

Stock Code: 5258



Castles Technology Co., Ltd.

2024

Annual Report

Published on April 30, 2025

Market Observation Post System (MOPS): <http://mops.twse.com.tw>

Company Website: <http://www.castlestech.com>

I. Spokesperson and Acting Spokesperson of the Company

Spokesperson

Name: Chia-Hua Huang

Job Title: Chief Operating Officer

Tel.: (02)8913-1771

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Acting Spokesperson

Name: Mei-Yun Tu

Job title: Assistant Vice President, Administration Division

Tel.: (02)8913-1771

Email: spokesperson@castech.com.tw

II. Address and phone number of head office, branch office, and factory

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Tel.: (02)8913-1771

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Factory address: 2F, No. 2, Songjiang North Road, Zhongli District, Taoyuan City

III. Stock Registrar

Name: Department of Stock Registration Service, Taishin Securities Co., Ltd.

Address: B1, No. 96, Jianguo North Road, Section 1, Zhongshan District, Taipei City

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

Tel.: (02)2504-8125

IV. CPAs of the most recent financial statements

Certified Public Accountants: Jenny Yeh, Bill Yu

CPA Firm: PwC Taiwan

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

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

Tel.: (02)2729-6666

V. Names of overseas exchanges where the Company's securities are traded, and methods for inquiring about the overseas securities: None

VI. Corporate website: <http://www.castlesteck.com>

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One. Report to Shareholders

I. Operational Highlights 2024

(I) Results of business plan implementation

Benefited from the rise of business opportunities for self-service technologies (SSTs) in the post-pandemic era, we experienced a bumper harvest in the sales of own-brand e-payment systems, and increased the provision of seamless payment, easy, and secure products for the international market. The scope of application of our products covers finance, restaurants, retailers, medical care, transportation, automated fuel dispensers, EV charging stations, and vending machines. Owing to the business performance in Europe for 2023, there was a small growth in overall sales, especially in Spain and Italy. Sales and market shares in other areas were decent as well. Moreover, the gradually-improving reputation in the main global market and the sales of new-type Android terminal devices with multiple functions were the main reasons for an increase in sales performance. As a result of core advantages in development and software customization, the Company will continue its efforts in sales channels, software development and services. With the increase in the percentage of software service revenue and the continual launch of cloud service products, the Company looks forward to transforming from an equipment manufacturer to a solution provider, improving overseas maintenance and service centers, and creating win-win situations with our customers.

In 2024, the Company recorded net operating revenue of NT\$7,825,651 thousand, representing a 3% decline compared to NT\$8,045,038 thousand in 2023. Net income after tax for the year was NT\$717,396 thousand, a decrease of approximately NT\$214,098 thousand from NT\$931,494 thousand in 2023.

(II) Budget execution

Unit: NTD thousand

Item	Actual Amount in 2024	Budget Amount in 2023	Achievement rate
Operating revenue	7,825,651	Unpublished financial forecast	Not applicable
Operating costs	(5,230,753)		
Gross profit	2,594,898		
Operating expenses	(1,828,832)		
Net operating profit	766,066		
Non-operating income/expenses	232,741		
Profit before income tax	998,807		
Income tax expenses	(281,411)		
Profit for the year	717,396		

(III) Analysis of financial income, expenditure and profitability

Analysis Item		Year		
		2024	2023	
Financial structure (%)	Debt to asset ratio	46.25	45.26	
	Long term funds to fixed assets ratio	1124.13	966.04	
Solvency (%)	Current ratio	201.06	211.97	
	Quick ratio	130.70	143.46	
	Interest coverage ratio	33.24	46.98	
Profitability	Return on assets (%)	9.67	14.24	
	Return on equity (%)	17.26	27.47	
	To capital stock (%)	Operating profit	69.41	110.29
		Profit before tax	90.50	116.69
	Profit margin (%)	9.17	11.57	
	Earnings per share (NT\$)	6.35	8.24	

(IV) Status of Research and Development

1. Industry development trends

- (1) Contactless payment applications: Due to the impact of the pandemic, applications of the cashless industry sped up. The ability to provide integrated hardware-software services will be one of the keys for sales growth and the core of future research and development. In addition, the opportunities for self-service applications vary over the world, and finding the right local partners will be key to success for sales team.
- (2) New retail applications and services: Under the impact of the pandemic, vendors tend to be more conservative in staff employment and equipment investment. This brings new business opportunities as vendors become more willing to adopt monthly rental service platforms to reduce investments in equipment that requires manpower expenditure.
- (3). Applications for EV charging stations: The market growth of charging equipment is promising, and the support for open payment platforms and embedded payment equipment will be the foci of regulatory requirements around the world. The Company is cooperating with relevant vendors in different areas.

2. Hardware-software integration solutions

The willingness of business software developers to invest in development on the Android platform and software porting has increased significantly, and the demand of retail and sales software for the effectiveness of hardware has increased as well. Therefore, industry demand tends to the development of products with higher effectiveness to fulfill the needs for various application.

As Android smart terminal devices are becoming more and more mature, global acquirers are actively investing in the development of platform applications. The product line with complete Android payment terminal provides customers with cloud back-end services to perform integration, which can speed up customers' release

schedules. Therefore, Android products will become the main force of the sales market and lead to diverse applications.

The Company will continue strengthening the promotion of the cloud product CASHUB. The core contents not only include the current CTMS, but also integrate CWARE (remote control and data collection), CKIT (transaction keys), CSTORE (Android app platform), CINVOICE (domestic electronic receipts, already verified), and CECR (vendor back-end management). It provides end users with more efficient management and value-added services while enhancing customer stickiness, and generates predictable, stable, and recurring revenue.

II. Summary of the 2025 business plan

(I) Operating policy

In the overall industry, the continual mergers of competitors have led to a market share change, and our market share in various regions increased gradually. According to Nilson Report, a professional research institution, the shipping volume ranking of our own-brand (Castles) products has been rising gradually in the US and Europe, and Castles-branded unmanned (unattended) self-service products have been used by leading customers at home and abroad. With global marketing and deployment capabilities, alongside the application of EDGE AI, as well as the machine replacement trend of worldwide telecommunications service providers after retiring the 2G/3G services, new opportunities for sales contracts and drive of growth are expected. Our major operational policies are as follows:

1. New product launch and certification:

We have established marketing and R&D teams in major markets, and have been able to capture the new demands and new business opportunities in different parts of the world. We will continue to enhance the R&D power and project control capability of our core technical teams in Taiwan and mainland China. We will also accelerate local certification and the development of related applications in coordination with regional R&D teams around the globe to quickly develop products that meet the demand of each regional market.

2. Strengthening logistic support management:

Despite the market share growth in most regions, facing the price competition of manufacturers in mainland China, we need to strengthen procurement, production, and financial management. In terms of procurement, we will strengthen supplier management to control costs. In terms of production, we will raise the capacity yield rate, capture the delivery lead-time, and reduce stock of OEM factories. In terms of finance, we will continue to optimize product cost, and increasing the overall profit is the prime target of the year.

3. Deployment of global sales channels and growth momentum:

In terms of operating revenue, the result of global deployment became visible. It is expected that with the application of unmanned self-service and the switch to Android terminal devices, there may be more significant growth in operating revenue. Through M&A and strategic cooperation, we will build a global network to increase market share, continue to expand operational bases, further regional services, and integrate hardware, software, and cloud services to become a global POS solution provider.

(II) Expected sales volume and basis

Based on the macro-environmental changes, industry development trends, and the direction of future business development and product R&D planning, the expected sales for 2025 will be: Electronic fund transaction terminal and consumer finance products

about 3,500K sets/units, POS and peripherals about 50K sets/units, and other products about 60K sets/units.

(III) Important production and sales policies

1. Diversifying customer groups: Continue to optimize products and offer custom service in coordination with customers, adjust product ranges based on the sales strategy, continue to apply for certification to new customers to constantly diversify sales channels to increase market share, and implement product range segmentation to meet the needs of customers with different price flexibilities.
2. Increasing procurement of existing customers: Strengthen software service promotion to increase the proportion of revenue from software services in addition to hardware sales.
3. Full control of sources of important materials: Actively plan materials shared use to optimize procurement cost so as to cut production costs and enhance management efficiency.
4. Quality and cost control: Production of the self-constructed plant already started at the end of 2023. Facing the "Taiwan plus one" production proposition of leading European and US customers, we are actively discussing with partner manufacturers.
5. Enhancing engineering capabilities: Continue to combine R&D and manufacture through advance planning of optimal production processes to catch up with the rising demand for custom services.
6. Talent cultivation plan: Continue to establish separated R&D and technical teams to effectively and quickly support the customer needs around the world.

III. Future development strategies and impacts from external competition, legal environment, and macro environment

(I) Future development strategies

Following the global development trend of electronic financial transaction, the demand for software used on electronic payment tools will increase significantly, including application services and transaction security management. With a solid foundation, apart from continuously offering customers software and cloud services, we also hope to become a leading supplier of total solution for software and data security in addition to selling hardware.

(II) Impacts of external competition, legal environment, and macro environment

Due to the globalization trend, the rise of mainland China manufacturers, and the threat of the "red" (communist China) supply chain, white-hot competitions in quality and price terms are taking place in the industry. Hence, only continuous R&D, timely and effective response to customer needs, and alongside effective and rapid production can we win the game.

We focus on the global market. In the future, we will emphasize sales integrating

software and services in addition to hardware sales to enhance the overall competitiveness of products, and also strengthen the promotion of cloud service customization. Additionally, we will continue to develop global deployment by offering localized integrated payment solutions through our overseas sales locations. Furthermore, in response to the rising demand for transaction environment security and service customization, as a company emphasizing and engaging in long-term R&D and devoted to pass the certification of various standards, we are more competitive and will keep track on changes in the macro environment and adjust our operating strategies and directions accordingly.

Looking ahead, we will actively establish well-planned management mechanisms, implement division of responsibilities, optimize organizational efficiency and workforce development in response to the rapid organizational expansion following the operational growth, so as to effectively manage personnel and management expenses and strengthen the organizational constitution.

The European and US markets will still be the main drive of growth. Currently, we have completed the certification of regional acquirers in Europe and the US, and a more significant revenue growth is expected from the application of unmanned self-service and the switch to Android terminal devices. The end of the global material shortage crisis is expected to reduce the cost of parts. Through optimizing supply chain management, raising production capacity, and cooperation with strategic partners, a further improvement of the cost structure to increase profits is expected. The Company remains cautiously optimistic about its operations in 2024.

I would like to thank all shareholders for your long-term support and trust, and all employees for your unremitting efforts.

Wish you good health and all the best!

Chairperson: Hua-Hsi Hsin

Two. Corporate Governance Report

I. Profiles of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Profiles of Directors and Supervisors

April 19, 2025

Job Title	Nationality or Place of Registration	Name	Gender	Age	Date of Election (Inauguration)	Term of Office	Date of initial Election	Shareholding at Appointment		Number of Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in Other's Names		Main Work (Academic) Experience	Concurrent Positions in the Company and Other Companies	Other supervisors, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
								Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship with the endorser/guarantor	
Chairperson	Republic of China	Hua-Hsi Hsin	Male	61–70 years old	2024.06.18	3 years	2011.09.13	3,682,333	3.51%	3,941,909	3.57%	52,782	0.05%	-	-	Department of Nuclear Engineering, National Tsing Hua University	(Note 2)	-	-	-	-
Directors	Republic of China	Hua Kan Investment Co., Ltd.	-	-	2024.06.18	3 years	2011.09.13	13,634,855	12.97%	14,316,597	12.97%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Hung-Chun Lin	Male	51–60 years old	-	-	(Note 1)	-	-	1,043,248	0.95%	-	-	-	-	Department of Electronic Engineering, National Taiwan University of Science and Technology Assistant Engineer of Sysgration Ltd. R&D Engineer of Foongtone Technology Co., Ltd.	President cum Chief R&D Officer of the Company Director of Castles Technology Singapore Pte. Ltd. Director of Castles Technology UK & Ireland Ltd. Director of Castles Technology Europe S.R.L. President of Casware System Technology Co., Ltd.	-	-	-	-

Job Title	Nationality or Place of Registration	Name	Gender	Age	Date of Election (Inauguration)	Term of Office	Date of initial Election	Shareholding at Appointment		Number of Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in Other's Names		Main Work (Academic) Experience	Concurrent Positions in the Company and Other Companies	Other supervisors, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
								Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship with the endorser/guarantor	
Directors	Republic of China	Wen-Jeh Fong	Male	61-70 years old	2024.06.18	3 years	2015.03.02	191,159	0.18%	214,216	0.19%	-	-	-	-	Saginaw Valley State University MI. Master Degree of Business Administration Department of Economics, National Chung Hsing University Vice President, UNIFORM INDUSTRIAL CORP. US Bankcard Services CSO (USA) Vice President, ACER INCORPORATED President, Hypercom Corporation CSO, Castles Technology Co., Ltd.	Castles Technology International Corporation Director and President	-	-	-	-
Directors	Republic of China	Chia-Hua Huang	Female	51-60 years old	2024.06.18	3 years	2019.10.03	-	-	53,750	0.05%	-	-	-	-	Institute of Industrial Management, National Taiwan University of Science and Technology Division Director of Allone Solution Co., Ltd. Manager of Wamtek Technology Co., Ltd.	Chief Operating Officer of the Company	-	-	-	-
Independent Director	Republic of China	Hsi-Hsun Gong	Male	61-70 years old	2024.06.18	3 years	2018.06.26	-	-	-	-	-	-	-	-	Department of Business Administration, National Chengchi University Entrepreneur Management Workshop, the 26th term Department of Nuclear Engineering, National Tsing Hua University President of CIPHERLAB Co., Ltd. CTO of CIPHERLAB Co., Ltd.	Chairman and President of COS ENGINEERING CO., LTD. Supervisor of Stoneax Infotech Co., Ltd.	-	-	-	-

Job Title	Nationality or Place of Registration	Name	Gender	Age	Date of Election (Inauguration)	Term of Office	Date of initial Election	Shareholding at Appointment		Number of Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in Other's Names		Main Work (Academic) Experience	Concurrent Positions in the Company and Other Companies	Other supervisors, directors, or supervisors who are spouses or relatives within the second degree of kinship			Remarks
								Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relationship with the endorser/guarantor	
Independent Director	Republic of China	Hsin-Kai Kung	Male	51 - 60 years old	2024.06.18	3 years	2018.06.26	-	-	-	-	-	-	-	-	MBA of Tiffin University, USA Department of Accounting, Tamkang University CPA of Xin Kai CPAs Firm Assistant Manager of Audit Department, Deloitte Taiwan Independent Director of First Steamship Co., Ltd.	Independent Director of JSW PACIFIC CORPORATION Director of SIM Card Consulting Limited CCGO of First Steamship Co., Ltd. CFO/ Spokesperson of TAIWAN ENVIRONMENT SCIENTIFIC CO., LTD.	-	-	-	-
Independent Director	Republic of China	Jiun-Jen Chen	Male	61-70 years old	2024.06.18	3 years	2023.06.20	-	-	-	-	-	-	-	-	BSc of Department of Computer Science, Tamkang University MSc, Institute of Information Engineering, National Taiwan University Director of HiTRUST Corporation Chairman and Advisor to President, Beijing Lakala Payment Limited President of China Region, WeLab Inc. VP, China Resource Bank HQ SVPice President of CTBC Bank Vice President of Taishin International Bank Manager, First Commercial Bank President, Visa International (Taiwan)	Director of O-Bank	-	-	-	-

Note 1: Hung-Chun Lin, representative of Hua Kan Investment Co., Ltd., became a director from May 12, 2011.

Note 2: The Company's chairperson is concurrently the head of the Sales Division and Overseas Business Division, director of Hua Kan Investment Co., Ltd., director of Hua Bao Investment Co., Ltd., director of CASTECH INTERNATIONAL LIMITED, director of CASTECH INTERNATIONAL (H.K.) LIMITED, executive director of Suzhou Castles Technology Co., Ltd., director of CASTLES TECHNOLOGY SINGAPORE PTE. LTD., chairperson of CASTLES TECHNOLOGY EUROPE S.R.L., chairperson of Castles Technology International Corp., director and president of CASTLES TECHNOLOGY SPAIN SL, chairperson of Casware System Technology Co., Ltd., director of CASTLES TECHNOLOGY UK & IRELAND LTD., and director of CASTLES TECHNOLOGY Jordan Private Shareholding Company.

1. Major shareholders of corporate shareholders

April 19, 2025

Names of corporate shareholders	Major shareholders of corporate shareholders
Hua Kan Investment Co., Ltd.	Hua-Hsi Hsin (43%); Tsung-Hsi Lee (24%); Ching-Cheng Lee (14%); Cheng-Chin Lee (12%); Hsiang-Yuen Lin (4%); Hsien-Kai Hsin (3%)

2. Profiles of the major shareholders of major corporate shareholders: None

3. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

(1) Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Condition(s) Name	Professional Qualifications	Experience (Note 1)	Status of Independence (Compliance with Note 2)	Number of other public companies also serving as independent directors
Hua-Hsi Hsin	Work experience in commerce, law, finance, accounting, or business operations	Chairperson, Hua Kan Investment Co., Ltd. Director of Hua Bao Investment Co., Ltd. Directors of various subsidiaries of Castles Technology	(6)(7)(8)(9) (10)(11)(12)	0
Hua Kan Investment Co., Ltd. Representative, Hung-Chun Lin	Work experience in commerce, law, finance, accounting, or business operations	Assistant Engineer, Sysgration Ltd. R&D Engineer, Foongtone Technology Co., Ltd. Director of Castles Technology Singapore Pte. Ltd. Director of Castles Technology UK & Ireland Ltd. President, Casware System Technology Co., Ltd.	(3)(6)(8)(9) (10)(11)	0
Wen-Jeh Fong	Work experience in commerce, law, finance, accounting, or business operations	Vice President, UNIFORM INDUSTRIAL CORP. US Bankcard Services CSO (USA) Vice President, ACER INCORPORATED President, Hypercom Corporation CSO, Castles Technology Co., Ltd.	(6)(7)(8)(9) (10)(11)(12)	0
Chia-Hua Huang	Work experience in commerce, law, finance, accounting, or business operations	Division Director of Allone Solution Co., Ltd. Manager of Wamtek Technology Co., Ltd.	(6)(7)(8)(9) (10)(11)(12)	0
Hsi-Hsun Gong	Work experience in commerce, law, finance, accounting, or business operations	President of Cipherlab Co., Ltd. CTO of Cipherlab Co., Ltd. Chairman and President of COS ENGINEERING CO., LTD. Supervisor of Stoneax Infotech Co., Ltd.	(1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	0
Hsin-Kai Kung	Work experience in commerce, law, finance, accounting, or business operations	Assistant Manager of Audit Department, Deloitte Taiwan Partner CPA of Xin Kai CPAs Firm Director of SIM Card Consulting Limited CCGO of First Steamship Co., Ltd. CFO/ Spokesperson of TAIWAN ENVIRONMENT SCIENTIFIC CO., LTD. Independent Director of JSW PACIFIC CORPORATION	(1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	1
Jiun-Jen Chen	Work experience in commerce, law, finance, accounting, or business operations	Director of HiTRUST Corporation Chairman and Advisor to President, Beijing Lakala Payment Limited President of China Region, WeLab Inc. VP, China Resource Bank HQ SVice President of CTBC Bank Vice President of Taishin International Bank Manager, First Commercial Bank President, Visa International (Taiwan) Director of O-Bank	(1)(2)(3)(4) (5)(6)(7)(8) (9)(10)(11)(12)	0

Note 1: None of the above directors and independent directors is under any categories as stipulated in Article 30 of the Company Act.

Note 2: Directors' independence during the two years before being elected and during their term of office. (All qualified roles are tabulated above.)

- (1) Not an employee of the company or its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or concurrently the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.
- (4) Not the spouse, the kindred at the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3).
- (5) Not a director, supervisor or employee of an corporate shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an corporate shareholder who is among the top 5 shareholders, or a representative of an corporate shareholders appointed as the director or supervisor of the company according to paragraph 1 or 2, Article 27, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor or employee of a company controlling over one half of the company's director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director, supervisor or employee of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in a business or financial relation with the company (except for a specific company or institution holding over 20% but less than 50% of the company's outstanding shares, and independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (9) Not a professional or owner, partner, director, supervisor, manager or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 in the most recent two years for the company or its affiliates; except for members of the Compensation Committee, public tender offers committee, or special committee for merger/consolidation exercising powers with respect to the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Not a spouse or the kindred at the second tier under the Civil Code to any other director.
- (11) Not under any one of the categories as stated in Article 30 of the Company Act.
- (12) Not being elected as representative to the government or an institution under Article 27 of the Company Act.

(2) Director diversity policy and implementation:

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

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

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

- (A) The ability to make judgments about operations.
- (B) Accounting and financial analysis ability.
- (C) Business management ability.
- (D) Crisis management ability.
- (E) Knowledge of the industry.
- (F) International market perspective.
- (G) Leadership ability.
- (H) Decision-making ability.

If the number of directors of either gender does not reach one-third of the total seats on the Board, please explain the reasons and the measures being taken to improve gender

diversity on the Board:

The Company will continue to seek qualified board candidates to comply with gender diversity requirements.

Implementation of Board Diversity by Individual Directors

Director	Core Aspects of Diversity	Ability to make judgments about operations	Accounting and financial analysis ability.	Business management ability.	Crisis management ability.	Knowledge of the industry.	International market perspective.	Leadership ability.	Decision-making ability.
Director Hua-Hsi Hsin		V	-	V	V	V	V	V	V
Representative of Corporate Director Hung-Chun Lin		V	-	V	V	V	V	V	V
Director Wen-Jeh Fong		V	V	V	V		V	V	V
Director Chia-Hua Huang		V	V	V	V		V	V	V
Independent Director, Hsi-Hsun Gong		V	V	V	V	V	V	V	V
Independent Director, Hsin-Kai Kung		V	V	V	V		V	V	V
Independent Director of Jiun-Jen Chen		V	V	V	V	V	V	V	V

(II) Profiles of President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

April 19, 2025

Job Title	Nationality	Name	Gender	Date of Inauguration	Number of Shares Held		Shares Currently Held by Spouse and Underage Children		Shares Held in Other's Names		Main Work (Academic) Experience	Concurrent Positions in the Company and Other Companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Position	Name	Relationship with the endorser/guarantor	
Chairperson cum head of the Sales Division and Overseas Business Division	Republic of China	Hua-Hsi Hsin	Male	2011.09.13	3,941,909	3.57%	52,782	0.05%	-	-	Department of Nuclear Engineering, National Tsing Hua University	(Note 1)	-	-	-	-
President cum Chief R&D Officer and Head of Manufacturing Division	Republic of China	Hung-Chun Lin	Male	2011.09.13	1,043,248	0.95%	-	-	-	-	Department of Electronic Engineering, National Taiwan University of Science and Technology Assistant Engineer, Sysgration Ltd. R&D Engineer, Foongtone Technology Co., Ltd.	Director of Castles Technology Singapore Pte. Ltd. Director of Castles Technology UK & Ireland Ltd. Director of Castles Technology Europe S.R.L. President, Casware System Technology Co., Ltd.	-	-	-	-
Chief Operating Officer	Republic of China	Chia-Hua Huang	Female	2019.10.03	53,750	0.05%	-	-	-	-	Institute of Industrial Management, National Taiwan University of Science and Technology Division Director of Allone Solution Co., Ltd. Manager of Wamtek Technology Co., Ltd.	-	-	-	-	-
Sales Division Vice President	Republic of China	Yu-Chun Chen	Female	2011.09.13	854,258	0.77%	-	-	-	-	Howard Payne University Marketing Specialist of Lian Xun Computer Corporation	Director of CASTLES TECHNOLOGY SINGAPORE PTE. LTD.	-	-	-	-
R&D Division Vice President	Republic of China	Ching-Huang Li	Male	2022.09.01	53,000	0.05%	-	-	-	-	Department of Electrical Engineering, National Chung Cheng University Quanta Computer Inc. XAC AUTOMATION CORP Simply Charged	-	-	-	-	-

Job Title	Nationality	Name	Gender	Date of Inauguration	Number of Shares Held		Shares Currently Held by Spouse and Underage Children		Shares Held in Other's Names		Main Work (Academic) Experience	Concurrent Positions in the Company and Other Companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Position	Name	Relationship with the endorser/guarantor	
Strategic Planning Division Assistant Vice President	Republic of China	Chun-Yu Chen	Male	2017.11.02	87,983	0.08%	14,160	0.01%	-	-	Graduate Institute of Civil Engineering, National Chiao Tung University Product Manager, XAC AUTOMATION CORP Senior Product Manager, POSKITZ LTD.	-	-	-	-	-
Chief Financial and Accounting Officer	Republic of China	Mei-Yun Tu	Female	2022.04.01	75,542	0.07%	-	-	-	-	Department of Accounting, China University of Technology Accounting Specialist, OMNIAD MEDIA INCORPORATION Tax Auditor, Lien Yang CPAs Firm	-	-	-	-	-

Note 1: The Company's chairperson is concurrently the head of the Sales Division and Overseas Business Division, chairperson of Hua Kan Investment Co., Ltd., director of Hua Bao Investment Co., Ltd., director of CASTECH INTERNATIONAL LIMITED, director of CASTECH INTERNATIONAL (H.K.) LIMITED, executive director of Suzhou Castles Technology Co., Ltd., director of CASTLES TECHNOLOGY SINGAPORE PTE. LTD., chairperson of CASTLES TECHNOLOGY EUROPE S.R.L., chairperson of Castles Technology International Corp., director and president of CASTLES TECHNOLOGY SPAIN SL, chairperson of Casware System Technology Co., Ltd., director of CASTLES TECHNOLOGY UK & IRELAND LTD., and director of CASTLES TECHNOLOGY Jordan Private Shareholding Company.

