 26, 2024

### Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the R.O.C



English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 16,555,958	29.77	\$ 12,364,999	22.14
Financial assets at fair value through profit or loss - current	4, 6(2)	452,577	0.82	155,286	0.28
Financial assets at amortized cost - current	4, 6(4)	1,258,522	2.26	4,722,945	8.46
Notes receivable, net	4, 6(5), 6(21)	28,264	0.05	29,671	0.05
Trade receivables, net	4, 6(6), 6(21)	9,885,356	17.78	10,235,833	18.32
Trade receivables - related parties, net	4, 6(6), 6(21), 7	639	-	530	-
Other receivables	4, 7, 8	888,419	1.60	1,358,812	2.43
Current tax assets	4, 6(26)	39,742	0.07	35,699	0.06
Inventories, net	4, 5, 6(7)	8,588,936	15.45	10,444,982	18.70
Prepayments		921,490	1.66	792,007	1.42
Other current assets		146,781	0.27	195,308	0.35
Total current assets		38,766,684	69.73	40,336,072	72.21
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income - noncurrent	4, 6(3)	5,308,046	9.55	3,895,009	6.97
Investments accounted for using the equity method	4, 6(8)	40,975	0.07	50,117	0.09
Property, plant and equipment, net	4, 6(9), 8	8,431,972	15.16	8,092,453	14.49
Right-of-use assets	4, 6(22)	1,804,091	3.24	2,206,646	3.95
Investment property, net	4, 6(10), 8	136,161	0.24	144,231	0.26
Intangible assets	4, 6(11)	310,952	0.56	358,509	0.64
Deferred tax assets	4, 6(26)	238,534	0.43	342,533	0.61
Net defined benefit assets - noncurrent	4, 6(16)	55,891	0.10	33,703	0.06
Other noncurrent assets	8	510,598	0.92	398,542	0.72
Total non-current assets		16,837,220	30.27	15,521,743	27.79
<b>Total assets</b>		<b>\$ 55,603,904</b>	<b>100.00</b>	<b>\$ 55,857,815</b>	<b>100.00</b>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2023	%	December 31, 2022	%
<b>Current liabilities</b>					
Short-term borrowings	6(12)	\$ 13,512,487	24.30	\$ 9,823,849	17.59
Financial liabilities at fair value through profit or loss - current	4, 6(13)	347,557	0.62	450,431	0.81
Hedging financial liabilities - current	4, 6(14)	-	-	1,483	-
Contract liabilities - current	6(20)	776,210	1.40	529,246	0.95
Notes payable		352	-	881	-
Accounts payable		7,567,334	13.61	7,284,148	13.04
Accounts payable - related parties	7	34,476	0.06	49,010	0.09
Other payables	7	3,934,309	7.08	4,520,234	8.09
Current tax liabilities	4, 6(26)	691,243	1.24	999,196	1.79
Provisions - current	4, 6(17)	522,524	0.94	651,105	1.16
Lease liabilities - current	4, 6(22)	188,905	0.34	321,631	0.58
Other current liabilities		789,580	1.42	872,025	1.56
Current portion of long-term borrowings	6(15)	301,879	0.54	414,871	0.74
Total current liabilities		28,666,856	51.55	25,918,110	46.40
<b>Non-current liabilities</b>					
Long-term borrowings	6(15)	114,838	0.21	3,412,106	6.11
Deferred tax liabilities	4, 6(26)	46,387	0.08	61,665	0.11
Lease liabilities - noncurrent	4, 6(22)	1,045,656	1.88	1,291,459	2.31
Net defined benefit liabilities - noncurrent	4, 6(16)	50,273	0.09	70,509	0.13
Other noncurrent liabilities		32,491	0.06	23,482	0.04
Total non-current liabilities		1,289,645	2.32	4,859,221	8.70
Total liabilities		29,956,501	53.87	30,777,331	55.10
<b>Equity attributable to owners of the parent</b>					
Share capital					
Common stock	6(18)	3,909,811	7.03	3,909,811	7.00
Capital surplus	4, 6(18)	2,507,703	4.51	2,808,225	5.03
Retained earnings	6(18)				
Legal reserve		4,364,561	7.85	4,121,627	7.38
Special reserve		1,322,902	2.38	1,276,610	2.28
Unappropriated retained earning		11,755,209	21.14	12,024,401	21.53
Total retained earnings		17,442,672	31.37	17,422,638	31.19
Other equity		(375,897)	(0.67)	(1,411,129)	(2.53)
Total equity attributable to owners of the parent		23,484,289	42.24	22,729,545	40.69
<b>Non-controlling interests</b>	6(18)	2,163,114	3.89	2,350,939	4.21
Total equity		25,647,403	46.13	25,080,484	44.90
<b>Total liabilities and equity</b>		\$ 55,603,904	100.00	\$ 55,857,815	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2023	%	2022	%
Net sales	4, 5, 6(20), 7	\$ 39,491,708	100.00	\$ 49,783,157	100.00
Operating costs	4, 6(7), 6(11), 6(16), 6(22), 6(23), 7	31,620,007	80.07	40,328,961	81.01
Gross profit		7,871,701	19.93	9,454,196	18.99
Operating expenses	6(11), 6(16), 6(21), 6(22), 6(23)				
Selling expenses		1,807,683	4.58	1,952,260	3.92
General and administrative expenses		2,220,479	5.62	2,282,457	4.58
Research and development expenses		2,901,998	7.35	3,056,452	6.14
Expected credit loss		10,871	0.03	12,405	0.03
Total operating expenses		6,941,031	17.58	7,303,574	14.67
Operating income		930,670	2.35	2,150,622	4.32
Non-operating income and expenses					
Interest income	6(24)	407,553	1.03	342,036	0.69
Other income	4, 6(24)	481,600	1.22	332,218	0.67
Other gains and losses	6(24)	220,990	0.56	737,479	1.48
Finance costs	6(24)	(443,307)	(1.12)	(396,446)	(0.80)
Share of (loss) gain of associates and joint ventures accounted for using the equity method	4, 6(8)	(9,128)	(0.02)	7,071	0.01
Total non-operating income and expenses		657,708	1.67	1,022,358	2.05
Income before income tax		1,588,378	4.02	3,172,980	6.37
Income tax expense	4, 6(26)	(386,349)	(0.98)	(759,546)	(1.52)
Net income		1,202,029	3.04	2,413,434	4.85
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(25)	(4,289)	(0.01)	89,306	0.18
Unrealized gain (loss) from equity instrument investments measured at fair value through other comprehensive income	6(25)	1,413,047	3.58	(1,400,799)	(2.81)
Income tax related to items that will not be reclassified subsequently to profit or loss	6(25), 6(26)	1,112	-	(22,687)	(0.05)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(25)	(406,506)	(1.03)	856,307	1.72
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	6(25)	(14)	-	7,071	0.01
Other comprehensive income (loss), net of tax		1,003,350	2.54	(470,802)	(0.95)
Total comprehensive income		\$ 2,205,379	5.58	\$ 1,942,632	3.90
Net income for the periods attributable to :					
Shareholders of the parent	6(27)	\$ 1,391,923		\$ 2,358,935	
Non-controlling interests	6(18), 6(28)	\$ (189,894)		\$ 54,499	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 2,423,700		\$ 1,835,602	
Non-controlling interests		\$ (218,321)		\$ 107,030	
Basic Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 3.56		\$ 6.03	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 3.53		\$ 5.92	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

