



東捷資訊服務股份有限公司
Information Technology Total Services Corp.

-----www.itts.com.tw

Stock Code : 6697

2024 Annual Report

Printed on 31 March, 2025

I. The name, title, contact number, and email of the Company's spokesperson and acting spokesperson:

Spokesperson

Chin-Lang Huang

Title: CFO

Tel.: (02)2655-2525

E-mail: ir@itts.com.tw

Acting spokesperson

Name: Chih-Chun Wang

Title: President

Tel.: (02)2655-2525

E-mail: ir@itts.com.tw

II. Address and contact number of the head office, branch, and factory

| Name | Address | Tel. |
|-------------|---|---------------|
| Head office | 5F, No. 19-8, Sanchong Road, Nangang District, Taipei City | (02)2655-2525 |
| Factory | 2F, No. 51, Wuquan 7th Road, Wugu District, New Taipei City | (02)2298-2255 |

III. Name, address, website, and contact number of the stock transfer agency:

Name: Taishin Securities Co., Ltd.

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

Tel.: (02) 2504-8125

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

IV. Name of CPAs and name of CPA firm, address, website and contact number for the latest financial statements:

Name of CPA: Ping-Chun Chih/Tsung-Hsi Lai

Name of CPA firm: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

Tel.: (02) 2729-6666

Website: <https://www.pwc.com.tw>

V. Name of the overseas trading center where the securities are listed for trading and the method of querying the information of the overseas securities: None.

VI. Company website:

<http://www.itts.com.tw>

| Table of Contents | | Page |
|--|--|-------------|
| One. Report to the Shareholders | | 1 |
| Two. Corporate Governance Report | | 4 |
| I. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches | | 4 |
| II. Remuneration of Directors, the President, and Vice Presidents in the Most Recent Year | | 13 |
| III. Status of Corporate Governance | | 19 |
| IV. Information on CPA Fees | | 54 |
| V. Information on the Replacement of CPAs | | 54 |
| VI. Information on CPA Firms or Their Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Were Employees in the Most Recent Year | | 54 |
| VII. Transfers and Pledges of Stock Equity by Directors, Managers, and Shareholders Holding over 10% of the Company's Shares in the Most Recent Year and as of the Date of Publication of the Annual Report: | | 55 |
| VIII. Information on the Top Ten Shareholders Who Are Related Parties to Each Other | | 56 |
| IX. The Number of Shares Held by the Company, Directors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Consolidated Shareholding Percentage: | | 56 |
| Three. Implementation of the Capital Utilization Plan and status of Fundraising | | 57 |
| I. Capital and Shares | | 57 |
| II. Issuance of Corporate Bonds | | 60 |
| III. Issuance of Preferred Shares | | 60 |
| IV. Issuance of Global Depository Receipts | | 60 |
| V. Issuance of Employee Stock Options and New Employee Restricted Shares | | 60 |
| VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies | | 60 |
| VII. Implementation of the Capital Utilization Plan | | 60 |
| Four. Overview of Operations | | 61 |
| I. Description of the Business | | 61 |
| II. Market and Sales Overview | | 71 |
| III. Employees | | 80 |
| IV. Information on Environmental Expenditure | | 81 |
| V. Labor-Management Relations | | 81 |
| VI. Information and Communication Security Management | | 83 |

| Table of Contents | | Page |
|--------------------------|---|-------------|
| | VII. Important Contracts | 86 |
| Five. | Review and Analysis of Financial Position and Financial Performance and Risk Matters | 87 |
| | I. Financial Position | 87 |
| | II. Financial Performance | 88 |
| | III. Cash Flow | 89 |
| | IV. Impact of major capital expenditures in the most recent year on financial operations | 90 |
| | V. The investment strategy in the most recent year, main causes for gains or losses, improvement plans, and investment plans for the coming year | 91 |
| | VI. Analysis and Assessment of Risk Matters | 91 |
| | VII. Other Important Matters | 96 |
| Six. | Special Disclosures | 97 |
| | I. Information on Affiliates | 97 |
| | II. Issuance of Private Placement of Securities | 97 |
| | III. Other Important Supplementary Information | 97 |
| | IV. Any Events that Occurred in the Most Recent Year and up to the Publication Date of This Annual Report Which Significantly Affected Shareholders' Equity or the Price of Shares Pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act | 97 |

One. Report to the Shareholders

Dear Shareholders,

In recent years, the global market structure and investment environment have changed rapidly. The international economy faced multiple challenges, such as the pandemic, geopolitical conflicts and high inflation. Notwithstanding, given the recovering economy and rapid advancement of technology, ITTS has proactively embraced reform, flexibly responded to challenges, and seized market opportunities, focusing on the improvement of customer value, maintenance of ITTS earnings, and pursuit of stable growth.

According to market trend reports, the acceleration of corporate digital transformation and AI technology application drove the growth of IT investment. Meanwhile, geopolitical conflicts have made Taiwan a major target for cyber attacks in the Asia Pacific region, which in turn drove the demand for information security. Additionally, it is expected that 30% of enterprises will adopt generative AI technology by 2025, in order to promote the innovation of cloud and sustainable tools. The demand for ESG related tools in the field of carbon management and ESG reporting is also growing rapidly. When facing these trends, ITTS continues to invest in corporate information security protection planning and assist enterprises in optimizing data governance, building high-efficiency data centers, implementing AI applications and ESG solutions, and providing high-value integrated solutions. ITTS strengthens its corporate foundation and explores market opportunities by integrating the advantages of data-driven growth to create long-term growth value for customers and shareholders.

I. Review of 2024 Business Performance

ITTS is committed to developing smart digital service applications, and focusing on the provision of complete solutions for corporate digital transformation. In addition to consulting services, construction and after-sales support for SAP ERP, ITTS also proactively expands digital intelligent value-added applications. Based on ERP corporate customers, ITTS combines ITO information outsourcing and BPO business process outsourcing services to continue deepening consultation momentum and expand market share. These efforts not only contributed to the steady growth of ITTS, but also won high trust and support from customers.

(I) Business Plan and Implementation

The net operating revenue of ITTS in 2024 was NT\$1,186,477 thousand, a decrease of 11.7% from 2023. The gross margin in 2024 was 14.5%, an increase of 0.7% from 13.8% in 2023. The net profit after tax in 2024 was NT\$71,441 thousand, resulting in earnings per share, NT\$2.61, marking a minor decline in profitability by NT\$0.1 per share. Moreover, the days sales outstanding (DSO) improved from 133 days in 2023 to 125.7 days, reflecting the positive result generated by the financial control strategy.

(II) Status of budget implementation

ITTS did not publish its annual public financial forecast, so there is no information to compare the actual data and forecast.

(III) Revenue, expense, and profitability analysis

| Item | | Year | |
|---------------------|--|---------|---------|
| | | 2024 | 2023 |
| Financial structure | Debt to assets ratio | 40.50 | 42.32 |
| | Long-term capital to property, plant and equipment ratio (%) | 2119.90 | 1866.47 |
| Solvency | Current ratio | 200.80 | 186.27 |
| | Quick ratio | 192.10 | 181.33 |
| | Interest coverage ratio | 131.50 | 374.87 |
| Operating ability | Accounts receivable turnover days | 125.71 | 133.00 |
| | Inventory turnover days | 1.12 | 2.00 |
| Profitability | Return on assets (%) | 7.10 | 7.84 |
| | Return on shareholders' equity (%) | 12.10 | 13.05 |
| | Operating income to paid-in capital ratio (%) | 25.43 | 27.84 |
| | Pre-tax profit to paid-in capital ratio (%) | 31.19 | 32.70 |
| | Net income after tax (%) | 6.02 | 5.52 |
| | Earnings per share (NTD) | 2.61 | 2.71 |

(IV) Performance in research and development

ESG carbon flow management cloud platform function enhancement:

1. Integrated green and sustainable supply chain platform: ITTS provides carbon footprint for corporate management products, calculates the precise amount and ensures the transparency of carbon emissions, and promotes the continuous development of the supply chain to help enterprises improve their competitiveness in the international market.
2. Integration of the European Union's carbon border adjustment mechanism (CBAM): Assisting enterprises engaged in importation to the European Union to produce compliance reports quickly.
3. The system has passed the BSI system audit report and, therefore, is considered complying with the international ISO14064-1 carbon inventory specifications, with transparent and verifiable data records, to help enterprises precisely set carbon reduction goals.

II. Overview of the business plan for 2025

Despite ongoing risks and challenges in the international market, the recovery trend in foreign trade is expected to positively impact Taiwan. According to estimates from the Directorate General of Budget, Accounting and Statistics, Taiwan's economy is expected to stabilize gradually, with a projected economic growth of 3.29% for the year 2025. As per the MIC 2024 Information Software and Service Industry Yearbook report presented by the Institute for Information Industry, the Information Service Industry is expected to develop the business oriented toward generative AI driven IT investment and the like in 2025. 30% of enterprises are expected to adopt generative AI technology by 2025. In addition, ESG continues to be deepened. About 50% of the manufacturers in Taiwan adopt ESG management tools and focus on ISO certification, emission source management and automated equipment. Policies and regulations will continue to urge manufacturers to transform and upgrade. Further, frequent hacker attacks have driven the rapid growth of the demand for information security, as well as business opportunities in information security. ITTS's strategies are also keenly attuned to market trends

and dynamics to deepen cooperation in the industrial ecosystem and continue to develop market opportunities.

(I) Business strategies and growth plans in FY 2025:

The strategy focuses on assisting customers in profitability growth, sustainable operation and creation of a win-win situation through the ACE project (AI, Cloud/Cybersecurity, ESG).

The main development strategies and plans are as follows:

- AI: Integrating system data and applying AI technology to continue to develop the application of AI solutions, such as smart factories and cloud-based intelligent customer service, and to offer clients digital optimization and value-added services.
- ERP Cloud: To address the cloud migration needs of enterprise clients, ITTS is promoting the SAP ERP cloud subscription upgrade and offsite backup solutions, and cloud-based intelligent customer service, among other cloud subscription-based solutions.
- Cybersecurity: To provide corporate information security protection planning services, including information security compliance, pre-, mid- and post-information security protection planning and consultation services.
- Data governance ESG: Develop data governance ESG solutions, establish data centers to assist customers in optimizing data management, strengthening compliance and safety and utilizing AI and automation technology to improve governance efficiency, ensure competitiveness, and help enterprises to achieve sustainability goals.

(II) Outlook for the future

In the face of growing demand for information security, AI and ESG laws and regulations, ITTS will proactively seize new business opportunities, focus on key fields such as corporate information security protection planning, commercial AI applications, corporate cloud subscription service and smart carbon management integration, and keep innovating and optimizing products and services to expand market opportunities. At the same time, ITTS will promote integrated sales based on ERP products as the core products, provide one-stop services, expand business opportunities for the integration of system networks and information security, promote own brands and strengthen market penetration, copy the successful experience and extend it to customers in the manufacturing and service industries. Additionally, through cooperation and alliances with corporate information security, AI innovative applications, and ERP strategic partners, ITTS will continue to expand market deployment and deepen its industrial influence.

ITTS owns a stable management team and professional talents, and continues to improve its technology and solutions, in order to promote stable development. ITTS hereby extends its gratitude to all shareholders for their continued support and encouragement. ITTS will continue to improve its business performance and provide feedback to its shareholders about its stable growth, and work together to achieve long-term development.

Chairman:

President:

Accounting Manager:

I. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors

1. Names of directors (including independent directors), their major (academic) experience, and current positions held at the Company and other companies concurrently, term of office, and shareholdings

March 31, 2025/Unit: Share; %

| Title | Nationality or place of registration | Name | Gender Age | Date of election (appointment) | Term of office | Date first elected | No. of shares held at time of election | | Current shareholding | | Shareholdings of spouse and underage children | | Shares held in the names of others | | Major (academic) experience | Concurrent position in the Company and in other companies | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Notes |
|----------|--------------------------------------|-------------------------------------|--------------|--------------------------------|----------------|--------------------|--|-------------------------|----------------------|-------------------------|---|-------------------------|------------------------------------|-------------------------|--|--|---|------|--------------|--------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Job title | Name | Relationship | |
| Chairman | Republic of China | TECO Electric & Machinery Co., Ltd. | - | 2024.5.30 | 3 years | 1999.5.20 | 11,467,248 | 41.97 | 11,467,248 | 41.97 | - | - | - | - | Graduate Institute of Management, National Taiwan University of Science and Technology | Chairman, Unison Service Corporation, Chairman, Universal Mail Service Ltd., etc. | - | - | - | Note 1 |
| | Republic of China | Representative: Shang-Wei Kao | Male 61-70 | 2024.5.30 | 3 years | 2006.3.14 | 417,591 | 1.53 | 455,000 | 1.67 | 40,000 | 0.15 | - | - | | | | | | |
| Director | Republic of China | TECO Electric & Machinery Co., Ltd. | - | 2024.5.30 | 3 years | 1999.5.20 | 11,467,248 | 41.97 | 11,467,248 | 41.97 | - | - | - | - | Master of Business Administration, West Coast University, USA | Chairman, Taiwan Pelican Express Co., LTD., etc. | - | - | - | |
| | Republic of China | Representative: Chwen-Jy Chiu | Female 61-70 | 2024.5.30 | 3 years | 2005.6.30 | 32,000 | 0.12 | 32,000 | 0.12 | - | - | - | - | | | | | | |
| Director | Republic of China | TECO Electric & Machinery Co., Ltd. | - | 2024.5.30 | 3 years | 1999.5.20 | 11,467,248 | 41.97 | 11,467,248 | 41.97 | - | - | - | - | Graduate Institute of Industrial Management, National Taiwan University of Science and Technology | Head of the Operation Management Team, Business Performance Planning Office of TECO Electric & Machinery Co., Ltd., concurrently as the Head of the Management Accounting Department | - | - | - | |
| | Republic of China | Representative: An-Ping Liu | Male 61-70 | 2024.5.30 | 3 years | 2021.7.30 | 3,000 | 0.01 | 3,000 | 0.01 | - | - | - | - | | | | | | |
| Director | Republic of China | TECO Electric & Machinery Co., Ltd. | - | 2024.5.30 | 3 years | 1999.5.20 | 11,467,248 | 41.97 | 11,467,248 | 41.97 | - | - | - | - | Master of Telecommunications Engineering, University of Pittsburgh, USA Master of Business Administration (MBA), National Chengchi University | President of Air and Intelligent Life Business Group, TECO Electric & Machinery Co., Ltd. Chairman, Tesen Electronic Co., Ltd., etc. | - | - | - | |
| | Republic of China | Representative: Chi-Tseng Peng | Male 51-60 | 2024.5.30 | 3 years | 2023.8.9 | - | - | - | - | - | - | - | - | | | | | | |
| Director | Republic of China | Wen-Nan Chan | Male 61-70 | 2024.5.30 | 3 years | 2021.7.30 | - | - | - | - | - | - | - | - | Ph.D., Department of Information | Independent Director, CTCI Advanced | - | - | - | |

| Title | Nationality or place of registration | Name | Gender Age | Date of election (appointment) | Term of office | Date first elected | No. of shares held at time of election | | Current shareholding | | Shareholdings of spouse and underage children | | Shares held in the names of others | | Major (academic) experience | Concurrent position in the Company and in other companies | Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree | | | Notes |
|----------------------|--------------------------------------|------------------|--------------|--------------------------------|----------------|--------------------|--|-------------------------|----------------------|-------------------------|---|-------------------------|------------------------------------|---|---|---|---|------|--------------|-------|
| | | | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Job title | Name | Relationship | |
| | | | | | | | | | | | | | | | | | | | | |
| Director | Republic of China | Shao-Tang Lee | Male 61-70 | 2024.5.30 | 3 years | 2024.5.30 | - | - | - | - | - | - | - | Management, National Central University | Systems Inc., Independent Director, Asolid Technology Co., Ltd., etc. | | | | | |
| Director | Republic of China | Shao-Tang Lee | Male 61-70 | 2024.5.30 | 3 years | 2024.5.30 | - | - | - | - | - | - | - | Tamkang University Bachelor's Degree in Department of International Trade | Independent Director, FSP Technology Inc. Director, Kiwi technology Inc. Director, Yesiang Enterprise Co., Ltd. Director, Symbio, Inc. Director, Avatack Co. Ltd. | - | - | - | | |
| Independent Director | Republic of China | Wan-Ying Lin | Female 61-70 | 2024.5.30 | 3 years | 2024.5.30 | - | - | - | - | - | - | - | Adjunct Associate Professor, Department of Accounting, National Chengchi University | Wellell Inc. Independent Director Crystalvue Medical Corporation Independent Director Lien Chang Electronic Enterprise Co., Ltd. Independent Director | - | - | - | | |
| Independent Director | Republic of China | Cheng-Chiang Fan | Male 61-70 | 2024.5.30 | 3 years | 2024.5.30 | - | - | - | - | - | - | - | Ph.D., School of Management, University of California, Los Angeles | Visiting Professor, Department of Information Management, Chung Yuan Christian University | - | - | - | | |
| Independent Director | Republic of China | James Chen | Male 51-60 | 2024.5.30 | 3 years | 2024.5.30 | - | - | - | - | - | - | - | MBA, Graduate Institute of Business Administration, National Taipei University Master's Degree, Graduate Institute of Law, National Taipei University | Managing Attorney, New Hope Law Firm Supervisor, Da-Yeh University Independent Director, X-LEGEND ENTERTAINMENT CO., LTD. | - | - | - | | |

Note 1: If the chairman of the board of the company is the general manager or equivalent (the highest manager), the reason, rationality, necessity and response measures should be explained: N/A.

2. Major shareholders of corporate shareholders

March 31, 2025

| Name of corporate shareholder | Major Shareholders of Corporate Shareholders |
|-------------------------------------|---|
| TECO Electric & Machinery Co., Ltd. | PJ Asset Management Co. Ltd. (17.45%), Walsin Lihwa Corporation (10.81%), Yuanta/P-shares Taiwan Dividend Plus ETF (5.45%) KAR YUEN INVESTMENTS LIMITED (5.4%), Hua Nan Commercial Bank in custody for Yuanta Taiwan Value High Dividend ETF (2.85%), Ho Yuan International Investment Co., Ltd. (2.36%), Creative Sensor Inc. (2.20%), Tung Kuang Investment Co., Ltd. (1.5%), Kuan Yuan Industrial Co., Ltd. (1.25%), Yinge Int. Inv. Co., Ltd. (1.05%) |

3. Major shareholders of the corporate/juristic person

March 31, 2025

| Name of corporate shareholder | Major Shareholders of Corporate Shareholders |
|--|---|
| PJ Assets Management Co., Ltd. | Heyang Management Consulting Co., Ltd.(100%) |
| Walsin Lihwa Corporation | Chin-Xin Investment Co., Ltd (6.15%), Winbond Electronics Corporation (6.14%), TECO Electric and Machinery Co., Ltd. (5.22%), Rong Chiang Co., Ltd. (4.95%), LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd. (4.54%), Huali Investment Corp. (2.65%), Patricia Chiao (1.74%), Norges Bank Investment Account under the custody of Citibank (Taiwan) (1.67%), Yu-Heng Chiao (1.62%), and Chunghwa Post Co., Ltd. (1.49%). |
| Yuanta/P-shares Taiwan Dividend Plus ETF | N/A |
| Chia Yuan Investment Co., Ltd. | Heyuan International Investment Co., Ltd. (99.89%), Changwei Management Consulting Co., Ltd. (0.11%) |
| Hua Nan Commercial Bank in custody for Yuanta Taiwan Value High Dividend ETF | N/A |
| Ho Yuan International Investment Co., Ltd. | Wu Hsin Asset Management Co., Ltd. (100%) |
| Creative Sensor Technology Co., Ltd. | Dongyo Technology Co., Ltd. (19.39%); Global Cement Corporation (8.83%); Tian-Da Investment Co., Ltd. (8.28%); HCC Investment Co., Ltd. (6.04%); KORYO ELECTRONICS CO., LTD. (3.82%); Creative Sensor Inc. (3.38% treasury stock); Kao-Huang Lin (1.56%); A-Chung Ho (1.29), He-Kuei Lai (0.75%), Rong-Huang Liu (0.57%) |
| Dongguang Investment Co., Ltd. | Guangyuan Industrial Co., Ltd. (39.27%), He-Hui Huang-Lin (35.01%), Hong Kong Shangmingye Investment Co., Ltd. (12.73%), Donghe International Investment Co., Ltd. (6.00%), others (6.99%) |

| Name of corporate shareholder | Major Shareholders of Corporate Shareholders |
|--------------------------------|---|
| Guangyuan Industrial Co., Ltd. | Dongguang Investment Co., Ltd. (34.46%), He-Hui Huang-Lin (51.58%), Hong Kong Shangmingye Investment Co., Ltd. (10.0%), Donghe International Investment Co., Ltd. (0.74%), others (3.22%) |
| Yinge Int. Inv. Co., Ltd. | Po-Chih Huang (99.28%), Feng-Mei Hsu (0.72%) |

4. Disclosure of information on the professional qualifications of directors and the independence of independent directors