II. Cash compensation for directors, supervisors, president, and vice presidents in the most recent year

1. Cash Compensation for Directors

April 19, 2025 Unit: NTD thousand

Position	Name	Directors' remuneration				Percentage in net income of the sum of A-D (Note 1)		Cash Compensations for Directors Also Serving As Employees						Percentage in net income of the sum of A-G (Note 1)		Cash Compensation from Investees Other Than Subsidiaries						
		Remuneration (A)		Severance pay and pension (B)				Remuneration for directors (C)		Business execution fee (D)		Salaries, bonuses and allowances (E)					Severance pay and pension (F)		Remuneration for employees (G)			
		All companies included in the financial statements		The Company		All companies included in the financial statements		The Company		The Company		All companies included in the financial statements		The Company			All companies included in the financial statements					
Chairperson	Hua-Hsi Hsin	-	-	-	-	895.8	895.8	-	-	0.13%	0.13%	3,517	3,517	-	-	420	2,055	420	2,055	0.99%	0.99%	No
Directors	Hua Kan Investment Co., Ltd.	-	-	-	-	895.8	895.8	-	-	0.13%	0.13%	0	-	-	-	-	-	-	-	0.13%	0.13%	No
Directors Representative	Hung-Chun Lin	-	-	-	-	-	-	-	-	0.00%	0.00%	3,433	3,433	-	-	420	2,100	420	2,100	0.86%	0.86%	No

Directors	Wen-Jeh Fong	-	-	-	-	-	-	-	-	0.00%	0.00%	400	8,490	-	-	-	1,008	-	1,008	0.20%	1.37%	No
Directors	Chia-Hua Huang	-	-	-	-	-	-	-	-	0.00%	0.00%	2,021	2,021	-	-	142	1,344	142	1,344	0.50%	0.50%	No
Independent Director	Hsi-Hsun Gong	-	-	-	-	895.8	895.8	100	100	0.14%	0.14%	0	-	-	-	0	0	0	0	0.14%	0.14%	No
Independent Director	Hsin-Kai Kung	-	-	-	-	895.8	895.8	100	100	0.14%	0.14%	0	-	-	-	0	0	0	0	0.14%	0.14%	No
Independent Director	Jiun-Jen Chen	-	-	-	-	476.1	476.1	100	100	0.08%	0.08%	0	-	-	-	0	0	0	0	0.08%	0.08%	No

1. Please state the policy, system, standard and structure of the remuneration for independent directors, and the correlation to the amount of remuneration based on the responsibilities, risks, time invested and other factors:

- (1) In addition to the transportation allowance of NT\$10,000 each time for attending a meeting, taking into account the factors such as their responsibilities, risks, and time investment, after compensating for the deficits in the previous year with the profit before deducting the remunerations for employees, directors and supervisors from the Company's profit before tax, in accordance with the Company's Articles of Incorporation, less than 3% of the surplus, if any, will be distributed as the remuneration for directors and supervisors. After the review and discussion of the Remuneration Committee, the proposed amount of remunerations will be reported to the Board for approval.
- (2) The responsibilities and risks of independent directors include: supervising the fair presentation of the Company's financial statements, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and management and control of existing or potential risks of the Company. The Company has bought the directors and officers Liability Insurance (D&O) for independent directors. The Company's independent directors participate in at least 4 board meetings and 2 Remuneration Committee meetings each year.

2. Remunerations for the services (e.g. non-employee consultants) of directors as reported in the financial statements other than the above disclosures in the most recent year: None.

Note 1: Net profit after tax refers to the net profit after tax of the most recent year. The amounts of net profit attributable to owners of the parent in both the Company's parent-only and consolidated financial statements are NT\$695,182 thousand.

2. Remunerations for president and vice presidents

April 19, 2025 Unit: NTD thousand

Position	Name	Salary (A)		Severance pay and pension (B)		Bonuses, allowances, etc. (C) (Note 1)		Amount of employees' remuneration (D) (Note 2)				Percentage in net income of the sum of A-E (%) (Note 3)		Cash Compensation from Investees Other Than Subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairperson cum Head of the Sales Division and Overseas Business Division	Hua-Hsi Hsin	17,546	23,496	-	-	2,581	3,254	1,920	9,531	1,920	9,531	4.54%	5.50%	No
President cum Chief R&D Officer	Hung-Chun Lin													
Chief Operating Officer	Chia-Hua Huang													
Chief Strategy Officer	Wen-Jeh Fong (Note 4)													
Vice President	Chiao-Li Lin													
Vice President	Yi-Min Fang													
Vice President	Yu-Chun Chen													
Vice President	Yu-Chang Li													
Vice President	Ching-Huang Li													

Note 1: The proposal for distributing year-end bonuses was approved by the Board on January 9, 2025.

Note 2: The 2024 employee remuneration was approved by the Board on March 11, 2025.

Note 3: The Company's net profit after tax for 2024 was NT\$695,182 thousand.

Note 4: Mr. Wen-Jeh Fong retired on September 30, 2024.

Remuneration Brackets Table

Range of Remunerations for Presidents and Vice Presidents of the Company	Name of Presidents and Vice Presidents	
	The Company	All companies included in the financial statements
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Chiao-Li Lin, Yi-Min Fang, Wen-Jeh Fong	Chiao-Li Lin, Yi-Min Fang
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Chia-Hua Huang, Yu-Chun Chen, Yu-Chang Li	Chia-Hua Huang, Yu-Chun Chen, Yu-Chang Li
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Ching-Huang Li	Ching-Huang Li
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Hua-Hsi Hsin, Hung-Chun Lin	Hua-Hsi Hsin, Hung-Chun Lin, Wen-Jeh Fong
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
Above NT\$100,000,000	-	-
Total	9 persons	9 persons

3. Compensations for the five officers with the highest compensations

April 19, 2025 Unit: NTD thousand

Position	Name	Salary (A)		Severance pay and pension (B)		Bonuses, allowances, etc. (C) (Note 1)		Amount of employees' remuneration (D)				Percentage in net income of the sum of A, B, C, D (Note 2)		Cash Compensation from Investees Other Than Subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairperson cum Head of the Sales Division and Overseas Business Division	Hua-Hsi Hsin	3,000	3,000	-	-	517	517	420	2,055	420	2,055	0.86%	0.86%	No
President cum Chief R&D Officer	Hung-Chun Lin	3,000	3,000	-	-	433	433	420	2,100	420	2,100	0.86%	0.86%	No
Chief Operating Officer	Chia-Hua Huang	1,860	1,860	-	-	161	161	142	1,344	142	1,344	0.50%	0.50%	No
Chief Strategy Officer	Wen-Jeh Fong	387	7,830	-	-	13	660	-	1,008	-	1,008	0.20%	1.10%	No
Assistant Vice President of R&D Division	Shu-Chiang Chen	2,100	2,100	-	-	210	210	155	756	155	756	0.46%	0.46%	No

Note 1: The proposal for distributing year-end bonuses was approved by the Board on January 9, 2025.

Note 2: The Company's net profit after tax for 2024 was NT\$695,182 thousand.

4. Names of managers assigned with employee remuneration and distribution:

December 31, 2024 Unit: NTD thousand

Item	Position	Name	Amount of Shares (Note 1)	Amount of Cash (Note 1)	Total	Percentage in net income (Note 2)
Officers	Chairperson cum head of the Sales Division and Overseas Business Division	Hua-Hsi Hsin	13,227	3,190	16,416	2.36%
	President cum Chief R&D Officer	Hung-Chun Lin				
	Chief Operating Officer	Chia-Hua Huang				
	Chief Strategy Officer	Wen-Jeh Fong				
	Vice President of Quality Assurance Division	Chiao-Li Lin				
	Vice President of Sales Division	Yi-Min Fang				
	Vice President of Sales Division	Yu-Chun Chen				
	Vice President of R&D Division	Yu-Chang Li				
	Vice President of R&D Division	Ching-Huang Li				
	Assistant Vice President of Sales Division	Chen-Yu Lo				
	Assistant Vice President of Sales Division	Yi-Ching Kao				
	Assistant Vice President of Sales Division	Cheng-Hsu Chiang				
	Assistant Vice President of R&D Division	Shu-Chiang Chen				
	Assistant Vice President of Strategic Planning Division	Chun-Yu Chen				
	Chief Financial and Accounting Officer	Mei-Yun Tu				

Note 1: The Company's net profit after tax for 2024 was NTS\$695,182 thousand.

5. A comparative description of the analysis on the ratio taken by the gross total of remuneration paid by this company and all firms disclosed in the consolidated financial statements to the directors, supervisors, presidents, and vice presidents of this company to the net earnings after tax in the most recent two years; and a description of the policy, standard, and structure of remunerations, the procedures for determining such remunerations; and the correlations between operational performance and future risks.

- (1) Analysis of the ratio taken by the gross total of remunerations paid by this company to the directors, supervisors, presidents, and vice presidents of this company to the net earnings after tax in the most recent two years.

Unit: %

Position	2023		2024	
	The Company	Companies in Consolidated Statements	The Company	Companies in Consolidated Statements
Directors (Note)	2.09	2.09	3.05	4.22
Presidents and Vice Presidents	4.45	5.79	4.54	5.50

Note: Including cash compensations cum employees

- (2) The policy, standard, and structure of remunerations, the procedures for determining such remunerations, and the correlations between operational performance and future risks.

The remunerations for the Company's directors, president, and vice presidents are all determined in accordance with the Company's Articles of Incorporation, and reported to the meetings of shareholders after being approved by the Board of Directors. The Company remunerates the president and vice presidents based on the salary standard of the positions in the industry, the scope of powers and responsibilities of such positions in the Company, and their contributions to the Company's operating goals for the year.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

The Board held 6 meetings (A) in 2024, and the attendance of directors and supervisors was as follows:

Position	Name	Number of actual attendances (B)	Number of Attendances by Proxy Number of transactions	Actual Attendance Rate (%) (B/A)	Remarks
Chairperson	Hua-Hsi Hsin	6	0	100%	Re-elected; re-election on June 18, 2024.
Directors	Hua Kan Investment Co., Ltd. Representative: Hung-Chun Lin	6	0	100%	Re-elected; re-election on June 18, 2024.
Directors	Wen-Jeh Fong	3	0	100%	Newly elected; re-election on June 18, 2024. Expected to attend 3 meetings.
Directors	Chia-Hua Huang	3	0	100%	Newly elected; re-election on June 18, 2024. Expected to attend 3 meetings.
Independent Director	Hsi-Hsun Gong	6	0	100%	Re-elected; re-election on June 18, 2024.
Independent Director	Hsin-Kai Kung	6	0	100%	Re-elected; re-election on June 18, 2024.
Independent Director	Jiun-Jen Chen	6	0	100%	Re-elected; re-election on June 18, 2024.

Other matters required for disclosure:

I. State the date and session of the board meeting, the content of proposal, the opinions of all independent directors, and the Company's response to the opinions of independent directors when a board meeting is operated under any one of the following circumstances:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act:

The Company established an Audit Committee on August 24, 2021, and is therefore not subject to the provisions of Article 14-3. For relevant information, please refer to the section "Important Board Resolutions" in this Annual Report.

(II) Other board resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors: No

II. When there is avoidance of conflicts of interest by a director, state the name of that director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director:

(1) 4th meeting of the 9th term:

For the evaluation and review of the 2024 salaries and remunerations for directors and officers, late Chairperson Hua-Hsi Hsin, Director Hung-Chun Lin, Director Wen-Jeh Fong, Director Chia-Hua Huang, and Assistant Vice President Mei-Yun Tu recused themselves from the discussion and voting to avoid a conflict of interest. The meeting was then chaired by Independent Director Hsi-Hsun Gong. The proposal was approved unanimously as proposed after the meeting chair inquired

about the opinions of all directors present at the meeting.

For the determination of the 2025 salaries and remunerations for directors and officers, late Chairperson Hua-Hsi Hsin, Director Hung-Chun Lin, Director Wen-Jeh Fong, Director Chia-Hua Huang, and Assistant Vice President Mei-Yun Tu recused themselves from the discussion and voting to avoid a conflict of interest. The meeting was then chaired by Independent Director Hsi-Hsun Gong. The proposal was approved unanimously as proposed after the meeting chair inquired about the opinions of all directors present at the meeting.

III. Status of Board Evaluation:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once a year	Evaluating the performance of the Board of Directors from January 1, 2024, to December 31, 2024.	Performance evaluation of the entire board of directors, individual board members, and the functional committees.	Internal self-evaluation of the Board of Directors, self-evaluation of Board members, and self-evaluation of functional committees.	(Note)

Note: The 2024 KPIs are as follows:

Subject of Evaluation	Board of Directors	Board members	Remuneration Committee
Evaluation Item	<ul style="list-style-type: none"> • Engagement in the corporate operations • Decision-making quality improvement of the board of directors. • Composition and structure of the board of directors. • Selection and continuing education of directors. • Internal control 	<ul style="list-style-type: none"> • Control over corporate targets and missions • Awareness of directorial duties • Engagement in the corporate operations • Internal relationship development and communication • Expertise and continuing education of directors. • Internal control 	<ul style="list-style-type: none"> • Engagement in the corporate operations • Awareness of committee duties • Decision-making quality improvement of committees • Composition and selection of committee members • Internal control

Evaluation items: Highly agree 5 marks, Agree 4 marks, Borderline 3 marks, Disagree 2 marks, Highly disagree 1 mark.

In 2024, the Board performance evaluation results ranged between 5 ("Strongly Agree") and 4 ("Agree"). Most directors expressed strong agreement with the operation of various evaluation indicators. The assessment concluded that the Board of Directors and all functional committees operated effectively, in line with corporate governance requirements, and contributed to strengthening the Board's functions and safeguarding shareholders' interests.

IV. Objectives for Strengthening the Functions of the Board of Directors in the Current and Most Recent Year (e.g., establishment of the Audit Committee, enhancement of information transparency) and Assessment

of Implementation Status:

- (I) Enhancement of information transparency: To realize corporate governance, the Company fully discloses the relevant information over the Market Observation Post System (MOPS) and in the annual reports to enhance information transparency.
- (II) The members of the Board of Directors possess diverse backgrounds and professional expertise, including one female director.
- (III) The Company has established an Audit Committee in accordance with the Securities and Exchange Act. The professional qualifications of its members, the exercise of their designated duties, and related compliance matters are all conducted in accordance with applicable regulations.
- (IV) Enhancing corporate governance: The Company has formulated sustainability-related guidelines and procedures, which have been approved by the Board of Directors. The Company remains attentive to regulatory developments and updates to ensure ongoing alignment with current standards.

(II) Operation of the Audit Committee or the engagement of supervisors in the operation of the Board:

A total of 5 Audit Committee meetings (A) were held in 2024, and the attendance record is as follows:

Position	Name	Number of actual attendances	Actual attendance rate (%)	Remarks
Independent Director	Hsi-Hsun Gong	5	100%	
Independent Director	Hsin-Kai Kung	5	100%	
Independent Director	Jiun-Jen Chen	5	100%	

Other matters required for disclosure:

I. State the date and session of the committee meeting, the proposal content, the opinion of independent directors with objections, reservations, or material recommendations, resolutions of the Audit Committee, and the company's response to such opinions when the Audit Committee is operated under any one of the following circumstances:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date	Session	Proposal Content	Resolution of the Audit Committee	The Company's response to the opinions of Audit Committee
2024.03.12	The 12th Meeting of the 1st term	<ol style="list-style-type: none"> 1. The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of December 31, 2023. 2. 2023 business report and financial statements. 3. 2023 Earnings Distribution Proposal. 4. Proposal for new shares issued through capitalization of earnings. 5. 2023 Declaration of Internal Control System. 6. The amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit." 	Approved unanimously as proposed by all committee members present in the meeting and reported to the Board resolution.	No
2024.05.07	The 13th Meeting of the 1st term	<ol style="list-style-type: none"> 1. The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of March 31, 2024. 2. 2024Q1 consolidated financial statement. 	Approved unanimously as proposed by all committee members present in the meeting and reported to the Board resolution.	No
2024.08.08	The 1th Meeting of the 2nd term	<ol style="list-style-type: none"> 1. Election of the Convener of the 2nd Audit Committee. 2. The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of June 30, 2024. 3. 2024Q2 consolidated financial statement. 4. 2023 "Sustainability Report" of the Company. 	Approved unanimously as proposed by all committee members present in the meeting and reported to the Board resolution.	No
2024.11.11	The 2nd Meeting of the 2nd term	<ol style="list-style-type: none"> 1. The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months 	Approved unanimously as proposed by all committee	No

		<p>should be reclassified as capital loans, as of September 30, 2024.</p> <p>2. Approval of the 2024Q3 consolidated financial statement.</p> <p>3. The appointment and the independence and competency assessment of the CPAs for 2025.</p> <p>4. The amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit."</p> <p>5. The Company's personnel change proposal.</p>	members present in the meeting and reported to the Board resolution.	
2025.03.11	The 4th Meeting of the 2nd term	<p>1. The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of December 31, 2024.</p> <p>2. 2024 business report and financial statements.</p> <p>3. 2024 Earnings Distribution Proposal.</p> <p>4. 2024 Declaration of Internal Control System.</p> <p>5. The amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit."</p>	Approved unanimously as proposed by all committee members present in the meeting and reported to the Board resolution.	No

(II) In addition to the above, other matters unapproved by the Audit Committee but resolved by over two thirds of all directors: None

II. When there is avoidance of conflicts of interest by an independent director, state the name of that independent director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that independent director: None

III. Communication between independent directors and the internal chief auditor and accountant:

Date	Contents of Communication	Results of Communication	Recommendations of Independent Directors
2024.03.12	<p>1. Communication after the completion of the audit of the 2023 financial statement.</p> <p>2. Report on the Declaration of Internal Control System.</p> <p>3. Report on the internal audit activities.</p>	Independent directors have no opinion	No opinion
2024.05.07	1. Report on the internal audit activities.	Independent directors have no opinion	No opinion
2024.08.08	1. Report on the internal audit activities.	Independent directors have no opinion	No opinion
2024.11.11	1. Report on the internal audit activities.	Independent directors have no opinion	No opinion
2025.03.11	1. Report on the internal audit activities.	Independent directors have no opinion	No opinion

(III) Status of governance and the differences and the cause(s) of differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Status of Operation			Differences and the cause(s) of differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Board of Directors approved the "Corporate Governance Best Practice Principles" on March 11, 2025, and the document has been disclosed on the Market Observation Post System for stakeholder reference.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
II. Structure of shareholdings and shareholder's equity				
(I) Does the company establish and implement internal operating procedures to handle the suggestions, doubts, disputes and litigious matters of shareholders?	V		(I) The Company has designated a spokesperson, deputy spokesperson, and personnel in the shareholder services department to handle shareholder suggestions, disputes, and related matters.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) Does the Company keep an up-to-date list of the major shareholders and the ultimate controllers of such shareholders?	V		(II) The Company has entered into an agreement with a shareholder services agent, delegating the independent administration of major shareholders' shareholdings to the agent. In accordance with Article 25 of the Securities and Exchange Act, the Company publicly discloses and reports, on a monthly basis, any changes in the shareholdings of insiders (including directors, supervisors, managerial officers, and shareholders holding more than 10% of the Company's shares).	
(III) Does the company establish and implement a risk control mechanism and firewall between its affiliates?	V		(III) The Company has established regulations and procedures, such as the "Regulations Governing Financial Activities and Transactions with Related Parties, Affiliates, and Specific Institutions," "Procedures for Acquisition or Disposition of Assets," and "Procedures for Loaning of Funds" to provide appropriate risk control mechanisms and firewalls.	
(IV) Does the Company establish internal regulations to prohibit insiders from trading securities using undisclosed information in the market (insider trading)?	V		(IV) The Company has established the "Procedures for Handling Material Internal Information" to regulate confidentiality practices and to prevent the misuse of undisclosed information. Regular training and reminders are conducted to reinforce the prohibition against trading the Company's shares based on non-public information.	
III. Composition and duties of the Board of Directors				
(I) Does the company establish and implement a policy and defined objectives to diversify board membership?	V		(I) In line with the Company's board diversity policy, one female director was elected at the 2024 Shareholders' Meeting to participate in the Company's operations.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) In addition to a remuneration committee and an audit committee required by law, does the company voluntarily establish other functional committees?	V		(II) In addition to establishing the Remuneration Committee and the Audit Committee in accordance with legal requirements, the Company also established a Sustainability Committee, as approved by the Board of Directors on August 8, 2024.	