Description	Equity attributable to owners of the parent								Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity		Total		
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)			
Balance as of January 1, 2022	\$ 3,909,811	\$ 2,893,442	\$ 4,046,623	\$ 2,469,437	\$ 9,650,179	\$ (2,276,257)	\$ 1,458,869	\$ 22,152,104	\$ 2,064,897	\$ 24,217,001
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	334,824	123,856	458,680
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	(29,060)	(24,300)	(53,360)
Appropriation and distribution of 2021 earnings:										
Legal reserve	-	-	75,004	-	(75,004)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	(1,172,944)	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	2,358,935	54,499	2,413,434
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	(523,333)	52,531	(470,802)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	1,835,602	107,030	1,942,632
Increase of non-controlling interests	-	-	-	-	-	-	-	-	79,456	79,456
Balance as of December 31, 2022	3,909,811	2,808,225	4,121,627	1,276,610	12,024,401	(1,464,373)	53,244	22,729,545	2,350,939	25,080,484
Acquisition or disposal of the interest of subsidiaries	-	80,443	-	-	-	-	-	80,443	37,604	118,047
Changes in subsidiaries' ownership	-	10,016	-	-	-	-	-	10,016	(960)	9,056
Reversal of special reserve	-	-	-	(88,227)	88,227	-	-	-	-	-
Appropriation and distribution of 2022 earnings:										
Legal reserve	-	-	242,934	-	(242,934)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,368,434)	-	-	(1,368,434)	-	(1,368,434)
Special reserve	-	-	-	134,519	(134,519)	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2023	-	-	-	-	1,391,923	-	-	1,391,923	(189,894)	1,202,029
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(3,455)	(378,069)	1,413,301	1,031,777	(28,427)	1,003,350
Total comprehensive income (loss)	-	-	-	-	1,388,468	(378,069)	1,413,301	2,423,700	(218,321)	2,205,379
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	(6,148)	(6,148)
Balance as of December 31, 2023	\$ 3,909,811	\$ 2,507,703	\$ 4,364,561	\$ 1,322,902	\$ 11,755,209	\$ (1,842,442)	\$ 1,466,545	\$ 23,484,289	\$ 2,163,114	\$ 25,647,403