March 31, 2025

| Qualifications Name | Professional qualifications and experience (Note 1) | Independence status | Number of public companies in which the director concurrently serves as an independent director |
|--|--|--|---|
| TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao | Mr. Shang-Wei Kao has served as the chairman of our company for over twenty years and has more than thirty years of experience in the information industry. | Our company sets up more than five appropriate director seats in accordance with the "Company Articles of Association" and the "Securities Exchange Act," and there are no circumstances under Article 26-3, Paragraph 3 of the Securities Exchange Act. | 0 |
| TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu | Ms. Chwen-Jy Chiu served as the chairperson of TECO Electric & Machinery Co., Ltd. for many years, with experience in operations, business management, finance, accounting, and industry-related work. | | 0 |
| TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu | Mr. An-Ping Liu is the Assistant Vice President of the Finance and Management Center of TECO Electric & Machinery Co., Ltd.; he has relevant work experience in business, finance, and accounting. | | 0 |
| TECO Electric & Machinery Co., Ltd. Representative: Chi-Tseng Peng | Mr. Chi-Tseng Peng serves as the President of the Air and Intelligent Life Business Group of TECO Electric & Machinery Co., Ltd., with experience in operations, business management, and industry-related work. | | 0 |

| Qualifications Name | Professional qualifications and experience (Note 1) | Independence status | Number of public companies in which the director concurrently serves as an independent director |
|------------------------|---|--|---|
| Wen-Nan Chan | <p>Mr. Wen-Nan Chan used to be the Advisor to the Ministry of Economic Affairs, head of the Market Intelligence & Consulting Institute, Institute for Information Industry, and the Chairman of the Asia Pacific Industrial Analysis Association; he has the relevant work experience required to carry out the Company's business.</p> <p>Currently, he serves as an independent director at Asolid Technology Co., Ltd., CTCI Advanced Systems Inc., and Partner Tech Corp.</p> | | 0 |
| Shao-Tang Lee | <p>Shao-Tang Lee previously served as a director at EasyCard Investment Holding Co., Ltd., EasyCard Corporation, and WITS Corp., bringing valuable experience relevant to the Company's operations.</p> <p>He currently holds positions as an independent director at FSP Technology Inc., and as a director at Kiwi Technology Inc., YeSiang Enterprise Co., Ltd., and Symbio, Inc.</p> | | 3 |
| Wan-Ying Lin | <p>Wan-Ying Lin is a part-time associate professor in the Department of Accounting at National Chengchi University. She has previously served as Deputy Minister of the Ministry of Science and Technology and as Deputy Chairperson of the National Science Council, bringing extensive experience across academia, government, and industry, which aligns with the Company's operational needs. Currently, she also serves as an independent director at Groundhog Technologies Inc. She is the convener for both the Audit Committee and the Remuneration Committee.</p> | <p>1. The Company shall appoint three or more independent directors in accordance with the "Articles of Incorporation".</p> <p>2. The independent directors of our company issued a declaration of independence at the time of election.</p> <p>3. During their tenure, the qualifications of the independent directors of our company all meet the requirements of Articles 2, 3, and 4 of the "Regulations on the Appointment and Compliance of Independent Directors of Publicly Listed Companies," including:</p> <p>(1) Neither The Applicant, The Applicant's spouse, nor any first- or second-degree relatives have served as a director,</p> | 3 |

| Qualifications Name | Professional qualifications and experience (Note 1) | Independence status | Number of public companies in which the director concurrently serves as an independent director |
|------------------------|---|--|---|
| Cheng-Chiang Fan | Mr. Cheng-Chiang Fan is a visiting professor in the Department of Information Management at Chung Yuan Christian University. He has previously served as an independent director at Data Systems Consulting Co., Ltd., bringing relevant experience aligned with the Company's industry requirements. He currently serves as a member of both the Remuneration Committee and the Audit Committee. | supervisor, or employee of the company or its affiliates; (2) Neither The Applicant, The Applicant's spouse, nor any first- or second-degree relatives (or using another person's name) hold any shares in the company; (3) Have not served as a director, supervisor, or employee of a company that has a specific relationship with our company; (4) In the past two years, provided business, legal, financial, accounting, and other services to the Company or its affiliated enterprises. | 0 |
| James Chen | James Chen is the managing attorney at New Hope Law Firm. He has previously served as Associate Section Assistant at the Tourism Bureau of the Ministry of Transportation and Communications and as the executive secretary of the Xiangyang Charity Foundation, bringing relevant experience aligned with the Company's industry requirements. He is currently a member of both the Audit Committee and Remuneration Committee | | 1 |

Note 1: None of the nine directors of our company are involved in any of the circumstances described in Article 30 of the Company Act.

5. Board diversity and independence:

(1) Board diversity:

To strengthen corporate governance and improve the structure of the Board of Directors, the nomination and selection of board members are conducted in accordance with the provisions of the company's articles of association, using a candidate nomination system. In addition to evaluating the educational qualifications of each candidate, we also adhere to the "Director Election Method" and the "Corporate Governance Practice Code" to ensure diversity of board members. Other than directors conjunctively serving as Company managers that shall not exceed 1/3 of the total director seats, appropriate diversification policies shall be formulated based on the board operations, operational types, and development needs, including but not limited to the following standards in two aspects:

A. Basic conditions and values: Gender, age, nationality, culture, etc.

B. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The Board of Directors is currently composed of 9 directors. The specific

management goals and achievements of the Board of Directors' diversity policy are as follows:

| Specific management goals for diversification | Status of Implementation |
|--|--------------------------|
| It is advisable that the number of directors who also serve as the Company's managerial officers shall not exceed one-third of the total number of directors | Achieved |
| One-third of the board seats are held by one gender | Not achieved |
| The number of independent directors may not be less than one-third of the number of directors. | Achieved |
| Independent directors should not serve more than three consecutive terms | Achieved |

The implementation of the board member diversity policy in our company is as follows:

| Core elements of diversity Name of director | Nationality | Gender | Basic composition | | | | | | Professional skills | | Industry experience | | |
|---|-------------------|--------|-------------------|-------|-------|------------------|-----------|--------------|--|----------------------|----------------------------------|-------------------------|---------------------|
| | | | Age | | | Length of tenure | | | Serving as an employee of the Company concurrently | Accounting & finance | Industrial marketing technology | Professional skills | Industry experience |
| | | | 41-50 | 51-60 | 61-70 | Within 3 years | 3-9 years | Over 9 years | | | | | |
| TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao | Republic of China | Male | | | ✓ | | | | ✓ | ✓ | Management | Business administration | |
| TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu | Republic of China | Female | | | ✓ | | | | ✓ | ✓ | Finance and accounting | Business administration | |
| TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu | Republic of China | Male | | | ✓ | | ✓ | | ✓ | ✓ | Industrial management | Business administration | |
| TECO Electric & Machinery Co., Ltd. Representative: Chi-Tseng Peng | Republic of China | Male | | ✓ | | ✓ | | | ✓ | ✓ | Telecommunications Construction. | Technology | |
| Wen-Nan Chan | Republic of China | Male | | | ✓ | | ✓ | | | ✓ | Information management | Technology | |
| Shao-Tang Lee | Republic of China | Male | | | ✓ | ✓ | | | | ✓ | Information management | Technology | |
| Wan-Ying Lin (Independent Director) | Republic of China | Female | | | ✓ | ✓ | | | ✓ | | Accounting | Accounting | |
| Cheng-Chiang Fan (Independent Director) | Republic of China | Male | | | ✓ | ✓ | | | | ✓ | Information management | Technology | |
| James Chen (Independent Director) | Republic of China | Male | | ✓ | | ✓ | | | ✓ | | Law | Law | |

Note 1: The current board consists of nine directors (including three independent directors), all of whom are distinguished individuals with rich professional practical experience. They all possess leadership decision-making, business management, operational judgment, crisis management, industry knowledge, and international market perspective capabilities. The three independent directors have expertise in information technology, accounting finance and law, while the six directors have backgrounds in finance and accounting,

technology, and industrial marketing. Implementing a diversified board member policy helps enhance the governance efficiency and management performance of the company.

Note 2 : Tenure of independent directors: The three independent directors took office in May 2024 and none of them served consecutive terms for more than three terms. All directors of the company are nationals. The composition of the board is three independent directors and two female director (33% and 22% of all directors). The goal is to increase the number of female directors to 1/3 in the next election As of end of March 2025, two director was aged between 51 and 60, and seven directors were aged between 61 and 70. Among them, the independent directors are all in compliance with the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors, and for information on education, gender, professional qualifications and work experience of directors, please refer to Two. Information of Directors under Corporate Governance Report II (I).

(2) Independence of the board:

The Company currently has nine directors on the Board of Directors, including three independent directors, accounting for 33% of all directors. The tenure of all independent directors of the Company is less than nine years; all directors are not spouses or relatives within the second degree of kinship, in compliance with Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

March 31, 2025

| Job title | Nationality | Name | Gender | Date of election (appointment) | Shareholding | | Shareholdings of spouse and underage children | | Shares held in the names of others | | Major (academic) experience | Concurrent positions in other companies | Spouse or relatives of the second degree or closer acting as managers | | | Notes |
|--------------------------|-------------------|-----------------|--------|--------------------------------|------------------|-------------------------|---|-------------------------|------------------------------------|-------------------------|---|--|---|------|--------------|-------|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relationship | |
| President | Republic of China | Chih-Chun Wang | Male | 2024.06.07 | - | - | - | - | - | - | Master of Business Administration (MBA), National Chengchi University Master in Manufacturing and Industrial Management, University of South Australia | N/A | N/A | N/A | N/A | N/A |
| Vice President | Republic of China | Hsin-Ying Chen | Female | 2022.12.01 | - | - | - | - | - | - | Bachelor's Degree, National Yunlin University of Science and Technology | N/A | N/A | N/A | N/A | N/A |
| Vice President | Republic of China | Chin-Lan Huang | Male | 2025.02.24 | - | - | - | - | - | - | Master of Business Administration (MBA), National Chengchih University | Supervisor, Tension Envelope Taiwan Corporation Director, Unison Service Corporation Director, Universal Mail Service Ltd. | N/A | N/A | N/A | N/A |
| Vice President | Republic of China | Shih-Yang Lin | Male | 2018.08.01 | - | - | - | - | - | - | Bachelor's Degree, Chinese Culture University | Director, Tension Envelope Taiwan Corporation | N/A | N/A | N/A | N/A |
| Assistant Vice President | Republic of China | Chen-Ju Chen | Female | 2023.04.01 | - | - | - | - | - | - | Master's Degree, National Taiwan University of Science and Technology | Director, Unison Service Corporation | N/A | N/A | N/A | N/A |
| Assistant Vice President | Republic of China | Tsung-Yu Chiang | Male | 2023.09.01 | - | - | - | - | - | - | Bachelor's Degree, China University of Science and Technology | Director, Universal Mail Service Ltd. | N/A | N/A | N/A | N/A |

| | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------------------|------------------|---|---|---|---|-----------------|-----------------|----|----|-------|-------|---|---|---|---|---|---|---|---|-------|-------|---|
| 10 | Independent Director | Jui-Tang Chang | - | - | - | - | 247 (Note 2) | 247 (Note 2) | 25 | 25 | 272 | 272 | - | - | - | - | - | - | - | - | 272 | 272 | - |
| | | | | | | | | | | | 0.38% | 0.38% | | | | | | | | | 0.38% | 0.38% | |
| 11 | Independent Director | Wan-Ying Lin | | | | | 353 (Note 2) | 353 (Note 2) | 50 | 50 | 403 | 403 | | | | | | | | | 403 | 403 | |
| | | | | | | | | | | | 0.56% | 0.56% | | | | | | | | | 0.56% | 0.56% | |
| 12 | Independent Director | Cheng-Chiang Fan | | | | | 353 (Note 2) | 353 (Note 2) | 50 | 50 | 403 | 403 | | | | | | | | | 403 | 403 | |
| | | | | | | | | | | | 0.56% | 0.56% | | | | | | | | | 0.56% | 0.56% | |
| 13 | Independent Director | James Chen | | | | | 353 (Note 2) | 353 (Note 2) | 50 | 50 | 403 | 403 | | | | | | | | | 403 | 403 | |
| | | | | | | | | | | | 0.56% | 0.56% | | | | | | | | | 0.56% | 0.56% | |
| <p>1. Representative of a juridical person; information is disclosed in aggregate.</p> <p>2. On May 30, 2024, a re-election was held. Advantech Investment, Yi-Ping Lin, Cheng-Kang Chen, and Jui-Tang Chang were dismissed, while Shao-Tang Lee, Wan-Ying Lin, Cheng-Chiang Fan, and Hung-Chieh Chen assumed office.</p> <p>3. In addition to the disclosures in the table above, the remuneration of directors for providing services to any of all companies in the financial statements in the most recent year (e.g. as a consultant in a non-employee capacity): None.</p> | | | | | | | | | | | | | | | | | | | | | | | |

Range of remuneration

| Range of remuneration paid to directors | Name of director | | | |
|--|-------------------------|---|--------------------------------|---|
| | Sum of A, B, C, and D | | Sum of A, B, C, D, E, F, and G | |
| | The Company (Note 1) | All companies included in the financial statements H (Note 1) | The Company (Note 1) | All companies included in the financial statements I (Note 1) |
| Below NT\$1,000,000 | 1、5、6、7、8、9、10、11、12、13 | 1、5、6、7、8、9、10、11、12、13 | 5、6、7、8、9、10、11、12、13 | 5、6、7、8、9、10、11、12、13 |
| NT\$1,000,000 (inclusive) – NT\$2,000,000 (non-inclusive) | | | | |
| NT\$2,000,000 (inclusive) – NT\$3,500,000 (non-inclusive) | 2,3, and 4 (Note 2) | 2,3, and 4 (Note 2) | 2,3, and 4 (Note 2) | 2,3, and 4 (Note 2) |
| NT\$3,500,000 (inclusive) – NT\$5,000,000 (non-inclusive) | | | | |
| NT\$5,000,000 (inclusive) – NT\$10,000,000 (non-inclusive) | | | 1 | 1 |
| NT\$10,000,000 (inclusive) – NT\$15,000,000 (non-inclusive) | | | | |
| NT\$15,000,000 (inclusive) – NT\$30,000,000 (non-inclusive) | | | | |
| NT\$30,000,000 (inclusive) – NT\$50,000,000 (non-inclusive) | | | | |
| NT\$50,000,000 (inclusive) – NT\$100,000,000 (non-inclusive) | | | | |
| NT\$ 100,000,000 and above | | | | |
| Total | 13 | 13 | 13 | 13 |

Note 1: Represented by the respective director numbers.

Note 2: Representative of a juridical person; information is disclosed in aggregate.

(II) Remuneration to the President and Vice Presidents

December 31, 2024/Unit: NTD thousand

| Title | Name | Salary (A) | | Pension upon retirement (B) | | Bonuses and special allowances (C) | | Employee compensation (D) | | | | Sum of A+B+C+D and ratio to net income (%) | | Remuneration from investees other than subsidiaries or the parent company |
|----------------|----------------|-----------------|--|-----------------------------|--|------------------------------------|--|---------------------------|--------------|--|--------------|--|--|---|
| | | 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 | |
| | | | | | | | | Changes Amount | Stock Amount | Changes Amount | Stock Amount | | | |
| President | Chun-Hsu Chen | Total: 6,363 | Total: 6,363 | - | - | Total: 1,899 | Total: 1,899 | Total: 405 | - | Total: 405 | - | 8,667 12.13% | 8,667 12.13% | - |
| President | Chih-Chun Wang | | | | | | | | | | | | | |
| Vice President | Hsin-Ying Chen | | | | | | | | | | | | | |
| Vice President | Lung-Chu Hung | | | | | | | | | | | | | |

Note: President Chun-Hsu Chen resigned on June 7 and was succeeded by Chih-Chun Wang.

Range of remuneration

| Breakdown of remuneration to President and Vice President | Name of the President and Vice Presidents | |
|--|---|--|
| | The Company | All companies included in the financial statements |
| Below NT\$1,000,000 | Lung-Chu Hung | Lung-Chu Hung |
| NT\$1,000,000 (inclusive) – NT\$2,000,000 (non-inclusive) | Chun-Hsu Chen | Chun-Hsu Chen |
| NT\$2,000,000 (inclusive) – NT\$3,500,000 (non-inclusive) | Chih-Chun Wang | Chih-Chun Wang |
| NT\$3,500,000 (inclusive) – NT\$5,000,000 (non-inclusive) | Hsin-Ying Chen | Hsin-Ying Chen |
| NT\$5,000,000 (inclusive) – NT\$10,000,000 (non-inclusive) | | |
| NT\$10,000,000 (inclusive) – NT\$15,000,000 (non-inclusive) | | |
| NT\$15,000,000 (inclusive) – NT\$30,000,000 (non-inclusive) | | |
| NT\$30,000,000 (inclusive) – NT\$50,000,000 (non-inclusive) | | |
| NT\$50,000,000 (inclusive) – NT\$100,000,000 (non-inclusive) | | |
| NT\$ 100,000,000 and above | | |
| Total | 4 | 4 |

3. Name of managers who received employee compensation and the distribution situation in the most recent year

December 31, 2024/Unit: NTD thousand

| Title | Name | Stock amount | Cash amount | Total | The sum as percentage of net income of 2024 (%) |
|--------------------------|----------------|--------------|-------------|------------|---|
| President | Chih-Chun Wang | - | Total: 705 | Total: 705 | 0.99% |
| Vice President | Hsin-Ying Chen | | | | |
| Vice President | Lung-Chu Hung | | | | |
| Assistant Vice President | Shih-Yang Lin | | | | |

4. Analysis of the proportion of the total remuneration paid to directors, supervisors, the president, and vice presidents to the net income, as in the parent only or individual financial statements, in the most recent two years, as well as the remuneration policies, standards, and packages, the procedures for determining the remuneration, and their correlation with business performance and future risks:

(1) Proportion of the total remuneration paid to directors, supervisors, the president, and vice presidents to the net income in the most recent two years:

Unit: NTD thousand

| Year \ Item | 2023 | | | | 2024 | | | |
|---|--------------|---------------------------|---|---------------------------|--------------|---------------------------|---|---------------------------|
| | The Company | | All companies included in the consolidated financial statements | | The Company | | All companies included in the consolidated financial statements | |
| | Total Amount | % to after-tax net profit | Total Amount | % to after-tax net profit | Total Amount | % to after-tax net profit | Total Amount | % to after-tax net profit |
| Remuneration to directors | 12,662 | 17.07% | 12,701 | 17.13% | 12,317 | 17.24% | 12,382 | 17.30% |
| Remuneration to the President and Vice Presidents | 5,532 | 7.46% | 5,532 | 7.46% | 8,667 | 12.13% | 8,667 | 12.13% |

(2) Remuneration policies, standards, and packages; procedures for determining remuneration; their correlation with business performance and future risks:

- A. Remuneration policies, standards, and packages; procedures for determining remuneration
- a. Directors and supervisors: The remuneration of the Company's directors and supervisors is determined in accordance with the Company's Articles of Incorporation.
 - b. President and Vice Presidents: The remuneration of the President and Vice Presidents includes salary, bonuses and employee compensation, and is determined based on their positions held, responsibilities assumed, and contribution to the Company while with reference to the usual payment level in the industry; the procedures for determining the remuneration are conducted according to the Company's Articles of

Incorporation and the hierarchy of approval.

B. The correlation with business performance and future risks

The remuneration of the Company's directors, supervisors, president and vice presidents is based on the consideration of the Company's operating performance, the risks of future fluctuations in the industry, as well as the operational risks, transaction risks, and financial risks that the Company may face in future operations.

III. Status of Corporate Governance

(I) Information on the operations of the Board of Directors

The 12th Board of Directors convened 2 meetings in 2024. The attendance of directors is summarized as follows:

| Title | Name | Actual attendance (times) | Attendance by proxy | Actual attendance (%) | Notes |
|----------------------|---|---------------------------|---------------------|-----------------------|-------|
| Chairman | TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao | 2 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu | 2 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu | 2 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: Chi-Tseng Peng | 2 | 0 | 100% | - |
| Director | Advantech Investment Co., Ltd. Representative: Shih-Chang Lin | 1 | 0 | 50% | - |
| Director | Wen-Nan Chan | 2 | 0 | 100% | - |
| Independent Director | Yi-Bing Lin | 2 | 0 | 100% | - |
| Independent Director | Cheng-Kang Chen | 2 | 0 | 100% | - |
| Independent Director | Jui-Tang Chang | 2 | 0 | 100% | - |

The 13th Board of Directors convened 5 meetings in 2024. The attendance of directors is summarized as follows:

| Title | Name | Actual attendance (times) | Attendance by proxy | Actual attendance (%) | Notes |
|----------------------|---|---------------------------|---------------------|-----------------------|-------|
| Chairman | TECO Electric & Machinery Co., Ltd. Representative: Shang-Wei Kao | 5 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: Chwen-Jy Chiu | 5 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: An-Ping Liu | 5 | 0 | 100% | - |
| Director | TECO Electric & Machinery Co., Ltd. Representative: Chi-Tseng Peng | 5 | 0 | 100% | - |
| Director | Wen-Nan Chan | 5 | 0 | 100% | - |
| Director | Shao-Tang Lee | 5 | 0 | 100% | - |
| Independent Director | Wan-Ying Lin | 5 | 0 | 100% | - |
| Independent Director | Cheng-Chiang Fan | 5 | 0 | 100% | - |
| Independent Director | James Chen | 5 | 0 | 100% | - |

Additional disclosure:

- I. For Board of Directors meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' opinions and the Company's response to such opinions:
 - (I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to this annual report for the operations of the Audit Committee. All proposals were approved by all independent directors without objection.
 - (II) Items in board resolutions regarding which independent directors have dissenting opinions or qualified opinions on the record or in writing: Independent directors did not have objections or reserved opinions this year.
- II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None this year.