Evaluation Items	Status of Operation			Differences and the cause(s) of differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(III) Has the Company established a Board performance evaluation policy and methodology, and does it conduct performance evaluations on a regular annual basis? Does the company also report the results of performance evaluation to the Board and use such results for the reference of remunerating and nominating for the second term of directors?	V		(III) The Company has established a Board performance evaluation policy and corresponding assessment methods.	
(IV) Does the Company assess the independence of CPAs periodically?	V		(IV) The Company's CPAs are engaged by the Board of Directors, and the Company complies with independence requirements both before and after the appointment.	
IV. Does a public company establish or assign a suitable number of competent governance personnel and appoint a chief corporate governance officer to take charge of company's governance affairs (including, but not limited to, providing directors and supervisors with the data required for business execution, assisting directors and supervisors with legal compliance, handling affairs relating to holding a board meeting or a meeting of shareholders, and producing minutes for board meetings and meetings of shareholders)?	V		The Company has established a dedicated corporate governance unit: the Personnel and Shareholder Services Department, which is responsible for corporate governance-related matters. A Corporate Governance Officer has also been appointed with the approval of the Board of Directors.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
V. Does the company establish channels for communication with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), set up a stakeholder section on the corporate website, and respond appropriately to important CSR issues that concern shareholders?	V		The Company has established a spokesperson system and discloses relevant information in accordance with regulations, enabling stakeholders to understand the Company's operational status and thereby safeguarding their rights and interests. We have also set up a stakeholder section on the corporate website.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
VI. Does the company appoint a professional shareholder service agency to organize meetings of shareholder?	V		The Company has appointed a professional shareholder services agent to handle matters related to the Shareholders' Meeting.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Evaluation Items	Status of Operation			Differences and the cause(s) of differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
				Companies without any difference.
VII. Information Disclosure				
(I) Does the company set up a website to disclose its financial, business, and governance information?	V		(I) The Company's website appropriately discloses relevant information on its financials, operations, and corporate governance.	We have followed the mechanisms specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) Does the company adopt other means to disclose information (e.g., setting up an English website, designating personnel to gather and disclose organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?	V		(II) The Company's Shareholder Services Department is responsible for collecting corporate information and disclosing material matters. A spokesperson system has been established, and relevant information is disclosed on the Market Observation Post System in accordance with applicable regulations.	
(III) Does the company publish and report its annual financial statements within two months after the end of a fiscal year, and publish and report the financial statements of Q1, Q2, and Q3 and status of monthly operations before the regulatory deadlines?		V	(III) The Company announces and reports its annual financial statements within the prescribed deadlines and also announces and reports its first, second, and third quarter financial statements, as well as monthly operating results, in advance of the respective regulatory deadlines.	All financial statements are published within the regulatory time-limits without advance publishing or reporting.
VIII. Is there any other material information that facilitates stakeholders to understand the company's governance practices (including, but not limited to, employee rights and interests, employee care, investor relations, supplier relations, stakeholder rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase directors and officers (D&O) liability insurance)?		V	<p>1. Employee rights and interests: A well-planned personnel system has been established to define the rights and obligations between the company and employees, with contents emphasizing the protection of employee rights and interests and assurance of normal corporate operations.</p> <p>2. Employee care: We take care of employees in accordance with Labor Standards Act and the related laws and regulations. In terms of measures for employee care, we offer benefits to employees through the employee welfare committee, including travel funding, bonuses for three major folk festivals, birth allowance, condolences for family members, etc. In terms of work, health, and life, we arrange annual health checkups and organize outdoor recreational activities to take care of the physical and mental health of employees.</p> <p>3. Investor relations: The spokesperson system and stock affairs department are established to address shareholder suggestions.</p> <p>4. Supplier relations: We have developed long-term and stable cooperation with all suppliers.</p> <p>5. Stakeholder rights: Stakeholders may communicate with and make recommendations for the Company to maintain their due legal rights and interests.</p> <p>6. Further education of directors and supervisors: Training courses are arranged annually for all directors.</p> <p>7. Status of implementation of the risk management policy and risk measurement standards: The internal audit unit conducts internal audits periodically to</p>	We have followed the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and will establish relevant mechanisms in accordance with the Principles to make continual improvement for the deficiencies.

Evaluation Items	Status of Operation			Differences and the cause(s) of differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			control possible risks in operations. 8. Status of implementation of customer policy: We distribute different ranges of own-branded products and provide services for end-customers through agents around the globe. Alongside the RMA service, we offer quick maintenance and repair service to pursue higher customer satisfaction. 9. D&O insurance for directors and supervisors: We have purchased D&O insurance for directors and supervisors.	
IX. Please specify the status of improvements and the prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year. (Not required for companies not included in the evaluation list):				
Question No.	Corporate Governance Evaluation Item		Status of improvement and Implementation	
2.1	(III) Has the Company established a Corporate Governance Best Practice Principles and obtained approval from the Board of Directors?		The Company's Board of Directors approved the Corporate Governance Best Practice Principles on March 11, 2025.	

(IV) Composition, duties and operation of the Remuneration Committee:

1. Profiles of Members of the Remuneration Committee

Condition(s) Name	Professional Qualifications and Experience	Status of Independence (Compliance with Note 1)	Number of other public companies also serving as independent directors
Hsi-Hsun Gong	President of Cipherlab Co., Ltd. CTO of Cipherlab Co., Ltd. Chairman and President of COS ENGINEERING CO., LTD. Supervisor of Stoneax Infotech Co., Ltd.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	0
Hsin-Kai Kung	Partner CPA, K&B CPAs Firm Assistant Manager of Audit Department, Deloitte Taiwan Partner CPA of Xin Kai CPAs Firm Director of SIM Card Consulting Limited Independent Director of First Steamship Co., Ltd.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	1
Jiun-Jen Chen	Director of HiTRUST Corporation Consultant of O-Bank	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	0

Note 1: If a member meets the following conditions during the two years prior to election and during the term of office, please tick (check) “✓” in the box below the code of each condition.

- (1) Not an employee of the company or its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or concurrently the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.
- (4) Not the spouse, the kindred at the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3).
- (5) Not a director, supervisor or employee of an corporate shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an corporate shareholder who is among the top 5 shareholders, or a representative of an corporate shareholders appointed as the director or supervisor of the company according to paragraph 1 or 2, Article 27, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor or employee of a company controlling over one half of the company’s director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director, supervisor or employee of a company or institution whose chairperson and president or equivalent role is the same person or its spouse (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company. (However, this restriction does not apply where a specific company or institution holds 20% or more but less than

50% of the total issued shares of the Company, and the cross-appointment involves Independent Directors established in accordance with this Act or the laws of the local jurisdiction by the Company and its parent company, subsidiary, or subsidiaries of the same parent company.)

- (9) Not a professional or owner, partner, director, supervisor, manager or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 in the most recent two years for the company or its affiliates; except for members of the Compensation Committee, public tender offers committee, or special committee for merger/consolidation exercising powers with respect to the Securities and Exchange Act or Business Mergers And Acquisitions Act.
- (10) Not under any one of the categories as stated in Article 30 of the Company Act.

2. Duties of the Remuneration Committee

Faithfully perform the following duties with the due care of a good administrator and make recommendations for the board to discuss.

- (1) Periodically review the Remuneration Committee Charter and propose amendments as needed.
- (2) Establish and periodically review the policies, systems, standards, and structures for annual and long-term performance goals and compensation of the Company's directors, supervisors, and managerial officers.
- (3) Periodically assess the achievement of performance goals by the Company's directors, supervisors, and managerial officers, and determine the content and amount of their individual compensation.

3. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of current members: The 6th Remuneration Committee's term runs from June 18, 2024, to June 17, 2027. In the most recent year (2024), the Remuneration Committee convened 2 meetings (A) as of the publication date of the Annual Report. The attendance of committee members is as follows:

Position	Name	Number of actual attendances	Number of Attendances by Proxy	Actual attendance rate (%)	Remarks
Convener	Hsi-Hsun Gong	2	0	100%	Re-elected; re-election on June 18, 2024.
Committee members	Hsin-Kai Kung	2	0	100%	Re-elected; re-election on June 18, 2024.
Committee members	Jiun-Jen Chen	2	0	100%	Re-elected; re-election on June 18, 2024.

Other matters required for disclosure:

I. Meeting dates, agenda items, resolution results, and the Company's handling of the Remuneration Committee's opinions in 2024:

Remuneration Committee	Proposal Content	Resolution	The Company's response to the opinions of Remuneration
2024.03.12	1.Proposal for the establishment of the policy for the salaries and remunerations of directors and managerial officers in 2024. 2.Proposal for the establishment of the structure and standards for the salaries and remunerations of directors and managerial officers in 2024.	Approved unanimously as proposed by all committee members present in the meeting.	Submitted to the Board and approved by all directors present in the Board meeting.
2024.05.17	1.Proposal to launch the Company's employee stock ownership trust plan. 2.Proposal for the adjustment of the standards for the salaries and remunerations of directors and officers in 2024.	Approved unanimously as proposed by all committee members present in the meeting.	Submitted to the Board and approved by all directors present in the Board meeting.

II. State the date and session of the Board meeting, the proposal content, and the Board resolution and the Company's response to the opinions expressed by the Remuneration Committee when the Board rejects or revises the proposals of the Remuneration Committee (state and account for the differences when the salaries and remunerations proposed by the Board are better than that of the Remuneration Committee): None.

III. If a member expresses dissent from or qualified opinion for the record or in writing on a resolution made by the Remuneration Committee, state the date and session of the committee meeting, proposal content, opinions of all members, and response to such opinions: None.

4. Information on the Composition and Operation of the Nomination Committee: The Company has not established a Nomination Committee; therefore, this is not applicable.

(V) Implementation of Sustainability Initiatives and Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons Thereof

Implementation Item	Status of implementation			Differences and the cause(s) of differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Did the company implement a governance framework and establish a full- (part-) time unit for sustainable development, with senior management delegated by the Board to handle the related matters, and what is the status of Board supervision?	✓		The Company has established the Sustainable Development Best-Practice Principles and published a Sustainability Report. In addition, the Board of Directors approved the establishment of the Sustainability Committee on August 8, 2024, and its implementation will be carried out going forward.	No significant difference
II. Did the company assess by materiality the risks of environmental, social, and governance (ESG) issues relating to corporate operations and establish related policies or strategies for risk management?	✓		The president of the Company convenes managers to hold the "Operational Strategy Meeting" periodically to assess the risks of ESG issues relating to corporate operations. When risk items are anticipated, a "task force" will be formed to draw up the respective counteractions.	No significant difference
III. Environmental Issues (I) Did the company establish environmental management systems appropriate to the characteristics of its industry?	✓		(I) Our products must comply with the EU RoHS regulations. We also request suppliers to cooperate with this closely.	No significant difference
(II) Did the company make efforts to enhance energy efficiency and use recycled materials to lower the impact on environmental load?	✓		(II) We have incorporated the spirit of resource efficiency into product design and outsourced manufacturing stages to reduce the impact on the environment.	No significant difference
(III) Did the company assess the present and future	✓		(III) We arrange education and training for employees and	No significant difference

Implementation Item	Status of implementation			Differences and the cause(s) of differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
<p>potential risks and opportunities from climate change and take the relevant counteractions?</p> <p>(IV) Does the Company keep statistics on the greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulate policies on energy saving and carbon reduction, greenhouse gas reduction, water consumption or other waste management?</p>	✓		<p>promote energy conservation and carbon reduction for the use lighting and air-conditioning equipment through assigning responsibility areas.</p> <p>(IV) We will continue to control schedule for disclosure of GHG inventory and verification with reference to the guidelines and relevant regulations published by the competent authorities.</p>	No significant difference
<p>IV. Social Issues</p> <p>(I) Did the company establish management policies and procedures in accordance with the relevant laws and the International Bill of Human Rights?</p> <p>(II) Did the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect business performance and achievements in the remuneration for employees?</p>	✓		<p>(I) We comply with the relevant provisions of the Labor Standards Act, respect the internationally recognized basic principles of labor rights, take good care of employees, and fulfill our corporate social responsibility</p> <p>(II) The Company has established an Industrial Safety Office responsible for employee safety matters. It regularly organizes health checkups, environmental disinfection, employee travel subsidies, team-building and stress-relief activities, and other initiatives to promote employee well-being.</p>	<p>No significant difference</p> <p>No significant difference</p>

Implementation Item	Status of implementation			Differences and the cause(s) of differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(III) Did the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	✓		(III) The Company has established an Industrial Safety Office responsible for employee safety matters. It regularly organizes health checkups, environmental disinfection, employee travel subsidies, team-building and stress-relief activities, and other initiatives to promote employee well-being.	No significant difference
(IV) Did the company establish effective career development and training plans for employees?	✓		(IV) We have established standards for the division of job grades, job systems, and job titles. We also promote and develop potential employees in accordance with such standards.	No significant difference
(V) Did the company handle customer health and safety, customer privacy, marketing and labeling issues relating to products and services in compliance with the relevant laws and regulations and international standards and establish policies and grievance procedures to protect the rights and interests of consumers or customers?	✓		(V) We distribute products worldwide and label all products in accordance with the local laws and regulations at home and abroad. Additionally, we have also established procedures for addressing and handling customer complaints. All products are covered by a warranty period to provide maximum protection for consumers. Through the RMA process and the after-sales service department, the Company ensures prompt resolution of all customer issues.	No significant difference
(VI) Has the Company established a supplier management policy that requires suppliers to comply with relevant standards on	✓		(VI) We have established a supplier evaluation system. The industrial safety unit investigates suppliers offending environmental	No significant difference

Implementation Item	Status of implementation			Differences and the cause(s) of differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
environmental protection, occupational health and safety, or labor and human rights, and what is the status of its implementation?			regulations and assess the possibility to continue business with them. Additionally, we also request major suppliers and OEM manufacturers to sign the CSR Commitment.	
V. Did the company prepare and publish such reports as the sustainability report in accordance with the internationally accepted reporting standards or guidelines to disclose the company's non-financial information? Has the aforementioned report obtained assurance or verification from an independent third party?	✓		The Company discloses the implementation of its corporate social responsibility through its website, annual report, and the Market Observation Post System, and prepares a Sustainability Report to disclose related information. The report has obtained assurance from an independent third-party verification body.	No significant difference
VI. If the Company has established its own Sustainable Development Best-Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe their implementation and any differences from the said Principles. We have established our "CSR Best Practice Principles" in 2015 and will implement it in the future.				
VII. Other Important Information Helpful to Understanding the Implementation of Sustainability Initiatives: (I) We fulfill our social responsibility for taking care of employees. Apart from banning unpaid leave of absence, we also expand our workforces constantly to offer more job opportunities. (II) The Company promotes organizational carbon inventory initiatives and discloses related information in full. It has also revised its product design policy to reduce the use of single-use plastic packaging materials. (III) The Company will continue to conduct carbon footprint assessments for its products.				

1. Implementation Status of Climate-Related Information Disclosure

Item	Status of implementation
1. Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities.	To strengthen oversight of climate-related risks, the Board of Directors has established a Sustainability Committee to oversee and guide corporate sustainability governance.
2. Describe how identified climate-related risks and opportunities impact the Company's business, strategy, and financial planning.	<p>The Company discloses the impact of climate change on its operations in accordance with the TCFD framework. In terms of physical risks, the Company currently faces no immediate short-term risks. However, with rising temperatures, the increased likelihood of extreme weather events, such as short-duration, high-intensity rainfall may lead to flooding caused by inadequate drainage in canals near the plant site. Such events could impact leased facilities, power equipment, and the transportation of raw materials and products.</p> <p>There have been several short-term rain delays in 2024, but none of them have affected the operation. Over the long term, extreme climate conditions may necessitate the continuous operation of cooling systems in offices and plant facilities to maintain workplace temperatures, which would lead to increased operating costs.</p>
3. Describe the financial impact of extreme weather events and transition actions.	<p>Regarding transition risks, the main concerns include the effects of high temperatures on the products manufactured by Castles and the impact of plastic restriction regulations on the Company's product line. High temperatures may require product enhancements such as improved heat dissipation mechanisms to prevent system crashes, thereby increasing R&D costs and operational expenses. This will lead to increased R&D costs and operating costs.</p> <p>Plastic restriction regulations may necessitate the redesign of products to incorporate recycled materials, leading to higher material procurement costs. Castles is currently taking proactive steps to reduce the volume of product packaging. Smaller packaging dimensions help lower carbon emissions during transportation and allow for increased shipping volumes per trip, thereby contributing to reduced transportation costs.</p>
4. Describe how the identification, assessment, and management of climate-related risks are integrated into the Company's overall risk management framework.	Climate-related risks are regularly reviewed and assessed by the Company's Sustainability Committee, which serves as the primary responsible body. Risk management policies are formulated for each identified risk, covering management objectives, organizational structure, responsibility assignments, and management procedures. These mechanisms are implemented to effectively identify, assess, and control various risks arising from the Company's business activities, keeping them within acceptable limits.
5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and major financial impacts involved.	In assessing the impact of climate change, the Company uses publicly available climate models and resources, including the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the 3D Disaster Potential Map provided by the National Science and Technology Center for Disaster Reduction (NCDR). Based on the RCP 8.5 climate scenario, the Company evaluates the potential occurrence of climate disasters under this scenario and analyzes their possible physical impacts

	on Castles.
6. If there is a transition plan in place for managing climate-related risks, describe the plan along with the indicators and targets used to identify and manage physical and transition risks.	As the Company is still under planning of the overall net-zero plan, the Company has not yet completed the inventory.
7. If the internal carbon pricing is used as the planning tool, the basis for setting the price should be explained.	The Company has not yet used the internal carbon pricing as the planning tool.
8. If climate-related goals are set, the scope of activities covered, the scope of greenhouse gas emissions, the planning schedule, and the progress of each year should be explained. If carbon reduction limits are set by using carbon credits or renewable energy certificates (RECs) to achieve the relevant goals, the sources and amount of carbon reduction limits should be explained, or the number of RECs should be explained.	The Company has not yet used the renewable energy certificate (REC).
9. Greenhouse gas inventory and assurance, reduction goals, strategies and concrete action plans.	Please refer to Table 1-1 and 1-2 for details.

1-1 Greenhouse Gas Inventory and Assurance in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Disclose the Company's greenhouse gas emissions (in metric tons CO ₂ e), emissions intensity (metric tons CO ₂ e per NT\$1 million), and the data coverage for the most recent two years.
2022 Reporting Boundary: Castles Technology Co., Ltd. The data in 2022 is all estimated. Scope 1: 49.3489 (tons of CO ₂ e), Scope 2: 375.6434 (tons of CO ₂ e) 2023 Data: Scope 1: 103.5573 (tons of CO ₂ e), Scope 2: 683.1627 (tons of CO ₂ e), Scope 3: 4,194.8387 (tons of CO ₂ e) Estimated greenhouse gas emissions intensity for 2022 (Scope 1 + Scope 2): 0.5076 metric tons CO ₂ e per NT\$1 million in revenue. Greenhouse gas emissions intensity for 2023 (Scope 1 + Scope 2): 0.09779 metric tons CO ₂ e per NT\$1 million in revenue. 2024 data: Scope 1: 586.5877 (tons of CO ₂ e), Scope 2: 1,317.9160 (tons of CO ₂ e), Scope 3: 25,228.0909 (tons of CO ₂ e) Greenhouse gas emissions intensity for 2024 (Scope 1 + Scope 2): 0.24 metric tons CO ₂ e per NT\$1 million in revenue. The 2024 data is expected to complete the external verification in May due to the verification schedule.

Note 1: Direct emissions (Scope 1, i.e. emissions directly from the Company's ownership or control), indirect energy emissions (Scope 2, i.e. emissions caused by input of electricity, heat or steam that lead to indirect greenhouse gas emissions), and other indirect emissions (Scope 3, i.e. emissions generated from company activities, not energy indirect emissions, but from other companies' ownership or control).

Note 2: The reporting scope for direct emissions and indirect energy emissions shall comply with the timeline stipulated under Paragraph 2, Article 10 of these Guidelines. Disclosure of other indirect emissions is voluntary.

Note 3: Greenhouse gas inventory standards: Greenhouse gas inventory protocol (Greenhouse Gas Protocol) or ISO 14064-1 issued by the International Standards Organization (ISO).

Note 4: The intensity of greenhouse gas emission can be calculated based on the unit of product/services or sales volume, but at least the data calculated based on the sales volume (in NTD million) should be provided.

1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status in the last two years up to the date of publication of the annual report, including the scope of assurance, the assurance organization, the assurance standards and the assurance opinions.
In 2023, the Company commissioned GREAT International Certification Co., Ltd. to verify the greenhouse gas inventory data. Based on the verification procedures conducted by GREAT International Certification Co., Ltd., there is sufficient evidence to conclude that the greenhouse gas emissions declaration for Scope 1 and Scope 2 made by SunRise Technology Co., Ltd. is materially correct and fairly presents the greenhouse gas data and related information. The declaration was prepared in accordance with ISO 14064-1:2018 and meets the criteria for a reasonable level of assurance as specified in the verification agreement. There is no evidence to indicate that the greenhouse gas emissions declaration for Scope 3, Scope 4, and Scope 5 made by Castles Technology Co., Ltd. is materially incorrect, unfairly presents the greenhouse gas data and related information, or was not prepared in accordance with ISO 14064-1:2018. The declaration meets the criteria for a limited level of assurance as specified in the verification agreement.

Note 1: The process shall comply with the timeline specified by the order issued pursuant to Paragraph 2, Article 10 of these Guidelines. If the Company is unable to obtain a complete greenhouse gas assurance opinion by the publication date of the annual report, it shall indicate, "Complete assurance information will be disclosed in the Sustainability Report." If the Company does not prepare a Sustainability Report, it shall indicate, "Complete assurance information will be disclosed on the Market Observation Post System," and the complete assurance information shall be disclosed in the following year's annual report.

Note 2: The assurance provider shall comply with the relevant regulations for sustainability report assurance institutions as prescribed by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans

Disclose the base year and data for greenhouse gas emissions, as well as the reduction targets, strategies, specific action plans, and progress toward achieving those targets.
The Company plans to complete a comprehensive greenhouse gas reduction plan within the next two years.

1. Continue to communicate with the local government and the building management unit, accelerate the last mile of connecting the sewage sewer, and reduce the greenhouse gas emission source. (Currently unable to proceed due to traffic-related limitations)
2. Evaluate information and options for purchasing green electricity. (To be submitted for discussion in the committee in 2025)
3. Complete carbon inventory for subsidiaries. (With the goal of expanding Scope 1 and Scope 2 coverage for subsidiaries)

Note 1: The process shall comply with the timeline specified by the order issued pursuant to Paragraph 2, Article 10 of these Guidelines.

Note 2: The base year shall be the year in which the greenhouse gas inventory is completed using the consolidated financial reporting boundary. For example, under the order issued pursuant to Paragraph 2, Article 10 of these Guidelines, companies with paid-in capital of NT\$10 billion or more must complete the inventory for the year 2024 by 2025; therefore, 2024 shall be the base year. If the Company has completed the inventory based on the consolidated financial reporting boundary earlier, that earlier year may be used as the base year. The base year data may be calculated using either a single-year figure or a multi-year average.

(VI) Implementation of Ethical Corporate Management and Any Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons Thereof:

Evaluation Item	Status of Operation			Differences and the cause(s) of differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and plans				
(I) Has the company established an ethical corporate management policy that has been approved by the board of directors, and stated in the articles of incorporation and external documents the policy and practices of ethical corporate management and the commitment of the board of directors and senior management to actively realize the ethical corporate management policy?	V		(I) We have established the "Code of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct". We also request all departments to abide by such regulations, take charge of their operations and supervision, and report to the Board.	We have followed the mechanisms specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) Has the company established a mechanism for assessing unethical behavior risk to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in Article 7, Paragraph 2, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	V		(II) We have established "Code of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" to regulate the procedures for handling unethical behavior and acceptance of undue advantages. We plan to combine this policy with employee performance evaluation and establish a well-defined reward and punishment system.	
(III) Has the company established and unfailingly implemented operating procedures, guidelines for conduct, disciplinary actions, and a grievance system	V		(III) Apart from establishing an effective internal control system and accounting system, we also review them at any time to ensure their continued effectiveness in design and implementation and to prevent unethical	

Evaluation Item	Status of Operation			Differences and the cause(s) of differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
in the unethical behavior prevention programs? Does the company periodically review and revise such programs?			business activities.	
II. Implementation of ethical corporate management				
(I) Has the company evaluated the ethical management records of trading counterparts and explicitly include terms on ethical behavior in contracts signed with them?	V		(I) Prior to establishing a business relationship, we assess the legality, ethical management policies, and unethical behavior records of counterparts to ensure fair and transparent trade. We also request trading counterparts with cooperation to state ethical behavior terms in contracts.	We have followed the mechanisms specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) Has the company established a unit under the board of directors responsible for ethical corporate management, and requested this unit to report regularly (at least once a year) the ethical corporate management policy and unethical behavior prevention program to the board and supervise the status of their implementation?	V		(II) As the responsible unit, the Audit Office takes charge of the amendment, implementation, publicity, and supervision of the relevant regulations, and reports to the board of directors.	
(III) Has the company established and implemented policies to prevent conflicts of interest and provided appropriate channels for grievances?	V		(III) For proposals at a board meeting constituting a conflict of interest of themselves or the companies they represent or causing threats to the corporate interest, directors will recuse themselves from the discussion.	
(IV) Has the company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of	V		(IV) Internal auditors of the Company periodically audit the compliance with the accounting system and internal control system and prepare audit reports submitted to the board of directors. The current operation is good.	