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$ 1,588,378	\$ 3,172,980	Acquisition of financial assets at fair value through profit or loss	-	(41,610)
Adjustments for:			Acquisition of financial assets at fair value through other comprehensive income	-	(1,238,610)
The profit or loss items which did not affect cash flows:			Decrease in financial assets at amortized cost - current	3,464,423	760,540
Expected credit loss	10,871	12,405	Disposal of subsidiary	-	860
Depreciation (including investment property and right-of-use assets)	1,403,075	1,453,547	Acquisition of property, plant and equipment	(1,660,013)	(1,631,104)
Amortization (including other noncurrent assets)	90,274	91,464	Proceeds from disposal of property, plant and equipment	108,641	46,918
Interest expenses	443,307	396,446	Acquisition of intangible assets	(39,663)	(113,938)
Interest income	(407,553)	(342,036)	Proceeds from disposal of intangible assets	2,847	103
Dividend income	(66,994)	(70,475)	Acquisition of land use rights	-	(453,177)
Transfer of property, plant and equipment to expense	539	4	Increase in prepayment of land use rights	(162,804)	(155,479)
Transfer of intangible assets to expenses	78	-	Increase in other noncurrent assets	9,578	(10,003)
Loss (gain) on disposal of property, plant and equipment	17,265	(7,922)	Net cash provided by (used in) investing activities	1,723,009	(2,835,500)
Loss on disposal of intangible assets	94	-			
Share-based payment expense	9,042	6,218			
Loss (gain) on disposal of investments	77,835	(531)			
Share of loss (gain) of associates and joint ventures accounted for using the equity method	9,128	(7,071)			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(400,165)	404,814	Cash flows from financing activities:		
Impairment of non-financial assets	-	4,991	Increase (decrease) in short-term borrowings	3,688,638	(1,988,548)
Changes in operating assets and liabilities:			Increase in long-term borrowings	112,900	9,000,000
Notes receivable	1,407	(1,573)	Decrease in long-term borrowings	(3,526,798)	(7,316,370)
Trade receivables	339,950	8,688,495	Increase (decrease) in guarantee deposits	9,009	(3,516)
Trade receivables - related parties	(109)	5,312	Increase in other noncurrent liabilities	-	366
Other receivables	377,421	(648,547)	Cash dividends	(1,759,415)	(1,563,925)
Inventories	1,856,467	(1,155,824)	Cash payment for the principal portion of lease liabilities	(267,106)	(328,525)
Prepayments	(134,323)	59,809	Acquisition of subsidiaries' ownership	(10,178)	-
Other current assets	52,869	(55,876)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	123,591	398,598
Other operating assets	13,979	14,084	Change in non-controlling interests	368	79,456
Contract liabilities	247,145	228,004	Net cash used in financing activities	(1,628,991)	(1,722,464)
Notes payable	(529)	215			
Accounts payable	283,186	(6,181,772)	Effect of exchange rate changes on cash and cash equivalents	(352,074)	787,571
Accounts payable - related parties	(14,534)	19,186			
Other payables	(594,698)	(788,169)	Net increase in cash and cash equivalents	4,190,959	1,135,160
Provisions - current	(128,581)	73,021	Cash and cash equivalents at the beginning of the period	12,364,999	11,229,839
Other current liabilities	(82,445)	232,454	Cash and cash equivalents at the end of the period	\$ 16,555,958	\$ 12,364,999
Net defined benefit assets/liabilities	(46,713)	(11,938)			
Cash provided by operating activities	4,945,666	5,591,715			
Dividend received	66,994	70,475			
Interest received	500,525	354,051			
Interest paid	(455,658)	(385,476)			
Income tax paid	(608,512)	(725,212)			
Net cash provided by operating activities	4,449,015	4,905,553			