III. The implementation status of the performance evaluation of the Board of Directors:

| Evaluation frequency | Evaluation period | Evaluation scope | Evaluation method | Evaluation content |
|--|----------------------|---|---|--|
| Conduct once A year Internal self-performance Evaluation of Board of Director | 2024.1. 1~2024.12.31 | The entire Board of Directors | Internal Self-Evaluation Questionnaire of the Board | The performance evaluation of the Board of Directors covers the following five major aspects and a total of 45 indicators are evaluated. A. Participation in the operation of the Company. B. Improvement of the quality of the Board of Directors' decision-making. C. Composition and structure of the Board of Directors. D. Election and continuing education of the Directors. E. Internal control. |
| | | Individual board members | Board Member Performance Self-Evaluation Questionnaire | The self-evaluation of directors' performance includes six major aspects and a total of 23 indicators. A. Understanding of the goals and mission of the Company. B. Awareness of the duties of a director. C. Participation in the operation of the Company. D. Management of internal relationships and communication. E. The director's professionalism and continuing education. F. Internal control. |
| | | Functional committees (Audit Committee, Remuneration Committee) | Functional Committees Performance Self-Evaluation Questionnaire | The performance evaluation of functional committees covers the following five aspects. The evaluation items of the Audit Committee and the Remuneration Committee include 22 indicators and 18 indicators, respectively. A. Participation in the operation of the Company. B. Awareness of functional committees' responsibilities. C. Functional committees' decision-making quality. D. Composition of functional committees and selection of members. E. Internal control. |

IV. Assessment of objectives and implementation status in the area of strengthening the powers of the Board of Directors for the current and most recent years:

- On December 26, 2019, the Board of Directors approved the adoption of the "Rules for Board Performance Evaluation," which stipulate that performance evaluations of the Board and its functional committees shall be conducted annually, and the results shall be reported to the Board of Directors. The aforementioned rules were amended on March 18, 2022, to specify that an external evaluation shall be conducted at least once every three years.
- In January 2025, the Company conducted an internal self-assessment via questionnaire covering the performance of the Board of Directors, individual board members, and all

functional committees (Audit Committee and Remuneration Committee) for the period from January 1 to December 31, 2024. Upon full collection of the questionnaires, the Corporate Governance Office compiled and scored the responses based on established evaluation criteria. The results were presented at the Board meeting held in [Month, Day], 2025, and will serve as a basis for future review and improvement.

3. The evaluation items and results for the Board of Directors, its members, and functional committees are summarized as follows:

| Scope of self-evaluation | Score | Grade |
|--------------------------|--------|-----------|
| Board of Directors | 4.92-5 | Excellent |
| Board members | 4.76-5 | Excellent |
| Audit Committee | 4.89-5 | Excellent |
| Remuneration Committee | 4.83-5 | Excellent |

4. On May 10, 2023, the Board of Directors appointed Vice President Lung-Chu Hung as the Company's Corporate Governance Officer. The primary responsibilities of the role include handling matters related to Board and shareholders' meetings in accordance with applicable laws and regulations, preparing meeting minutes, assisting directors with onboarding and continuing education, providing necessary information for directors to perform their duties, and supporting directors in complying with legal requirements. These duties are intended to safeguard shareholder rights and strengthen the effectiveness of the Board of Directors.

(II) Information on the operations of the Audit Committee

The 2nd Audit Committee held two (A) meetings during 2024; the attendance of independent directors is as follows:

| Title | Name | Actual attendance (B) | Attendance by proxy | Actual attendance (%) (B/A) | Notes |
|----------------------|------------------|-----------------------|---------------------|-----------------------------|----------------------------|
| Independent Director | Yi-Bing Lin | 2 | 0 | 100% | Reelected on July 30, 2021 |
| Independent Director | Cheng-Kan g Chen | 2 | 0 | 100% | Reelected on July 30, 2021 |
| Independent Director | Jui-Tang Chang | 2 | 0 | 100% | Reelected on July 30, 2021 |

The 3rd Audit Committee held four (A) meetings during 2024; the attendance of independent directors is as follows:

| Title | Name | Actual attendance (B) | Attendance by proxy | Actual attendance (%) (B/A) | Notes |
|----------------------|------------------|-----------------------|---------------------|-----------------------------|--------------------------------|
| Independent Director | Wan-Ying Lin | 4 | 0 | 100% | Assumed office on May 30, 2024 |
| Independent Director | Cheng-Chiang Fan | 4 | 0 | 100% | Assumed office on May 30, 2024 |
| Independent Director | James Chen | 4 | 0 | 100% | Assumed office on May 30, 2024 |

Additional disclosure:

I. Where the operations of the Audit Committee meet any of the following circumstances, the minutes in question shall clearly state the meeting date, term, content of the proposal, independent directors' objections, reservations, or major suggestions, resolutions adopted by the Audit Committee, and the Company's response to the Audit Committee's opinions.

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

| Board of Directors | Content of proposal and subsequent response | Audit Committee | Audit Committee |
|---|--|---|--|
| The 15th meeting of the 12th Board of Directors (2024.2.21) | 2023 Statement on the Internal Control System | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | 2023 Business Report and Financial Statements | | |
| | Distribution of earnings for 2023 | | |
| | Proposal for distribution of 2023 employee compensation and remuneration of the directors | | |
| | Proposal for Election of the 13th Term of Directors and Nomination of Candidates for Directors | | |
| | Proposal to lift the non-competition restrictions upon the newly elected directors and representatives | | |
| | Credit Facility Increase and Renewal Case for Financial Institutions | | |
| | Revision of the Company's 'Job Responsibility and Decision-Making Authority Chart' Case | | |
| | Proposal for partial amendments to the Company's Articles of Incorporation | | |
| | Proposal for partial amendment to the "Rules of Procedure for Board of Directors' Meetings." | | |
| Proposal for matters related to convening of the Company's 2024 general shareholders' meeting | | | |
| The 16th meeting of the 12th Board of Directors (2024.5.6) | Consolidated financial statements for the first quarter of 2024 | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | Amendments to the Company's "Articles of Association for Audit Committee" | | |
| The 1st meeting of the 13th Board of Directors (2024.5.30) | Proposal to nominate candidates for the chairman | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | Appointment of the 4th Remuneration Committee members | | |

| | | | |
|---|---|---|--|
| The 2nd meeting of the 13th Board of Directors (2024.6.7) | Change of the President of the Company | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| The 3rd meeting of the 13th Board of Directors (2024.8.9) | Consolidated financial statements for the second quarter of 2024 | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | Proposal for investment in Perpetual Bond | | |
| The 4th meeting of the 13th Board of Directors (2024.11.11) | Consolidated financial statements for the third quarter of 2024 | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | New of borrowing facilities from financial institutions | | |
| | Establishment of the Sustainable Information Management Operations | | |
| | Partial amendments to the Company's "Implementation Rules for Internal Audits" | | |
| | The Company's contract transaction amount exceeds the approval authority and is submitted for discussion. | | |
| The 5th meeting of the 13th Board of Directors (2024.12.18) | Proposal for the 2025 audit plan | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | Independence and competence of the Company's CPAs | | |
| | Proposal for appointment and remuneration of CPAs for 2025 | | |

(II) Except for the aforementioned matters, other resolutions not passed by the Audit Committee but approved by two-thirds of all directors: None, independent directors did not have any objections or reserved opinions this year.

II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.

III. Communication between independent directors and the internal audit officer and CPAs:

(I) Communication methods between independent directors and the internal audit officer and CPAs: The Company's independent directors have direct communication channels with the internal audit officer and CPAs; in accordance with the regulations of the competent authority, the independent directors regularly check the Company's financial and business conditions and communicate with the management and the governance units directly.

1. The Company's internal audit officer regularly reports on the internal audit at the quarterly Audit Committee meeting, and has fully communicated the execution status of

the audit business, the deficiencies identified in the audit, improvement measures, the tracking status, and the effectiveness.

2. The Company's CPAs report on the results of the audit or review of the financial statements of the Company and its subsidiaries, and other matters required to be communicated as stipulated by relevant laws and regulations in the Audit Committee meeting after the completion of the semi-annual and annual audit and review of the financial statements.

(II) Summary of the communication between independent directors and CPAs:

| Audit Committee | Matters communicated | Communication results |
|--|---|--|
| The 14th meeting of the 2nd term (2024.2.16) | 2023 Financial Statements | The annual financial report is approved by the Audit Committee and submitted to the Board of Directors after being approved by the Board of Directors, and then announced and reported to the competent authorities. |
| The 15th meeting of the 2nd term (2024.4.30) | Financial statements for the first quarter of 2024 | The quarterly financial reports were approved by the Audit Committee and submitted to the Board of Directors after being approved by the Board of Directors, and then announced and reported to the competent authorities. |
| The 2nd meeting of the 3rd term (2024.8.6) | Financial statements for the second quarter of 2024 | |
| The 3rd meeting of the 3rd term (2024.11.8) | Financial statements for the third quarter of 2024 | |

(III) Summary of the communication between independent directors and the internal audit officer:

| Audit Committee | Matters communicated | Communication results |
|--|--|---|
| The 14th meeting of the 2nd term (2024.2.16) | Internal audit report for the fourth quarter of 2023 | Independent directors had no objection to the matters communicated on the left. |
| | 2023 Statement on the Internal Control System | |
| The 15th meeting of the 2nd term (2024.4.30) | Internal audit report for the first quarter of 2024 | |
| The 2nd meeting of the 3rd term (2024.8.6) | Internal audit report for the second quarter of 2024 | |
| The 3rd meeting of the 3rd term (2024.11.8) | Internal audit report for the third quarter of 2024 | |
| The 4th meeting of the 3rd term (2024.12.16) | Review of the 2025 audit plan | |

(III) Corporate governance implementation and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof |
|--|-----------------------|----|--|---|
| | Yes | No | Summary | |
| I. Has the Company formulated and disclosed Corporate Governance Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | V | | Our company has established the “Corporate Governance Practices” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies,” which are disclosed on our website and the “Corporate Governance” section of the Market Observation Post System. (http://mops.twse.com.tw/) | In compliance with the regulations of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. |
| II. The Company’s shareholding structure and shareholders’ equity | | | | |
| (I) Has the Company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes and litigations? | V | | (I) In addition to entrusting a dedicated stock affairs agency to handle shareholder-related affairs, the Company has set up an investor service section on its official website and disclosed detailed information on points of contact (contact information of the spokesperson, acting spokesperson, and the dedicated personnel in charge of stock affairs), to handle shareholders’ suggestions or disputes. | No major deviations. |
| (II) Does the Company keep abreast of the list of major shareholders and the ultimate controlling parties of such shareholders? | V | | (II) We regularly monitor the main shareholders and ultimate controllers of the company based on the shareholder register provided by the stock affairs agent on the date when share transfers are suspended. | No major deviations. |
| (III) Has the Company established and implemented risk management and firewalls for companies it is affiliated with? | V | | (III) Our internal controls encompass risk management at the corporate level and operational activities at the operational level, including a “Subsidiary Supervision Procedure” to ensure risk control mechanisms for subsidiaries are implemented effectively. We have established the “Related Party Financial and Business Transactions Procedures” to regulate transactions such as procurement and sales, asset acquisition and disposition, endorsements, guarantees, and loans among related entities. | No major deviations. |
| (IV) Has the Company established internal rules against insiders trading with undisclosed information? | V | | (IV) Additionally, our “Insider Trading Prevention Measures” strictly prohibit any insider trading activities and include regular training for insiders and employees to prevent such occurrences. We have also developed the “Internal | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof |
|---|-----------------------|----|--|---|
| | Yes | No | Summary | |
| | | | Material Information Handling Procedures” and the “Corporate Governance Practices” to prohibit insiders from trading securities based on undisclosed material information available in the market. | |
| III. Composition and responsibilities of the Board of Directors | | | | |
| (I) Has the Board of Directors formulated a diversity policy, set specific management goals and implemented them accordingly? | V | | (I) For detailed information on the board diversity policy, specific management objectives, and implementation, please refer to the annual report section “II. Information on Directors, General Manager, Deputy General Managers, Assistant General Managers, Heads of Departments and Branches (1) Directors 5. Board Diversity and Independence.” | No major deviations. |
| (II) In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, has the Company voluntarily set up other functional committees? | | V | (II) The Company has set up two functional committees, the Remuneration Committee and the Audit Committee. In the future, the Company will evaluate the establishment of other functional committees based on actual operational needs to continuously improve the quality of corporate governance. | The Company’s Remuneration Committee and the Audit Committee exercise their powers and responsibilities in accordance with the law independently. |
| (III) Has the Company established a standard to measure the performance of the Board of Directors and implement it annually? Does the Company submit the results of the performance evaluation to the Board of Directors as reference in determining the remuneration of individual directors and nomination for re-election? | | V | (III) The Board of Directors of the Company established the “Regulations Governing the Performance Evaluation of the Board of Directors” in December 2019. According to the Regulations, the performance of the Board of Directors, Board members, and functional committees will be evaluated once a year. The evaluation results will be reported to the Board of Directors. The performance evaluation shall be conducted by an external professional independent institution at least once every three years. In 2023, Taiwan Corporate Management Institute was commissioned to execute the performance evaluation of the external Board of Directors. The Company reported the aforementioned execution results to the Board of Directors in February 2024 and disclosed it on the Company website. A questionnaire self-evaluation | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
|--|-----------------------|----|--|--|
| | Yes | No | Summary | |
| (IV) Does the Company regularly assess the independence of CPAs? | V | | <p>method is adopted for the annual evaluation. The evaluation is executed by the parliamentary unit. The evaluation period is from January 1, 2024 to December 31, 2024. For the implementation of the evaluation of the Board of Directors, members of the Board of Directors and functional committees, please see 4. Implementation of Corporate Governance/Implementation of the Evaluation of the Board of Directors of the Company.</p> <p>The internal performance self-assessment results of the Board of Directors and Board members in 2024 were excellent, and the internal performance self-assessment results of each functional committee were also excellent, which is sufficient to demonstrate the results of the Company's strengthening the effectiveness of functional committees.</p> <p>The Company should report the results of performance evaluation of 2025 to the Board of Directors and use it as a reference for individual directors' remuneration and nomination for reappointment.</p> <p>(IV) The Company has established the "Regulations Governing Evaluation of the Independence and Performance of CPAs" to evaluate the independence, suitability and performance of the CPAs annually. For the CPA's evaluation items, please refer to Note 1. In addition to obtaining the statement of independence from the accountants, starting from 2022, Audit Quality Indicators (AQIs) have been included for reference in the evaluation, and the evaluation results are submitted to the Audit Committee and the Board of Directors for approval. The results of the most recent annual evaluation were approved by the Board of Directors on December 18, 2024. No violation of independence has been found, and the rotation of CPAs has also complied with relevant regulations.</p> | No major deviations. |
| IV. Does the Company have an appropriate number of qualified | V | | In May 2023, the Company's Board of Directors appointed the Chief Financial | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof |
|--|-----------------------|----|--|--|
| | Yes | No | Summary | |
| governance personnel and designate one chief corporate governance officer to oversee corporate governance affairs (including but not limited to providing the directors and supervisors with information needed to perform their duties, assisting the directors and supervisors with legal compliance, handling matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of board and shareholders' meetings)? | | | Officer as the Corporate Governance Officer. She has over three years of experience in finance, stock affairs, and meeting management of public companies. The Finance Department is jointly responsible for corporate governance-related matters, mainly responsible for handling matters related to the Board of Directors and Shareholders' Meetings in accordance with the law. They provide directors with information needed to carry out their business, assist directors in complying with laws and regulations, assist directors in taking office and continuing their education, handle matters related to Board of Directors, committees, and shareholders' meetings, and prepare meeting minutes, etc., to assist directors in compliance, inauguration, and continuing education. Please refer to Note 2 for 2024 continuing education of Corporate Governance Officer. | |
| V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers), set up a dedicated area for stakeholders on the Company's website, and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately? | V | | The Company has an employee mailbox, employee service hotline, spokesperson mailbox and hotline for communication with customers, suppliers and the general public. Stakeholders may contact the Company's designated unit at any time if they need to. In addition, the Company has set up a Stakeholders Section on the Company's website, and actively maintains smooth communication channels with stakeholders through various communication mechanisms. | No major deviations. |
| VI. Does the Company appoint a professional stock affairs agency to handle the affairs of shareholders' meetings? | V | | The Company has appointed Shareholders Service Dept. of Hua Nan Securities to handle the shareholders service affairs on behalf of the Company. | No major deviations. |
| VII. Public Disclosure of Information (I) Has the Company set up a website to disclose financial business and corporate governance information? | V | | (I) The Company has established a corporate website to disclose relevant information (www.itts.com.tw); the Company can also access the Company's financial, business and corporate governance-related information through the Market Observation Post System. | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof |
|--|-----------------------|----|--|---|
| | Yes | No | Summary | |
| (II) Does the Company adopt other means for disclosure (such as setting up an English website, appointing personnel to collect and disclose relevant information, properly implementing a spokesperson system, and placing the process of investor conferences on the website)? | V | | (II) The Company has set up a special section on its website to provide information to shareholders and stakeholders. It has also appointed a spokesperson to maintain communication with the media and legal persons. This ensures that material information that may affect shareholders and stakeholders can be disclosed immediately and properly. The information provided by the Company in the investor conference are available on the Company's website. The Company has an English-language website that discloses financial, business, and corporate governance-related information. | No major deviations. |
| (III) Does the Company publicly announce and file the annual financial statements within two months after the end of each fiscal year and announce and file the financial statements for the first, second, and third quarters and the monthly operation status prior to the specified deadline? | V | | (III) The Company has announced and filed the annual financial report on March 10, 2025, and announced and filed the financial report for the first, second, and third quarters (within 45 days) and the operating status (before the tenth of each month). | There are some minor deviations from the regulations of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, but it still complies with the requirements of the Securities and Exchange Act. |
| VIII. Does the Company have other important information to facilitate better understanding of its corporate governance operations (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education)? | V | | (I) Employee equity and employee care: The Company's rights and interests of employees are treated in accordance with the Labor Standards Act and related laws and regulations, and an employee welfare committee is established to provide various subsidies and activities. Please refer to "Four. Operation overview and V. Labor-management relations" of this annual report. (II) Investor Relations: The Company is committed to protecting the rights and interests of its shareholders and treats all shareholders fairly, and announces material information about finance, business, corporate governance, etc., on the "Market Observation Post System" in a timely manner in accordance with relevant regulations. The Company has the rights to know, participate and make decisions, set up the duties of spokesperson and acting | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof |
|---------------------|-----------------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>spokesperson, and designate personnel to handle shareholders' suggestions, questions and disputes, and provide shareholders with ample opportunities to ask questions or make proposals.</p> <p>(III) Supplier relations: The Company conducts supplier audits and management on the basis of integrity to ensure that suppliers comply with the Company's regulations on ethical management, social responsibility, environmental protection, occupational safety and health, or labor rights.</p> <p>(IV) Stakeholders' rights: The Company has a Stakeholders Section on the Company's website and provides communication channels to protect the rights of stakeholders.</p> <p>(V) The situation of continuing education for the Board of Directors: The Company actively encourages directors to participate in relevant courses organized by the competent authorities. Please refer to the following table for directors' and managers' continuing education and training related to corporate governance.</p> <p>(VI) Implementation of Risk Management Policies and Risk Measurement Standards: The Company is committed to establishing a comprehensive risk management framework. Through its existing organizational structure and internal control cycle, the Company actively identifies and manages risks associated with its operations, while ensuring compliance with relevant laws and regulations. Meanwhile, the audit system provides reasonable assurance regarding the continued effectiveness of internal controls. In 2024, the Audit Team completed all scheduled audit tasks. Based on the audit findings, the design and execution of the Company's internal control system were found to be effective. All environmental indicators were assessed as low risk.</p> <p>(VII) Implementation of Customer Policies: The Company is committed to providing customers with</p> | |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof |
|--|-----------------------|----|---|--|
| | Yes | No | Summary | |
| | | | <p>high-quality products at competitive value. By leveraging a variety of communication channels, including customer service hotlines, forums, site visits, after-sales follow-up, phone interviews, the corporate website, and media engagement. the Company strives to understand customer expectations and continuously improve products and services to better meet their needs.</p> <p>(VIII) Directors' and Supervisors' Liability Insurance: Starting from 2018, the Company has purchased liability insurance for all directors during their term in office within the scope of business in order to reduce and disperse the risk of major damage on the Company and its shareholders due to errors or negligence. At the 13th meeting of the 12th Board of Directors (held on November 6, 2023) and the 4th meeting of the 13th Board of Directors (held on November 11, 2024), the Company reported key details of the liability insurance coverage, including the insured amount (USD 5 million), coverage (all directors), premium rates, and the insurance period (covering the full years of 2023 and 2024).</p> | |
| <p>IX. Please specify the status of the improvements made based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified.</p> <p>(I) Improvements Made:</p> <ol style="list-style-type: none"> 1. According to the results of the 2023 (10th) Corporate Governance Evaluation, the Company has made the following key improvements: <ol style="list-style-type: none"> (1) On May 10, 2023, Vice President Lung-Chu Hung was appointed as the Corporate Governance Officer. (2) Additional investor conferences were convened to enhance communication with investors, holding corporate presentations on June 7, 2024, and November 15, 2024. (3) Conducted an external evaluation of the Board of Directors. | | | | |