Evaluation Item	Status of Operation			Differences and the cause(s) of differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
involvement in unethical behavior to audit and prevent the compliance with the prevention programs of unethical behavior or hire a CPA to perform the audit?				
(V) Has the company regularly organized internal and external education and training activities for ethical corporate management?	V		(五) Apart from arranging guided reading on regulations relating to ethical corporate management for all newcomers, we also post all related rules and regulations on the employee portal for employee retrieval. We further plan to arrange periodic education and training for ethical corporate management.	
III. Operation of the corporate whistleblower system				
(I) Has the company established a specific whistleblower and incentive scheme and convenient reporting channels, and assigned appropriate personnel to investigate the target of the whistleblower complaint?	V		(I) We have established a whistleblower and incentive scheme in the "Procedures for Ethical Management and Guidelines for Conduct" and assigned the Administration Division as the implementation unit.	We have followed the mechanisms specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
(II) Has the company established a standard operating procedure to investigate whistleblower complaints, actions to be taken after investigation, and related mechanisms to ensure confidentiality?	V		(II) We have established the standard operating procedures, subsequent actions, and related confidentiality mechanisms in the "Procedures for Ethical Management and Guidelines for Conduct".	
(III) Has the company established measures to protect whistleblowers against improper treatment?	V		(III) We have established measures to protect whistleblowers against improper treatment in the "Procedures for Ethical Management and Guidelines for Conduct".	
IV. Enhancing information disclosure				

Evaluation Item	Status of Operation			Differences and the cause(s) of differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(I) Has the company disclosed its "Ethical Corporate Management Best-Practice Principles" and the effectiveness of implementation on the corporate website and the Market Observation Post System?	V		We timely disclose the status of CSR implementation through the corporate website, annual reports, and MOPS.	We have followed the mechanisms specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies without any difference.
V. If the company has established its own "Ethical Corporate Management Best-Practice Principles" in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, please state the status of operation and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies: No significant difference.				
VI. Other material information that facilitates the understanding the operation of the company's ethical corporate management: We established the "Ethical Corporate Management Best-Practice Principles" in 2015 and have amended the "Code of Ethical Conduct" and the "Operational Procedures and Guidelines for Ethical Management".				

1. If the Company has established the "Corporate Governance Best-Practice Principles" and related regulations, disclose their access methods: We have established a comprehensive internal control system and a comprehensive internal audit system and have amended regulations related to the "Corporate Governance Best-Practice Principles," such as the "Rules and Procedures of Shareholders' Meeting," "Procedures for Election of Directors," and "Rules of Procedure for Meetings of Board of Directors." They are accessible over the corporate website.

(VII) Other material information that facilitates the better understanding of the status of governance implementation: None.

(VIII) Implementation of the internal control system

1. Declaration of Internal Control

Castles Technology Co., Ltd.

Declaration of Internal Control System

Date: March 11, 2025

With regards to the results of the 2024 self-evaluation of the internal control system, we hereby declare as follows:

- I. We acknowledge and understand that it is the responsibility of our Board of Directors and officers to establish, implement, and maintain an internal control system, and we have established such a system. Its purpose is to fairly ensure the effectiveness and efficiency of operations (including profitability, performance, and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- II. There is limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may variate as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
- III. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divided an internal control system into five elements: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication, and 5. monitoring. Each element in turn contains certain audit items and shall be referred to the Criteria for details.
- IV. We have evaluated the effectiveness of design and implementation of our internal control system with such criteria.
- V. In respect of the findings from the above evaluation, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) by December 31, 2024 (Note 2) were effective to achieve the above goals in terms of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- VI. This Declaration shall form an integral part of the annual report and the prospectus on this company and will be disclosed to the public. If there is any fraud, concealment and unlawful practice found in the above contents, we shall be liable to the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This Statement was approved by the Board of Directors on March 11, 2025. Among the 7 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

Castles Technology Co., Ltd.

Chairperson: Hua-Hsi Hsin

President: Hung-Chun Lin



Note 1: Public companies shall state in an additional section to Paragraph 4 of the declaration any significant design and implementation defects of the internal control system in the year, list and explain the significant defects found in the self-evaluation, and the improvement adopted by the account closing date and the performance of improvement.

Note 2: The date of declaration shall be the “fiscal year closing date”.

2. Companies auditing the internal control system through a CPA shall disclose the Independent Auditors’ Report: None.
3. Sanctions as of law on the company or its personnel; punishment as of the company on its personnel for violation of the internal control system, and the major defects and improvements of the internal control system in the most recent year and as of the date of report publication: None.

(IX) Important resolutions made as of the meeting of shareholders and board of directors in the most recent year and as of the date of report publication:

1. Important Shareholders' Meeting resolutions

Date of Meeting	Important Resolution		Status of implementation
2024.06.18 Shareholders' Meeting	Ratification Items	2023 Business Report and Financial Statements	Passed and implemented in accordance with the Shareholders' Meeting resolution.
		2023 Earnings Distribution	Passed and implemented in accordance with the Shareholders' Meeting resolution.
	Discussion Items	Proposal for new shares issued through capitalization of earnings	Passed and implemented in accordance with the Shareholders' Meeting resolution.
	Election Items	Re-election of Directors	Completed the re-election of the 9th Board of Directors in accordance with the resolution of the Shareholders' Meeting.
	Other matters	Proposal for lifting the non-compete restriction on new directors and their representatives of the Company.	Passed and implemented in accordance with the Shareholders' Meeting resolution.

2. Important Board resolutions

Date of Meeting	Important Resolution
2024.02.05	The personnel change proposal of the US subsidiary The amendment to the shareholding structure for the acquisition of LIEM and LIEM IDF
2024.03.12	The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of December 31, 2023. The proposal for the 2023 earnings distribution to employees, directors, and supervisors The 2024 salary and remuneration structure and standards for directors, supervisors, and officers The 2023 business report and financial statements The 2023 Earnings Distribution Proposal New shares issued through capitalization of earnings The 2023 Declaration of Internal Control System Re-election of Directors The nomination of candidates for directors and independent directors Proposal for lifting the non-compete restriction on new directors and their representatives of the Company. Matters related to the convening of the 2024 Shareholders' Meeting The 2024 operational plan and budget Bank credit increase and renewal

Date of Meeting	Important Resolution
	<p>The amendment to the authorization for the syndicated loan application through Hua Nan Bank</p> <p>Amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit"</p> <p>Amendments to Partial Articles of "Rules of Procedure for Board of Directors' Meetings"</p> <p>Amendment to some articles of the "Audit Committee Charter"</p> <p>The capital increase for the Spanish subsidiary</p>
2024.05.07	<p>The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of December 31, 2024.</p> <p>The 2024Q1 consolidated financial statement</p> <p>The personnel change proposal of the US subsidiary</p> <p>The establishment of operational locations in Canada for business development needs</p>
2024.06.18	<p>Election of the Chairperson</p> <p>Appointment of the Company's Audit Committee members</p> <p>Appointment of Members to the Company's Remuneration Committee</p>
2024.08.08	<p>The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of June 30, 2024.</p> <p>Approval of the 2024Q2 consolidated financial statement</p> <p>Proposal to authorize the Chairperson to determine the ex-rights record date and related matters for the issuance of new shares through capitalization of earnings.</p> <p>The establishment of operational locations in Canada for business development needs</p> <p>Proposal for the addition and renewal of the Company's bank credit facilities</p> <p>The Company proposes to establish a "Sustainable Development Committee."</p> <p>Establishment of the "Sustainable Development Committee Charter."</p> <p>Establishment of the "Sustainable Reporting and Verification Procedures."</p> <p>Approval of the Company's 2023 Sustainability Report</p>
2024.11.11	<p>The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of September 30, 2024.</p> <p>The 2024Q3 consolidated financial statement</p> <p>The appointment and independence and competence evaluation of CPAs for 2025</p> <p>The establishment of operational locations in Mexico for business development needs</p> <p>The amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit"</p> <p>The 2024 annual audit program</p> <p>Proposal for the addition and renewal of the Company's bank credit facilities</p> <p>Proposal to authorize the Chairperson to determine the capital increase record date and related matters for the issuance of new shares through capitalization of employee remuneration.</p> <p>The Company's personnel change proposal.</p>
2025.01.09	<p>The annual performance evaluation and review of remunerations of the Company's directors and officers in 2024.</p> <p>Proposal for the establishment of the structure and standards for the salaries and remunerations of directors and officers in 2025.</p>

Date of Meeting	Important Resolution
	The Company's plan to repurchase treasury shares for transfer to employees.
2025.03.11	<p>The assessment of whether booked receivables, other receivables, prepayments, or refundable deposits exceeding the normal credit terms or involving large transactions outstanding for more than three months should be reclassified as capital loans, as of December 31, 2024.</p> <p>The proposal for the 2024 earnings distribution to employees, directors, and supervisors.</p> <p>The 2024 business report and financial statements.</p> <p>The 2024 Earnings Distribution Proposal.</p> <p>Approval of the 2024 Declaration of Internal Control System.</p> <p>Amendment to some of the articles of the “Articles of Incorporation”</p> <p>Amendment to some articles of the "Internal Control System" and "Rules for Implementation of Internal Audit."</p> <p>Determination of the scope of basic employees of the Company.</p> <p>Establishing the "Corporate Governance Best Practice Principles."</p> <p>Amendment to some articles of the "Audit Committee Charter."</p> <p>Proposal for Amendments to Partial Articles of “Rules of Procedure for Board of Directors’ Meetings”</p> <p>Matters related to the convening of the 2025 Shareholders' Meeting.</p> <p>The 2025 operational plan and budget.</p> <p>The establishment of operational locations in France for business development needs.</p> <p>Bank credit renewal.</p>

(X) Contents of the dissent for the records or with written statements of directors or supervisors to important board resolutions in the most recent year and as of the date of report publication: None.

IV. Audit Fee of Attesting Certified Public Accountants

Name of CPA Firm	Name of CPAs		CPA Audit Period	Remarks
PwC Taiwan	Jenny Yeh	Bill Yu	2024.01.01-2024.12.31	-

(I) Disclose the amount of audit fees and non-audit fees and the audit content when the amount of non-audit fees paid to a CPA, a CPA firm, and its affiliates above one quarter of the audit fee:

Unit: NTD thousand

Name of CPA Firm	Name of CPA	Audit Fee	Non-Audit Fee					CPA Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Bill Yu	5,430	0	60	142	0	202	2024.01.01-2024.12.31	Note 1
	Jenny Yeh								

Note 1: No disclosure of matters stipulated in Article 10, Subparagraph 5, Item 1, Regulations Governing Information to be Published in Annual Reports of Public Companies is required.

(II) Disclose the amount of audit fees before and after a CPA firm change and the reasons when the audit fee in the year of change is lesser than before: None

(III) Disclose the amount and proportion less and the reasons when the audit fee is lesser than that of the previous year by over 10%: None

V. Replacement of certified public accountants: None.

VI. The chairperson, president, and chief financial officer or chief accounting officer of the company held a position at the CPA firm in charge of the company's independent audit or its affiliates in the most recent year: None.

VII. Changes in the transfer or pledge of shares as of directors, supervisors, officers, and shareholders holding over 10% of the outstanding shares in the most recent year and as of the date of report publication:

(I) Changes in shareholdings of directors, supervisors, officers, and major shareholders

Unit: shares

Position	Name	2024		2025 As of April 19	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged (decrease) in shares held
Chairperson cum head of the Sales Division and Overseas Business Division	Hua-Hsi Hsin	208,576	-	51,000	-
Directors and shareholders holding over 10% of the shares	Hua Kan Investment Co., Ltd.	681,742	-	-	-
Director Representative cum President and Chief R&D Officer	Hung-Chun Lin	71,190	-	48,250	-
Directors	Wen-Jeh Fong	21,557	-	1,500	-
Director cum Chief Operating Officer	Chia-Hua Huang	16,000	-	37,750	-
Independent Director	Hsi-Hsun Gong	-	-	-	-
Independent Director	Hsin-Kai Kung	-	-	-	-
Independent Director	Jiun-Jen Chen	-	-	-	-
Vice President of Sales Division	Yu-Chun Chen	51,595	-	30,750	-
Vice President of R&D Division	Ching-Huang Li	16,000	-	37,000	-
Assistant Vice President of Strategic Planning Division	Chun-Yu Chen	11,637	-	23,600	-
Head of Financial and Accounting Department	Mei-Yun Tu	8,528	-	16,450	-
Directors	Shih-Chin Chuang (Dismissal Date: June 18, 2024)	-	-	Not applicable	Not applicable
Directors	Kun-Ming Li (Dismissal Date: June 18, 2024)	-	-	Not applicable	Not applicable
Vice President of Quality Assurance Division	Chiao-Li Lin (Dismissal Date: April 1, 2025)	15,385	-	Not applicable	Not applicable
Vice President of Sales Division	Yi-Min Fang (Dismissal Date: April 1, 2025)	2,435	-	Not applicable	Not applicable
Vice President of R&D Division	Yu-Chang Li (Dismissal Date: March 1, 2025)	5,060	-	Not applicable	Not applicable
Assistant Vice President of Sales Division	Chen-Yu Lo (Dismissal Date: April 1, 2025)	10,569	-	Not applicable	Not applicable

Position	Name	2024		2025 As of April 19	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged (decrease) in shares held
Assistant Vice President of Sales Division	Yi-Ching Kao (Dismissal Date: April 1, 2025)	3,181	-	Not applicable	Not applicable
Assistant Vice President of Sales Division	Cheng-Hsu Chiang (Dismissal Date: April 1, 2025)	10,000	-	Not applicable	Not applicable
Assistant Vice President of R&D Division	Shu-Chiang Chen (Dismissal Date: April 1, 2025)	17,836	-	Not applicable	Not applicable
Manager of the Audit Office	Pei-Chun Liao (Dismissal Date: September 20, 2024)	-	-	Not applicable	Not applicable

(II) Shares transferred to a related party: None

(III) Shares pledged to a related party: None

VIII. Relationships among the top 10 shareholders who are spouses or relatives within the second degree of kinship to one another

April 19, 2025 Unit: Shares; %

Name	Shares Held Personally		Shares Held by Spouse and Underage Children		Shares Held in Others' Names Total Shares Held		Company name/name and relationship of related parties, spouse, or relatives within the second degree of kinship among top 10 shareholders as stated in SFAS 6.		Remarks
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Company Name or Name	Relationship with the endorser/guarantor	
Hua Kan Investment Co., Ltd.	14,316,597	12.97%	-	-	-	-	Hua-Hsi Hsin	Chairperson	-
Chang, Jui-Min	5,293,050	4.80%	-	-	-	-	-	-	-
Hua-Hsi Hsin	3,941,909	3.57%	52,782	0.05%	-	-	Hua Kan Investment Co., Ltd. Hua Bao Investment Co., Ltd.	Responsible Person: Responsible Person:	-
Chi-Wen Tsai	2,408,761	2.18%	-	-	-	-	-	-	-
Hsin-Chuen Tsai	2,125,000	1.93%	-	-	-	-	-	-	-
Chang, Yu-Chih	1,985,000	1.80%	-	-	-	-	-	-	-
Phoenix VI Venture Capital Co., Ltd.	1,984,250	1.80%	-	-	-	-	-	-	-
MasterLink Securities Corp.	1,671,205	1.51%	-	-	-	-	-	-	-
Hua Bao Investment Co., Ltd.	1,440,166	1.30%	-	-	-	-	Hua-Hsi Hsin	Chairperson	-
Capital Securities Corporation Derivatives Hedging Account	1,290,236	1.17%	-	-	-	-	-	-	-

IX. The syndicated ownership of the company, the company's directors, supervisors, officers, and the investees directly or indirectly controlled by the company, and the syndicated ownership ratio calculated:

Syndicated Ownership Ratio

December 31, 2024 Unit: Shares; %

Investee	Ownership of the Company		Ownership of Directors, Supervisors, Officers, and Directly or Indirectly Controlled Investees		Syndicated Ownership	
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership
Castech International Limited	1,700,000	100.00	-	-	1,700,000	100.00
Castech International (H.K.) Limited	-	-	13,252,000	100.00	13,252,000	100.00
Suzhou Castles Technology Co., Ltd.	-	-	Note 1	100.00	Note 1	100.00
DCASTLES TECHNOLOGY SINGAPORE PTE. LTD.	730,000	54.89	-	-	730,000	54.89
CASTLES TECHNOLOGY EUROPE S.R.L.	Note 1	100.00	-	-	Note 1	100.00
CASTLES TECHNOLOGY INTERNATIONAL CORP.	3,000,000	100.00	-	-	3,000,000	100.00
CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	-	-	22,999,997	100.00	22,999,997	100.00
CASTLES TECHNOLOGY SPAIN SL	2,233,006	100.00	-	-	2,233,006	100.00
Casware System Technology Co., Ltd.	3,200,000	100.00	-	-	3,200,000	100.00
CASTLES TECHNOLOGY UK & IRELAND LTD.	1,779,839	100.00	-	-	1,779,839	100.00
CASTLES TECHNOLOGY JORDAN PRIVATE SHAREHOLDING COMPANY	463,392	90.00	-	-	463,392	90.00
Castles Technology Japan contracted company	Note 1	100.00	-	-	Note 1	100.00
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	Note 1	100.00	-	-	Note 1	100.00
LIEM IdF	Note 1	60.00	-	40.00	Note 1	100.00
CASTLES TECHNOLOGY DO BRASIL LTDA	Note 1	100.00	-	-	Note 1	100.00

CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	Note 1	100.00	-	-	Note 1	100.00
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	Note 1	100.00	-	-	Note 1	100.00
Castles Technology Canada Corp.	Note 1	100.00	-	-	Note 1	100.00

Note 1: No shares issued by investees.

Three. Fundraising

I. Capital and Shares

(I) Sources of share capital

Unit: NTD Thousand/Thousand Shares

Year/ Month	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital (NTD thousand)	Substitution of capital stock with assets other than cash	Others
82.02	10	1,200	12,000	1,200	12,000	Founding Capital	-	Note 1
90.02	10	3,000	30,000	3,000	30,000	Capital increase in cash by NT\$18,000 thousand	-	Note 2
90.06	10	4,000	40,000	4,000	40,000	Capital increase in cash by NT\$10,000 thousand	-	Note 3
91.08	10	5,000	50,000	5,000	50,000	Capital increase in cash by NT\$10,000 thousand	-	Note 4
92.02	10	8,000	80,000	8,000	80,000	Capital increase by cash in the amount of NT\$30,000 thousand, with shares issued at a premium of NT\$25 per share	-	Note 5
92.09	10	8,630	86,300	8,630	86,300	Capitalization of dividends and bonuses by NT\$6,300 thousand	-	Note 6
93.09	10	16,700	167,000	10,663	106,630	Capitalization of dividends and bonuses by NT\$11,700 thousand Capitalization of capital reserves by NT\$8,630 thousand	-	Note 7
94.08	10	16,700	167,000	13,130	131,300	Capitalization of dividends and bonuses by NT\$24,670 thousand	-	Note 8
95.10	10	30,000	300,000	18,763	187,623	Capitalization of dividends and bonuses by NT\$56,325 thousand	-	Note 9
96.09	10	30,000	300,000	26,060	260,603	Capitalization of dividends and bonuses by NT\$37,328 thousand Capitalization of capital reserves by NT\$35,649 thousand	-	Note 10
97.09	10	60,000	600,000	31,475	314,747	Capitalization of dividends and bonuses by NT\$54,144 thousand	-	Note 11
97.10	10	60,000	600,000	32,198	321,983	Combined capital increase NT\$7,236 thousand	-	Note 12
98.09	10	60,000	600,000	34,732	347,322	Capitalization of dividends and bonuses by NT\$25,339 thousand	-	Note 13
99.01	10	60,000	600,000	35,682	356,822	NT\$9,500 thousand of shares converted from employee stock options	-	Note 14
99.09	10	60,000	600,000	37,676	376,763	Capitalization of dividends and bonuses by NT\$19,941 thousand	-	Note 15
100.07	10	60,000	600,000	45,911	459,114	Capitalization of earnings and dividends in the amount of NT\$82,352 thousand	-	Note 16
101.09	10	60,000	600,000	53,298	532,982	Capitalization of dividends and bonuses by NT\$73,867 thousand	-	Note 17
102.09	10	60,000	600,000	56,265	562,649	Capitalization of dividends and bonuses by NT\$29,667 thousand	-	Note 18
103.09	10	80,000	800,000	60,400	604,000	Capitalization of dividends and bonuses by NT\$41,351 thousand	-	Note 19
104.10	10	80,000	800,000	62,478	624,780	Capitalization of dividends and bonuses by NT\$20,780 thousand	-	Note 20
105.09	10	80,000	800,000	65,870	658,704	Capitalization of dividends and bonuses by NT\$33,924 thousand	-	Note 21
106.02	10	80,000	800,000	74,105	741,054	Capital increase by cash in the amount of NT\$82,350 thousand, with shares issued at a premium of NT\$39.45 per share	-	Note 22
106.10	10	80,000	800,000	74,543	745,426	Capital increase from remuneration to employees NT\$4,372 thousand	-	Note 23
108.01	10	100,000	1,000,000	89,543	895,426	Capital increase by cash in the amount of	-	Note

						NT\$150,000 thousand, with shares issued at a premium of NT\$13 per share		24
108.04	10	160,000	1,600,000	89,543	895,426	Amendment to the Articles of Incorporation: Total capital amounted to NT\$1.6 billion.	-	Note 25
111.08	10	160,000	1,600,000	99,543	995,426	Capital increase by cash in the amount of NT\$100,000 thousand, with shares issued at a premium of NT\$45 per share	-	Note 26
112.11	10	160,000	1,600,000	104,844	1,048,437	Capitalization of dividends and bonuses by NT\$49,386 thousand Capital increase from remuneration to employees NT\$3,626 thousand	-	Note 27
113.10	10	160,000	1,600,000	110,047	1,100,474	Capitalization of earnings and dividends in the amount of NT\$52,036 thousand	-	Note 28
113.12	10	160,000	1,600,000	110,364	1,103,649	Capital increase through employee remuneration capitalization in the amount of NT\$3,174 thousand	-	Note 29

Note 1: Approved by (82) Jian-San-Ren-Zi No. 168227 dated 1993.02.20.

Note 2: Approved by Jing-(90)-Zhong-Zi No. 09031681000 dated 2001.02.09.

Note3: Approved by Jing-(90)-Zhong-Zi No. 09032323480 dated 2001.06.14.

Note 4: Approved by Jing-Sho-Zhong-Zi No. 09132644250 dated 2002.08.30.

Note 5: Approved by Jing-Sho-Zhong-Zi No. 09231645590 dated 2003.02.07.

Note 6: Approved by Jing-Sho-Zhong-Zi No. 09232668090 dated 2003.09.16.

Note 7: Approved by Jing-Sho-Zhong-Zi No. -09332743470 dated 2004.09.22.

Note 8: Approved by Jing-Sho-Zhong-Zi No. 0943260847 dated 2005.08.09.

Note 9: Approved by Jing-Sho-Zhong-Zi No. 09532959360 dated 2006.10.11.