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



**Coretronic Corporation**  
**2023's Earnings Distribution Table**

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Retained Earnings		10,278,513,837
Minus: Remeasurements of defined benefit pension plans	(3,454,909)	
Cumulative of Unappropriated Earnings		10,275,058,928
Net income of 2023	1,391,923,436	
Plus: Reversal of special reserve from first-time adoption of Taiwan-IFRSs	88,227,031	
Minus: Appropriated For 10% Legal Reserve	(147,669,556)	
Plus: Reversal of Special Reserve	134,518,841	
2023's Earnings Available For Distribution		1,466,999,752
Earnings Available For Distribution (Cumulative)		11,742,058,680
Cash Dividends To Shareholders (NTD 2.3 per share)		(899,256,553)
End of Unappropriated Retained Earnings		10,842,802,127
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

Chairman: Wade Chang    President : Sarah Lin, Ann Wu    Accounting Officer: Franck Ho

## Comparison Table of Amendments to the Procedures of Loaning of Funds and Making of Endorsements /Guarantees

Current Provisions	Proposed Amendments
<p>6. Operating Procedures</p> <p>6.1 Procedures for Lending Funds:</p> <p>6.1.1 、 6.1.3~6.1.12(Skip)</p> <p>6.1.2</p> <p>Total Amount of Funds Loaned and the Limit of Each available for lending to a company having business relationship with the Company, or with funding needs for a short-term period:</p> <p>(1) The total amount available for lending purpose shall not exceed fifty percent (50%) of the net worth of the Company.</p> <p>(2) The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed forty percent (40%) of the net worth of the Company to its last audited financial reports.</p> <p>(3) The total amount for lending to a company for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company to its last audited financial reports.</p> <p>(4) <u>The total amount for lending to the foreign companies of which the Company directly or indirectly holds 100% of the voting shares, or the amount foreign companies which the Company directly or indirectly holds 100% of the voting shares engages loan lending to the Company shall not exceed fifty percent (50%) of the net worth of the Company.</u></p>	<p>6. Operating Procedures</p> <p>6.1 Procedures for Lending Funds:</p> <p>6.1.1 、 6.1.3~6.1.12(Skip)</p> <p>6.1.2</p> <p>Total Amount of Funds Loaned and the Limit of Each available for lending to a company having business relationship with the Company, or with funding needs for a short-term period:</p> <p>(1) The total amount available for lending purpose shall not exceed fifty percent (50%) of the net worth of the Company.</p> <p>(2) The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed forty percent (40%) of the net worth of the Company to its last audited financial reports.</p> <p>(3) The total amount for lending to a company for funding for a short-term period shall not exceed forty percent (40%) of the net worth of the Company to its last audited financial reports.</p>