Note 1:

| The situation of continuing education for the Board of Directors | | | | | | |
|--|---|---------------|------------|--|---|---------------------------------|
| Title | Name | Date of class | | Organizer | Title of class | Duration of Continued Education |
| | | from | Ended | | | |
| Chairman | Representative of TECO Electric & Machinery Co., Ltd.: Shang-Wei Kao | 2024/7/9 | 2024/7/9 | Taipei Exchange | AI Strategy and Governance | 3 |
| | | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| Director | Representative of TECO Electric & Machinery Co., Ltd.: Chwen-Jy Chiu | 2024/1/25 | 2024/1/25 | Taiwan Institute for Sustainable Energy | The 35th TCCS Board of Directors Meeting and CEO Lecture Hall | 2 |
| | | 2024/4/25 | 2024/4/25 | Taiwan Institute for Sustainable Energy | The 36th TCCS Board of Directors Meeting and CEO Lecture Hall | 2 |
| | | 2024/7/18 | 2024/7/18 | Taiwan Institute for Sustainable Energy | The 37th TCCS Board of Directors Meeting and CEO Lecture Hall | 2 |
| | | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| Director | Representative of TECO Electric & Machinery Co., Ltd.: An-Ping Liu | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| | | 2024/12/17 | 2024/12/17 | Business Development Foundation of the Chinese Straits | Current and Future of ESCO | 3 |
| Director | Representative of TECO Electric & Machinery Co., Ltd.: Cheng-Tseng Peng | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| | | 2024/12/17 | 2024/12/17 | Business Development Foundation of the Chinese Straits | Current and Future of ESCO | 3 |
| Director | Wen-Nan Chan | 2024/5/3 | 2024/5/3 | Independent Director Association | 2024 Global Economic Trends, Risk Indicators and Strategies | 3 |
| | | 2024/9/13 | 2024/9/13 | Independent Director Association | IFRS Sustainability Disclosure Standards and Global Net-Zero Trends | 3 |
| Director | Shao-Tang Lee | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| | | 2024/11/5 | 2024/11/5 | Securities and Futures Institute | Advanced Seminar for Directors and Supervisors (Including | 3 |

| | | | | | | |
|------------------------------|------------------|------------|------------|--|---|---|
| | | | | | Independents) on Opportunities and Challenges for Taiwan's Industrial Transformation Amid Geopolitical Tensions – Exclusive Analysis of PMI/NMI hosted by FSP Technology Inc. | |
| Independent Director | Wan-Ying Lin | 2024/6/3 | 2024/6/3 | Securities and Futures Institute | Institutional Investor Perspective Forum | 3 |
| | | 2024/8/14 | 2024/8/14 | Taiwan Corporate Governance Association | Smart Manufacturing Trends and Application for Digital Technology in Management | 3 |
| Independent Director | Cheng-Chiang Fan | 2024/9/24 | 2024/9/24 | Taiwan Corporate Governance Association | AI Applications, Law, and Audit | 3 |
| | | 2024/12/17 | 2024/12/17 | Business Development Foundation of the Chinese Straits | Current and Future of ESCO | 3 |
| Independent Director | James Chen | 2024/7/9 | 2024/7/9 | Taipei Exchange | AI Strategy and Governance | 3 |
| | | 2024/12/17 | 2024/12/17 | Business Development Foundation of the Chinese Straits | Current and Future of ESCO | 3 |
| Corporate Governance Officer | Lung-Chu Hung | 2024/4/17 | 2024/4/17 | Securities and Futures Institute | Economic Conditions and Market Opportunities in New Southbound Countries | 3 |
| | | 2024/4/19 | 2024/4/19 | Securities and Futures Institute | Corporate Financial Literacy – Behavioral Finance and Corporate Decision-Making | 3 |
| | | 2024/4/26 | 2024/4/26 | Securities and Futures Institute | 2024 Global and Taiwan Economic Outlook | 3 |
| | | 2024/5/9 | 2024/5/9 | Securities and Futures Institute | Economic and Financial Trends in Mainland China | 3 |

Note 2: Certified Public Accountant Assessment Checklist

| Assessment criteria | | Assessment results | Compliance of independence |
|------------------------|---|--------------------|---|
| I. Independence review | | | |
| 1 | Has the CPA, the spouse, or a minor child thereof invested in the Company or shared financial gains therewith? | No | After consulting with the CPAs and reviewing the status of the Company's investee companies, none of the circumstances listed on the left were found. |
| 2 | Has the CPA, the spouse, or a minor child thereof lent or borrowed funds to or from the Company? However, this does not apply if the client is a financial institution and the borrowing or lending is part of a normal business relationship. | No | After consulting with the CPAs and reviewing the Company's bookkeeping records, none of the circumstances listed on the left were found. |
| 3 | Has the CPA or members of the audit team thereof served as a director, manager, or a position with a material impact on the Company's audit case currently or within the last two years? | No | None of the Company's directors, key management personnel, or employees with a significant influence on audit matters, such as the President, Chief Operating Officer, or Chief Financial Officer (also serving as the Head of Accounting)—have ever held a position at PwC Taiwan. |
| 4 | Has the CPA or members of the audit team thereof advertised or brokered shares or other securities issued by the Company? | No | The Company is an OTC-listed company, and its shares have been listed and traded on the Taipei Exchange. None of the circumstances listed on the left apply. |
| 5 | Has the CPA or members of the audit team thereof represented the Company in the defense of legal cases or other disputes with third parties in addition to the business authorized by law? | No | None of the circumstances listed on the left was found. |
| 6 | Is the CPA or any member of the audit team thereof a spouse, lineal relative, lineal relative by marriage or relative within the second degree of kinship of any of the Company's directors, managers, or persons with a material impact on the audit case? | No | After consulting with the engagement manager of the audit service team, it was confirmed that neither the CPA nor any members of the audit service team were involved in any of the situations listed on the left. |
| 7 | Have any of the other practicing CPAs at the same firm who resigned within one year served as the Company's director, manager, or a position with a material impact on the audit case? | No | None of the Company's directors, key management personnel, or employees with a significant influence on audit matters, such as the President, Chief Operating Officer, or Chief Financial Officer (also serving as the Head of Accounting)—have ever held a position at PwC Taiwan. |
| 8 | Has the CPA or members of the audit team received gifts or special offers of significant value from the Company or its directors, managers, or major shareholders? | No | None of the circumstances listed on the left was found. |
| 9 | Is the CPA currently employed by the client or a party under investigation to do a regular | No | After reviewing the list of the Company's directors, Audit Committee members, and key |

| | | | |
|-----------------------------|--|-----|--|
| | job with a fixed salary or serve as a director or supervisor? | | executives, none of the situations listed on the left were identified. |
| Two. Review of independence | | | |
| 1 | Has the CPA been accused from projects with a direct or significant indirect interest in an audit project which affect the impartiality and independence thereof? | Yes | The CPA was engaged solely to audit and/or review the Company's financial statements as the attesting independent auditor. |
| 2 | When auditing or reviewing or performing an ad hoc review of the financial statements and rendering an opinion, does the CPA maintain nominal independence in addition to substantive independence? | Yes | |
| 3 | Do members of the audit team, other practicing CPAs at the same CPA firm, or shareholders of the same CPA firm, accounting firm, firms affiliated or associated with the CPA firm also maintain independence from the Company? | Yes | PwC Taiwan has, in each audit period, provided an independence declaration to the Company's governance body, the Audit Committee, in accordance with the requirements set forth in the Statements of Auditing Standards. |
| 4 | Does the CPA perform professional services with integrity and a meticulous attitude? | Yes | |
| 5 | Does the CPA maintain a fair and objective position when performing professional services without the professional judgment thereof affected by prejudice, conflicts of interest, or interests? | Yes | PwC Taiwan has, in each audit period, provided an independence declaration to the Company's governance body, the Audit Committee, in accordance with the requirements set forth in the Statements of Auditing Standards. |

(IV) Information on the Remuneration Committee members

1. Information on the Remuneration Committee members

| Qualifications | | Professional qualifications and experience | Independence status | Number of other public companies where a concurrent position as Remuneration Committee member is served |
|---------------------------------|------------------|---|---------------------|---|
| Identity | Name | | | |
| Independent Director (Convener) | Wan-Ying Lin | (1)For detailed disclosures on directors' qualifications and the independence of independent directors, please refer to the Annual Report, Section I, "Information on Directors, General Manager, Deputy General Managers, Assistant General Managers, Department Heads, and Branch Managers / 4. Directors' Professional | | 0 |
| Independent Director | Cheng-Chiang Fan | | | 0 |

| | | | |
|----------------------|------------|---|---|
| Independent Director | James Chen | Qualifications and Independence of Independent Directors”. (2)Compliance with the “Regulations Governing the Appointment of Independent Directors of Public Companies” Article 3 during the two years prior to their appointment and during their tenure (3)None of the three independent directors of the Company are involved in any of the circumstances described in Article 30 of the Company Act. | 0 |
|----------------------|------------|---|---|

2. Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for evaluating the remuneration policy and system of the Company’s directors and managers in a professional and objective manner while performing the duty of care as a good manager. It convenes at least two meetings a year and may hold meetings at any time as needed, to make suggestions to the Board of Directors as a reference during its decision-making process.

(1) Responsibilities of the Company’s Remuneration Committee

A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managers.

B. Periodically evaluate and prescribe the remuneration of directors and managers.

(2) When the Remuneration Committee performs its duties and exercises its powers, it shall proceed as per the standards below:

A. With respect to the performance assessment and remuneration of directors and managers of the Company, it shall refer to the typical pay levels adopted in the industry, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company’s business performance, and future risks.

B. Directors and managers shall not engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.

C. With respect to the time to distribute bonus in proportion to the short-term performance of directors and senior managers, or remuneration that is partially variable, the Company shall consider the characteristics of the industry and the nature of its business to decide the proper time to pay.

3. Information on the operations of the Remuneration Committee

(1) The Company’s Remuneration Committee consists of three members.

(2) The term of office of the current members: From May 30, 2024, to May 29, 2027. The Remuneration Committee convened 2 (A) meetings in 2024, and the qualifications and attendance of the members are summarized as follows:

| Title | Name | Actual attendance (B) | Attendance by proxy | Actual attendance (%) (B/A) (Note) | Notes |
|--------------------|-----------------|-----------------------|---------------------|------------------------------------|----------------------------|
| Convener and chair | Cheng-Kang Chen | 1 | 0 | 100% | Reelected on July 30, 2021 |
| Committee member | Jui-Tang Chang | 1 | 0 | 100% | Reelected on July 30, 2021 |
| Committee member | Yi-Bing Lin | 1 | 0 | 100% | Reelected on July 30, 2021 |

| Title | Name | Actual attendance (B) | Attendance by proxy | Actual attendance (%) (B/A) (Note) | Notes |
|--------------------|------------------|-----------------------|---------------------|------------------------------------|---------------------------|
| Convener and chair | Wan-Ying Lin | 1 | 0 | 100% | Reelected on May 30, 2024 |
| Committee member | Cheng-Chiang Fan | 1 | 0 | 100% | Reelected on May 30, 2024 |
| Committee member | James Chen | 1 | 0 | 100% | Reelected on May 30, 2024 |

Additional disclosure:

- I. If the Board of Directors did not adopt or amended the Remuneration Committee's suggestions, please specify the meeting date, term, content of the proposal, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions: None.
- II. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.
- III. The major matters communicated and the summary of the resolutions in 2024 are as follows:

| Date | Major matters communicated | Resolutions of the Remuneration Committee | Dealing with the opinion from the Remuneration Committee |
|---|--|---|--|
| The 3rd to 6th meeting of 2nd term (2024.02.16) | Results of the 2023 year-end bonuses and performance bonuses to be distributed to managers | Approved by all independent directors unanimously | Submitted to the Board meeting and approved by all directors present at the meeting. |
| | Proposal for distribution of 2023 employee compensation and remuneration of the directors | | |
| The 1st meeting of the 4th term (2024.05.30) | Election of the convener of the Company's 4th Remuneration Committee | | |

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

| Assessment criteria | Implementation status | | | Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|--|-----------------------|----|--|---|
| | Yes | No | Summary | |
| I. Has the Company established a governance framework for the promotion of sustainable development and a dedicated (or concurrent) unit to promote sustainable development, and has the Board of Directors authorized the senior management to handle matters, and does the Board of Directors supervise the implementation? | V | | <p>1. In January 2014, the Company established a dedicated unit, the "ESG Sustainable Development Promotion Group", with the General Manager as the convener, and a deputy convener and an executive secretary. Various functional groups were set up under the promotion group, and department heads were appointed as group leaders.</p> <p>2. The promotion team meets once every six months. Each team leader collects the suggestions and opinions of stakeholders and provides them to the executive secretary. The meetings discuss and make resolutions, which are finally submitted to the chairman for approval by the general manager. However, the team will continue to work on matters related to the company's sustainable development.</p> <p>3. Members of the Sustainability Promotion Group will jointly discuss and formulate a code of practice for sustainable development.</p> <p>4. The Secretary-General of the Sustainability Promotion Group will compile the contents and submit them to the Deputy Convener and Convener for review.</p> <p>5. After the convener reviews and agrees, it will be approved by the chairman and submitted to the board of directors.</p> <p>6. Announced and implemented by the convener of the ESG Sustainability Promotion Group.</p> | We will proceed in accordance with relevant laws and regulations when there are legal requirement or practical needs. |
| II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operations and establish relevant risk management policies or strategies based on the principle of materiality? | V | | The Company formulates annual business strategies and management guidelines at regular internal management meetings based on the characteristics of the Company's industry, social conditions, sustainable development trends, and domestic and international competitors' actions, and we supervise each operating unit through regular internal management meetings and the annual self-evaluation work to reduce the impact of risks on the Company. | No major deviations. |
| III. Environmental issues (I) Does the Company establish an appropriate environmental management system based on its industrial characteristics? | V | | (I) The Company's environmental management is handled in accordance with relevant laws and regulations as well as the policies launched by government agencies. | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|--|-----------------------|----|---|---|
| | Yes | No | Summary | |
| (II) Does the Company endeavor to upgrade the efficiency of energy use and use environmentally friendly materials? | V | | (II) We actively implement various energy reduction measures and select equipment with high energy efficiency and energy-efficient designs to reduce the energy consumption of our business operations and products. The Company has adopted an electronic approval process for some forms. Through paperless management, the amount of paper used is reduced so as to achieve the purpose of energy conservation, carbon reduction, and greenhouse gas reduction. | No major deviations. |
| (III) Has the Company evaluated the potential risks and opportunities arising from climate change now and in the future and taken relevant countermeasures? | V | | (III) The Company has adopted LED lights for the lighting in all offices, set up waste battery recycling bins, and conducts waste sorting to recycle resources, so as to save energy and reduce carbon emissions while alleviating the impact of operating activities on climate change. | No major deviations. |
| (IV) Has the Company made statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water reduction, or other waste management? | | V | (IV) The Company is not in the manufacturing industry, so it does not have statistics on relevant data, but it reviews water and electricity consumption regularly, while adopting electronic forms to reduce paper consumption, implementing waste sorting to recycle resources, and continuing to promote environmental protection and energy conservation and carbon reduction. | In the future, the Company will formulate relevant policies according to the needs. |
| IV. Social issues | | | | |
| (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights? | V | | (I) To fulfill our corporate social responsibility and protect the basic human rights of all our employees and stakeholders, we, following the United Nations Universal Declaration of Human Rights and other international conventions, implement human rights protection work in alignment with the spirit and principles of these conventions. We prohibit any form of sexual harassment, discrimination, and threats of violence. We ensure that our employment policy is non-discriminatory and prohibits child labor. We offer a fair and reasonable salary system. We provide a safe and healthy work environment, implement human rights protection, and comply with the local labor laws and | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|--|-----------------------|----|--|---|
| | Yes | No | Summary | |
| (II) Has the Company established and implemented proper employee benefit measures (including salary, leave, and other benefits) and does it reflect the corporate business performance or achievements in the employee remuneration? | V | | regulations where the Company is located. (II) The Company has set up a welfare committee, and has set out policies for benefits, including reasonable salary and remuneration and employee leave, and a well-defined and effective reward and punishment system. Performance management is implemented through a performance evaluation system, and the evaluation results are used as the basis for salary adjustment or the distribution of bonuses. | No major deviations. |
| (III) Does the Company provide employees with a safe and healthy work environment, and provide employees with regular safety and health education? | V | | (III) The Company provides a spacious, bright, excellent and safe working environment, and regularly organizes employee health examinations and monthly on-site nursing staff to provide related health consulting services. | No major deviations. |
| (IV) Has the Company established an effective career development and training program for employees? | V | | (IV) The Company has planned complete competence training for managers and employees at all levels, including new employee training, professional advanced training, supervisor training, and external training courses required for work, to help our employees continue to learn and grow through diverse learning methods. In regular performance interviews, supervisors and employees discuss and set out individual annual work development plans and goals and regularly review the plans and provide feedback, to help them formulate the most suitable development plans. | No major deviations. |
| (V) Does the Company comply with relevant laws and international standards with regard to customers' health, safety and privacy, marketing, and labeling for its products and services and has it established relevant policies and complaint procedures to protect customers' rights? | V | | (V) The Company has set up a dedicated section for stakeholders and a channel for complaints and messages from the general public on its website. Any opinions or needs can be sent to the head of the human resources unit through a service hotline, website, or e-mail, and personnel of relevant units will actively understand the issues and respond appropriately. | No major deviations. |

| Assessment criteria | Implementation status | | | Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|---|-----------------------|----|--|---|
| | Yes | No | Summary | |
| (VI) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on issues of environmental protection, occupational safety and health, or labor rights. What is the status of its implementation? | | V | (VI) The Company has not yet formulated relevant provisions for supplier management but will assess whether a supplier has a record of impacting the environment and society before doing business with it as appropriate, and will avoid doing business with any parties who are in conflict with the Company's corporate social responsibility policy in accordance with the Company's Sustainable Development Best-Practice Principles. | No major deviations. |
| V. Has the Company stipulated standards or guidelines for the preparation of reports according to internationally accepted reports, and does it prepare sustainability reports and other reports for disclosing non-financial information of the Company? Are the aforesaid reports assured or certified by a third-party verification agency? | V | | In 2014, the Company prepared the 2013 Sustainability Report, which discloses the company's non-financial information, with reference to internationally accepted reporting standards or guidelines. The above-mentioned report has obtained the confirmation or guarantee opinion of the third-party verification unit Grey International Verification Co., Ltd. and the relevant information has been disclosed in the sustainable development section of the company's website. | No major deviations. |
| VI. Where a 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 specify the difference between its operations and the principles formulated: The Company has established its own Sustainable Development Best-Practice Principles, and there are no significant differences between the internal operations and what is stipulated in the principles. | | | | |
| VII. Other important information that facilitates the understanding of the promotion of sustainable development: The Company operates in accordance with laws and regulations and discloses relevant information on its official website: https://www.itts.com.tw/zh-tw/csr/csr-implementation . | | | | |

Implementation status of climate-related information

| Item | Implementation status | | | |
|--|--|--|--|--|
| 1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities. | The Company has established a Sustainable Development Team, which meets at least once per quarter and reports its implementation status to the Board of Directors. The responsibilities of the Sustainable Development Team include reviewing the Company's sustainability plans and monitoring and evaluating their implementation effectiveness. The team is chaired by the President, who reports regularly to the Chairman on policy execution, progress tracking, and risk management. The Team is composed of members from key support functions, including various business divisions, human resources, and the finance department, and is responsible for implementing routine sustainability initiatives. | | | |
| 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | | | | |
| | Risk factor | Financial and operational impact | Impact period | Countermeasure: |
| | Increased severity and frequency of extreme weather events (e.g., typhoons, heavy rain, droughts) | <ul style="list-style-type: none"> · Disruption of IT network systems or risk of injury/fatality. · Supply chain interruptions and operational downtime. | Short-term | Short-term: Monitor weather updates in real time, simulate potential disaster scenarios, and conduct emergency drills. Medium-term: Establish off-site backup systems and disaster recovery drills. |
| | Risks related to global temperature rise | <ul style="list-style-type: none"> · Increased demand for air conditioning to maintain data center cooling. · Power restrictions may lead to higher operating costs. | Medium-term | Short-term: Reduce unnecessary electricity usage and promote energy-saving practices among employees. Medium-term: Long-term: Look for strategies for stable energy supply. |
| Development of carbon inventory and management products | Increased demand for carbon inventory related solutions | Long-term | Conduct industry analysis and develop customized solutions to help clients in various sectors comply with regulatory requirements. | |

| | Opportunity factor | Financial and operational impacts | Impact period | Countermeasure: |
|--|--|-----------------------------------|---|-----------------|
| 3. Describe the financial impact of extreme weather events and transformative actions. | Risk factor | | Financial impact | |
| | Impact of extreme weather events (e.g., typhoons, heavy rainfall, droughts) | | Operational disruptions caused by extreme weather may lead to temporary shutdowns of business sites and damage to equipment, resulting in operational downtime. | |
| | Impact of transformative actions | | The transition to a low-carbon economy may involve significant changes in policies, regulations, technologies, and markets. In response to market demands, carbon management and pricing strategies may increase operating costs. | |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | Climate risk identification and assessment are carried out by senior managers of relevant departments, with reference to the TCFD recommendations. These managers identify and analyze risks, formulate mitigation measures, and review existing internal policies and rules accordingly. | | | |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | As of the publication date of this annual report, the Company has not yet conducted scenario analysis to assess resilience against climate-related risks. Should relevant analysis be conducted in the future, the results will be disclosed in the annual report. | | | |
| 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | As of the publication date of this annual report, the Company has not yet developed a transition plan in response to climate-related risks. If a transition plan is adopted in the future, details will be disclosed in the annual report, including relevant indicators and targets used to identify and manage physical and transition risks. | | | |
| 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | The Company plans to adopt internal carbon pricing as a planning tool following completion of greenhouse gas assurance in 2025, in accordance with applicable regulatory requirements. | | | |
| 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. | As of the publication date of this annual report, the Company has not yet set any climate-related targets. Should such targets be established in the future, the annual report will include disclosures on the covered activities, GHG emission scopes, timeline, annual progress, and, if applicable, the sources and quantities of carbon offsets or Renewable Energy Certificates (RECs) used to meet these targets. | | | |
| 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below). | The Company is a subsidiary included in the consolidated financial statements of TECO Electric & Machinery Co., Ltd. (stock code: 1504), which is a listed company with paid-in capital exceeding NT\$10 billion. According to the FSC's Sustainability Roadmap, the parent company is required to disclose GHG inventory information for its consolidated subsidiaries starting in 2025. In accordance with this regulation, the Company plans to complete its GHG inventory in 2025. | | | |

Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

1. The parent company shall begin greenhouse gas (GHG) inventorying in 2023 and complete third-party assurance in 2024.

| | | 2024 | |
|---|-----------------------------------|---------------------------------------|--|
| | | Emissions (tons CO ₂ e) | Intensity (tons CO ₂ e / NT\$ million in revenue) |
| The Company | Scope 1 Direct GHG Emissions | 12.6529 | |
| | Scope 2 Indirect GHG Emissions | 596.6746 | |
| | Subtotal | 609.3275 | |
| All subsidiaries included in the financial statements | Scope 1 Direct GHG Emissions | Information not yet available | |
| | Scope 2 Indirect GHG Emissions | Information not yet available | |
| | Subtotal | - | |
| Total | | 609.3275 | |

2. The Company began greenhouse gas (GHG) inventorying in 2024 and planned to complete third-party assurance in 2025.

1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

In accordance with 9. “Implementation status of the climate-related disclosure”, the Company, as a subsidiary included in the parent company’s consolidated financial statements, plans to complete assurance by 2025 in line with the parent company’s assurance schedule.