Note 10: Approved by Jing-Sho-Zhong-Zi No. 09632785820 dated 2007.09.19.

Note 11: Approved by Jing-Sho-Zhong-Zi No. 09733062860 dated 2008.09.11.

Note 12: Approved by Jing-Sho-Zhong-Zi No. 09733334160 dated 2008.10.31.

Note 13: Approved by Jing-Sho-Zhong-Zi No. 09833122130 dated 2009.09.28.

Note 27: Approved by Jing-Sho-Shang-Zi No. 11230212650 dated 2023.11.17.

Note 29: Approved by Jing-Sho-Shang-Zi No. 11330219030 dated 2014.12.30.

Note 14: Approved by Bei-Fu-Jing-Deng-Zi No. 09930265000 dated 2010.01.22.

Note 15: Approved by Bei-Fu-Jing-Deng-Zi No. 0993154536 dated 2010.09.09.

Note 16: Approved by Bei-Fu-Jing-Deng-Zi No. 1005045717 dated 2011.07.25.

Note 17: Approved by Jing-Sho-Shang-Zi No. 10101189360 dated 2012.09.13.

Note 18: Approved by Jing-Sho-Shang-Zi No. 10201188570 dated 2013.09.12.

Note 19: Approved by Jing-Sho-Shang-Zi No. 10301198740 dated 2014.09.24.

Note 20: Approved by Jing-Sho-Shang-Zi No. 10401226860 dated 2015.10.30.

Note 21: Approved by Jing-Sho-Shang-Zi No. 10501216980 dated 2016.09.12.

Note 22: Approved by Jing-Sho-Shang-Zi No. 10601017120 dated 2017.02.09.

Note 23: Approved by Jing-Sho-Shang-Zi No. 10601142630 dated 2017.10.17.

Note 24: Approved by Jing-Sho-Shang-Zi No. 10801002880 dated 2019.01.22.

Note 25: Approved by Jing-Sho-Shang-Zi No. 10801044790 dated 2019.04.22.

Note 26: Approved by Jing-Sho-Shang-Zi No. 11101162630 dated 2022.08.30.

Note 28: Approved by Jing-Sho-Shang-Zi No. 11330181620 dated 2014.10.21.

April 19, 2025 Unit: Shares

Shares Type	Authorized Capital			Remarks
	Outstanding Shares	Unissued shares	Total	
Registered Common Stock	110,364,894	49,635,106	160,000,000	Listed Stocks

(II) List of Major Shareholders

April 19, 2025 Unit: Shares

Names of major shareholders	Shares	Shareholding (shares)	Proportion (%)
Hua Kan Investment Co., Ltd.		14,316,597	12.97
Chang, Jui-Min		5,293,050	4.80
Hua-Hsi Hsin		3,941,909	3.57
Chi-Wen Tsai		2,408,761	2.18
Hsin-Chuen Tsai		2,125,000	1.93
Chang, Yu-Chih		1,985,000	1.80
Phoenix VI Venture Capital Co., Ltd.		1,984,250	1.80
MasterLink Securities Corp.		1,671,205	1.51
Hua Bao Investment Co., Ltd.		1,440,166	1.30
Capital Securities Corporation Derivatives Hedging Account		1,290,236	1.17

(III) Dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

In order to meet the needs of business expansion and development of industry, the future dividend policy shall depend on the Company's future capital expenditure according to the needs for funds. The earnings distribution may be made by way of cash dividend and/or stock dividend, provided however, the ratio for cash dividend shall not be less than 10% of total distribution.

2. Dividend distribution proposed at Shareholders' Meeting:

The Board passed the 2024 earnings distribution proposal at the board meeting on March 11, 2025, as follows:

The Company's net income after tax for 2024 was NT\$695,182,324, and the beginning undistributed earnings amounted to NT\$1,476,862,325. A proposed earnings distribution schedule has been prepared accordingly. In accordance with the "Company Act" and the Company's "Articles of Incorporation," 10% of earnings, or NT\$69,669,663, is allocated to the legal reserve. After this appropriation, the remaining distributable amount is NT\$2,103,889,292. It is proposed to distribute cash dividends totaling NT\$275,912,235, equivalent to NT\$2.50 per share.

Castles Technology Co., Ltd.
2024 Earnings Distribution Table

Unit: In New
Taiwan Dollars

Item	Amount	Explanation
Beginning unappropriated retained earnings	1,476,862,325	(1)
Adjustment to retained earnings	(1,514,306)	(2)
Add: Net income after tax for 2024	<u>695,182,324</u>	
Unappropriated retained earnings after adjustment	2,173,558,955	
Less: Appropriation of 10% for legal reserve	(69,669,663)	
Add: Reversal of special reserve	<u>-</u>	
Total earnings available for distribution in the current period	2,103,889,292	
Distribution items:		
Shareholders' dividends- cash (NT\$2.5 per share)	<u>(275,912,235)</u>	(3)
Ending unappropriated retained earnings	<u>1,827,977,057</u>	

Explanation:

- (1) These are the retained earnings after the 2023 earnings distribution approved by the shareholders' meeting in 2024.
- (2) The retained earnings were adjusted due to accounting treatment of actuarial valuation of pension funds.
- (3) Earnings of 2024 will be prioritized for earnings distribution.

3. Description of expected significant changes in the dividend policy: None.

(IV) Impact of the stock dividend proposed at the current Shareholders' Meeting on the company's operational performance and earnings per share: None

(V) Remunerations for employees and directors

1. Percentages or ranges of remuneration for employees, directors, and supervisors specified in the company's articles of incorporation:

If there is a distributable balance for the Company's annual profit before tax and employees' and directors' remuneration after offsetting accumulated losses for the previous years, it shall be distributed as follows:

(1) 3% to 15% as employees' remuneration.

(2) Not more than 3% as remuneration for directors.

The ratio of profit-sharing compensation for employees and directors and the distribution of profit-sharing compensation for employees in the form of stock or cash shall be determined by resolution of over one half of all directors present at a board meeting attended by over two thirds of all directors. They shall also be reported to the Shareholders' Meeting.

The employees entitled to receive employees' remuneration in accordance with the provisions of the preceding paragraph may include the employees of subsidiaries meeting certain specific requirements. Qualification requirements shall be determined by the board of directors.

2. Basis for estimating the amount of profit-sharing compensation for employees and directors, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: NA.

3. Information on any approval by the board of directors of distribution of profit-sharing compensation

(1) The amount of any profit-sharing compensation for employees and directors distributed in cash or stock. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

For 2024, the Company's pre-tax profit is NT\$901,246,265. It is proposed to allocate NT\$67,320,545 for employee remuneration and NT\$5,433,205 for director remuneration, all of which will be distributed in cash.

There is no difference between the annual estimated expense recognized and the amount of the above distribution of profit-sharing compensation for employees and directors

approved by board of directors.

(2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent-only financial reports or individual financial reports for the current period and total employee profit-sharing compensation.

4. The actual distribution of profit-sharing compensation for employees and directors in the previous year (with an indication of the number of shares, monetary amount, and stock price of the shares distributed), and, if there is any difference between the actually distributed and the recognized profit-sharing compensation for employees and directors, state the difference, cause(s), and how it was treated:

	2023		
	Amount Resolved by the Board of Directors	Actual Distribution	
		Amount	Converted to shares
Employee remuneration (paid in cash)	NTD 42,749,585	NTD 42,749,585	-
Employee remuneration (distributed in shares according to the market value)	NTD 40,000,000	NTD 40,000,000	317,460 shares
Remuneration for directors	NTD 5,910,685	NTD 5,910,685	-
Total	NTD 88,660,270	NTD 88,660,270	-

(VI) Shares repurchased by the Company:

1. Items Already Executed:

February 25, 2025

Repurchase Session	First Time
Purpose of Repurchase	Share transfer to employees
Buyback period	March 27, 2020 to May 26, 2020
Repurchase price range	NT\$13 to NT\$34 per share
Type and number of shares repurchased	771,000 shares of common stock
Amount of shares repurchased	NT\$18,064,279
Ratio of repurchased shares to expected repurchased shares (%)	51.40
Number of canceled and transferred shares	771,000 shares of common stock
Accumulated number of shares held by the Company	0 shares
Accumulated number of shares held by the Company in the total number of issued shares (%)	0

II. Issuance of corporate bonds (including overseas corporate bonds): None.

III. Preferred shares: None.

IV. Engagement in the issuance of global depositary receipts (GDR): None

V. Employee stock options: None.

VI. Issuance of restricted stock awards (RSA): None.

VII. M&A or transfer of shares of other companies and issuance of new shares: None.

VIII. Implementation of the capital utilization plan, including the content of the plan and the implementation: None.

Four. Operations overview

I. Business contents

(I) Business scope

1. Major business activities of the Company

- (1) I301010 Information Software Services
- (2) I501010 Product Designing
- (3) F113070 Wholesale of Telecommunication Apparatus
- (4) F119010 Wholesale of Electronic Materials
- (5) F213060 Retail Sale of Telecommunication Apparatus
- (6) F401010 International Trade
- (7) F401021 Controlled Telecommunications Radio-Frequency Devices and Materials Import
- (8) CC01080 Electronics Components Manufacturing
- (9) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- (10) CC01110 Computer and Peripheral Equipment Manufacturing
- (11) E605010 Computer Equipment Installation
- (12) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (13) F118010 Wholesale of Computer Software
- (14) J304010 Book Publishing
- (15) JA02010 Electric Appliance and Electronic Products Repair
- (16) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business ratio

Unit: NTD thousand; %

Item \ Year	2023		2024	
	Amount	Revenue Ratio	Amount	Revenue Ratio
Electronic fund transaction terminal	6,807,426	84.62	6,299,113	80.49
Personal financial application products	17,771	0.22	14,744	0.19
Electronic cash registers and peripherals	77,589	0.96	100,597	1.29
Others	1,142,252	14.20	1,411,197	18.03
Total	8,045,038	100.00	7,825,651	100.00

3. Current products (services) provided by the company

We mainly engage in the design, development, and electronic fund transaction terminal (POS) and related products for financial transactions. After passing the certification of

international organizations and the verification of local acquirers, they can be used by local merchants to accept payments. Currently, our products have been used in over 50 countries around the world, and we are actively promoting them to other countries.

So far, our products already support various payment modes, including the contactless card, chip card, magnetic stripe (mag-stripe) card, and the emerging quick response (QR) code payment, and fingerprint (biometric) payment. We generally divide our products into the following ranges: Electronic fund transaction terminal, consumer finance products, POS, and peripherals.

4. New products (services) planning for development

(1) Electronic fund transaction terminal

- a. Expand the Secure Android Payment Terminal product range to fulfill the demands of different customers through product diversification. This year, we will be launching new products including the Saturn 1000F2, Saturn 1000E2, Saturn 1000 Mini, and Saturn 1000 Multilane. Additionally, we will also introduce more comprehensive software solutions, including CTMS, Marketplace, etc. In response to the performance requirements of Android, we will also develop a processor platform with higher performance to support newer Android specifications and the demand for different types of software applications.
- b. Upgrade the security level to PCI PTS 6.0 for the best-selling Vega 3000 series, and make product adjustments based on the market feedback on costs and appearance to make products more energy-efficient and competitive.
- c. Continue to develop multifunctional card readers for use on vending machines, automated fuel dispensers (AFDs), self-service laundry, self-service car washes, and charging stations based on market feedback. Currently we have successfully integrated our card readers to the target products using the MDB and DEX protocols commonly used on vending machines and have passed the certification of leading US and European customers. Hence, a significant sales growth is expected in the unattended product market in the future. Additionally, we also plan the new-generation unattended (unmanned) payment terminals (UPT) for Android for customers demanding high-performance products. By combining with high-performance processors, these UPTs can support advert/commercial playback and a wide variety of unattended (unmanned) payment environments.
- d. Continue to expand the capacity in developing payment software applications to help worldwide customers engage in the development and integration of diversified payment applications in their regions. Currently, our independently developed software has been approved for connection by banks in many countries. They are ready for sales through tendering in regional markets.

e. Continue to upgrade the functions of the Castles Terminal Management System (CTMS), and completing the function development for the Marketplace platform is the target for this year. In addition to the original remote software update and maintenance services, we also offer software subscription service similar to that of Android apps for banks to develop their own software app ecosystem and start innovative modes of operations based on their applications using our system service.

(2) POS and peripherals

Develop a new generation of modular POS and provide domestic customers with complete hardware payment solutions together with EFTTs and ticket readers. At the same time, we also discuss the demand for related integrated products with US and European customers through participation in exhibitions and shows, hoping to promote related integrated applications to the overseas markets.

(II) Industry overview

1. Current status and development of the industry

(1) Global shipment volume of electronic financial transaction (POS) terminals

In 2023, the total global shipment volume of POS terminals that passed the Payment Card Industry (PCI) Data Security Standard (DSS) assessment and certification reached 121.9 million units. These POS terminals include Android-based models, conventional AC- or battery-powered devices, mobile and countertop types, with or without built-in printers, and unattended devices (Android-based or otherwise) integrated into self-service kiosks, vending machines, fuel dispensers, and other equipment. All POS terminals support payment via chip cards or magnetic stripe cards. Many POS terminals also accept contactless payments, and some are equipped with integrated biometric features to facilitate payment. Among the six major global markets for electronic financial transaction (POS) terminals in 2023, the Asia-Pacific (APAC) region ranked first, with shipment volume reaching 61.8 million units, accounting for 50.70% of the global market. The Latin America and Caribbean (LA&C) market ranked second, with a shipment volume of 23.1 million units, accounting for 18.95% of the global market. Europe ranked as the third-largest market, with 16.6 million units shipped, representing 13.62% of the global market. The comparison of shipping volume by region in 2023 is as follows (Table 1):

Table 1 Comparison of Worldwide Shipping Volume of POS Terminals in 2023

Unit: million units		
Region	Shipping Volume	Global Proportion (%)
Asia-Pacific (APAC)	61.8	50.70
Latin America and the Cayman	23.1	18.95

Islands (LA & C)		
Europe	16.6	13.62
Middle East and Africa (MEA)	11.4	9.35
U.S.	8.3	6.81
Canada	0.7	0.57
Total	121.9	100

Source: Nilson Report, November 2024.

(2) Changes in personal consumption expenditure favor the industry’s future development

The US Consumer Expenditure System model, produced by the Bureau of Economic Analysis of the United State Department of Commerce as reported in the Nilson Report, is used to analyze the composition and ratio of the 11 consumer spending patterns of personal consumption expenditures (PCE). It is the basis for measuring consumer behavior, and this analysis is closely related to the electronic fund transaction terminal (POS) industry. In 2023, total personal consumption expenditure in the United States amounted to approximately USD 18.823 trillion. Of this, 77.86% (approximately USD 14.655 trillion) was spent on the purchase of goods and services, while the remaining 22.14% (approximately USD 4.168 trillion) was attributed to non-purchase transaction activities. Forecasts indicate that consumer spending on goods and services is expected to grow from USD 14.65522 trillion in 2023 to USD 18.17563 trillion in 2028 (see Table 2), representing a growth rate of approximately 24% over the five-year period.

Forecasts indicate that over the five-year period following 2023, the share of paper-based payment instruments in U.S. consumer spending on goods and services is expected to decline from 11.55% in 2023 to an estimated 7.85% in 2028, representing a transaction value decrease of approximately 16%. In contrast, the share of card-based payment instruments is projected to increase from 77.61% in 2023 to an estimated 80.50% in 2028, with a transaction value growth rate of approximately 29%. The share of electronic payment instruments is expected to rise from 10.84% in 2023 to an estimated 11.65% in 2028, reflecting a transaction value growth rate of approximately 33%. In terms of the transaction value of payment instruments, between 2023 and 2028, remote e-payment is expected to grow by 61%, the highest; credit cards by 30%, the second highest; and cash cards 29%, the third highest.

The US market is the leader of global technological evolution. The change in payment instruments used by US consumers leads the trend of payment instruments of global consumers. As the long-term growth trend of card-based payment instruments is foreseeable from the above data, we are of optimistic about the future development of this industry. This study also shows that the future growth of e-payment instruments emerging in recent years will continue to be optimistic, worthy of market attention.

Table 2 Trends in Payment Instruments used by US Consumers for Purchasing Goods and Services

Unit: US\$ billion

Payment Instrument	2023		2028		Five-year Change (%)
	Transaction Amount	%	Transaction Amount	%	
Paper Instruments	1,691.98	11.55%	1,427.33	7.85%	-16%
Cash (Note 1)	1,244.72	8.49%	996.67	5.48%	-20%
Check (Note 2)	403.14	2.75%	391.88	2.16%	-3%
Money Order	35.63	0.24%	33.82	0.19%	-5%
Official Checks (Note 3)	8.05	0.05%	4.75	0.03%	-41%
Traveler's Check	0.44	<0.01%	0.21	<0.01%	-52%
Card Instruments	11,373.98	77.61%	14,630.60	80.50%	29%
Credit Card	5,853.50	39.94%	7,606.65	41.85%	30%
Cash Card	5,050.46	34.46%	6,518.79	35.87%	29%
Prepaid Card (Note 4)	359.66	2.45%	429.21	2.36%	19%
Benefit Card	110.36	0.75%	75.95	0.42%	-31%
Electronic Instruments	1,589.26	10.84%	2,117.69	11.65%	33%
Pre-Authorization (Note 5)	837.10	5.71%	908.84	5.00%	9%
Remote Payment (Note 6)	752.16	5.13%	1,208.85	6.65%	61%
Total	14,655.22	100.00%	18,175.62	100.00%	24%

Source: Nilson Report, December 2024

Note 1: Including cash withdrawal through credit cards and debit cards, and withdrawal with personal checks.

Note 2: Funds disbursed from the checking account of financial institutions, and for directly payment only.

Note 3: Including cashier's checks and certified checks.

Note 4: General-purpose debit cards, such as calling cards and gift cards.

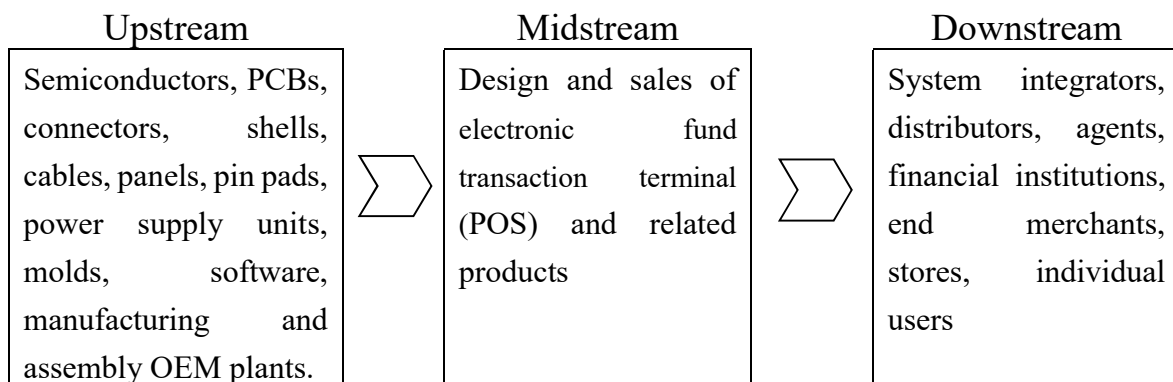
Note 5: Payment made over the internet or computers through transfer checks at the POS, ATM, or cash register.

Note 6: Peer-to-peer (P2P) automated clearing institutions through handheld electronic devices. Remote payment service is usually offered by telephone companies, telecommunication companies, and TV channels.

2. Top-down correlations of the industry

We independently design and develop electronic fund transaction terminal (POS), our major product. After the completion of products and receipt of orders, the Manufacturing Division purchase related parts and components from upstream suppliers. These parts and components include, semiconductors such as IC, flash, and RFIC; plastics such as PCBs, shells, and cables; and peripherals such as connectors, power supply units, and panels. The procured

components are assembled, tested, and packaged for storage either at the Company's own factory or at contract manufacturing and assembly facilities. Downstream customers, in addition to the Company's subsidiaries located around the world, are primarily regional system integrators or distributors. These customers are responsible for assisting financial institutions, end merchants, or retailers in connecting the products to mainframe systems, thereby enabling the products to function as intended. As compact card readers can be used by users by connecting them to computers via USB, they can be sold directly to individuals through distributors.



3. Development trends of products

(1) Chip cards have replaced mag-stripe cards to become the mainstream payment cards.

According to the October 2024 issue of the Nilson Report, the global market for payment cards with high-security features—including credit cards, ATM cards, cash cards, and prepaid cards issued under major international brands such as MasterCard, Visa, UnionPay, American Express, Diners Club, Discover, JCB, RuPay, and Maestro, as well as various regional brands (collectively referred to as "payment cards")—recorded a total shipment volume of approximately 4.52 billion cards in 2023. Of this total, chip card shipments accounted for 4.00 billion units, representing 88.5 percent. Magnetic stripe card shipments totaled 480 million units, representing 10.6 percent. Other cards, such as those using barcodes or other non-chip and non-magnetic technologies, accounted for 43 million units, or 0.9 percent. Thales (France) was the leader in shipping volume of global payment cards in 2023, accounting for 20.1% the total shipping volume. Idemia (France), G&D (Germany), CPI Card Group (U.S.), Perfect Plastic (U.S.), and XH Smart Tech (China) held market shares of 15.6%, 12.8%, 7.2%, 4.2%, and 3.4%, respectively, ranking second through sixth globally (see Appendix Table 3 for details). In 2023, the six leading manufacturers collectively shipped 2.89 billion payment cards, representing a decrease of approximately 4 percent compared to 3.01 billion cards in 2022. Among these, chip card shipments reached 2.59 billion units, and magnetic stripe card shipments totaled 304 million units. Chip cards accounted for 89.6 percent of total payment card shipments, up from 83.3

percent in 2022.

With better functionality and security than mag-stripe cards, chip cards can be used for credit cards, calling cards, prepaid cards, stored-value cards, and ATM cards. Following the popularization of the internet, chip cards with microprocessor functions can also be used for driver's licenses, ID cards, NHI cards, TV cards, and game cards. As the functionality increases, the scope of application also expands. As chip cards become the mainstream, it is foreseeable that chip-card POS terminals will gradually replace mag-stripe card POS terminals. In addition to the capability to design compact and elaborate chip card POS terminals, POS terminal manufacturers must be able to integrate biometrics, digital codes, and other functions into chip cards POS terminals in the future. Only can manufacturers capable of designing multifunctional POS terminals vie for market share with competitors in the POS terminal market.

Table 3. Rankings of Global Payment Card Shipping Volume in 2023

Unit: million pieces

Ranking	Manufacturer/Country	Chip Card Shipping Volume	Mag-Stripe Card Shipping Volume	Other cards shipping volume	Total Shipping Volume	Proportion of Chip Cards
1	Thales (France)	945.0	0.0	-	945.0	100.0%
2	Idemia (France)	676.0	28.0	-	704.0	96.0%
3	G&D (Germany)	567.0	10.5	-	577.5	98.2%
4	CPI Card Group (U.S.)	149.7	174.2	-	323.9	46.2%
5	Perfect Plastic (U.S.)	98.6	89.9	-	188.5	52.3%
6	XH Smart Tech (China)	152.4	1.0	-	153.4	99.4%
Others		1,411.3	172.9	43.4	1,627.6	86.7%
Total		4,000.0	476.5	43.4	4,519.8	88.5%

Source: Nilson Report issue, October 2024

(2) The mobile wallet payment system drives the demand for various contactless terminals.