Note : Each subsidiary within the company maintains its own unique " Procedure for Loaning of Funds and Making of Endorsements/Guarantees ", covering aspects such as the limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower. This leads to the limit provisions specified in Article 6.1.2(4) conflicting with the unique procedure of each subsidiary. Each subsidiary has been consistently following its own procedures for loans and endorsements. Consequently, the removal of this article does not hinder any subsidiary from carrying out loan operations in accordance with its established procedures.

## Coretronic Corporation

### Articles of Incorporation

#### CHAPTER 1 : General Provisions

Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation". The Company's English name is named as Coretronic Corporation.

Article 2: The business engaged in by the Company shall be as follows :

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CD01060 Aircraft and Parts Manufacturing
4. CE01030 Photographic and Optical Equipment Manufacturing
5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture
6. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
7. CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
8. Research, develop, produce, manufacture and sale the following products :
  - (1) Various LCDs/TVs, projections and the backlight modules
  - (2) Multimedia presentation system equipments and software
  - (3) LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
  - (4) LED displays and modules
  - (5) Wearable device projection system
  - (6) Commercial unmanned aerial vehicle system
  - (7) All kinds of consigned design and develop and examination and consulting services regarding above products
  - (8) Import and export trading business related to the above businesses (except the businesses requiring permit)
9. Design, manufacturing and sales of Acrylics and relating consigned design, develop, consulting and import and export trading business of the products (can only be conducted outside Hsinchu Science Park)
10. Design, manufacturing and sales of the power supply, and its Components (can only be manufactured outside Hsinchu Science Park)

Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.

Article 4: When the Company invests in another company due to the need of operation, the total investments could exceed a specified percentage of the total paid-in capital, and the Company authorizes the board of directors to execute.

Article 5: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad. After the public offerings, the Company shall not go private without the

resolution of the shareholder meeting. The article shall not be changed in the period of the Company lists in OTC or Taiwan Stock Market.

Article 6: The Company's processing rules of announcement affairs shall fully comply with pertinent laws and regulations promulgated by the authorities concerned.

## CHAPTER 2 : Shares

Article 7: The total authorized capital of the Company shall be NT\$10 billion, divided into 1 billion(includes 70 million shares for the use of stock option certificates, preferred stock with warrants or corporate bonds with warrants) shares with a par value of NT\$10 each. Subject to practical need, the board of the directors is authorized to issue such shares by installments.

The Company buy back its shares according to Company Act. Qualification requirements of entitled employees, including the employees of the controlled companies meeting certain specific requirements.

The company's employee stock option certificate is issued to including the employees of the controlled companies meeting certain specific requirements.

When the company issues new shares, new shares reserved for employees of the controlled companies meeting certain specific requirements.

The company issuing restricted stock for employees including the employees of the controlled companies meeting certain specific requirements.

Article 8: The share certificate of the Company may adopt the issuance of non-physical, while shall be issued in registered form, as well as with other securities of the Company.

Article 9: The Company shall handle share matters in accordance with the Guidelines Governing Stock Matters of Public Offering Companies.

Article 10: No transfer of shares shall be handled within sixty days prior to a shareholder regular meeting, or within thirty days prior to a shareholder extraordinary meeting, or within five days prior to allocation of dividend bonus or any other benefits.

The period mentioned in the previous clause is calculated from the meeting date of the base date.

## CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

- (1) General shareholder meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
- (2) Special shareholder meetings may be convened according to the laws whenever it is necessary.