(VI) Implementation of ethical management and deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|---|-----------------------|----|---|--|
| | Yes | No | Summary | |
| I. Establishment of the ethical management policy and program | | | | |
| (I) Has the Company formulated an ethical management policy approved by the Board of Directors and clearly indicated the ethical management policy and practice in rules and external documents? Are the Board of Directors and the senior management committed to implementing said policy actively? | V | | (I) The Company adheres to the concept of sustainable development, and the board of director has formulated the Ethical Corporate Management Best-Practice Principles and the Code of Ethical Conduct, both of which have been disclosed on the Company’s website. The Board of Directors approved the formulation the Ethical Corporate Management Best-Practice Principles and the Code of Ethical Conduct on August 8, 2018, and the amendments to the Ethical Corporate Management Best-Practice Principles on August 13, 2019, for board members, the management, and employees to follow. The regulations are announced and promoted inside the Company, and the Board of Directors and the management are committed to putting them into practice actively. | No major deviations. |
| (II) Has the company established a risk assessment mechanism against unethical conduct? Does it analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct? Has it established a prevention program accordingly with the inclusion of the preventive measures against each behavior specified in Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies? | V | | (II) The Board of Directors, on August 13, 2019, passed a resolution to amend the Ethical Corporate Management Best-Practice Principles, which clearly set out a business activity evaluation mechanism for the risk of unethical conduct, covering the preventive measures for the conduct under Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies (1. Offering and accepting bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorships. 4. Offering or accepting unreasonable presents, hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or | No major deviations. |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|---|-----------------------|----|---|--|
| | Yes | No | Summary | |
| (III) Has the Company specified the operating procedures, behavior guidelines, disciplinary actions for violation, and complaint system in the prevention program for unethical conduct, and implemented the program accordingly? Does the Company review and modify the program mentioned above regularly? | V | | (III) On the Procedures for Ethical Management and Guidelines for Conduct of the Company, its establishment was approved by board resolution on August 8, 2018, its first amendment was approved by the board meeting on June 27, 2022. The Procedures clearly stipulate that employees may not directly or indirectly offer, promise, request, or accept any illegitimate benefits, nor commit other unethical acts, such as breach of good faith, illegality, or breach of fiduciary duty, to obtain or maintain interests. We also offer education and training to enable our directors, managers, and employees to understand the details and duly comply with the rules. For violations of the Company's ethics and integrity policy, regardless of job titles, the Company will take disciplinary actions in accordance with the Employee Reward and Punishment Measures, and employees are provided with channels for complaints to deal with opinions of unfair and unreasonable treatment. | No major deviations. |
| II. Implementation of ethical corporate management (I) Does the Company assess counterparties' records of ethical conduct and specify ethical conduct clauses in the contracts it signs with counterparties? | V | | (I) The Company's Ethical Corporate Management Best-Practice Principles clearly state that it shall avoid engaging in business transactions with agents, suppliers, customers, or other counterparties who do not operate in good faith. If any business counterparty or partner is found to have unethical conduct, the Company's employees shall stop doing business with them immediately and blacklist them in order to implement the Company's ethical corporate management policy. | No major deviations. |
| (II) Has the Company established | V | | (II) The Company's Human Resource | No major |

| Evaluation item | Implementation status | | Summary | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|--|-----------------------|----|--|--|
| | Yes | No | | |
| a dedicated unit under the Board of Directors to promote ethical corporate management and to report on the ethical management policy, prevention program of unethical conduct, and status of supervision to the Board of Directors regularly (at least once a year)? | | | Department is a concurrent unit in charge of ethical corporate management and works to raise the Board of Directors' and internal personnels' awareness of this policy from time to time, and the audit unit regularly reports on the status of supervision of the implementation to the Board of Directors. | deviations. |
| (III) Has the Company formulated policies to prevent conflicts of interest, and does it provide appropriate channels for opinions and implement them accordingly? | V | | (III) The Ethical Corporate Management Best-Practice Principles and the Code of Ethical Conduct clearly define the conflict of interest policies and the circumstances/criteria for conflicts. Relevant personnel are required to recuse themselves when a conflict of interest occurs. They are also requested to proactively and fully inform their supervisors and the top-level manager in human resources, or the Board of Directors when they are aware of or face similar circumstances. | No major deviations. |
| (IV) Has the Company established an effective accounting system and internal control system to implement ethical management and drafted relevant audit plans based on the risk assessment results of unethical conduct by the internal audit unit? Is the compliance of the prevention program for unethical conduct audited accordingly by the internal audit unit or CPAs appointed? | V | | (IV) To ensure the implementation of ethical management and ensure the correctness of accounting and financial processes and the effectiveness of internal control, the Company has established the Audit Committee to supervise the Financial and Management Center during the management of financial risks in real time. The Audit Office considers five elements of compliance and internal control and proposes an audit plan for the following year after assessing the Company's risks at all levels under the existing organizational structure based on the Company's strategic goals and its past audit experience. It reports on the quarterly audits in the quarterly Audit Committee and board meetings. We conduct self-assessments of the internal control system of each business division and important affiliates in the fourth quarter of each year, and compile the results of the self-assessments of the internal control system in the first quarter of the following year and then report them to the Audit Committee and the Board of Directors, to examine the management team's control over the internal and external environmental risks, business divisions' control over the operational risk, as well as the | No major deviations. |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|---|-----------------------|----|--|--|
| | Yes | No | Summary | |
| (V) Does the Company regularly organize internal and external education and training on ethical corporate management? | V | | effectiveness of the design and implementation of the internal control system. (V) The Company regularly organizes internal education and training courses, such as training for new employees and new supervisors every year, while keeping them informed of the important contents of the Ethical Corporate Management Best-Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct and regularly holding meetings to raise employees' awareness to allow them to better understand our ethical management policy and relevant regulations. | No major deviations. |
| III. Implementation status of the whistleblowing system (I) Has the Company formulated a specific whistleblowing and reward system, and established an accessible whistleblowing channel, while designating personnel to be responsible for investigating accused parties? | V | | (I) For our whistleblowing system, we have established the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct, to stipulate the principles of integrity in the conduct of business and the codes of conduct. If an employee discovers suspected unethical behavior, they have the responsibility to raise a warning immediately. We also have a reporting e-mail (integrity@itts.com.tw) and a hotline in place for employees, outsiders, or suppliers to directly report any illegitimate practices in finance, law, or ethics. The Audit Office is responsible for accepting and handling such reports. | No major deviations. |
| (II) Has the Company formulated standard operating procedures for the investigation of the matters reported, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms? | V | | (II) Articles 3 and 4 of the Company's Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct set out the reporting channels and handling procedures, the standard operating procedures for the investigation of reports, and the subsequent measures to be taken after an investigation is completed, and Article 4, paragraph 5 of the procedures specify a confidentiality mechanism that the Company shall handle whistleblowers or the persons involved in the investigation and the contents thereof in a confidential and prudent manner. | No major deviations. |
| (III) Does the Company take | V | | (III) Article 4, paragraph 5 of the Company's | No major |

| Evaluation item | Implementation status | | | Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof |
|---|-----------------------|----|--|--|
| | Yes | No | Summary | |
| measures to protect whistleblowers from being improperly handled due to whistleblowing? | | | Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct specifies a whistleblower protection mechanism, under which the Company shall protect whistleblowers or the persons involved in the investigation and the contents thereof, and strictly prohibit any form of unfair treatment or retaliation against those who make reports in good faith or assist with the investigation. | deviations. |
| IV. Enhancing information disclosure Does the Company disclose on its website and the MOPS the content and effectiveness of implementation of its Ethical Corporate Management Best-Practice Principles? | V | | The Company has explicitly disclosed its ethical management philosophy on its website. Regarding the Company's investor relations and stakeholders' rights and interests, the Company maintains open communication channels at all times, leverages the spokesperson mechanism, and immediately publishes public information on the MOPS in line with the principle of integrity to maintain investor relations and to safeguard stakeholders' rights and interests while disclosing the Company's implementation of ethical management and the measures adopted in the annual report. | No major deviations. |
| V. Where a company has established its own Ethical Corporate Management Best-Practice Principles in accordance with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between its operations and the principles formulated: The Company has established its own Ethical Corporate Management Best-Practice Principles, and there are no significant differences between the internal operations and what is stipulated in the principles. | | | | |
| VI. Other important information to facilitate better understanding of the Company's ethical corporate management: The Company complies with the Company Act, the Securities and Exchange Act, the regulations of the Taiwan Stock Exchange and Taipei Exchange, and relevant laws and regulations as the basis for duly implementing ethical management. It is forbidden to commit unethical acts with transaction counterparties in the ordinary course of business. The Company has amended the Ethical Corporate Management Best-Practice Principles on August 13, 2019, and amended the Procedures for Ethical Management and Guidelines for Conduct on June 27, 2022. | | | | |

(VII) Other important information to facilitate better understanding of the status of corporate governance shall be disclosed together:

The Company's important information is announced on the MOPS in accordance with the regulations of the competent authority.

(VIII) Implementation of the internal control system:

1. Statement on the Internal Control System

The Company has published its Statement on Internal Control on the Market Observation Post System (MOPS) under the "Corporate Governance" section, within the subsection for Internal Control Statements, for public inquiry.

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: None.

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

| Shareholders' meeting/board meeting | Date | Important resolutions |
|-------------------------------------|------------|--|
| Board of Directors | 2024/05/06 | <ol style="list-style-type: none"> 1.Consolidated financial statements for the first quarter of 2024 2.Amendments to the Company's "Articles of Association for Audit Committee" |
| Shareholders' Meeting | 2024/05/30 | <p>Management Presentation:</p> <ol style="list-style-type: none"> 1. 2023 Business Report 2. 2023 Audit Committee's Review Report. 3. Report on the distribution of employee compensation and the remuneration of directors for 2023. 4. Report on 2023 earnings distribution of cash dividends. 5. Partial amendment to the "Rules of Procedure for Board of Directors' Meetings." <p>Proposals:</p> <ol style="list-style-type: none"> 1. 2023 Business Report and Financial Statements. 2. Distribution of Earnings for 2023. <p>Issues in Election:</p> <ol style="list-style-type: none"> 1. Proposal for reelection of the directors of the 13th board of the Company. <p>Issue to be discussed:</p> <ol style="list-style-type: none"> 1. Proposal for partial amendments to the Company's Articles of Incorporation. 2. Proposal to lift the non-competition restrictions on the newly elected directors and representatives. |
| Board of Directors | 2024/08/09 | <ol style="list-style-type: none"> 1.Consolidated financial statements for the second quarter of 2024 2. Proposal for investment in Perpetual Bond |
| Board of Directors | 2024/11/11 | <ol style="list-style-type: none"> 1.Consolidated financial statements for the third quarter of 2024 2.New of borrowing facilities from financial institutions 3.Establishment of the Sustainable Information Management Operations 4.Partial amendments to the Company's "Implementation Rules for Internal Audits" 5.The Company's contract transaction amount exceeds the approval authority and is submitted for discussion. |
| Board of Directors | 2024/12/18 | <ol style="list-style-type: none"> 1.The 2025 budget plan 2.Approval of the 2025 audit plan 3. Proposal for evaluation of independence and competence of |

| Shareholders' meeting/board meeting | Date | Important resolutions |
|-------------------------------------|-----------|--|
| | | <p>the Company's CPAs and appointment thereof</p> <p>4. Proposal for appointment and remuneration of CPAs for 2025</p> <p>5. Proposal for renewal of borrowing facilities from financial institutions in 2025</p> |
| Board of Directors | 2025/2/24 | <p>1. 2024 Statement on the Internal Control System</p> <p>2. 2024 Business Report and Financial Statements</p> <p>3. Distribution of earnings for 2024</p> <p>4. Proposal for distribution of 2024 employee compensation and remuneration of the directors</p> <p>5. Proposal for partial amendments to the Company's Articles of Incorporation</p> <p>6. Proposal for the date, location and reason for convening 2025 general shareholders' meeting</p> |

2. Implementation of the resolutions by the 2024 general shareholders' meeting (May 30, 2024):

| Number | Resolution | Implementation status |
|--------|---|---|
| 1 | Ratification of the 2023 Business Report and Financial Statements. | * The number of votes in favor of this proposal accounted for 99.57% of the total voting rights of shareholders present, and this proposal was passed as proposed. |
| 2 | Ratification of the 2023 earnings distribution statement, with a cash dividend of NT\$2.2 per share to be paid out. | <p>1. The number of votes in favor of this proposal accounted for 99.57% of the total voting rights of shareholders present, and this proposal was passed as proposed.</p> <p>2. The ex-dividend record date was April 5, 2024, and the cash dividends were paid out on April 25, 2024.</p> |
| 3 | Approval of the amendments to the Articles of Incorporation | <p>1. The number of votes in favor of this proposal accounted for 99.58% of the total voting rights of shareholders present, and this proposal was passed as proposed.</p> <p>2. The amendments to the Articles of Incorporation were registered per Approval Letter Fu-Chan-Ye-Shang-Zi No. 11350280800 dated May 30, 2024, from the Department of Commerce, Ministry of Economic Affairs.</p> |
| 4 | Proposal to lift the non-competition restrictions upon the newly elected directors and representatives | * The number of votes in favor of this proposal accounted for 99.50% of the total voting rights of shareholders present, and this proposal was passed as proposed. |

(X) Directors or supervisors who had different opinions on important resolutions passed by the Board of Directors in the most recent year and as of the date of publication of the annual

report for which there is a record or declaration in writing: N/A.

IV. Information on CPA Fees

(I) Information on CPA Fees

Unit: NTD thousand

| Accounting firm name | Name of CPA | Audit period | Audit fees | Non-audit fees | Total | Remarks |
|----------------------------------|----------------|--------------|------------|----------------|-------|---------|
| PricewaterhouseCoopers Taiwan | Ping-Chun Chih | 2024 | 1,590 | 50 | 1,640 | |
| | Tsung-Hsi Lai | | | | | |

(II) If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurred are less than the audit fees paid in the previous year, the amount of the audit fees before and after the replacement and the reason thereof shall be disclosed: N/A.

(III) If the audit fees paid decreased by at least 10% compared with those in the previous year, the amount, proportion, and reason for the decrease of the audit fees shall be disclosed: N/A.

V. Information on the replacement of CPAs: N/A.

VI. Information on CPA Firms or Their Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Were Employees in the Most Recent Year: N/A.

VII. Transfers and Pledges of Stock Equity by Directors, Managers, and Shareholders Holding over 10% of the Company's Shares in the Most Recent Year and as of the Date of Publication of the Annual Report:

(I) Changes in the equity of directors, managers, and major shareholders

Please refer to the company's basic information on the public information observation station → Directors, Supervisors, and Major Shareholders' Shareholding, Pledge, and Transfer Zone for information from January to December 2014 and from January 2015 to the date of publication of the annual report.

(II) Information on share transfers: N/A.

(III) Information on equity pledges: N/A.

VIII. Information on the Relationships Among Top Ten Shareholders

March 31, 2025 Unit: Share; %

| Name | Own shareholding | | Shareholdings of spouse and underage children | | Total shareholding in names of others | | Relationship characterized as spouse or relative within the second degree of kinship or closer among the top ten shareholders | | Notes |
|---|------------------|-------------------------|---|-------------------------|---------------------------------------|-------------------------|---|---|-------|
| | Number of shares | Shareholding Percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Name of entity or individual | Relationship | |
| TECO Electric & Machinery Co., Ltd. Representative: Morris Li | 11,467,248 | 41.97% | - | - | - | - | Tong-An Investment Co., Ltd. | Shareholder with a shareholding of 99.6% | |
| Advantech Investment Co., Ltd. Representative: Ke-Chen Liu | 3,480,273 | 12.74% | - | - | - | - | - | - | |
| Tong-An Investment Co., Ltd. Representative: Mao-Hsiung Huang | 1,841,250 | 6.74% | - | - | - | - | TECO Electric & Machinery Co., Ltd. | Company with 99.6% of its shares held by other entities | |
| Shang-Wei Kao | 455,000 | 1.67% | 40,000 | 0.15% | - | - | - | - | |
| Dong He International Investment Co., Ltd. Representative: Hsuan-Yi Wu | 450,000 | 1.65% | - | - | - | - | - | - | |
| Li-Yu Sung | 360,000 | 1.32% | - | - | - | - | - | - | |
| Su-Chin Wang | 151,000 | 0.55% | - | - | - | - | - | - | |
| ITTS Employee Stock Ownership Trust Account under the custody of Taishin International Bank | 129,948 | 0.48% | - | - | - | - | - | - | |
| Ji-Wen Tseng | 107,000 | 0.39% | - | - | - | - | - | - | |
| China Television Company, Ltd. Representative: Hsueh-Chu Hu | 101,250 | 0.37% | - | - | - | - | - | - | |

IX. The Number of Shares Held by the Company, Directors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Consolidated Shareholding Percentage:

December 31, 2024/Unit: Thousand shares; %

| Investee enterprise (Note) | Invested by the Company | | Held by directors, supervisors, managers, and businesses directly or indirectly controlled | | Total investment | |
|---|-------------------------|--------------------|--|--------------------|------------------|--------------------|
| | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio |
| Tension Envelope Taiwan Corporation | 2,500 | 50% | - | - | 2,500 | 50% |
| Unison Service Corporation | 1,700 | 100% | - | - | 1,700 | 100% |
| Universal Mail Service Ltd. | 1,560 | 100% | - | - | 1,560 | 100% |
| ITTS (BVI) | 1,541 | 100% | - | - | 1,541 | 100% |
| Information Technology (Wuxi) Co., Ltd. | - | - | Note 2 | 100% | Note 2 | 100% |

Note 1: It is the investment accounted for using the equity method of the Company.

Note 2: Capital contribution amounted to USD 300 thousand /NTD 10,167 thousand.

Three. Implementation of the Capital Utilization Plan and status of Fundraising

I. Capital and Shares

(I) Source of share capital

1. Formation process of share capital

Unit: NTD thousand; Thousand shares

| Month/ Year | Issue price | Authorized share capital | | Paid-in capital | | Notes | | |
|----------------|-------------|--------------------------|---------|------------------|---------|--|--|--------|
| | | Number of shares | Amount | Number of shares | Amount | Source of share capital | Offset by any property other than cash | Others |
| 1990.12 | 10 | 8,100 | 81,000 | 4,050 | 40,500 | Founding capital | N/A | Note 1 |
| 1997.08 | 10 | 8,100 | 81,000 | 7,350 | 73,500 | Capital increase in cash by NT\$33,000 thousand | N/A | Note 1 |
| 1997.08 | 10 | 8,100 | 81,000 | 1,470 | 14,700 | Capital reduction by NT\$58,800 thousand | N/A | Note 1 |
| 1999.09 | 10 | 20,000 | 200,000 | 18,057 | 180,570 | Capital increase in cash by NT\$165,870 thousand | N/A | Note 1 |
| 2000.04 | 10 | 20,000 | 200,000 | 19,999 | 199,990 | Capital increase in cash by NT\$19,420 thousand | N/A | Note 2 |
| 2018.07 | 13.31 | 40,000 | 400,000 | 20,337 | 203,371 | Capital increase from employee remuneration by NT\$4,500 thousand | N/A | Note 3 |
| 2019.05 | 29 | 40,000 | 400,000 | 25,421 | 254,213 | Capital increase in cash from ordinary shares via private placement by NT\$ 50,842 thousand | N/A | Note 4 |
| 2020.02 | 42.6 | 40,000 | 400,000 | 27,323 | 273,233 | Capital increase in cash for first-time listing on the Taipei Exchange by NT\$ 19,020 thousand | N/A | Note 5 |

Note 1: It is not a change in the share capital over the last five years, so the effective date and document number of the capital increase or reduction are not indicated.

Note 2: Approved per Letter Jing-(089)-Shang No. 113713 on May 4, 2000.

Note 3: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10751350700 dated July 20, 2018.

Note 4: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10849950600 dated May 21, 2019.

Note 5: Approved per Letter Fu-Chan-Ye-Shang-Zi No. 10945051720 dated February 17, 2020.

2. Total number of shares

March 31, 2025/Unit: Share

| Type of share | Authorized capital | | | Remarks |
|-----------------|---------------------------|-----------------|------------|-------------------------------------|
| | Outstanding shares (Note) | Unissued shares | Total | |
| Ordinary shares | 27,323,364 | 12,676,636 | 40,000,000 | Stock listed on the Taipei Exchange |

Note: The Company's board of directors resolved to arrange private placement of 5,084,273 shares over-the-counter on August 11, 2022.