By integrating the chip with the credit card transaction function into handheld or mobile devices, such as smart bands, mobiles, and tablets, the mobile wallet (m-wallet) payment system can replace physical credit cards as a payment and cash transfer instrument in shopping for consumers to enjoy a secure and convenient payment system. This change requires mobile device suppliers to provide mobile devices which contain the payment system function. In general, this technology transmits credit card information with the built-in near field communication (NFC) chip in the mobile. When purchasing at a merchant, users only need to put the mobile near the POS terminal sensor to complete the payment. After worldwide financial institutions launched this service, leading POS manufacturers have already designed this application in their contactless POS terminal products.

(3) Significant growth in the shipping volume of QR code electronic fund transaction terminal

Small-amount cash collection has gradually become part of e-finance application following the popularization of e-finance. In addition to the mobile POS, becoming one of the mainstreamed POS terminals due to the massive increase in shipping volume in the past two years, the QR code electronic fund transaction terminal not for card use also saw a significant growth by 83.12% in 2024, with an annual shipping volume up to 22 million units (Table 4). Due to the widespread adoption of mobile QR code payment methods in Mainland China as a replacement for cash and card payments, the major suppliers of such terminals are predominantly Chinese companies. The top five manufacturers—Vanstone, Smartpeak, Cloud Code, Landi, and MoreFun—collectively accounted for 75 percent of the market.

Table 4. Rankings of Shipping Volume of Global QR Code electronic fund transaction terminal in 2023

Unit: unit

Ranking	Manufacturer/Country	2023 Shipping Volume	2022 Shipping Volume	Growth Rate
1	Vanstone (Mainland China)	4,280,000	2,550,000	67.84%
2	Smartpeak (China)	3,589,000	-	-
3	Cloud Code (China)	2,854,900	-	-
4	Landi (Mainland China)	2,850,000	2,380,000	19.75%
5	MoreFun (China)	1,619,000	7,550	21,343,71%
Others (16 manufacturers)		5,033,702	6,107,900	(17,58%)
Total		20,226,602	11,045,450	83.12%

Source: Nilson Report, December 2024

- (4) The rise of third-party payment gradually changes the payment habits of consumers.

In emerging markets, third-party mobile payment networks have evolved to offer all the functionalities required for financial services. These networks often assume multiple roles, including those of mobile network operators, financial institutions, and payment service providers. Their service platforms integrate mobile wallets for consumers with mobile point-of-sale payments, domestic and international fund transfers, and mobile banking functions. Consumers can make consumption, purchase, and transfer over any form of mobile devices. Third-party payment providers, while aiming to avoid raising concerns among consumers, have not completely abandoned POS-based payment channels. Instead, they operate using a dual model that supports both online payments and POS terminal payments. As a result, POS terminal manufacturers continue to receive orders from third-party payment providers, and their business has not yet been significantly impacted.

- (5) New technologies bring impact to the life cycle of POS terminals

For the need of security, POS terminals must be certified prior to sales to regional markets after development. As the process of development and certification is usually highly time-consuming, and the certification fee is expensive, they have thus become the entry barriers for new competitors. In the past, the minimum sales life cycle of a certified POS terminal was five years, longer than ordinary electronic products. In recent years, however, as it took increasingly shorter time to equip POS terminals with new technologies, manufacturers are forced to catch up faster. In terms of the contactless POS terminal, the development and certification cycle has eventually been shortened. This trend has gradually eliminated small and medium manufacturers with limited resources at development and

insufficient sales volume to support them after product development. At present, it is foreseeable that manufacturers must invest in more R&D and certification resources to cope with the introduction of new technologies, including POS terminals with multiple payment authentication functions such as QR code, fingerprint recognition, and 3D facial recognition; POS terminals for the payment transaction of blockchain currencies (e.g., Bitcoin); and others. Moreover, the product life cycle of POS terminals will also be shortened as the roll-out speed increases. In addition, developments in emerging technologies such as quantum computing, which is still in its early stages and raises questions about when it may become powerful enough to break the public key encryption standards currently used in the payments industry, as well as advancements in AI and the security of real-time settlement systems, will all have an impact on the development of the POS terminal industry.

4. Product competition

Electronic fund transaction terminal, particularly the card authorization terminal (CAT), are our major products. CAT processes the credit card consumption of consumers for merchants. It sends the data of credit cards used by consumers to the card issuing banks through the POS terminal to complete the capital transfer and payment transactions between consumers and merchants. POS terminals with CAT function are mostly stand-alone terminals. In term of credit card support, they are divided into two categories: mag-stripe terminals and chip terminals. In terms of the current use of POS terminals in the global market, mag-stripe terminals will gradually be eliminated and replaced by chip terminals due to the security insufficiency (easier to be copied) of mag-stripe cards. Payment chip cards can be divided by function into microprocessor, memory, contactless, and dual chip cards. To keep pace with changes in card functionality, terminal manufacturers must also develop devices with varying capabilities. In recent years, contactless terminals have gradually gained traction. However, due to the high cost of equipment replacement and the fact that some consumers have not yet fully adapted to new card usage habits, contactless terminals have not yet reached the point where they can completely replace contact-based terminals. As a result, most point-of-sale environments currently use a single device that supports both contact and contactless functions. Moreover, there is a growing trend toward integrating multiple payment authentication technologies into a single terminal, such as built-in QR code scanning, fingerprint recognition, and 3D facial recognition. In addition, due to the robust growth of the global POS terminal market, products such as QR code terminals, dongle-based terminals, ECR/EPOS systems, and PIN pad terminals have all generated significant demand, forming substantial market segments and becoming key targets of competition among industry players.

(III) Technology and R&D overview

1. R&D expenses in the most recent year and as of the date of report publication

Unit: NTD thousand

Year \ Item	2024	As of 2025Q1
R&D expenses	825,999	192,136
Net revenue	7,825,651	1,577,023
Proportion in net revenue	10.56%	12.18%

2. Successfully developed technologies or products

(1) Successfully developed product series:

Product Series	Model Name
PC/SC Reader	EZ100, EZ Mini, Pisces, EZM100, EZM211, EZ PAD
Hybrid Reader	EZ710, EZM710
CL Reader	EZProx, iProx, QP1000, QP2000, QP3000, TS1000, TS2000
Pin Pad	PCI100, EMB8800, EMB8900, PCI3000, MP200, MP200L, MP10, V3P, V3P2, V3P3, V3UL, V3UL2, V3UL3, S1P, S1P2
EFTPOS	VEGA 6000, VEGA 9000, VEGA 7000, VEGA 5000, V3CT, V3CT2, V3CT3, V3M, V3M2
Card	FVCCV2, FSAMV3, FAX, EZ Combi8, FNC4, FNC8
IC solution	EZ0020, EZU0030, CA630, CA730, CA8005
Android EFTPOS	Saturn 1000F, Saturn 1000E, S1 MINI, S1 MINI 2, S1 E2, S1 E2 -L S1 L, S1 L2, S1 F2, S1 F3, S1 F4, S2 L, Saturn 7000
Unattended Payment Terminal (UPT)	UPT1000K, UPT1000F, UPT1000L, UPT1000B, UPT1000M UPT2000, UPT2000 Lite, Saturn1000E-UPT, S1U2
Cash Register	A600, A330, A520

(2) Patents completed application:

Number of cases	Patent country	Patent type	Patent name
1	Mainland China	Invention	Magnetic head spring plate structure
2	Mainland China	Invention	Composite chip card structure with safety protection interface and control method thereof
3	Mainland China	Invention	Financial transaction device provided with element for confirming wireless induction
4	Mainland China	Invention	Security protection device for financial transaction devices
5	Mainland China	Invention	Protective structure for electronic element
6	Mainland China	Invention	Switch system for preventing from cheating by incorrect information
7	Republic of China	Invention	An improved structure for protecting electronic elements
8	Republic of China	Invention	A composite chip card with security protection interface and a method of controlling this card
9	Republic of China	Invention	Switch system for preventing from cheating by incorrect information
10	Republic of China	Invention	An improved structure of an elastic piece of a magnetic head
11	Republic of China	Invention	An improved card-reading device
12	Republic of China	Invention	A financial transaction device with security protection design
13	Republic of China	Invention	Financial transaction device provided with element for confirming wireless induction
14	Republic of China	Invention	Condition detection devices and systems
15	Republic of China	Invention	Password input method, portable electronic device and non-transitory storage medium
16	Republic of China	Invention	A password input device
17	Republic of China	Invention	A password input method
18	U.S.	Invention	Contactless sensing device
19	U.S.	Invention	Composite Chip Card with a Security Protection Interface and a Method for Controlling the Same
20	U.S.	Invention	Safety Cover Design for Financial Transaction Device

21	U.S.	Invention	CARD READER DEVICE
22	U.S.	Invention	PASSWORD INPUT METHOD
23	U.S.	Invention	PASSWORD INPUT METHOD
24	The UK	Invention	PASSWORD INPUT METHOD
25	Germany	Invention	Eine Verbund-Chip-Karte Mit Sicherheitsschutz-Schnittstelle Und Ein Verfahren Zur Steuerung Dieser Karte
26	Germany	Invention	Sicherheitshülle für Geräte für finanzielle Transaktionen
27	Brazil	Invention	MELHORAMENTO EM DISPOSITIVO DE LEITOR DE CARTÃO
28	Brazil	Invention	ESTRUTURA DE MEMBRO ELÁSTICO DE CABEÇA MAGNÉTICA

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

1. New product launch and certification

The Company has established marketing and R&D teams across regional markets and is now well-positioned to identify new demands and business opportunities worldwide. This year, efforts will focus on enhancing the operational efficiency of regional teams, leveraging the core technology team's R&D capabilities and project management expertise, and collaborating with regional R&D units to accelerate local certifications and application development. The goal is to rapidly develop products that meet the specific needs of each regional market.

2. Strengthening logistic support management

In recent years, the Company has increased its market share in most regional markets, leading to growth in both revenue and profitability. As a result, procurement, production, and financial operations must be further strengthened to support continued expansion. On the procurement front, the Company will enhance supplier management to better control costs. In terms of production, efforts will focus on improving yield rates at both in-house and outsourced manufacturing facilities, while ensuring timely delivery to reduce inventory levels. On the financial side, the Company will strengthen controls over foreign exchange and taxation.

3. Sales expansion

The Company has established locations across the globe, including in the United States, Italy, Spain, Singapore, Japan, the United Kingdom, Jordan, Brazil, France, Australia, and Canada, in order to strengthen its presence in regional markets. In the current year, the Company will continue expanding by setting up new locations and building a global sales and service network.

II. Overview of the market, production and sales

(I) Market analysis

1. Sales regions of major products

The sales information of the parent company and subsidiaries in 2023 and 2024 is as follows:

Unit: NTD thousand; %

Item \ Year		2023		2024	
		Amount	%	Amount	%
Domestic Sales		280,344	3.49	262,336	3.35
E x p o r t s	Asia	2,277,846	28.31	1,557,920	19.91
	America s	2,268,607	28.20	2,467,800	31.53
	Europe	3,215,524	39.97	3,465,053	44.28
	Others	2,717	0.03	72,542	0.93
Total		8,045,038	100.00	7,825,651	100.00

2. Market share

According to statistics published by research institution Nilson Report in November 2024, the total global shipment volume of POS terminals that passed the Payment Card Industry (PCI) Data Security Standard assessment and certification in 2023 reached 121.9 million units. Of these, 48.8 million units (40.09%) were Android-based systems, while 73.0 million units (59.91%) were non-Android systems. Among the top 48 global POS terminal manufacturers, the leading manufacturer was Tianyu (Mainland China), with a global market share of approximately 9.84%. The company ranked 1st in the Asia-Pacific market, 28th in the Middle East and Africa, 30th in the United States, 32nd in Latin America and the Caribbean, and 33rd in Europe. Tianyu was also the top-ranked manufacturer in terms of Android-based POS terminal shipments. The second-largest manufacturer, New POS (Mainland China), held a global market share of approximately 7.21 percent. The company ranked 2nd in the Asia-Pacific market, 15th in the Middle East and Africa, 21st in Latin America and the Caribbean, 29th in the United States, and 30th in Europe. The third-largest manufacturer, Pax Technology (Mainland China), had a global market share of approximately 6.89 percent. The company ranked 1st in Latin America and the Caribbean, 3rd in the Middle East and Africa, fourth in Europe, 7th in the United States, and 14th in the Asia-Pacific market. The fourth-largest manufacturer, Ingenico (France), held a global market share of approximately 6.31 percent. The company ranked 1st in both the United States and Europe, 2nd in Canada, 4th in Latin America and the Caribbean, 13th in the

Middle East and Africa, and 28th in the Asia-Pacific market. The fifth-largest manufacturer, Verifone (United States), had a global market share of approximately 6.25 percent. The company ranked 2nd in the United States, 5th in Europe, 6th in both the Middle East and Africa and Latin America and the Caribbean, 9th in Canada, and 10th in the Asia-Pacific market. The sixth to tenth largest manufacturers globally were Newland Payment Technology (Mainland China), Sunmi (Mainland China), Vanstone (Mainland China), MoreFun (Mainland China), and Dspread (Mainland China), respectively. Except Verifone and Ingenico, the other eight of the world's top 10 POS terminal manufacturers by market share are from mainland China. As the combined market share of the world's top 10 manufacturers is about 63.49%, POS terminal manufacture is an oligopoly. The Company held a global market share of approximately 3.91 percent, ranking as the eleventh-largest POS terminal manufacturer worldwide. In the 2023 global market share rankings, eight of the top ten manufacturers were from Mainland China. In addition to the protectionist nature of the Chinese domestic market, it is undeniable that Chinese manufacturers continue to be the Company's primary industry competitors.

Table 5. Rankings of Global POS Terminal Shipping in 2023

Ranking	Manufacturer/Country	Total		Android system		Non-Android system	
		Shipping Volume (unit)	Market Share (%)	Shipping Volume (unit)	Market Share (%)	Shipping Volume (unit)	Market Share (%)
1	Tianyu (China)	11,992,465	9.84	4,011,017	8.21	7,981,448	10.93
2	New POS (China)	8,790,225	7.21	425,528	0.87	8,364,697	11.46
3	Pax Technology (China)	8,395,028	6.89	3,890,534	7.97	4,504,494	6.17
4	Genie Networks (France)	7,691,535	6.31	2,179,295	4.46	5,512,240	7.55
5	Verifone (USA)	7,618,846	6.25	3,375,578	6.91	4,243,268	5.81
	Others	77,353,878	63.50	34,961,389	71.58	42,392,489	58.08
	Total	121,841,977	100	48,843,341	100	72,998,636	100

Source: Nilson Report, November 2024.

3. Future market supply, demand, and growth

The future growth potential of the global POS terminal market can be evaluated by examining the projected growth in transaction volumes of global brand payment cards used for consumer and commercial purposes. These payment cards include credit cards, ATM cards, and charge cards issued under high-security global brands such as UnionPay, Visa, MasterCard, American Express, JCB, Discover, Diners Club, and Maestro. Collectively referred to as "payment cards," they encompass credit cards, cash cards, prepaid cards, and similar products. According to statistics published by the Nilson Report in January 2025,

global brand payment cards used for consumer and commercial purposes recorded approximately 775.97 billion transactions in 2024. This number is projected to increase to approximately 1,108.60 billion transactions by 2029, representing an increase of 332.63 billion transactions over five years and a cumulative growth rate of approximately 42.87 percent (with an average annual growth rate of 8.6 percent). They included card and non-card transactions (e.g., using the NFC chip on mobiles or QR codes), as shown in Table 6. However, these statistics included only the number of transactions using global-brand payment cards that can be used worldwide. They did not include the transactions of over 80 regional-brand payment cards that can only be used in one country (e.g., RuPay (India), BC Card (South Korea), Elo (Brazil), Shetab (Iran), Mir (Russia), and others).

The fluctuation in the number of transactions of payment cards issued by global brands has the greatest impact on the supply and demand of POS terminals. As the transaction amount of payment cards issued by global brands will continue to grow steadily at an average of 8.6% during 2024 to 2029, it is expected that the global demand for POS terminals will also increase steadily. According to the research estimates in 2029, the number and growth rate of transactions as of regions are as follows: 520.14 (billion times) and 46.80% in Asia-Pacific, accounting for 46.92% of the global market. The number of transactions in the United States will reach 202.57 billion times, an increase of 27.00%, accounting for 18.27% of the global market. The number of transactions in the European region will reach 204.56 billion times, an increase of 35.00%, accounting for 18.45% of the global market. The number of transactions in the Latin American region will reach 93.41 billion times, an increase of 49.10%, accounting for 8.43% of the global market. The number of transactions in the Middle East/Africa region will reach 6.55 billion times, an increase of 97.00%, accounting for 6.55% of the global market. The number of transactions in the Canadian region will reach 1.38 billion times, an increase of 38.20%, accounting for 1.38% of the global market.

Table 6. Estimated Global Growth in the Number of Transactions of General-Purpose Payment Cards

Unit: million times

Region	2024		2029		Cumulative Growth Rate %
	Number of transactions	Percentage %	Number of transactions	Percentage %	
Asia-Pacific	354.29	45.66	520.14	46.92	46.80
U.S.	159.50	20.55	202.57	18.27	27.00
Europe	151.58	19.53	204.56	18.45	35.00
Latin Americas	62.66	8.08	93.41	8.43	49.10
Middle East and Africa	36.86	4.75	72.61	6.55	97.00
Canada	11.08	1.43	15.31	1.38	38.20
Total	775.97	100.00	1,108.60	100.00	42.87

Source: Nilson Report, January 2025.

4. Competitive niche

(1) A R&D team with strong innovation power

As we independently develop all major products, the R&D team must directly face the market challenges. Hence, innovation and R&D powers have become key to success in competitions within the industry. In terms of the POS terminal market, as there is no profit at all for mass-produced or OEM products, better profit can only be gained from developing brand-new products based on customer demands ahead of competitors. Hence, in addition to the capacity in software and hardware R&D, the R&D team must be able to resist the pressure from new technology development when any new trends or new applications emerge. Characterized by young age, aggressiveness, uncomplaining, and team spirit, our R&D team achieve any new technologies within a short time, turning Castle Technology the top priority for this new-technology development of customers. By accomplishing all customer missions as expected over time, our daring R&D team has received critical market acclaim with its innovation power.

(2) Branding-focus operational system

R&D and marketing are our major operational activities. As an own-brand POS terminal manufacturer, apart from the doubtless R&D power, our sales performance in own-brand POS terminals has been the main drive of our continuously growing sales achievements in recent years. We independently develop all own-brand POS terminals, purchase materials for product outsourced assembly, and assign the sales team to market them worldwide. The Company's CASTLES-branded products have established a solid

presence in major markets worldwide, with a steadily growing order base. Future sales channels are now under the Company's direct control, eliminating reliance on third-party brands and associated profit margins. Moreover, the operational experience gained across various international markets provides valuable insight for developing new markets. This will further enhance the execution efficiency of the Company's operational framework and help ensure long-term business growth.

(3) Service support for regional system integrators

Due to the market difference of various countries, we usually launch products first in Taiwan before distributing them worldwide. As Taiwan is a rather leading and mature market for POS terminals comparing to the world, we can apply the domestic product marketing experience to other regions. To system integrators in immature overseas regions, we can help them minimize the trials and errors. Additionally, we emphasize service support for regional system integrators, and supply custom products that meet the demand of local customers as much as possible. That is, we provide regional system integrators with robust support to improve their competitive advantages.

Furthermore, for overseas operators, when evaluating a POS terminal supplier, factors beyond product quality, such as the supplier's ability to support future product generations and provide reliable after-sales service, are critical for long-term business partnerships. These are key considerations in establishing and maintaining ongoing relationships. The Company's self-manufactured products have already earned a strong reputation for service quality. As a result, regional system integrators have received positive responses when collaborating with the Company to develop new customers, demonstrating the competitive advantage gained through excellent service.

5. Favorable and unfavorable factors for future development and counteractions

(1) Favorable factors

- A. The continued popularization of the internet and rapid technological advancement have facilitated growing demand for electronic fund transaction terminal (POS) and related products. The rise of products including the mPOS and pin-pad and the implementation of new technologies including the QR code, fingerprint recognition, and 3D facial recognition keep expanding the market.
- B. In either the domestic or overseas market, a growth of the e-payment industry is expected in the next few years. The shipping of products by module also brings us greater space for development.
- C. To own-brand manufacturers of electronic fund transaction terminal (POS), developing brand awareness in various major markets means getting a ticket to the global market to enable entry into a bigger market.

- D. To emerging markets and regions, manufacturers of Taiwan, South Korea, and mainland China, where e-financial transaction is mature, have advantages including leading technology and lower costs.
- E. Possession of an excellent R&D team to master the core competitiveness for independent product development.
- F. As sound word of mouth has been developed in domestic and overseas markets, we can win the recognition of international customers during solicitation.
- G. Well-established deployment of international operation channels, continuous accumulation of marketing experience, and continuous creation of new profit-making models.

(2) Unfavorable factors and counteractions

- A. Limitation on competition with other leading manufacturers due to limited domestic market scale

The domestic market scale of electronic fund transaction terminal (POS) and related products is limited because Taiwan is a small country with limited population growth. As there are many manufacturers, the competition of lower-tech products is exceptionally keen. Hence, without rapid R&D capability and continuous development of new technology, manufacturers will be unable to gain sufficient profit to compete with world-leading manufacturers.

Responsive Strategies

To continuously expand the scale of operations and increase revenues, we will continue to launch new own-brand products every year to maintain technological leadership in the domestic market. We will also actively engage in overseas market and channel expansion. Emerging markets in Asia, the Middle East, and Latin America, and the European and US markets are key regions for grasping market movements and increasing market share.

- B. Difficulty to recruit professionals

The POS terminal industry is not prioritized for development by the government. Hence, government-prioritized industries such as the semiconductor and AI industries will be the first choices of general university graduates. Additionally, as it is difficult to develop design and R&D talents for the POS terminals and related products, R&D personnel give up easily after encountering setbacks and turn to other sectors. As competitors are all powerful leading manufacturers with intensive R&D capability, R&D power will naturally become key to success. It is not easy for us to recruit quality R&D talents, and we are in short of them.