Directors may not convene the shareholders' meeting, the shareholders who own shares exceeds three percent (3%) of the total issued shares may convene the shareholder meeting by themselves with the permission of the authority.

Article 12: The chairman of the board shall preside at shareholder meetings if the shareholder

meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholder meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 13: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholder meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholder meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 14: A shareholder of the Company shall be entitled to one vote for each share held except the shares provided by laws.

Article 15: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholder meeting at which the shareholders of a majority of issued and outstanding capital are present or by proxy.

Shareholders' meeting will adopt electronic voting as one of the method to exercise the right to vote, and its related operation rules shall follow the competent authority regulations..

Article 16: When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may appoint proxies to attend the shareholder meeting published by the Company. Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholder Meeting of Public Companies".

Article 17: The resolution adopted at the shareholder meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholder meeting.

The Company may provide the minutes via an announcement.

#### CHAPTER 4 : Directors, Audit Committee and Managers

Article 18: The Company will have a board of directors consisting of seven to nine directors, who will be elected by the shareholder meeting from persons with disposing capacity. Each director will serve an office term of three years and may be re-elected. The board of directors is authorized to approve the number of directors. Compensation for the directors shall be determined by the board of directors in accordance with the domestic and international business standards. The Company shall establish at least three (3) independent directors to be included in the number of directors. Election of directors shall adopt the candidate nomination measure and

elected by shareholders' meeting from previous candidates. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Article 18-1: The Company's audit committee is formed by all independent directors and one of whom shall serve as the convener. Effective from the establish date of the audit committee, the Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the relevant regulations.

Article 19: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only.

The reasons for calling a board of directors meeting and audit committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written, fax or electronic format.

Article 20: The chairman of the board shall preside at directors' meeting. When the chairman is on leave or unable to exercise his/her official functions for whatever the reason, the acting chairman shall be designated in accordance with the relevant regulations.

Article 21: Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a board of directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more than 50% of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a board of directors' meeting.

If the directors' meeting is conducted in a manner of digital videoconference, the Directors who participate in such conference via digital video shall be deemed be present in person.

Article 22: The Company may has managers, all of whom shall be duly appointed, discharged and paid by the board of directors through a majority vote in the meeting which is attended by a majority of the total number of of directors.

Subject to the authority prescribed by the board of directors, the officers shall be empowered or not to manage the operation of the company and to sign relevant business documents for the company.

## CHAPTER 5 : Accounting

Article 23: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 24: Upon the close of each fiscal year, the board of directors shall work out the following documents to be audited by supervisors within thirty days prior to the regular meeting of shareholders before being acknowledged by the shareholder meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposals of profit allocation or loss coverage

Article 25: 10%~20% of profit of the current year shall be distributed as employees' compensation. If the Company have losses from previous year, the losses shall be compensated in advance. Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.

In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total paid-in capital, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.

The company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The company authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividends policy is ordered by the Company Law and the Articles of Incorporation and decided according to the Company's capital and financial structure, operation situation, profits and the characters of the industry and business cycle. Distributions shall be made in cash dividends or in stock dividends. However, due to the Company is in expansion in its industry, the

Company shall, in consideration of the financial, business and administrative needs, distribute more than ten percent (10%) of the total dividends if the Company decides to distribute cash dividends.

When the Company has no profits to distribute to the shareholders, the Company may, in consideration of the financial, business and administrative needs, to distribute all or partial reserve according to the relevant laws or regulations of authorities.

The board of directors of the Company may resolve to purchase liability insurance for the directors.

Article 26: If the Company issue employee stock option certificates or buy back shares to transfer to employees, and the subscription price or transferred price is lower than the limited price of the relevant laws, it shall be proposed to the shareholder meeting according to the relevant laws.

Article 27: Dividends and bonuses shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

#### CHAPTER 6 : Supplementary Provisions

Article 28: Any rules or measures related to the Articles of Incorporation shall be stipulated separately by the board of directors.

Article 29: Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law.