The Taipei Exchange approved the application and it went into effect on October 26, 2022. The shares have been

publicly traded since November 9, 2022.

(II) Major shareholders

March 31, 2025/Unit: Share; %

| Shares | Number of shares held | Shareholding percentage |
|---|-----------------------|-------------------------|
| Name of major shareholder | | |
| TECO Electric and Machinery Co., Ltd. | 11,467,248 | 41.97% |
| Advantech Co., Ltd. | 3,480,273 | 12.74% |
| Tong-An Investment Co., Ltd. | 1,841,250 | 6.74% |
| Shang-Wei Kao | 455,000 | 1.67% |
| Dong He International Investment Co., Ltd. | 450,000 | 1.65% |
| Li-Yu Sung | 360,000 | 1.32% |
| Su-Chin Wang | 151,000 | 0.55% |
| ITTS Employee Stock Ownership Trust Account under the custody of Taishin International Bank | 129,948 | 0.48% |
| Ji-Wen Tseng | 107,000 | 0.39% |
| China Television Company, Ltd. | 101,250 | 0.37% |

(III) The Company's Dividend Policy and Implementation

1. Dividend policy stipulated in the Company's Articles of Incorporation

If the Company has earnings upon the annual account settlement, an amount shall be first allocated for tax payments and for making up accumulated losses in accordance with law. Then, 10% shall be set aside as legal reserve, provided that the legal reserve shall no longer be appropriated if the legal reserve reaches the total amount of the Company's paid-in capital. In addition, a special surplus reserve shall be set aside or reversed in accordance with the regulations of the competent authority. If there is any remaining balance, the undistributed surplus of the previous year shall be added up, and the Board of Directors shall formulate a surplus distribution proposal. The stock dividend proposal shall be submitted to the shareholders' meeting for resolution and distribution. For the cash dividend distribution proposal, the Board of Directors is authorized to make the distribution with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present. The distribution shall be reported to the shareholders' meeting.

The Company shall duly conform to the overall environment, the characteristics of industrial development, and the long-term financial plan of the Company to ensure sustainable development and stable business management. The Company's dividend policy is based on the Company's capital budget to measure annual capital needs. The Company shall retain the working capital required for financing before allocating the balance of the earnings for cash dividends and stock dividends. The allocation process is set forth below:

- (I) Determine the optimal budget for capital.
- (II) Determine the amount of working capital required for said budget.
- (III) Determine the amount of retained earnings for the working capital.
- (IV) After determining an appropriate sum to be reserved to meet the needs for business operations, the balance of the earnings may be distributed to shareholders by means of dividends. The balance to be distributed shall not be less than 10% of the cumulative amount of distributable earnings in that year.

The amount of cash dividend shall, nevertheless, not be less than 10% of the dividend to be distributed.

2. The situation of the distribution of shareholders' dividends for this year:

The Company's Board of Directors has on February 24, 2025, approved the allocation of cash dividends to shareholders from the 2024 distributable earnings at NT\$57,379,064, for NT\$2.10 per share. The Chairman is authorized to set the ex-dividend record date and the date of distribution.

(IV) The impact of the stock dividends proposed by the shareholders' meeting on the Company's operating performance and earnings per share: N/A.

(V) Employee compensation and directors' remuneration

1. The percentage or scope of employee compensation and directors' remuneration as stated in the Company's Articles of Incorporation:

According to the Company's profitability of the current year, 1% to 10% of the earnings shall be appropriated as employee compensation. The remuneration to directors shall not exceed the maximum limit of 5%.

2. The basis of estimating the amount of employee compensation and directors' remuneration for the current period, the basis for calculating the quantity of stock dividends to be allocated, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof:

After the end of the year, if there is a significant change in the amount to be distributed as resolved by the board of directors before the release of the consolidated financial statements, the change shall be adjusted to the original annual amount. If there is any change to the amount after the release of the consolidated financial statements, it will be handled as changes in accounting estimates, and adjusted and accounted for in the following year.

3. Information on distribution of bonuses resolved by the board of directors:

(1) Employee compensation and directors' remuneration distributed in cash or stock:

The Company's proposal for 2024 employee compensation and directors' remuneration was passed by the board of directors on February 24, 2025. The director's remuneration is in the amount of NT\$4,612 thousand while the employee compensation is in the amount of NT6,464 thousand, which are no different from the estimated figures in the financial statements.

(2) The ratio of the amount of employee compensation distributed in shares to the total net income after tax and employee compensation for the current period: N/A.

(3) Imputed earnings per share for the proposed employee compensation and directors' remuneration: N/A.

4. The actual distribution of employee compensation and directors' remuneration in the prior year (including the number of shares distributed, amount, and share price), the difference between the actual distribution and the estimated figures, if any, as well as reason and treatment thereof:

(1) The actual distribution of employee compensation and directors' remuneration in the prior year:

Unit: NTD thousand

| | The amount approved by the board of directors | The amount approved by the shareholders' meeting | Number of shares | Share price |
|--------------------------------|---|--|------------------|-------------|
| Employee compensation – cash | 6,889 | 6,889 | - | - |
| Directors' remuneration – cash | 4,918 | 4,918 | - | - |
| Total | 11,807 | 11,807 | | |

(2) There is no difference between the actual distribution and the amounts recognized in the statements.

(IX) Repurchase of the Company's shares by the Company: N/A.

II. Issuance of Corporate Bonds: N/A.

III. Issuance of Preferred Shares: N/A.

IV. Issuance of Global Depository Receipts: N/A.

V. Issuance of Employee Stock Options and New Employee Restricted Shares: N/A.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: N/A.

VII. Implementation of the Capital Utilization Plan: N/A

Five. Overview of Operations

I. Description of the Business

(I) Scope of business

1. Main businesses of the Company include:

The company provides two major services: IT Outsourcing (ITO) and Business Process Outsourcing (BPO). ITTS's information service sales area ranges from Greater China to the Asia-Pacific region, and the industries involved range from government and public sector, finance, manufacturing, high-tech, telecommunications, logistics to retail. Looking ahead, ITTS continues to innovate and develop smart service solutions in partnership with excellent strategic allies, providing applications including AI Internet of Things (IoT) value-added applications, financial cybersecurity solutions, and cloud services. These offerings help businesses jointly realize digital sustainability and innovative technology applications, creating a competitive edge for our clients.

2. Weight of business of current main products:

Unit: NTD thousand

| Year | 2023 | | 2024 | |
|------------------------------------|-----------------------|------------|-----------------------|------------|
| | Net operating revenue | Weight (%) | Net operating revenue | Weight (%) |
| Information technology outsourcing | 865,097 | 64.40% | 733,742 | 61.84% |
| BPO services | 478,221 | 35.60% | 452,735 | 38.16% |
| Total | 1,343,318 | 100.00% | 1,186,477 | 100.00% |

3. Current products (services) and functions:

● ERP services

ITTS is the largest local gold partner of SAP Taiwan, providing ERP life cycle management services, including business process planning, application software introduction, post-launch maintenance services (application software and systems), and SAP system management services, as well as establishment and planning services for future system upgrades or cloud migration.

The company has worked with more than 250 well-known customers in the Greater China region in industries from manufacturing and high-tech to retail, hundreds of which are well-known publicly listed companies.

ERP's customers have a high degree of loyalty, mainly because ITTS is an expert in the unique business processes of the manufacturing industry and very proficient in the operation of SAP, an international software tool, to help customers adjust their business processes to comply with the best practice in line with the international standards. ITTS also provides complete ERP life cycle management. By integrating AI and big data cloud platforms, it has established first-line structured and unstructured data collection capabilities and integrated ERP business data to create the sources of value of business intelligent analyses for enterprises, thus enhancing customers' competitiveness in the industry. Customers' competitive advantages are strengthened because of the services provided by ITTS. Furthermore, after the ERP system is introduced and put into operation, customers can hand over the subsequent maintenance to ITTS with peace of mind, and confirm ITTS's service quality through the service level agreement (SLA) and key performance indicators (KPIs) on a regular basis.

● Enterprise e-services

We offer a range of services including infra network design and maintenance, application software development and maintenance (such as HR management, office automation (OA), and WMS), and cloud platform planning and implementation services (such as Google Cloud Platform, Microsoft Azure SaaS services, SAP cloud platform services), assisting clients with cloud migration. Additionally, we provide professional information security planning and consulting services and distribute cybersecurity solutions, such as zero trust identity and financial payment security solutions, targeting the financial cybersecurity industry.

The Company's enterprise e-services can assist the server rooms of multinational corporations across the Taiwan Strait in taking care of the maintenance and operations of human resources, machinery, and equipment, and confirm ITTS's service quality through the SLA and KPIs on a regular basis.

- AIoT services

In response to the growing demand for IoT applications, ITTS not only collaborates with strategic partners but also invests in R&D to develop proprietary smart application software. Our applications in smart factories, smart logistics, and smart dining have successfully acquired several benchmark clients. The smart application services introduced include smart situation rooms, AI applications, and business intelligence and predictive analytics services. In addition, leveraging years of expertise in smart IoT, cloud, and AI, our company has assisted clients in solving operational pain points by launching a series of smart factory solutions integrated with AI applications. These include a "Supplier Inquiry and Procurement System" that predicts the cost of bulk raw materials, an "Advanced Scheduling Management System" that plans timely delivery processes based on people, machines, materials, and orders, a "Transport Management Container System" that accurately loads products based on container volume, and a "WMS Transportation and Logistics Scheduling System" that combines AI for vehicle dispatch decision-making and resource analysis. These one-stop smart application solutions offer smart factory solutions that integrate cloud and AI computing, enabling enterprises to build resilient and flexible supply chain management strategies from procurement to sales delivery, addressing issues such as labor shortages and supply chain volatility.

Our proprietary intelligent service applications include:

- Smart manufacturing application services

With experience in establishing smart factories for the TECO Group and a deep understanding of the unique business processes of the manufacturing industry, we have developed our own brand of manufacturing execution system (MES). We offer these systems at reasonable and competitive prices to industries such as medical electronics assembly and global fastener suppliers in metal processing, helping clients optimize digital operations in smart factories, significantly improving production efficiency and quality.

As the pandemic reshapes the global supply chain, ITTS's proprietary supply chain management solution provides a complete supply chain solution from business inquiries and quotes to procurement, production, warehousing, and transportation. This helps enterprises improve delivery accuracy, reduce inventory and costs, and enhance management effectiveness and customer satisfaction. Additionally, in response to the global net zero carbon trend, we have developed a carbon asset management system that integrates OT equipment data, supply chain management systems, and ERP system data. This system provides equipment energy monitoring, organizational carbon emissions, and product carbon footprint management. It assists enterprises in energy saving and emission reduction to achieve digital transformation and sustainable management goals.

We work with Advantech to jointly develop an overall equipment effectiveness (OEE) management solution, from which we have identified and improved the key factors affecting production efficiency to improve equipment performance through regular repair and maintenance. In addition, systems developed such as the MES have been deployed on the Advantech IoT Suite platform and are being rapidly promoted through package offerings to accelerate industrial upgrading. Through the alliance with Advantech, we can further expand our market through Advantech's team.

➤ Smart logistics application services

ITTS has years of experience providing home delivery logistics services. We integrate all information on people, vehicles, objects, and routes and build AI operation control centers. We also help businesses build AI warehousing and logistics centers by combining AI image recognition for storage locations, cloud computing, and wireless positioning. This allows us to provide functions such as automatic route planning, real-time vehicle dispatch, and visualization of remaining storage space. With our automated, real-time, and visualized logistics solutions, we help companies improve warehouse flow management efficiency and achieve energy efficiency and sustainability goals. After adopting our solution, the average time of in and out of warehouses will be reduced by 12%, and plants will reduce carbon emissions by more than 6,000 kilograms per year.

● Customer relationship management service

As one of the top three customer service centers, our company provides a comprehensive one-stop customer service including cloud-based smart customer service subscriptions, AI-powered customer service bots, and big data analytics applications. These services comply with ISO international quality and information security certifications. Leveraging our rich IT development and heterogeneous system integration capabilities, along with diverse pricing models, customers can avoid extensive budget and time expenditures required for setting up customer service systems. They can also flexibly adjust customer service manpower, rapidly deploy, and integrate heterogeneous system resources, thereby enhancing customer satisfaction and market opportunity insights. Our services include: inbound call and telemarketing customer service, sales order and membership services, customer service center setup consulting, customer service center labor contracting (including recruitment, training, attendance, backup manpower), cloud CTI system rental services, cloud CRM system implementation and maintenance, and text-based smart customer service solutions. We provide flexible pricing for customer service seat rentals and heterogeneous system integration services as part of our outsourced customer service center offerings.

The company provides fully trained customer service personnel with knowledge of each industry, customer service information equipment, and customer service venues to corporate clients, so that they can completely outsource the services of the customer service center to ITTS without any concerns, and confirm ITTS's service quality through the SLA and KPIs on a regular basis.

One of our success stories involves a large multinational corporation providing 3C products and services. ITTS provided the client with event consultation and shopping mall customer service outsourcing, complemented by cloud-based AI smart customer service, significantly reducing the cost of customer service manpower. For event consultation, we offer a range of services including detailed event consultations, handling of inquiries and issues, gift-related operations, and the execution of satisfaction outbound calling efforts. This helps clients establish a year-round customer relationship maintenance center, with specialized staff managing marketing events,

enabling efficient scheduling of customer service resources to save costs and enhance service effectiveness.

- Postal information integration services

ITTS provides mail room process outsourcing services, from the management and control of the mail-in and -out processes to the postage accounting management; successful examples include collaboration with an international bank (for more than 10 years with continuous trust in ITTS's service quality) and with high-quality domestic banks.

In addition, ITTS provides bill printing outsourcing services, which allows monitoring and managing of the entire process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients).

The industries in which major corporate clients operate are as follows:

- Telecom and financial industries
Mainly providing billing, stock affairs, insurance policy printing and delivery services.
- Information and communication service industry
Payment notice and receipt printing and delivery services.
- Government agencies
Mainly providing payment (tax) bill printing and delivery services, successful examples include the Taipei City Health Insurance Bureau, Northern Taiwan Health Insurance Bureau, Southern Taiwan Health Insurance Bureau, Eastern Taiwan Health Insurance Bureau, Kaohsiung and Pingtung Health Insurance Bureau, Taipei Motor Vehicles Office, Northern Taiwan Motor Vehicles Office, Hsinchu Motor Vehicles Office, Kaohsiung City Motor Vehicles Office, and Kaohsiung Motor Vehicles Office, etc.
- Service industry
Mainly providing printing and delivery services for direct mail (DM), marketing, and publicity.

(II) Industry Overview

1. Industry status and development:

(1) Information Services Market Size

According to a report by MIC, Taiwan's information services market is projected to reach NT\$600 billion in 2024. Ongoing digital transformation and advances in AI technology continue to drive enterprise IT investments, with surging demand for digital technologies and cloud applications. The global market size, estimated at USD 600 billion in 2022, is expected to grow to USD 800 billion by 2026, representing a compound annual growth rate (CAGR) of 6.4%.

(2) Technology Development Trends

Based on MIC's integration of forecasts from five leading research institutions—Gartner, IEEE, CB Insights, Deloitte, and the World Economic Forum (WEF)—future emerging ICT technologies will center around software innovation. Key focus areas include: artificial intelligence (AI), cloud technology, the Internet of Things (IoT), and automation technologies. The integration of these technologies with vertical sectors such as transportation, robotics, and healthcare will accelerate the practical implementation of emerging innovations. Meanwhile, AI deployment and strengthened cybersecurity are expected to be key highlights in future development.

(3) Outlook for the Information Services Market:

- Generative AI Driving IT Investment: By 2025, 30% of enterprises are expected to adopt generative AI technologies. According to MIC, 20% of Taiwanese companies have expressed strong interest in such technologies.

- ESG Development: Around 50% of manufacturing enterprises in Taiwan have implemented ESG management tools, focusing on ISO certifications, emissions source management, and automation equipment. Ongoing regulatory policies will continue to drive industrial transformation and upgrading.
- Cybersecurity Opportunities: With the increasing frequency of cyberattacks, enterprise demand for cybersecurity solutions is rising rapidly.
- Talent Gap in AI Creating Education and Training Opportunities: The shortage of AI professionals has led to increased demand for educational and training programs aimed at developing AI talent.

Positioned on its extensive experience and customer base in ERP consulting and IT outsourcing services, ITTS plans to continue strengthening relationships with existing clients and expanding to meet their needs, while also offering emerging technologies and services. Targeting AI, Cloud Migration, and ESG carbon accounting demands, ITTS leverages over 20 years of experience in IT and business process outsourcing services. It aims to expand its customer base within existing fields and strengthen strategic alliances with industry partners, helping businesses collectively achieve digital sustainability and innovative technology applications.

2. Industry Structure:

Observing the overall structure and current state of Taiwan's information services and software industry reveals a competitive and cooperative environment composed of both local and foreign entities. The various levels of the industry are described as follows:

(1) Upstream of the industrial value chain

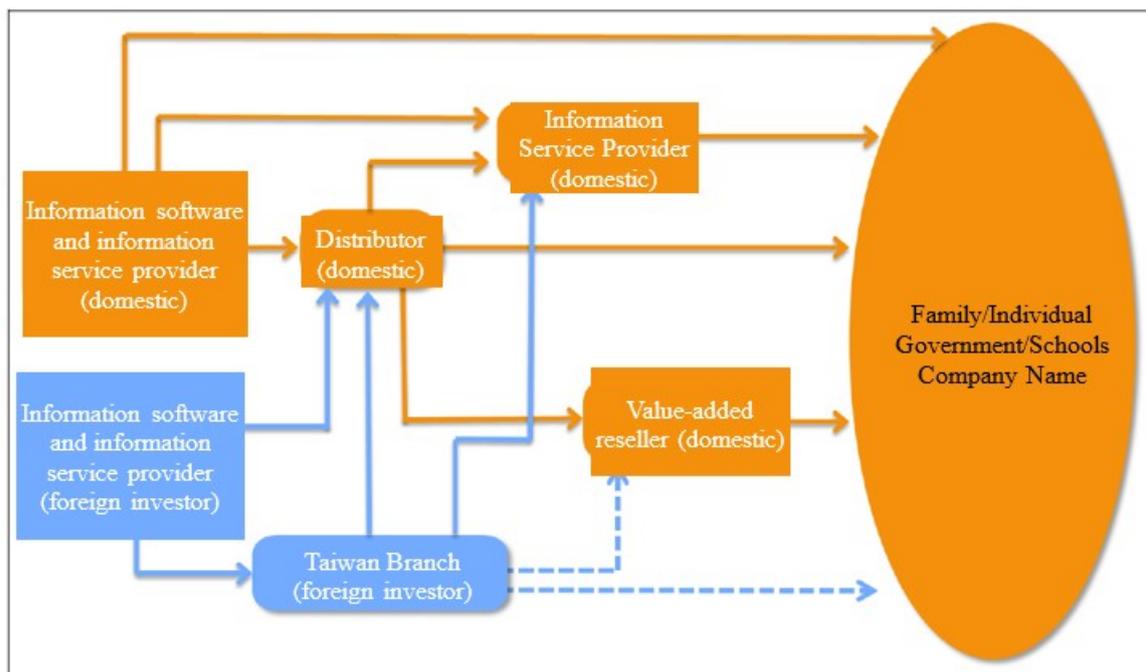
Local software product suppliers, although not as dominant as foreign companies, have become favored and trusted choices among many small and medium-sized enterprises due to years of deep cultivation in the Taiwanese market.

(2) Midstream of the industrial value chain

Local agents have channel advantages, allowing them to represent and sell both domestic and foreign software products and information services. This model has successfully generated profit and value.

(3) Downstream of the software industry value chain

Primarily composed of information service providers and value-added resellers (VARs), this is the common business model for most software operators in Taiwan. These companies, typically system integrators, cater to specific customer needs by providing hardware, information and communications technology, and integrated solutions. Their offerings often include a range of system planning and construction aimed at achieving optimization, customization, and ongoing support and maintenance. This industry structure demonstrates how local Taiwanese players compete and collaborate with foreign companies across different value chain levels, showcasing their capabilities in meeting domestic demands, leveraging channel advantages, and providing integrated solutions. This also reflects the diversity and flexibility of Taiwan's information services and software industry, as well as its deep understanding of and service to the local market.



Source: Market Intelligence & Consulting Institute (MIC) of the Ministry of Economic Affairs ITIS Research Team, September 2023.

As ITTS is involved in application/system software design and development, system integration services, and data processing services, it spans the upstream and midstream parts of the industry.

3. Development Trends in Taiwan's IT Outsourcing Market:

Information outsourcing refers to the practice of entrusting the development and maintenance of IT hardware and software, as well as various enterprise processes, to external service providers. Outsourced services include performance services, software services, and cloud-based services. By leveraging professional outsourcing solutions and adopting appropriate contractual models, companies can focus more on core business development, achieving a win-win outcome for both the outsourcing provider and the client.

Traditional information outsourcing include: IT Outsourcing (ITO) - service providers offer IT-related support such as software and hardware modifications, program development, and maintenance;

Business Process Outsourcing (BPO) - encompasses the outsourcing of enterprise process management, including the provision of software, hardware, and personnel services; also, information outsourcing vendors may provide contract programming and system maintenance support services.

In Taiwan, the primary demand for business process outsourcing currently comes from government agencies, the financial sector, and service industries. Enterprises are leveraging automation technologies, professionalized process services, and intelligent tools to enhance operational efficiency.

Trends in Taiwan's information outsourcing market include 1. the integration of AI into customer service and sales processes; 2. financial process outsourcing to cloud-based platforms, and 3. sustainable transformation.