Responsive Strategies

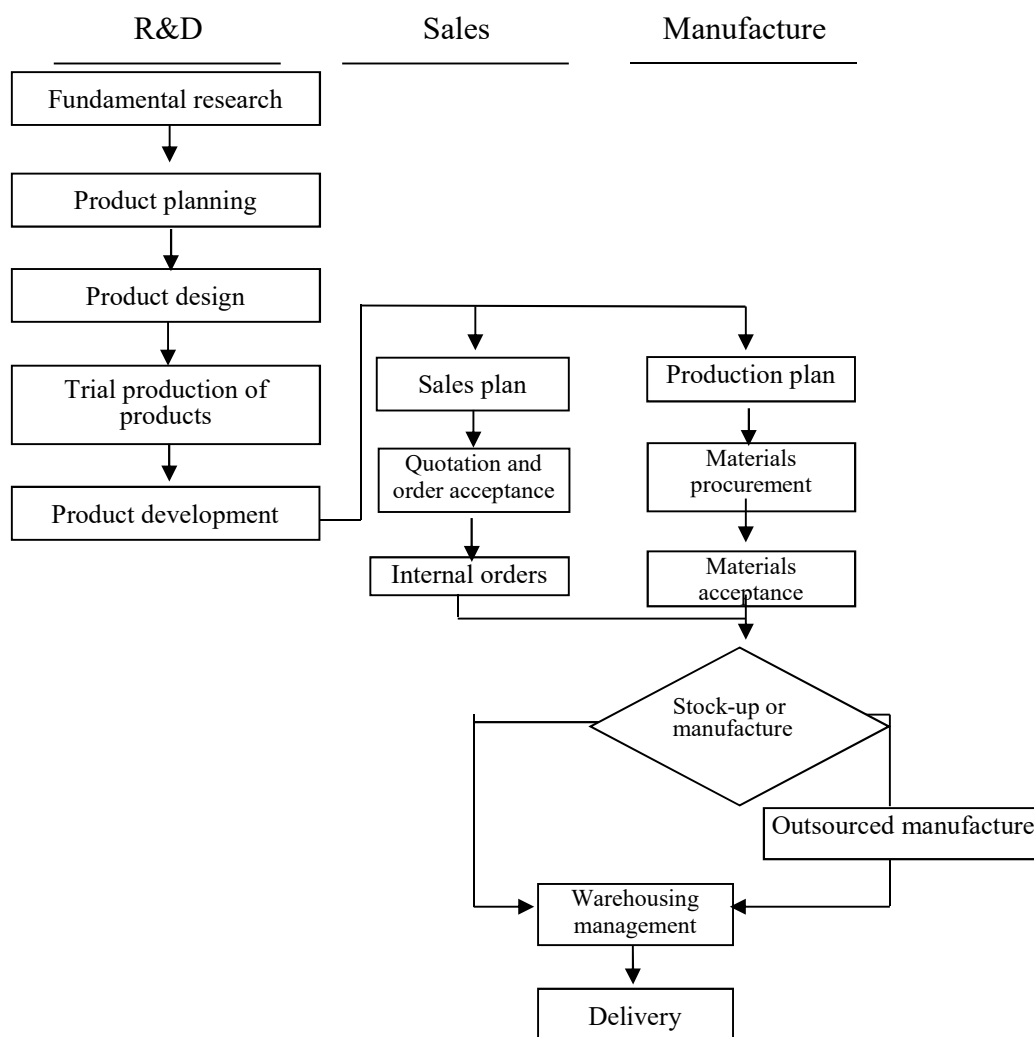
- (A) We will continue to launch new products and new technologies to establish an excellent R&D image in the industry and to attract the recognition and participation of outstanding talents in the same industry in Taiwan.
- (B) By establishing strategic partnerships and utilizing the excellent R&D manpower in various regions around the world, we will hand over the R&D of localized products to regional strategic partners.
- (C) Through continuously establishing new projects or expanding overseas markets, we give newcomers the most direct practical experience to quickly improve their professional quality and technical standard.
- (D) Apart from providing employees with a good working environment, improving the welfare system, and establishing a reward system, we also arrange duties for employees based on their expertise and traits to enhance their loyalty and reduce the turnover rate.

(II) Important uses and production processes of major products

1. Important use of major products

Main Product	Representative Product	Important Use or Function
Electronic fund transaction terminal	EFT-POS PIN-PAD mPOS	For the transaction and pin entry of credit cards, membership card purchases, and payments by installment
Personal financial application products	PS/CS Reader	Transaction or membership data login and inquiry of online ATM, online shopping, online money transfer
Electronic cash registers and peripherals	Contactless Reader (contactless chip card reader/writer) POS peripherals	Transaction, shopping, access control, identification, invoicing, and receipt
Others	POS consumables and maintenance and repair parts Automated fuel dispensers (AFDs) Contactless chip card reader/writer for vehicle	POS consumables: ink ribbon, paper roll, AFS, payment equipment, bus ticket validator

2. Production process



(III) Supply of major raw materials

Major Raw Materials	Status of Supply
Active and passive ICs, PCB, POS peripherals, memories, panels, shells, printer movements, others	Good

In raw material sourcing, we trade with multiple suppliers at the same time and maintain a safety stock. Hence, material shortages or monopolization will hardly happen in either the price or procurement dispersion terms. Additionally, we maintain long-term and steady partnerships with suppliers to secure stable materials supply. As a result, supply disruption will rarely happen, and the procurement risk is low.

(IV) List of principal suppliers and clients in the most recent year

1. Information on suppliers accounting for 10% or more of the company’s total procurement in either one of the most recent two years: None.
2. Information on clients accounting for 10% or more of the company’s total sales in either one of the most recent two years

Information of the important clients of the Company and subsidiaries

Unit: NTD thousand

Item	2023				2024				As of 2025Q1			
	Name	Amount	Proportion to net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales in the whole year (%)	Relationship with the issuer
1	A	1,369,453	17.03	-	A	1,226,836	15.68	-	A	190,857	12.10	-
2	-	-	-	-	-	-	-	-	-	-	-	-
-	Others	6,675,585	82.97	-	Others	6,598,815	84.32	-	Others	1,386,166	87.90	-
-	Purchase Net Amount	8,045,038	100.00	-	Purchase Net Amount	7,825,651	100.00	-	Purchase Net Amount	1,577,023	100.00	-

Description of changes in sales:

The 2024 sales growth mainly came from the European. Major clients changed because of the effect of client dispersion.

III. Number of employees in the most recent two years

Units: persons; %

Year		2023	2024	As of March 31, 2025
Number of employees	Direct Personnel	192	209	184
	Indirect Personnel	680	816	823
	Total	872	1025	1007
Average age (years)		42.2	39.98	40.68
Average years of service (years)		4.02	4.06	3.05
Education distribution ratio %	Ph.D.	0.23	0.29	0.30
	Master's Degree	12.93	12.88	12.81
	Junior College	56.93	52.68	51.04
	Highschool	19.52	22.54	23.34
	Below high school	10.39	11.61	12.51

IV. Information on environmental protection expenditure

We mainly engage in the design, development, and sales of electronic fund transaction terminal (POS) and related products. As we do not engage in any production activities, there is no risk of pollution.

The total amount of losses (including compensations) or sanctions due to environmental pollution in the most recent year and as of the date of report publication; and description of future counteractions (including improvement actions) and potential expenditures (including the estimated amount of potential losses, sanctions, and compensations; and state the reasons for failure in reasonable estimation, if any): None.

V. Labor-Management Relations

(I) Various employee welfare measures, continuing education, training, retirement systems, and implementation; and the status of labor-management agreements and various measures for production of employee rights and interests:

1. Employee welfare measures and implementation:

We have established an employee welfare committee (ECW) in accordance with the Employee Welfare Fund Act and appropriate funds for handling welfare matters. Additionally, respect for humanity and care for employees are part of our business philosophy. To fully take care of employees and protect their life for them to serve the Company without worries, the major items in the current welfare system include:

- (1) Bonus for three major folk festivals
- (2) Regular birthday parties and distribution of birthday gifts
- (3) Employee travels from time to time
- (4) Competitive salary structure
- (5) Labor Insurance, National Health Insurance, and pension
- (6) Funding for professional education and training courses

The Company is committed to eliminating gender-based pay disparities and aims to achieve the following principles:

- (1) Employee recruitment and employment: Personnel are hired and salaried based on their qualifications and competencies. Salaries of different pay grade are regardless of gender. Equal pay is paid for equal work to implement the concept of workplace gender equality.
- (2) Creation of more opportunities for job development for female employees: Gender diversity is considered in determining the list of candidates for recruitment or employment to ensure no gender discrimination in recruitment or employment.
- (3) Satisfaction of employees' demand for flexible working hours as much as possible to support work-life balance for female and male employees.
- (4) Guidance for employees completing maternity leave and ensuring the full preparation for management employees at every stage before and after maternity

leave.

2. Continuing education and training and implementation:

To improve the quality and development advantages of human resources, we have established procedures for training and evaluation to develop the professional skills of employees and encourage employees to continue education. There are also the systematic job position system, grade promotion, and performance evaluation. Employees are evaluated once every six months, and the results of evaluation for the reference of grade promotion and year-end bonus distribution.

3. Retirement system and implementation:

The Labor Pension Act coming into effect on July 1, 2005 adopts a defined contribution plan. After implementation, employees may choose to adopt the pension provisions of the Labor Standards Act or the pension system of the Labor Pension Act and retain the years of service prior to the implementation of the Act. For employees choosing the plan under the Act, we contribute 6% of the employee's salary to their personal pension account monthly.

For employees choosing the plan under the Labor Standards Act, we calculate their pensions based on the bases of their service length and the average salary of the six months before their retirement. Two bases will be given to each full year of service within 15 years (inclusive), and one base will be given for each full year of service beyond 15 years, subject to a maximum of 45 bases. In accordance with the Labor Standards Act, we contribute 2% of the total salary to the labor pension fund each month, and deposit the fund in a special account at the Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. Additionally, before the end of each year, we estimate the balance of the said labor pension reserve account. If the balance is insufficient to disburse the amount of pension calculated as mentioned above to the workers qualified for retirement, we will contribute the difference in a lump sum before the end of the next March.

4. Labor-management agreements and measures for protecting employee rights and interest:

We maintain a harmonious labor-management relationship and value the two-way labor-management communication to maintain good labor-management relations. Hence, no major labor disputes have occurred to date.

(II) Losses on labor disputes in the most recent two years and as of the publication date of the Annual Report, and estimated amount of current or future potential losses and counteractions:

1. Losses on labor disputes in the most recent two years and as of the publication date of the Annual Report: None.

2. Estimated amount of current or future potential losses on labor disputes and counteractions:

Since our inception, we have been committed to employee well-being and harmonious labor-management relations through integrity and accountability to unremittingly work for corporate growth together and sales achievements. Hence, we do not expect any labor disputes in the future.

VI. Cybersecurity management

1. Cybersecurity risk management framework, cybersecurity policy, specific management plans, and resources invested in cybersecurity management:

(1) Cybersecurity risk management framework

In accordance with ISO 27001 management standards, the Company has established an Cybersecurity Committee chaired by the President, with the Chief Cybersecurity Officer leading designated personnel to implement and monitor the information security management system. On July 4, 2024, a management review meeting was held to discuss ISO 27001 certification, internal and external issues, risk assessments, cybersecurity performance feedback, and related clause revisions, thereby reinforcing cybersecurity governance and enabling timely adjustments to control measures.

(2) Cybersecurity policy

The Company places great importance on cybersecurity governance. A comprehensive cybersecurity protection and data safeguarding framework has been established in compliance with domestic and international laws and regulations, supervisory authority requirements, and the ISO 27001 international standard. The Company continues to promote cybersecurity policies and control procedures to ensure the protection of customers' trade secrets, personal data, and the Company's operational information, thereby supporting sustainable business operations.

(3) Specific management plans

2024 Cybersecurity Implementation Results:

A. International standards certification

The Company has successfully adopted the ISO 27001:2022 information security management system and obtained international certification on September 25, 2024, with the effective period until September 24, 2027.

B. Construction of cybersecurity protection

The Company has commissioned the international information security service provider, CHT Security Co., Ltd., to execute the weakness examination of the internal server system.

The Company commissioned Pro Concept Automotive Zrt. in Hungary to conduct product penetration testing to ensure product security prior to market launch.

The Company has completed the upgrade of the firewall and built a HA high

availability collection.

The off-site cloud backup and new server room, digital temperature control system are established.

Regular operation impact analysis and disaster recovery drills are conducted. The 2024 data recovery drill for the ERP server was completed.

C. Information security education and awareness promotion

The information security training for the employees of the Company was completed in the second half of 2024, and all of the employees passed the final exam.

The Company also conducts exercises on social engineering to enhance the information security awareness of employees.

Regularly announce information security policies and conduct education and promotion, and train information security professionals.

(4) Cybersecurity management resources

As our products are critical to cash flow security, we invest in over NT\$10 million every year in the R&D and certification of cybersecurity. Hence, we use information systems of high-standard cybersecurity within the Company. Only enhancing cybersecurity through non-stop resource investment every year can we prevent damage.

(5) In response to international regulations and supply chain information security,

In alignment with the European Union's Digital Operational Resilience Act (DORA), the Company has completed the establishment of its risk management framework. Ongoing efforts include conducting regular cybersecurity audits of the supply chain and performing periodic drills for incident response and reporting procedures. These measures are intended to strengthen the Company's digital resilience, ensure operational stability, and safeguard customer information.

2. Losses on material cybersecurity incidents, their potential impact and counteractions in the most recent two years and as of the date of publication: None.

VII. Important contracts

Nature of contract	Party concerned	Start and end dates of contract	Major content	Limitation Terms
Share Purchase Contract	SLAM Ahmed Merrouk	2024/02/07	Acquisition of shares from LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE (LIEM) and LIEM IDF	Non-Disclosure Clause
Share Purchase Contract	Sophie Merrouk Ahmed Merrouk	2024/02/07	Acquisition of the equity of LIEM, Liem IDF	Non-Disclosure Clause
Bank Syndicated Loan Contract	Arranger: Hua Nan Bank Joint Lead Banks: Taipei Fubon Bank, Chang Hwa Bank, First Commercial Bank Participating Banks: Mega International Commercial Bank, Yuanta Commercial Bank	2024/09/13- 2029/09/13	Bank Syndicated Loan	Non-Disclosure Clause Terms

Five. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial Position

(I) Comparison and Analysis of Financial Positions

Unit: NTD thousand

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	6,996,215	5,967,644	1,028,571	17.24
Property, plant and equipment	432,858	432,103	755	0.17
Intangible assets	285,537	33,174	252,363	760.73
Other assets	630,964	556,692	74,272	13.34
Total Assets	8,345,574	6,989,613	1,355,961	19.40
Current liabilities	3,479,667	2,815,286	664,381	23.60
Non-current liabilities	379,843	348,736	31,107	8.92
Total liabilities	3,859,510	3,164,022	695,488	21.98
Share capital	1,103,649	1,048,438	55,211	5.27
Capital surplus	760,713	723,888	36,825	5.09
Retained earnings	2,440,540	1,920,767	519,773	27.06
Other equity interests	53,844	14,975	38,869	259.56
Treasury shares	(18,051)	(18,051)	0	0.00
Non-controlling interest	145,369	135,574	9,795	7.22
Total equity	4,486,064	3,825,591	660,473	17.26
Analysis of changes over 20% and with an amount of reaching NT\$10 million: <ol style="list-style-type: none"> 1. Increase in intangible assets: due to the recognition of goodwill and customer relationships arising from a business combination during the period. 2. Increase in current liabilities and total liabilities: Mainly due to an increase in the Company's short-term borrowings. 3. Increase in other equity: Mainly due to an increase in exchange differences arising from the translation of financial statements of the Company's foreign operations. 4. Increase in retained earnings: Due to higher operating profit generated by the Company during the period. 				

(II) State the future responsive plans for material impact: No material impact on the corporate finance and operations

II. Financial performance analysis

(I) Comparison and analysis of operating results

Unit: NTD thousand

Item \ Year	2024	2023	Increase (decrease) amount	Variable ratio (%)
Net operating revenue	7,825,651	8,045,038	(219,387)	(2.73)
Operating costs	5,230,753	5,363,177	(132,424)	(2.47)
Gross operating profit, net	2,594,898	2,681,861	(86,963)	(3.24)
Operating expenses	1,828,832	1,525,520	303,312	19.88
Net operating profit (loss)	766,066	1,156,341	(390,275)	(33.75)
Total non-operating income and expenses	232,741	67,165	165,576	246.52
Profit before income tax	998,807	1,223,506	(224,699)	(18.37)
Income tax benefits (expenses)	(281,411)	(292,012)	10,601	(3.63)
Profit for the year	717,396	931,494	(214,098)	(22.98)
Analysis of changes over 20% and with an amount of reaching NT\$10 million: 1. Decrease in operating net income and net income: Mainly due to the decline in the Company's operating revenue. 2. Increase in non-operating expenses: Mainly due to an increase in the Company's net foreign exchange gains during the period.				

(II) Major reasons accounting for the material changes in the operating revenue, operating profit, and net income before tax and the expected sales volume in the most recent two years and their bases: Based on the changes in the macro environment, industry development trends and future business, and product R&D plans, sales volume is expected to grow in the next year.

(III) Potential impact on the company's future finance and operations and counteractions: None.

III. Cash flow analysis

(I) Analysis of cash flow changes in the most recent year

Unit: %

Item \ Year	2024	2023	Increase (decrease) ratio (%)
Cash flow ratio	(0.33)	40.68	(100.79)
Cash flow adequacy ratio	129.21	101.04	(29.88)
Cash reinvestment ratio	(3.15)	25.46	(113.55)
Analysis of changes in the increase or decrease ratio:			
1. Decrease in cash flow ratio: Mainly due to net cash outflows from operating activities in the current period.			
2. Decrease in cash flow ratio: Mainly due to a decrease in the Company's net cash inflows from operating activities over the past five years.			
3. Decrease in cash reinvestment ratio: Mainly due to net cash outflows from operating activities in the current period.			

(II) Improvements for low liquidity: We have sufficient funds and have not encountered any such situation.

(III) Cash flow analysis for the next year

Unit: NTD thousand

Beginning cash balance①	Expected annual net cash flow from own operating activities②	Annual cash outflow③	Amount of cash balance (insufficiency) () ①+② +③	Remedies for expected cash shortage	
				Investment plan	Financial management plan
1,886,670	6,260,521	(5,753,828)	2,393,363	-	-
1. Analysis of cash flow changes in the next year:					
(1) Annual net cash flow from operating activities: Mainly due to operating profit from cash receivables					
(2) Annual net cash inflows (outflows): Mainly due to the purchase of materials, processing, and general expenses					

IV. Impact of major capital spending on financial position and operations: None

V. Reinvestment policies in the most recent year, major reasons for profit or loss, improvement plan, and investment plan for the next year:

(I) Reinvestment policies in the most recent year:

In terms of reinvestment deployment in recent years, we mainly focused on investment targets that are directly related or complementary to product R&D and operations and that can bring synergetic effect through cooperation. Investment evaluation must be conducted in accordance with the "Procedures for Acquisition or Disposition of Assets". Operations and management must be conducted in accordance with the "Procedures for Financial and Business Transactions between this Corporation and its Related Parties Specific Companies, Group Enterprises and Related Parties" and "Regulations Governing the Supervision of Subsidiaries". Loaning of funds and making of endorsements/guarantees must be implemented in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees". Additionally, the Accounting Division obtains the operational and financial information of each investee regularly and analyzes and evaluates its status of operations and profitability to understand its financial and business conditions. The Audit Division also audits the internal control of each investee from time to time to ensure that its operations comply with the relevant regulations.

(II) Major reasons for the profit or loss of the investees and improvement plans:

Unit: NTD thousand

Analysis Item (Note 1)	Description	Amount of investment gain/loss recognized in 2024	Major reasons for profit or deficit	Improvement plan	Future investment plan
	Suzhou Castles Technology Co., Ltd.	454	The scale of operations has enabled profit-making.	Expand the scale and enhance the efficiency of operations.	Depending on operating conditions
	DCASTLES TECHNOLOGY SINGAPORE PTE. LTD.	27,357	The scale of operations has enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
	CASTLES TECHNOLOGY EUROPE S.R.L.	116,245	The scale of operations has enabled profit-making.	Continue market expansion and enhance operational efficiency	Depending on operating conditions
	Castles Technology International Corp.	130,999	The scale of operations has enabled profit-making.	Continue market expansion and enhance operational efficiency	Depending on operating conditions
	CASTLES TECHNOLOGY SPAIN SL	(8,277)	The scale of operations has enabled profit-making.	Continue market expansion and enhance operational efficiency	Depending on operating conditions

Casware System Technology Co., Ltd.	320	The scale of operations has enabled profit-making.	Expand the scale and enhance the efficiency of operations.	Depending on operating conditions
CASTLES TECHNOLOGY UK & IRELAND LTD	50,113	The scale of operations has enabled profit-making.	Expand the scale and enhance the efficiency of operations.	Depending on operating conditions
CASTLES TECHNOLOGY Jordan Private Shareholding Company	(2,423)	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
Castles Technology Japan GK	9	The scale of operations has enabled profit-making.	Expand the scale and enhance the efficiency of operations.	Depending on operating conditions
CASTLES TECHNOLOGY DO BRASIL LTDA	117,582	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	(3,363)	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
LIEM IdF	4,340	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	(13,788)	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	(84)	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions
Castles Technology Canada Corp.	(393)	The scale at the beginning of operations has not enabled profit-making.	Continue market expansion and improve profitability	Depending on operating conditions

Note 1: This table shows only the investees with actual operations and excludes investees for the holding purpose.

(III) Investment plans for the next year:

Most of major competitors are international global enterprises. To compete with competitors in different regional markets and ensure operational efficiency, we will continue to evaluate the establishment of subsidiaries or branches in major markets around the world,

and report to the board of directors in accordance with the “Procedures for the Acquisition or Disposition of Assets”.

VI. Assessment of risk matters in the most recent last year and as of the report publication date

(I) Impact of interest rate and exchange rate fluctuations and inflation on the company’s profit/loss and future counteractions:

1. Impact of interest rate fluctuations on the company’s profit/ loss and future counteractions

Unit: NTD thousand; %

Item \ Year	2023	2024
Net operating revenue	8,045,038	7,825,651
Profit before income tax	1,223,506	998,807
Interest income	23,884	44,416
Interest income to net operating revenue ratio	0.30%	0.57%
Interest income to pre-tax net profit ratio	1.95%	4.45%
Interest expense	26,609	30,978
Interest expenses to net operating revenue ratio	0.33%	0.40%
Interest expenses to pre-tax net profit ratio	2.17%	3.10%

We are conservative and prudent in capital utilization, and deposit the capital generated from operations in current accounts or purchase bond funds with it. As the interest rate have been running low in recent years, the proportion of interest income from savings reduced. The bound funds we purchased are financial products with a fixed interest rate. Due to the risk of interest rate fluctuations, we have diversified the targets of investment to lower such risk. Additionally, as the current status of operations is good, it is estimated that we may still need NTD or foreign-currency loans for short-term working capital turnover in the next year, and long-term loans are financial products with a variable interest rate. Although both types of loans have interest rate fluctuation risk, none of them has material impact on the profit/loss ratio. Hence, it is no need to hedge the risk of interest expense increase due to interest rate rises.

2. Impact of exchange rate fluctuations on the company’s profit/loss and future counteractions

Currently, our export amount accounts for 96.51% of the operating revenue. As most of the foreign-currency receivables are denominated in USD, the trend of the USD exchange rate is closely related to the changes in our exchange profit/loss. At present, natural hedging is adopted by denominating payables in USD to lower the exposure position of foreign currencies through balancing foreign-currency assets and liabilities. However, when there huge foreign currency

fluctuations in the future, we will hedge the risk of foreign currency fluctuations with foreign exchange forward contracts to reduce the impact on the Company's profit/loss caused by exchange rate fluctuations.

3. Impact of inflation on the company's profit/loss and future counteractions

The Company and its subsidiaries closely monitor global political and economic developments as well as market price fluctuations, while maintaining strong relationships with both suppliers and customers. Procurement and sales strategies are adjusted in a timely manner as needed. As a result, the Company and its subsidiaries are well positioned to respond to the potential impacts of future economic changes such as inflation, and their operations are not expected to face any significant threats.

(II) Policies for engaging in high-risk and high-leverage investments, loans to others, endorsements and guarantees, and derivatives transactions; major reasons for profit/loss, and future counteractions:

1. We have always been focusing on the operations of our core business, and did not engage in high-risk, high-leverage investments or derivatives transactions. We also make no endorsements and guarantees for others.
2. During 2024 to 2025 and as of the date of publication, we did not loan to others, make endorsements and guarantees for others, or engage in derivatives transactions. When engaging in related matters in the future, we will proceed in accordance with our "Procedures for Loaning of Funds and Endorsements/ Guarantees" and "Procedures for Acquisition or Disposition of Assets", and will also publish and report them as of law.

(III) Future R&D plans and expected R&D expenses to be invested:

The design, development, and sales of POS terminals and related products are our major services. We also distribute products under our own brand worldwide. Product development and certification and maintenance in regional markets will be the major targets or R&D investment. Major R&D expenses include personnel costs, software royalties, and certification fees. As we have gradually completed all product ranges, we will timely cultivate more sales regions and markets based on the market demand and R&D staffing in the future. We may also pass the certification and offer maintenance service through professional channels in different regions to ensure timely market entry. In the future, we will maintain the proportion of R&D funds in revenues at the current ratio and adjust R&D fund investments based on the market situation to support our market competitiveness. Estimated R&D fund investment: The estimated R&D fund investment in 2025 was NT\$626,121 thousand.