Article 30: This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th, 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18, 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; 18th amended on June 12, 2012; 19th amended on June 17, 2014; 20th amended on June 15, 2016; 21st amended on June 13, 2019; 22nd amended on June 12, 2020; The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Coretronic Corporation

Chairman : Wade Chang



**Coretronic Corporation**  
**Rules of Procedure for Shareholders' Meetings**

**Article 1**

The Company's procedure of meeting of shareholders shall be conducted in accordance with these Rules. Matters not specified in these Rules shall be handled in accordance with relevant laws and regulations.

**Article 2**

The meeting of shareholders shall be held at the registered office of the Company or at a venue convenient for shareholders to attend and suitable for holding the meeting of shareholders. The starting time of the meeting may not be earlier than 9 a.m. or later than 3 p.m.

**Article 3**

The Company shall prepare an attendance book for shareholders present to sign in, or the shareholders present may hand in a sign-in card in lieu of signing on the attendance book.

When a government agency or a juristic person acts as a shareholder, its representatives to attend the meeting of shareholders may not be limited to one person. When a juristic person is appointed to attend a meeting of shareholders by proxy, it may designate only one representative to attend the meeting.

**Article 4**

If the meeting of shareholders is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise his/her powers and authority for any cause, the chairman of the board shall designate one of the directors to act on his/her behalf. Where the chairman of the board does not make such a designation, the directors shall elect from among themselves one person to serve as the chairman.

If the meeting of shareholders is convened by any other person having the convening right other than the board of directors, the chairman shall be acted by such person having the convening right. If there are two or more persons having the convening right, one chairman of the meeting shall be elected from among themselves.

The Company may designate lawyers, certified public accountants or related personnel appointed by it to attend the meeting of shareholders.

**Article 5**

The Company shall conduct a continuously and uninterrupted audio and video recording of the procedures of shareholders' sign-in at the reception, the progress of the meeting, and voting and counting of votes, beginning from the time of accepting the sign-in of shareholders.

The audio-visual materials stated in the preceding Paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the lawsuit.

**Article 6**

Attendance at a meeting of shareholders shall be calculated on the basis of number of shares. The number of shares in attendance is calculated in accordance with the number of shares specified on the attendance book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or by electronic means.

At the scheduled meeting time, the chairman shall immediately call the meeting to order and announce the relevant information, such as the number of non-voting rights and the number of shares present. However, when the attending shareholders do not represent more than half of the

total issued shares, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to twice, and the total postponement time may not exceed one hour in aggregate. After the second postponement, if the attending shareholders still represent less than one-third of the total issued shares, the chairman shall announce the meeting adjourned.

If the quorum is still not met after the second postponement stated in the preceding Paragraph while the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act; a notice of such tentative resolution shall be given to each of the shareholders, and a meeting of shareholders shall be reconvened within one month.

Before the conclusion of the meeting, if the shareholders present represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution to the meeting of shareholders for voting in accordance with Article 174 of the Company Act.

#### Article 7

If the meeting of shareholders is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall proceed in the order set by agenda, which may not be altered without a resolution of the meeting of shareholders.

The provisions stated in the preceding Paragraph shall apply *mutatis mutandis* to the meeting of shareholders convened by any other person having the convening right.

Before concluding the meeting discussions (including provisional motions) set in the agenda under the preceding two Paragraphs, the chairman may not arbitrarily announce the meeting adjourned without a resolution; if the chairman violates the rules of procedure and announces the meeting adjourned, other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman by a majority of votes represented by attending shareholders in accordance with the statutory procedure, and continue the meeting.

The chairman shall give ample opportunities for full explanations and discussions of the proposals and the amendments or provisional motions proposed by shareholders. When the chairman believes that a proposal has been discussed sufficiently and may be put to vote, he may announce the cessation of discussion, put it forward for voting, and arrange adequate and sufficient time for voting.

#### Article 8

An attending shareholder shall complete a speaker's slip stating the main points of the speech, shareholder account number (or attendance certificate number) and account name, and the sequence of speeches by shareholders shall be determined by the chairman.