Information Technology Total Services Co., Ltd. (ITTS), a leading provider of ERP integration and planning services, is leveraging its strong client relationships to expand its

offerings. Building on its expertise in ERP solutions, the company now assists corporate clients in developing subscription-based cloud services, enterprise cybersecurity planning, AI-powered customer service, smart manufacturing, sustainable supply chain solutions, and intelligent carbon management platforms. By integrating data across systems such as Manufacturing Execution Systems (MES), Warehouse Management Systems (WMS), Enterprise Resource Planning (ERP), and Supply Chain Management (SCM), ITTS enables clients to collect internal greenhouse gas emissions and carbon footprint data. Utilizing visualization tools to present this information, the company ensures that enterprises can effectively achieve their sustainable transformation objectives.

(1) Competition

The status quo of Taiwan’s information service and software industry shows a trend of competition and collaboration between local players and foreign companies. On the whole, this industry has laid a certain foundation. Companies in this regard have accumulated extensive experience and expertise in their own fields, and can accurately grasp and provide solutions that meet users’ needs. However, the barriers to entry are not high, and companies are concentrated in a few niche markets, resulting in fierce competition.

Due to the impact of the pandemic, the acceleration of digital transformation has brought about new development opportunities for the information service industry. The ICT vertical industry chain is competitive while cooperative. The upstream and downstream suppliers are close technological and business partners with each other. Only through strategic alliances will the partnerships create maximum benefits.

(III) Technology and R&D overview

Enhanced Functionality of the ESG CarbonX Cloud:

4. Integration with Green and Sustainable Supply Chain Platform: Enables enterprises to manage product carbon footprints through accurate calculations and ensures transparency in carbon emissions, promoting continuous supply chain development and strengthening global market competitiveness.
5. Integration with the EU Carbon Border Adjustment Mechanism (CBAM) Regulations Supports exporters to the EU in generating compliance reports efficiently.
6. The system has passed the BSI audit, complies with the international ISO 14064-1 standard for carbon inventory, and offers transparent, verifiable data records to help enterprises accurately set carbon reduction targets.

1. R&D personnel and their education and experience

Unit: person

| Academic qualifications | | 2023 | | 2024 | | March 31, 2025 | |
|------------------------------|-------------------------|------------------|-------|------------------|------|------------------|------|
| | | Number of people | % | Number of people | % | Number of people | % |
| Academic Degree Distribution | Doctoral Degree | | | | | | |
| | Master’s Degree | 1 | 12.5% | | | | |
| | Bachelor’s Degree | 6- | 75% | 5 | 100% | 4 | 100% |
| | Below Bachelor’s Degree | 1- | 12.5% | | | | |
| | Total | 8- | 100% | 5 | 100% | 4 | 100% |

| | | | |
|--------------------------------|-----|-----|-----|
| Average service length (years) | 4.8 | 4.6 | 5.5 |
|--------------------------------|-----|-----|-----|

2. R&D expenses invested each year in the past five years

Unit: NTD thousand

| Item/Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-----------|-----------|-----------|-----------|-----------|
| R&D expenses | 6,525 | 8,832 | 9,499 | 9,809 | 8,581 |
| Net operating revenue | 1,230,637 | 1,325,626 | 1,330,274 | 1,343,318 | 1,186,477 |
| Ratio of R&D expenses to net operating revenue (%) | 0.53 | 0.67 | 0.71 | 0.73 | 0.72 |

3. Technologies or products successfully developed in the last five years

| Year | R&D outcomes | Description of main benefits |
|------|---|--|
| 2020 | Supply chain management platform (SCM) – supplier delivery management system (DMS) | <ul style="list-style-type: none"> ➤ Provide a collaborative platform, allow the central plants and suppliers to work on purchase orders in this management platform ➤ Information is more transparent, communication is smoother, and delivery is more accurate ➤ Through the integration of purchase orders on the SAP system, suppliers can begin operations on this platform according to the workflow |
| 2021 | Supply chain management platform (SCM) – supplier e-procurement management (ePM) system | <ul style="list-style-type: none"> ➤ AI predictive analysis of price trends in the raw material market ➤ Supplier evaluation management ➤ Traceability of historical records of invitations to bid ➤ Purchase requisition without Part No. in cooperation with the design unit ➤ Automatic price setting and inquiry of a system for materials with large price fluctuations |
| 2022 | Advanced scheduling management solution | Provide the overall supply and demand planning of the enterprise and different levels of production planning and scheduling solutions. Combine real-time on-site production data, synchronize production management and production information, and automate scheduling to reduce labor time and labor costs, reduce error rates, and improve efficiency and fast processing. Control the delivery time and on-site production to facilitate smooth production-sales collaboration, satisfy customer orders, and make full use of limited corporate resources. |
| 2023 | CarbonX Cloud | <ul style="list-style-type: none"> ➤ Collection, management, and monitoring of organizational |

| Year | R&D outcomes | Description of main benefits |
|------|--|--|
| | | <p>greenhouse gas inventories and product carbon footprints:</p> <ul style="list-style-type: none"> ➤ Carbon inventory reports and CBAM (Carbon Border Adjustment Mechanism) reporting ➤ Carbon inventory data insights dashboard |
| 2024 | CarbonX Cloud Integrated with Sustainable Supply Chain Solutions | <ul style="list-style-type: none"> ➤ The platform integrates with sustainable supply chain systems to support product carbon footprint management by connecting data from Manufacturing Execution Systems (MES), Warehouse Management Systems (WMS), Enterprise Resource Planning (ERP), and Supply Chain Management (SCM). It collects internal greenhouse gas and carbon footprint data across the enterprise and presents the information through visualization tools. |

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

1. Short-term business development plan

Digital transformation and sustainable development will dominate corporate development trends, it's marking a significant year for the proliferation of generative AI, which focuses on deep integration with machine learning across various sectors. ITTS has focus on increasing revenue and net profit remained the top priority. Therefore, ITTS not only continued to develop new clients but also actively transitioned to new business models, shifting from project-based to platform-based service offerings to generate stable and sustained revenue.

ITTS, while continuing to strengthen and grow its existing service domains, is also expanding into new areas such as enterprise cloud migration, ERP cloud-based subscription services, cybersecurity planning, smart factory solutions, AI-powered customer service, and sustainable carbon management solutions.

The Company's strategic focus is centered on its ACE Flagship Initiative, which stands for AI, Cloud/Cybersecurity, and ESG. Through this initiative, ITTS aims to support clients in enhancing profitability, achieving sustainable operations, and fostering win-win partnerships.

The main strategies and plans are as follows:

- AI: By integrating system data and applying AI technologies, ITTS continues to develop AI-driven solutions such as smart factories and cloud-based intelligent customer service. These offerings provide clients with value-added digital optimization services.
- Cloud-Based ERP: To meet the growing demand for cloud adoption among enterprise clients, ITTS promotes the SAP ERP cloud subscription upgrade, off-site cloud backup solutions, and cloud-based intelligent customer service delivered through flexible subscription models.
- Comprehensive Cybersecurity: ITTS offers cybersecurity planning services, covering regulatory compliance as well as pre-incident, incident, and post-incident cybersecurity strategies and consulting.
- Sustainable Carbon Management (ESG): ITTS works closely with clients to promote sustainable talent development programs and deploy its CarbonX Cloud platform, helping enterprises achieve long-term sustainability goals.

2. Long-term business development plan

With the rise of IoT, artificial intelligence, and generative AI technologies, ITTS services are developing smart manufacturing, smart logistics, smart customer service, and AI value-added solutions, already gaining successful client implementations and reputation.

In terms of services, ITTS already possesses interdisciplinary experience in technological services and integration capacity, and currently continues to enhance professional service capacity for emerging technology applications. It also forms alliances with outstanding global partners to expand sales from Greater China and the Asia-Pacific region to the world, to increase the reach of its leading technological services and in turn create competitive advantages for customers. The industries ITTS's customers are from range from the government and public sector, finance, manufacturing, high-tech, telecommunications, and logistics to retail.

Looking forward to the next 5 to 10 years, ITTS services will continue to innovate in smart IoT, AI, zero trust cybersecurity, and ESG cloud carbon management from perspectives of new operational models, new products or services, new markets, and research and development, to create competitive advantages for clients and investment value for shareholders.

II. Market and sales overview

(I) Market analysis

1. Sales regions for the main products

Unit: NTD thousand; %

| Year Region of sale | | 2023 | | 2024 | |
|------------------------|---------------|-----------|----------------|-----------|----------------|
| | | Amount | Percentage (%) | Amount | Percentage (%) |
| Domestic sale | | 1,250,988 | 93.13 | 1,052,955 | 88.75 |
| Export | Asia | 60,674 | 4.52 | 97,054 | 8.18 |
| | Europe | 10,733 | 0.80 | 14,114 | 1.19 |
| | Americas | 11,553 | 0.86 | 17,613 | 1.48 |
| | Other regions | 9,370 | 0.70 | 4,741 | 0.40 |
| | Subtotal | 92,330 | 6.87 | 133,522 | 11.25 |
| Total | | 1,343,318 | 100.00 | 1,186,477 | 100.00 |

Note: Other regions include Africa and Oceania.

2. Market share

The Company is a professional information service provider. It mainly provides IT process and business process services. It has developed the market for many years and its turnover has grown year by year. In terms of market share, as there are many service providers in the market, the scope of business is different. There are currently no effective statistics, so there is no fair and objective market share data. The industries in which ITTS's successful examples of customers operate are as follows:



3. Demand and supply conditions for the market in the future

Based on MIC's integration of forecasts from five leading research institutions—Gartner, IEEE, CB Insights, Deloitte, and the World Economic Forum (WEF)—future emerging ICT technologies will center around software innovation. Key focus areas include: artificial intelligence (AI), cloud technology, the Internet of Things (IoT), and automation technologies. The integration of these technologies with vertical sectors such as transportation, robotics, and healthcare will accelerate the practical implementation of emerging innovations. Meanwhile, AI deployment and strengthened cybersecurity are expected to be key highlights in future development.

Outlook for the Information Services Market

- **Generative AI Driving IT Investment:** By 2025, 30% of enterprises are expected to adopt generative AI technologies. According to MIC, 20% of Taiwanese companies have expressed strong interest in such technologies.

- **ESG Development:** Around 50% of manufacturing enterprises in Taiwan have implemented ESG management tools, focusing on ISO certifications, emissions source management, and automation equipment. Ongoing regulatory policies will continue to drive industrial transformation and upgrading.

- **Cybersecurity Opportunities:** With the increasing frequency of cyberattacks, enterprise demand for cybersecurity solutions is rising rapidly.

- **Talent Gap in AI Creating Education and Training Opportunities:**

The shortage of AI professionals has led to increased demand for educational and training programs aimed at developing AI talent.

4. Competitive niche

At present, information service companies engaging in business similar to ITTS include Systex Corporation, ARES International Corp., and Sysage Technology Co., Ltd. Each of these companies has different operating outcomes based on its own technology, business philosophy, and product characteristics. ITTS focuses on product quality, product certification, technological services, and product innovation, with a competitive advantage over its competitors.

(1) Key technology or service model

- ERP services

- ERP is an enterprise resource planning system that uploads and integrates a company's accounting, manufacturing, purchase, sales, and inventory data to achieve better operational planning for the company. ITTS is well versed in the business processes in the manufacturing industry and is familiar with SAP series software. It assists customers in adjusting to international best practices and provides complete ERP life cycle management. Indicative customers include Delta, TECO, Chimei Corporation, TSRC Corporation, and Innolux Corporation.

- Compared with NTT, SAP, and other large agencies, ITTS (Information Technology Total Services) is the only provider that can offer both remote data backup and historical data archiving services simultaneously. In addition, ITTS has a proven track record in implementing SAP Business Analytics and Digital Supply Chain Management solutions, and provides comprehensive ERP lifecycle management consulting services.

- Enterprise e-services

- Provide Infra network design and maintenance services, application software (such as human resource management, OA and WMS) development and maintenance services, and cloud platform planning and implementation services

(such as Google Cloud Platform, Microsoft Azure SaaS services, and SAP cloud platform services).

- Application Software Development and Customized Services: ITTS has independently developed smart factory solutions, including Smart Manufacturing Execution Systems, Smart Warehouse Management Systems, Sustainable Supply Chain Solutions, and Intelligent Carbon Management Solutions. These tools help enterprises effectively analyze and manage data to achieve transparent, real-time, and digitized management, supporting their goals for digital transformation and sustainable operations.
- Company Name Information technology infrastructure library (ITIL) information security and network certification training outsourcing services: ITTS has created some achievements in the operating process of national defense systems, and one U.S. contractor has outsourced its client's internal ITIL operating process to ITTS for ten consecutive years. In addition, ITTS collaborates with multiple cybersecurity suppliers to provide enterprise-level cybersecurity planning services.
- Customer service center outsourcing services
 - Telephone customer service outsourcing: Provide professional telephone customer service personnel and equipment to assist in handling consumer services related to corporate clients' products. Indicative customers include Samsung Electronics, 3M Enterprise Ltd., and the Ministry of Health and Welfare.
 - Physical customer service outsourcing: Provide professional service personnel consulting and physical customer service outsourcing services, which are deeply favored and trusted by shopping malls. Indicative well-known customers include E-DA Theme Park, Mitsui Outlet Park, and Dream Mall for the establishment and training of shopping mall customer service teams. Among them, Dream Mall has outsourced its customer service for 11 years.
 - Promote a customer service cloud system and provide subscription-based services: With years of experience in cloud services, Cont Info provides customers with one-stop cloud-based smart customer service solutions. Compliant with ISO international quality and information security certification, with rich IT development and heterogeneous system integration capabilities, and diverse pricing models, customers do not have to spend a lot of money. Budget the cost and time to build a customer service system, and have the flexibility to adjust customer service manpower, and quickly deploy and integrate heterogeneous system resources to improve customer satisfaction and gain insight into market opportunities.
 - Representative awards
 - Ranked first in the reception service of shopping malls in Taiwan by Global Views Monthly
 - Rated "very satisfied" with the Department Store Customer Service in the Dream Mall Mystery Shopper Evaluation
- Postal information integration services
 - Mail room process outsourcing services: From the management and control of the mail-in and -out process, postage accounting management, to bill printing outsourcing service, ITTS has developed an exclusive mail sending and receipt network technology application system to assist in managing postage, the delivery process of physical mail, etc., using the system. ITTS is the only

provider in Taiwan that can provide both manpower and systems for postal outsourcing. Indicative customers include a foreign bank (for more than 10 years) and high-quality domestic banks.

- Bill printing outsourcing services: ITTS can monitor and manage the entire outsourcing process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients). Indicative customers are from various industries, such as the telecommunications and financial industry, information and communications service industry, government agencies (local motor vehicle offices across Taiwan).
- Applications and services for IoT innovation and development
 - Smart logistics application services:
 - ◆ ITTS has launched the first AIoT communication and command center to introduce AI image recognition technology to Taiwan Pelican Express's home delivery communication control center. Through the architecture of the Internet of Vehicles, the status of vehicles on the road of the logistics team can be identified in real time, to help the company complete the integration of people, vehicles, goods, and routes. Based on AI analysis, a cost reduction of more than NT\$5 million per year has been achieved. ITTS has pioneered the application of AI technology in the logistics industry.
 - ◆ By adopting AI image recognition, wireless positioning technology, map information system, and cloud platform technology, we have developed a smart warehousing flow management system to help clients improve the efficiency of the operations into and out of warehouses and personnel management, thereby achieving the goal of smart logistics.
 - Smart factory application services: ITTS works with Advantech to create perfect smart factories. With Advantech's WISE-PaaS architecture, we have developed production schedule management, quality management, equipment management, and other I.Apps in response to market needs for modularization. We also use modular, lightweight, and plug-and-play smart MES to seamlessly and quickly retrieve production machine information and to analyze the information on monitoring personnel, equipment, and processes in real-time from the OT layer to the IT layer, to completely keep abreast of the production status and provide manufacturers with visualized reference for real-time decision-making.

(2) Market positioning

- Provide a full range of IT outsourcing services and business process outsourcing services, use innovative smart technologies to assist customers in sustainable operations and create a win-win situation
- ITTS is the only information service provider that focuses on the electromechanical, automotive components, and manufacturing industries.
- ITTS's corporate mission is to "use leading technology to create customer value and pursue sustainable growth." With the vision of "assisting enterprises in digital transformation with smart, platform and IoT services," ITTS will continue to develop applications and services related to IoT and AI from the perspectives of

new business models, new products or services, new markets, and R&D while extending the sales to Greater China, the Asia-Pacific region, and the world through innovative technologies and services.

(3) Brand distribution channel development

- The Company's corporate vision is "become a leading provider of intelligent digital service solutions," adheres to the mission of "using innovative and smart technology to assist customers in sustainable operations and create a win-win situation," and adheres to the principles of "professionalism, quality, empathy" In order to manage the core values, the brand development strategy will be based on the marketing promotion and channel development, accumulating word-of-mouth communication from clients, and building the image of an expert consultant in the manufacturing industry. In addition to continuing to strengthen the relationship with target customers through service, we make good use of generative AI Execute precision marketing with digital marketing tools and integrate cross-departmental marketing resources to explore more business opportunities.
 - Execute digital marketing to explore markets with potential business opportunities such as information security, cloud, AI intelligence, and ESG
 - Make good use of external resources such as original factories and associations to exert brand competitiveness
 - Manage and maintain relationship between new and existing customers, strengthen brand service value
 - Assist in market research and intelligence collection to improve product niche

5. Favorable, unfavorable factors for the development vision and countermeasures:

Favorable conditions

- AI transformation and ESG topics drive the development of Taiwan's information communication hardware industry and information service industry. The Company has the energy to independently develop application systems and services, and can provide AI and carbon management value-added services.
- The ERP market in Taiwan is growing steadily, and the demand for old system upgrades and ERP cloud versions is increasing.
- Affected by the pandemic, companies' production capacity decreased due to the suspension of work, which has facilitated a gradual increase in the demand for sustainable supply chain management (SCM).
- Governments around the world continue to pay attention to the issue of ESG net zero carbon emissions and sustainability, and the demand for ESG energy saving and carbon reduction and smart factory solutions is increasing.
- Government agencies around the world have upgraded information security to a national security issue. In addition to regulatory requirements, enterprises have increased their investment in information security.

Unfavorable conditions

- Increase in basic wages leads to an increase in personnel expenses
 - Countermeasures: Review the technical structure of personnel to strengthen the use of manpower and carry out cost control
- Difficulties in recruiting talent
 - Countermeasures: Improve the Company's brand image and visibility through industry-academia collaboration with domestic universities or through social platforms and media to attract talent.
- Insufficient visibility in the international market
 - Countermeasures: Engage in mergers and acquisitions or add new operating bases overseas, to increase collaboration with international companies so as to increase visibility.

(II) Important uses and production processes of main products

1. Important uses of main products:

| Product category | Main use and function |
|--|---|
| ERP services | Provide ERP life cycle management services, including business process planning, application software introduction, post-launch maintenance services (application software and systems), and SAP system management services. |
| Smart Information Services | ITTS provides Infra network design and maintenance services, application software (such as human resource management, OA and WMS) development and maintenance services, information security and cloud platform services, etc. Provide smart factories, smart logistics, AI applications, carbon management integrated services, etc. Provide business intelligence, smart communication room, and predictive analysis services at the same time for said smart services. |
| Customer relationship management service | Provide one-stop smart customer service solutions, including cloud customer service platform subscription service, AI customer service robot, and big data analysis applications. The service content includes outsourced customer service services such as telephone contact and telephone marketing customer service, sales order, and membership services. Provide flexible pricing of customer service seat rental service, cloud customer service system subscription service (CTI/CRM/PBX/IVR), and heterogeneous system integration service. |
| Postal information integration services | <ul style="list-style-type: none"> ● Mail room process outsourcing services: From the management and control of the mail-in and -out process to postage accounting management ● Bill printing outsourcing services: Monitor and manage the entire process (from data processing, typesetting, printing and sealing, customized marketing to bill delivery to end customers of corporate clients). |

2. Production process: Classification is conducted according to different products, and the production process is briefly described as follows.

The outsourcing services provided by ITTS are mainly divided into the following three production processes:



From the perspective of business operations, ITTS provides professional ITO or BPO consulting services.



Through the introduction of international standards, ITTS customizes professional introduction services for enterprises.