(IV) Impact of changes in important policies and laws at home and abroad on the company's financial operations, and counteractions:

We ensure compliance with local laws and regulations in overseas operations. We also appoint special staff in major regional markets to keep constant track on the trend of policy and legal changes to ensure proper operations and capture all possible business opportunities. Domestically, we arrange related courses for internal and external training based on the division of labor of respective departments to keep up with the domestic political and economic changes. There was no material impact on the Company's financial operations due to changes in important policies and laws at home and abroad on the company's financial operations in the most recent year and as of the date of publication.

(V) Impact of technological changes (including cyber security risks) and industry changes on the company's finance and operations, and counteractions:

From the growth stage, the global POS terminal industry has gradually entered the maturity stage with a considerable scale and firm foundation. Hence, technological changes or industry changes provide us with opportunities for market expansion. In terms of technology use and development, Taiwan's POS terminal market is ahead of most markets in the world. Hence, if we can timely develop new applications, there will be opportunities to create more profits in other markets around the world. Based on the technical personnel and business response trained and accumulated so far, we have the planning ability to quickly capture technology and market development, and can make quick response to technology and industry changes occurred and grasp opportunities. Hence, it should be positive impact on us.

(VI) Impact of changes in corporate image on corporate crisis management and counteractions:

We focus on operating our core business and abide by various laws and regulations. In operations, we advance at a robust and steady pace and have never encountered any operational crisis due to changes in the corporate image. After the public offering in the future, we will try our best to practice various corporate governance requirements set by the competent authorities, timely adjust the corporate structure, actively strengthen internal management, maintain harmonious management-labor relations, and keep a good corporate image to prevent such risks from occurrence and their impact on our corporate crisis management.

(VII) Expected benefits and possible risks associated with mergers and acquisitions, and counteractions:

We have no M&E printing in the most recent year and as of the date of report publication.

(VIII) Expected benefits and possible risks associated with plant expansion, and counteractions:

We have no major planning for plant expansion in the most recent year and as of the date of report publication.

(IX) Risks associated with concentration of purchases or sales, and counteractions:

1. Purchase

Except for major ICs, we source other materials and OEM services from a host of suppliers. Hence, there is no risk of purchase monopolization. We co-design and co-develop most major ICs with manufacturers. In addition to no threat of supply disruption, we also maintain a safety stock.

2. Sales

Our domestic sales channels include financial institutions, distributors, general enterprises, government agencies, store chains, and small and medium shops. Hence, there is no risk of sales concentration. Additionally, as we have maintained a good relationship with clients over the years, the operational risk is low. In overseas sales channels, most of them are large and medium regional system integrators, financial institutions, and distributors. As the sales in some regions soared in the past two years, medium sales concentration arose as a whole. However, we have devoted to the cultivation of new markets and new customers, hoping to gradually lower sales concentration.

(X) Impact and potential risk of the massive transfer or conversion of shares by directors, supervisors, or major shareholders holding over 10% of the stakes on the company, and counteractions:

There was no significant transfer or conversion of shares as of directors or major shareholders holding over 10% of the shares of the Company in the most recent year and as of the date of report publication.

(XI) Impact and risk of management changes on the company and counteractions:

In the most recent year and as of the publication date, there was no management change.

(XII) Litigious or non-litigious activities

1. Results of litigious, non-litigious, administrative litigious activities with final court decisions or in progress with potential material impact on equity or stock prices in the most recent year and as of the date prospectus publication: None.

2. Results of litigious, non-litigious, administrative litigious activities with final court decisions or in progress with potential material impact on equity or stock prices of directors, supervisors, presidents, actual responsible person, major shareholders holding over 10% of the stakes, and subsidiaries in the most recent year and as of the date prospectus publication: None.

(XIII) Other significant risks and counteractions:

Description of information security risk assessment and analysis:

The Company has established an Information Security Management System (ISMS) in accordance with the ISO/IEC 27001:2022 standard and relevant legal regulations. Through information asset inventory, risk assessment, and risk treatment planning, appropriate information security control measures are implemented to ensure the confidentiality, integrity, and availability of information assets, thereby supporting the Company's goal of sustainable business operations. Based on the information security risk assessment results, the following control measures are planned and implemented for the organization's operations and information processing activities:

1. Division of information security responsibilities and organization.
2. System development and change management control.
3. System document management.
4. Access control.
5. Information input and output control.
6. Data processing control.
7. Information equipment and file security.
8. Manage and maintain computer hardware and software.
9. System backup and disaster recovery plan.
10. Information security audit and inspection.
11. Control of public information reporting

The management of the Company has implemented information security control measures within the scope of its duties through the operational management system and risk monitoring mechanism, regularly reviews and improves information security management operations, and ensures that the objectives of information security governance are achieved.

VII. Other material matters:

2024 Intellectual Property Rights Management Plan Implementation Results and 2025 Intellectual Property Rights Management Plan

1. Castles Technology Intellectual Property Management Strategy
 - (1) Use intellectual property rights to build product competitive advantages.
 - (2) Continue to respond to market development and establish brands and network protection.
 - (3) Use of intellectual property to achieve economic value creation and business expansion.
 - (4) Continue to optimize the related specifications of the intellectual property management system and the required resources.
2. Objectives of Intellectual Property Management in 2024
Implementation and formulation of intellectual property management system:
In order to protect the results of development, strengthen the competitive advantages, and improve the value and profitability of the Company, the Company has established an intellectual property management system and formulated "Intellectual Property Rights Management Measures" to regulate the management and maintenance of intellectual properties such as patents and trademarks.
3. Implementation of intellectual property rights management in 2024

- (1) Systemized intellectual property management process:
 - A. Introduction, formulation and announcement of intellectual property rights management system.
 - B. Announced and implemented in September 2024.
 - (2) Inventory and management of intellectual property rights:
 - A. Inventory of the acquisition of patent certificates and subsequent effectiveness maintenance.
 - B. Inventory and follow-up maintenance of trademark certificates.
 - C. Inventory and maintenance of the effectiveness of the Company's domain name applications in each country.
4. Intellectual Property Rights Management Outcomes in 2024
- (1) Patent:
 - A. Patent strategy: The Company applies for patents in line with the product features to establish competitive advantages and threshold.
 - B. Effective patents: 2 invention patents were granted this year, and 1 is pending. Total of 28 invention patents were granted.
 - (2) Trademarks:
 - A. Trademark strategy:
 - (a) Classes filed are aligned with the Company's product portfolio: Classes 9, 35, and 42.
 - (b) Trademark protection for the brand name has been secured in all countries where the Company's overseas subsidiaries are located.
 - B. Active Trademarks: Total of 20 cases.
 - (a) Six countries or regions: China, the United States, the United Kingdom, Japan, the European Union, and Peru: 16 cases for brand name and 4 cases for product names.
 - (b) Inventory of the acquisition of patent certificates and subsequent effectiveness maintenance.
 - C. Trademarks Under Application: Total of 12 cases.
 - (a) Two product names account for the 12 applications.
 - (b) Filing Countries: Turkey and Mexico.
5. 2025 Intellectual Property Rights Management Plan
- (1) Continue to improve the effectiveness and quality of management and maintenance of intellectual property rights.
 - (2) Inventory and management of intellectual property rights with the right to create profits.
 - (3) Employees are required to take at least two training courses on intellectual property rights, employee knowledge management, and knowledge management.
 - (4) Establish trademarks and website applications in line with the establishment of subsidiaries in various countries.

Six. Special Notes

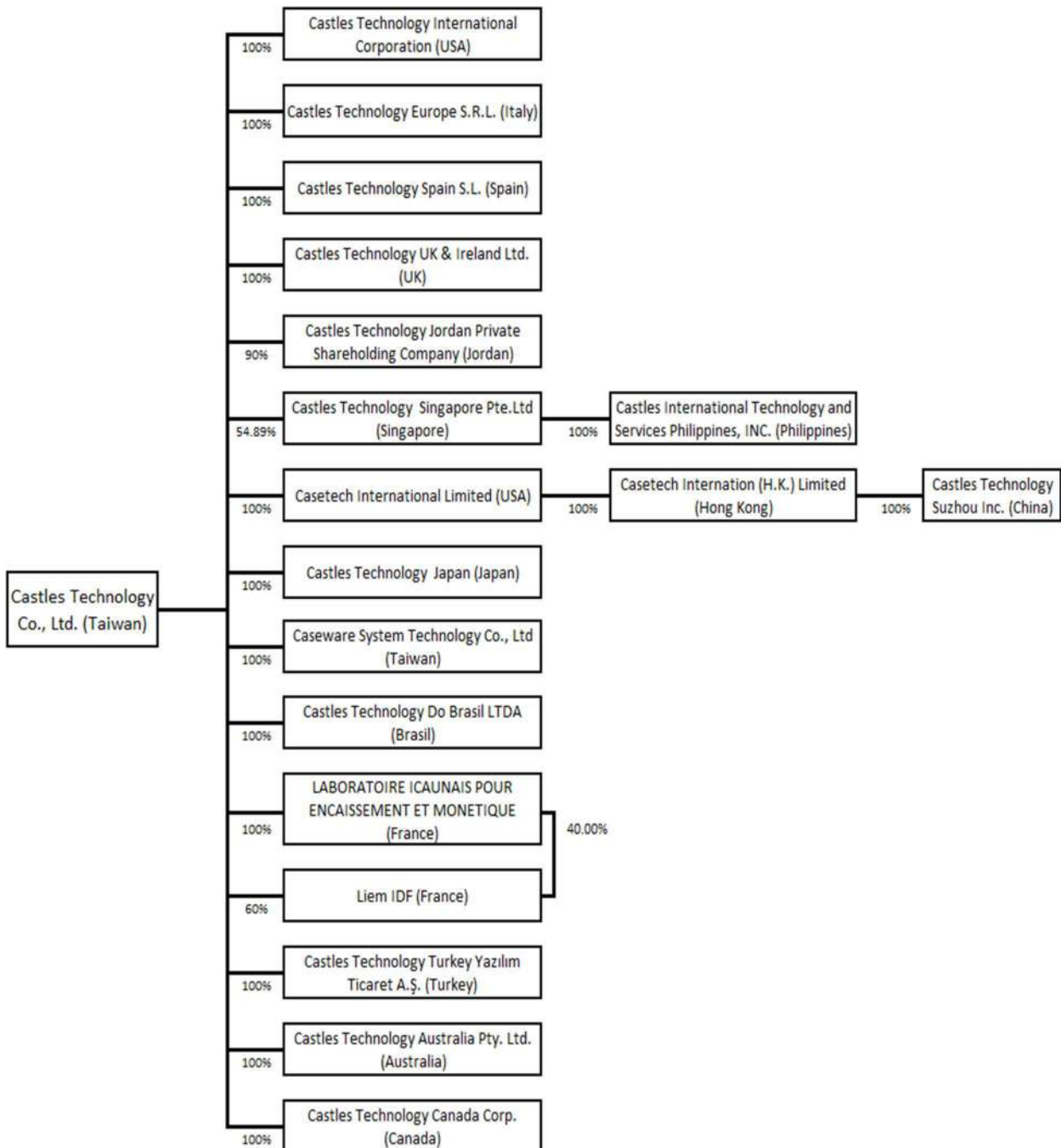
I. Information on affiliates

(I) Consolidated business report of affiliates:

1. Overview of affiliates

(1) Organizational chart of affiliates

Date: December 31, 2024



(2) Basic Information on affiliates

December 31, 2024

Company name	Date of establishment	Address	Paid-in capital	Main business activities
CASTECH INTERNATIONAL LIMITED	2007.05.31	5348 Vegas Dr., Las Vegas City, Nevada 89108	USD 1,700 thousand	Investments in various business
CASTECH INTERNATIONAL (H.K.) LIMITED	2010.08.19	Unit B, 8F., Trade Center, 235 Wing Lok Street, Sheung Wan, Hong Kong	USD 1,700 thousand	Investments in various business
Suzhou Castles Technology Co., Ltd.	2007.12.12	Room 1201-1209, Building 2, New Technology Innovation Center, No. 1566 Baodai West Road, High-tech Zone, Suzhou	USD 1,700 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY SINGAPORE PTE. LTD.	2014.01.17	1092 LOWER DELTA ROAD, #06-03/04, SINGAPORE 169203	USD 2,000 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY EUROPE S.R.L.	2015.09.07	Via Privata Viserba 20 Cap 20126 Milano (Italy)	EUR 2,426 thousand	Sales and software development of electronic fund transaction terminal
Castles Technology International Corp.	2015.10.16	1065 Big Shanty Rd Suite 200, Kennesaw, GA 30144, USA	PHP 10,200 thousand	Sales and software development of electronic fund transaction terminal
CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	2016.09.28	U616 City and Land Mega Plaza Building Adb Avenue, San Antonio, Metro Manila, Philippines	USD 200 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY SPAIN SL	2014.02.13	C/Retama, N° 7, PL12, 28045 Madrid, Spain	EUR 3,992 thousand	Sales and software development of electronic fund transaction terminal
Casware System Technology Co., Ltd.	2017.08.25	6F, No. 207-5, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	TWD 32,000 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY UK & IRELAND LTD.	2020.08.16	Unit 3-6 Milford Trading Estate Blakey Road, Salisbury England SP1 2UD	GBP 1,780 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY JORDAN Private Shareholding Company	2020.10.22	Swefieh, Salah Al-Suheimat St., Park Plaza Center, Building No.24, Floor 8, Office#	Jordanian dinar (JOD) 514,880	Sales and software development of electronic fund transaction terminal
Castles Technology Japan GK	2019.01.18	5th Floor, Ginza Fugetsudo Building, 6-6-1 Ginza, Chuo-ku, Tokyo, Japan	JPY 3 million	Sales and software development of electronic fund transaction terminal
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	2002.08.07	Z.A. de la Vieille Vigne Route de la Liberation 89150 Vallery	EUR 8 thousand	Maintenance, installation, and logistics services for electronic fund transaction terminals
LIEM IdF	2019.09.06	9-11 Rue des Pyrénées 91090 Lisses	EUR 10 thousand	Maintenance, installation, and logistics services for electronic fund transaction terminals
CASTLES TECHNOLOGY DO BRASIL LTDA	2023.11.21	Rua Deputado Lacerda Franco nº300, conj.132, Pinheiros, São Paulo-SP	BRL 1,712 thousand	Sales and software development of electronic fund transaction terminal

Company name	Date of establishment	Address	Paid-in capital	Main business activities
CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	2024.04.19	Atatürk Mah. Ataşehir Bul. Gardenya Plaza 5 No: 5 İç Kapı No: 2 Ataşehir / ISTANBUL	TRY 14,738 thousand	Sales and software development of electronic fund transaction terminal
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	2024.07.10	CONNECT ADVISORS, LEVEL 14, 333 COLLINS STREET, MELBOURNE VIC 3000	AUD 700 thousand	Sales and software development of electronic fund transaction terminal
Castles Technology Canada Corp.	2024.07.14	8 Octavian Ct Markham ON L3R 4S2	CAD 401 thousand	Sales and software development of electronic fund transaction terminal

(3) Information on the same shareholders presumed to have controlling and affiliation relations:
None.

(4) Industries covered by the business of all affiliates: Electronics.

Name of affiliate	Main business activities	Business relationship and division of labor
CASTECH INTERNATIONAL LIMITED	Investments in various business	Not applicable
CASTECH INTERNATIONAL (H.K.) LIMITED	Investments in various business	Not applicable
Suzhou Castles Technology Co., Ltd.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
DCASTLES TECHNOLOGY SINGAPORE PTE. LTD.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY EUROPE S.R.L.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
Castles Technology International Corp.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY SPAIN SL	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
Casware System Technology Co., Ltd.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY UK & IRELAND LTD.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY JORDAN Private Shareholding Company	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
Castles Technology Japan GK	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	Maintenance, installation, and logistics services for electronic fund transaction terminals	Provision of maintenance, installation, and logistics services within the designated regional markets
LIEM IdF	Maintenance, installation, and logistics services for electronic fund transaction terminals	Provision of maintenance, installation, and logistics services within the designated regional markets
CASTLES TECHNOLOGY DO BRASIL LTDA	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets
Castles Technology Canada Corp.	Sales and software development of electronic fund transaction terminal	Provide sales and R&D in the assigned regional markets

(5) Names of directors, supervisors, and presidents of affiliates:

December 31, 2024

Company name	Position	Name or Representative	Number of Shares Held	
			Number of Shares	Ownership
CASTECH INTERNATIONAL LIMITED	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 1,700,000 shares in total, accounting for 100% of the shares of CASTECH INTERNATIONAL LIMITED.	
CASTECH INTERNATIONAL (H.K.) LIMITED	Directors	Hua-Hsi Hsin	CASTECH INTERNATIONAL LIMITED is a shareholder holding 13,252,000 shares in total, accounting for 100% of the shares of CASTECH INTERNATIONAL (H.K.) LIMITED.	
Suzhou Castles Technology Co., Ltd.	Executive Director	Hua-Hsi Hsin	CASTECH INTERNATIONAL LIMITED is a shareholder holding 100% of the shares of Suzhou Castles Technology Co., Ltd.	
	Supervisor	Tsung-Hsi Lee		
	President	Tzu-Lin Chang		
DCASTLES TECHNOLOGY SINGAPORE PTE. LTD.	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 54.89% of the shares of CASTLES TECHNOLOGY SINGAPORE PTE.	
	Directors	Hung-Chun Lin		
	Directors	Yu-Chun Chen		
	Directors and President	NG KAY HONG		
	Directors	KUO SIANG THYE		
CASTLES TECHNOLOGY EUROPE S.R.L.	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY EUROPE S.R.L.	
	Directors and President	NIEDERGANG-RIBOLZI JEAN PHILIP PEENEJOEL		
	Directors	Hung-Chun Lin		
Castles Technology International Corp.	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of Castles Technology International Corp.	
	Directors	Wen-Jeh Fong		
	President	Joe Mach		
CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	Chairperson	NG KAY HONG	CASTLES TECHNOLOGY SINGAPORE PTE LTD. is a shareholder holding 100% of the shares of CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	
	Directors and President	KUO SIANG THYE		
	Directors	Lito A. Go, Jr.		
	Directors	ALBERT C.YAP-DAIANGCO		
	Directors	GLADY O.CITRA		
CASTLES TECHNOLOGY SPAIN SL	Chairperson cum President	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY SPAIN SL.	
Casware System Technology Co., Ltd.	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of Casware System Technology Co., Ltd.	

Company name	Position	Name or Representative	Number of Shares Held	
			Number of Shares	Ownership
CASTLES TECHNOLOGY UK & IRELAND LTD	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY UK & IRELAND LTD.	
	Directors	Hung-Chun Lin		
	Directors	NIEDERGANG-RIBOLZI JEAN PHILIP PEENEJOEL		
CASTLES TECHNOLOGY JORDAN Private Shareholding Company	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 90% of the shares of CASTLES TECHNOLOGY JORDAN Private Shareholding Company.	
	Vice Chairperson	NIEDERGANG-RIBOLZI JEAN PHILIPPE RENE JOEL		
	Directors	Sami Bahjat Allayan Abugharbieh		
Castles Technology Japan	Responsible Person:	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of Castles Technology Japan.	
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	
	President	NIEDERGANG-RIBOLZI JEAN PHILIPPE RENE JOEL		
LIEM IdF	Chairperson	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 60% of the shares of LIEM IdF, and LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE is a shareholder holding 40% of LIEM IdF	
	President	NIEDERGANG-RIBOLZI JEAN PHILIPPE RENE JOEL		
CASTLES TECHNOLOGY DO BRASIL LTDA	Managerial Officer	Peter Yow Sian Lee	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY DO BRASIL LTDA.	
CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	
	Directors	Hung-Chun Lin		
	Directors	NIEDERGANG-RIBOLZI JEAN PHILIPPE RENE JOEL		
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of CASTLES TECHNOLOGY AUSTRALIA PTY LTD.	
	Directors	Hung-Chun Lin		
	Directors	ZHANG, JIAN		
Castles Technology Canada Corp.	Directors	Hua-Hsi Hsin	Castles Technology Co., Ltd. is a shareholder holding 100% of the shares of Castles Technology Canada Corp.	
	Directors	Hung-Chun Lin		
	Directors	Cheng-Chung Yu		

(II) Overview of the operations of affiliates:

December 31, 2024 Unit: NTD thousand

Company name	Capital	Assets Total liabilities	Total	Net worth	Operating Revenue	Operating Profit	Current profit and loss (after tax)
CASTECH INTERNATIONAL LIMITED	51,414	15,970	0	16,953	0	(4)	425
CASTECH INTERNATIONAL (H.K.) LIMITED	50,903	17,179	235	16,944	0	(39)	429
Suzhou Castles Technology Co., Ltd.	51,409	24,261	7,334	16,927	66,369	671	454
DCASTLES TECHNOLOGY SINGAPORE PTE. LTD.	40,669	564,511	244,988	175,122	551,259	53,775	49,840
CASTLES TECHNOLOGY EUROPE S.R.L.	87,651	1,402,100	1,104,066	267,944	2,170,960	306,236	116,245
CASTLES TECHNOLOGY SINGAPORE PTE. LTD.	137,611	921,919	329,154	575,561	1,406,889	168,979	130,999
CASTLES INT'L TECHNOLOGY AND SERVICES PHILIPPINES, INC.	6,421	78,577	65,053	13,524	82,988	5,084	-319
CASTLES TECHNOLOGY SPAIN SL	133,738	1,189,995	1,071,855	105,495	849,213	-153,340	-8,277
Casware System Technology Co., Ltd.	32,000	14,528	262	14,266	965	254	320
CASTLES TECHNOLOGY UK & IRELAND LTD.	65,936	429,373	245,789	180,851	504,032	46,685	50,113
CASTLES TECHNOLOGY JORDAN PRIVATE SHAREHOLDING COMPANY	21,476	103,320	91,001	6,852	81,933	-2,575	-2,692
Castles Technology Japan Co., Ltd.	851	276	59	217	345	28	9
LABORATOIRE ICAUNAIS POUR ENCAISSEMENT ET MONETIQUE	266	35,639	16,021	117,932	42,672	-8,769	(3,363)
LIEM IdF	341	89,291	57,433	161,286	116,651	12,570	4,340
CASTLES TECHNOLOGY DO BRASIL LTDA	10,959	138,630	69,061	69,570	328,243	127,964	117,582
CASTLES TECHNOLOGY TURKEY YAZILIM TICARET ANONIM SIRKETI	14,881	12,423	11,043	1,379	4,240	-5,129	-13,788
CASTLES TECHNOLOGY AUSTRALIA PTY. LTD.	14,949	75,539	61,347	14,192	64,171	1,239	-84
Castles Technology Canada Corp.	9,399	411	609	8,768	0	-393	-393

(III) Consolidated business reports, consolidated financial statements, and affiliation reports of affiliates:

For the year of 2024 (from January 1, 2024 to December 31, 2024), the companies to be included in the preparation of the consolidated financial statements of affiliates in accordance with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises and companies to be included in the preparation of the consolidated financial statements of parent and subsidiaries in accordance with Statement of Financial Accounting Standards No.7 are the same. Additionally, as the information required for disclosure in the consolidated financial statements of affiliates has been disclosed in the said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates will be prepared.

II. Private placement of securities in the most recent year and as of the date of report publication:

None

III. Other required supplementary notes: None.

IV. Matters with material impact on equity or stock prices as stipulated in Article 36, paragraph 3, subparagraph 2, Securities and Exchange Act in the most recent year and as of the date of report publication: None.

Castles Technology Co., Ltd.



Chairperson: Hua-Hsi Hsin