An attending shareholder who has only submitted a speaker's slip but does not actually speak shall not be deemed to have spoken. If the contents of the speech are inconsistent with that stated on the speaker's slip, the contents of the speech shall prevail.

Without the consent of the chairman, each shareholder's speech on the same proposal shall not exceed twice, and each time may not exceed five minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the discussion topic, the chairman may stop his/her speech.

When an attending shareholder is speaking, other shareholders may not speak or interfere except with the consent of the chairman and the shareholder having the floor. The chairman shall stop any such violations.

When a juristic person shareholder designates two or more representatives to attend a meeting of shareholders, only one person may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond personally or designate relevant personnel to respond.

#### Article 9

The voting at a shareholders meeting shall be calculated on the basis of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

Shareholders shall have one voting right per share, except when shares are restricted shares or have no voting rights stated in Paragraph 2, Article 179 of the Company Act.

#### Article 10

Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the voting of proposal shall be passed by a majority of the total number of the attending shareholders.

In case of a voting, the chairman or his/her designated person shall announce the total number of voting rights of the attending shareholders, and then the shareholders shall vote. And on the same day of the meeting of shareholders is held, the results of shareholders' approval, opposition and waiver shall be entered into the MOPS. If the total number of voting rights of the shareholders present does not reach the statutory or stipulated number of shares stated in the Articles of Incorporation, the chairman may declare that the proposal is not approved, and it is unnecessary to vote.

Where there is an amendment or alternative to the same proposal, the chairman shall combine the amended or alternative proposal with the original proposal and decide the order of voting. If one of the proposals has been passed, the other proposals shall be deemed rejected and no further voting shall be required.

The monitors and ballot counters for voting shall be designated by the chairman; however, only such persons who are shareholders may serve as monitors.

The counting of votes for meeting of shareholders or election proposals shall be conducted in a public place at the venue of the meeting of shareholders; after the counting of votes is completed, the voting results shall be immediately announced on the spot, including statistical weights, and shall be recorded.

#### Article 11

The chairman may direct monitors or security guards to help maintain order in the venue of meeting.

If the venue of meeting is equipped with sound amplifying equipment, the chairman may stop the shareholder who does not use the equipment configured by the company to speak.

If a shareholder violates the rules of procedure and disobey the chairman's correction, obstructs the progress of the meeting and still disobeys despite being stopped, the chairman may direct the scrutineers or security guards to ask him/her to leave the venue of meeting.

#### Article 12

During the progress of the meeting, the chairman may announce an appropriate time of break at his/her discretion. In the event of force majeure, the chairman may rule to suspend the meeting temporarily and announce a time when the meeting will be resumed, depending on the circumstances.

Before concluding all the meeting discussions (including provisional motions) set on the agenda set by the meeting of shareholders, if the venue of meeting is no longer available for continued use at that time, the meeting of shareholders may adopt a resolution to find another venue to resume the meeting.

The meeting of shareholders may resolve to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 13

These Rules shall be implemented after a resolution is adopted at the meeting of shareholders, and the same shall apply when any amendment is made thereto.

### Status of all Directors' Shareholding

1. Total shares issued are 390,981,110.
2. As of April 16, 2024, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Wade Chang	9,345,953	2.39%
Director	Hsun Chieh Investment Ltd. Legal Representative: Tai-Shung Ho	15,495,551	3.96%
Director	Hanns Prosper Investment Corporation Legal Representative: Yu-Chi Chiao	4,920,000	1.26%
Director	Han-Ping Shieh	0	0.00%
Independent Director	Hsing-Yi Chow	0	0.00%
Independent Director	Audrey Tseng	0	0.00%
Independent Director	Hung-Pin Ku	0	0.00%
Number of shares held by all directors		29,761,504	7.61%

3. According to legal rules the minimum number of shares that may be held by all directors is 15,639,244 shares.