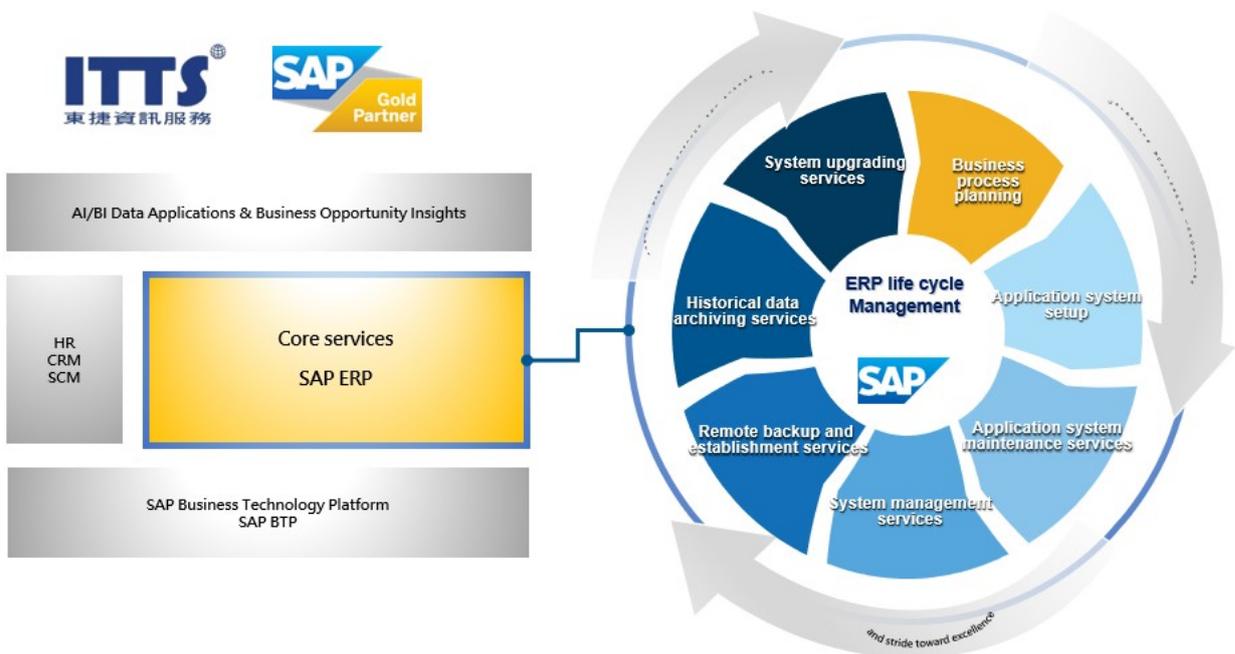


In addition to assisting companies to effectively introduce and launch projects, ITTS provides professional and considerate after-sales service to companies, so that they will have no concerns about subsequent problems in the future.

The following is a description of each product line:

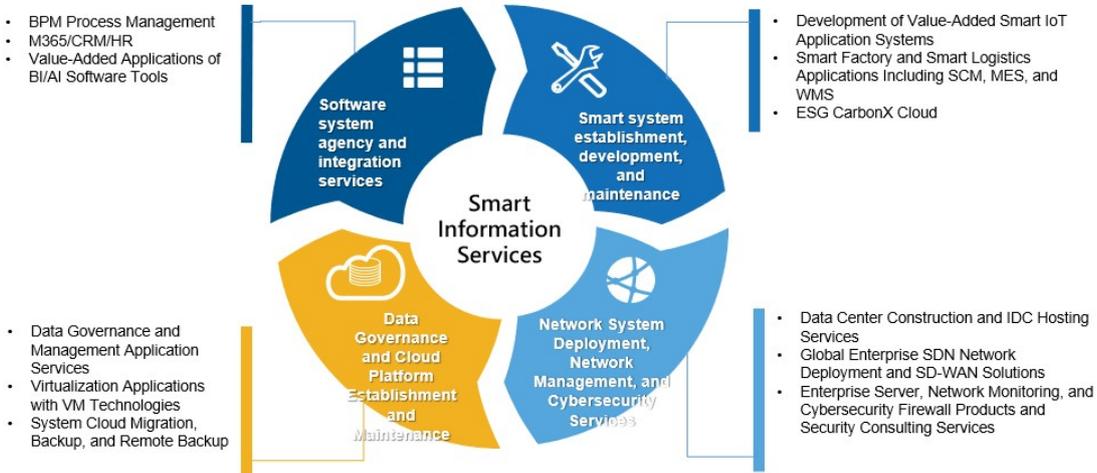
●ERP services

A Gold Partner of SAP and one of the top three local consulting teams in Taiwan.

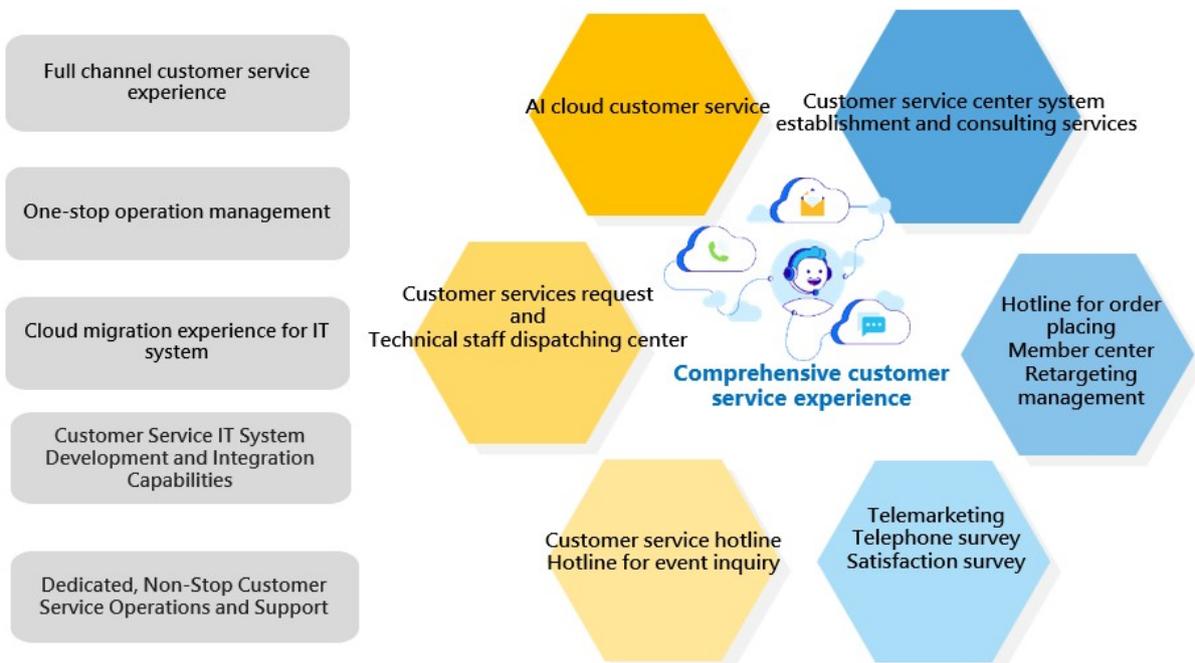


● Smart Information Integration Services

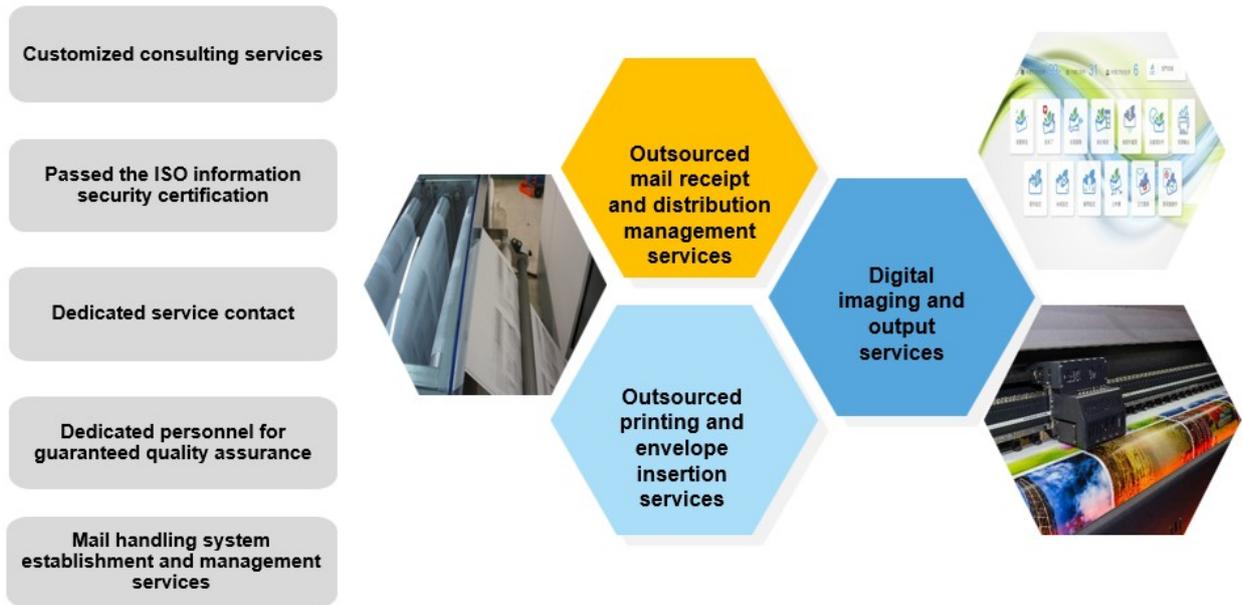
Extensive experience in proprietary system development, end-to-end heterogeneous system integration, and cross-group information outsourcing services.



● Customer relationship management(CRM)



●Postal information integration services



(III) The supply of main raw materials: The Company has stable long-term relations with raw material suppliers, and the supply and demand are secure.

(IV) The name of each customer that has accounted for more than 10% of the total purchases (sales) in any of the last two years, the purchase (sale) amount and percentage, and the reasons for increase or decrease:

(1) The name of each customer that has accounted for more than 10% of the total purchases (sales) in any of the last two years, the purchase amount and percentage, and the reasons for increase or decrease:

Reasons for increase or decrease: The Company's changes in the amount of purchases from the above-mentioned suppliers are mainly due to changes in customers' products and the market demand, and the changes are reasonable.

Unit: NTD thousand

| Item | 2023 | | | | 2024 | | | |
|------|---------------------|---------|--|------------------------------|---------------------|---------|--|------------------------------|
| | Name | Amount | Percentage of total annual net purchases (%) | Relationship with the issuer | Name | Amount | Percentage of total annual net purchases (%) | Relationship with the issuer |
| 1 | Supplier A | 237,664 | 26.66% | Non-related party | Supplier A | 181,868 | 23.69% | Non-related party |
| | Others | 653,659 | 73.34% | | Others | 585,802 | 76.31% | |
| | Net purchase amount | 891,323 | 100% | | Net purchase amount | 767,670 | | |

Note 1: List the names of suppliers accounting for more than 10% of the total purchases in the last two years, and the amount and proportion of purchases. However, if the contract stipulates that the names of the suppliers or the transaction parties, who are individuals and not related parties, cannot be disclosed, they may be represented by code.

(2) The name of each customer that has accounted for more than 10% of the total sales in any of the last two years, the sale amount and percentage, and the reasons for increase or decrease:

Reasons for increase or decrease: The changes in the sales to the Group's customers are mainly based on the increase or decrease due to different projects undertaken, and the changes are still reasonable.

Unit: NTD thousand

| Item | 2023 | | | | 2024 | | | |
|------|-------------------------------------|-----------|--|------------------------------|-------------------------------------|-----------|--|------------------------------|
| | Name | Amount | Percentage of total annual net sales (%) | Relationship with the issuer | Name | Amount | Percentage of total annual net sales (%) | Relationship with the issuer |
| 1 | TECO Electric & Machinery Co., Ltd. | 209,361 | 15.59% | Parent company | TECO Electric & Machinery Co., Ltd. | 212,568 | 17.92% | Parent company |
| | Others | 1,133,957 | 84.41% | | Others | 973,909 | 82.08% | |
| | Net sales | 1,343,318 | 100.00% | | Net sales | 1,186,477 | 100.00% | |

III. Employees

Unit: person

| Year | | 2023 | 2024 | March 31, 2025 |
|----------------------------------|---------------------------|-------|-------|----------------|
| Number of employees | Manager | 5 | 5 | 5 |
| | General employees | 309 | 323 | 321 |
| | Production line employees | 23 | 21 | 20 |
| | Total | 337 | 349 | 346 |
| Average age | | 38.4 | 40 | 40 |
| Average service length (year) | | 5.8 | 6.7 | 6.3 |
| Academic degree distribution (%) | Doctoral Degree | 0% | 0% | 0% |
| | Master's Degree | 9.4% | 10.9% | 9.6% |
| | Associate Degree | 78.1% | 79.4% | 80.3% |
| | Senior High School | 12.2% | 9.7% | 10.1% |
| | Below Senior High School | 0.3% | 0% | 0% |

IV. Information on Environmental Expenditure

1. Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.
2. The Company primarily engages in information services, computer software, hardware, and related fields. As a non-manufacturing entity, it operates in a low energy-intensive industry with relatively low greenhouse gas emissions. Nevertheless, the Company remains committed to supporting green-certified products and continues to take action toward achieving energy conservation and carbon reduction goals.

V. Labor-Management Relations

- (I) Specify the Company's various employee benefit measures, continuing education and training, pension systems and the implementation, as well as the labor-management agreements and various measures for protecting employees' rights and the interests

1. Employee benefit measures and implementation

The Company's various benefit measures are provided in accordance with the Labor Standards Act, Labor Insurance Act, National Health Insurance Act, and other relevant laws and regulations. The Company's leave policy is superior to the provisions of the Labor Standards Act, and employees are insured by group insurance, and the coverage includes accident insurance, accident medical insurance, hospitalization medical insurance, and occupational accident insurance, and regular free health examinations. In order to improve employees' welfare, the Employee Welfare Committee has been established to coordinate all employee welfare matters, including allowances for marriage, funerals, hospitalization, childbirth, employee travel, etc., and to organize various events from time to time to take care of employees' lives.

2. Employees' continuing education and training

The Company's employee education and training measures aim to train the professional knowledge and skills for employees so that they can perform their functions, increase work efficiency, and ensure work quality in order to achieve the Company's goal of sustainable operation and development. The Company provides diverse training courses and a variety of professional on-the-job education and training, including new employee orientation, on-the-job training courses, labor safety and health education and training, professional courses, and various job-related expatriate training courses to enhance employees' professional capabilities and core competitiveness while strengthening their complete training and continuing education channels.

3. Pension system and implementation

- (1) For employees who are subject to the provisions of the Labor Standards Act, the Company has settled the labor pension reserve account in 2017.

(2) For employees who are subject to the provisions of the Labor Pension Act, the Company contributes 6% of each employee's salary to the individual pension account on a monthly basis.

(3) In addition, subsidiaries contribute the relevant retirement benefits in accordance with the laws and regulations of the countries where they are located and recognize them as an expense for the current year.

4. Labor-management agreement

The Company's various regulations are based on the Labor Standards Act. The Company attaches great importance to employees' opinions, and communicates with employees in a two-way and open manner. The internal communication channels are smooth so as to maintain a positive and harmonious interaction between labor and management.

5. Protection measures for employees' rights and interests

The Company has established comprehensive regulations to protect employees' rights and interests, and regularly reviews and upgrades various benefit measures to ensure the complete protection of their rights and interests.

(II) In the most recent year and as of the publication date of the prospectus, where the Company has suffered losses due to labor disputes, disclose the estimated amount that has been incurred and may be incurred in the future and countermeasures: N/A.

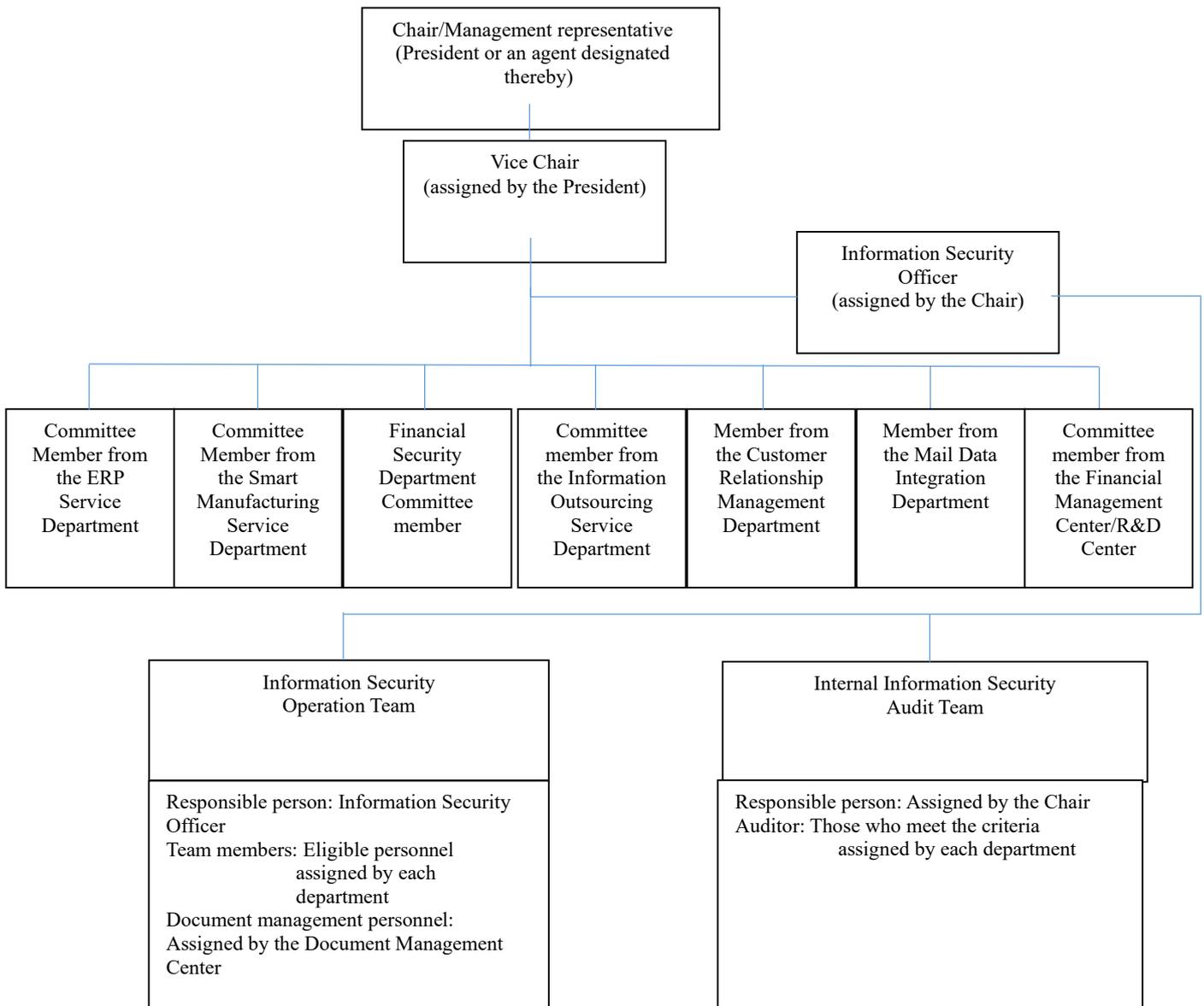
VI. Information and Communication Security Management

(I) Information and communication management strategy and structure

1. Information security risks management framework

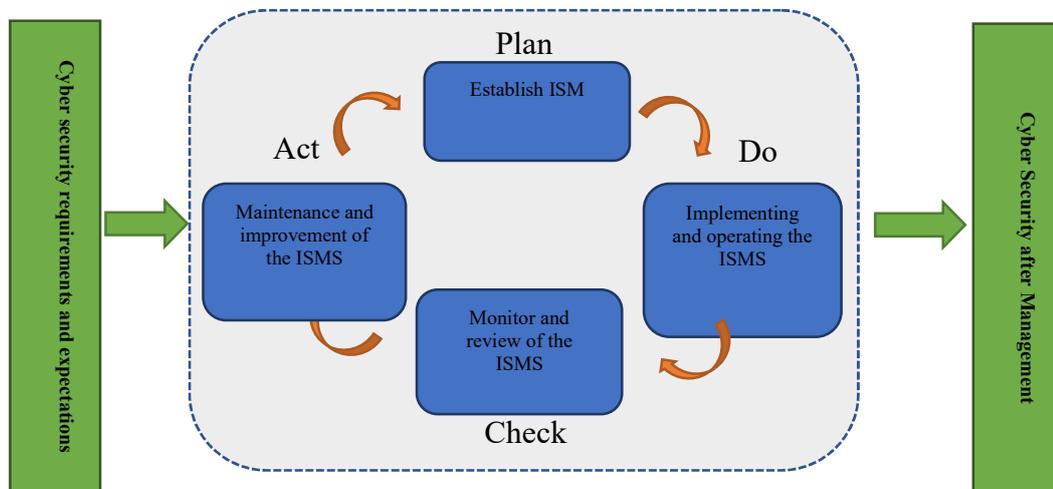
To maintain the effective implementation of the information security management system, the Company has established an Information Security Committee to guide the Company's information security development direction and show the management team's support. The Information Security Committee comprises of the Information Security Maintenance Team, Information Security Audit Team, and Personal Information Protection Management Executive Team. These members review the relevant management system and audit the implementation at least once a year, and report the performance of information security management to the top management.

Organizational structure of the Information Security Committee:



2. Information security policy

In order to maintain the sustainable operation of the Company's business, strengthen the information security management system (ISMS), the Company has in 2009 passed ISO 27001 Information Security Management international certification. Each year, a third-party certification institution will conduct the verification review. This is to ensure the confidentiality, integrity, and availability of information assets, and enhance the reliability of information processing facilities and network systems, as well as increase employees' awareness of information security while reducing the risks during business operations effectively and reasonably.



3. Specific management plans

Avoid possible risks and harm to the Company arising from the misuse, leakage, alteration, and damage of information due to human negligence, intent, or natural disasters. Specific management matters are as follows:

(1) Network Security:

Protective equipment is continuously updated, and firewall settings, intrusion prevention settings, and webpage reputation are updated continuously. Network detection applications are introduced for record control. Anti-virus and spam blocking services are available for mail items.

(2) Device safety:

Anti-virus software is installed on each terminal device to block the invasion of malicious viruses in real time. For those who need to work remotely, the SSL VPN tool is introduced to enhance the security of remote work.

(3) System management:

The computer system shall be subject to sufficient user permission management. User permission of newly admitted employees or changes in access shall be assigned in accordance with the Access Control Management Procedure, and

the accounts of resigned employees shall be locked, stopped, or removed immediately according to the procedure to prevent unauthorized use.

(4) Information security of supply chains:

Suppliers are required to comply with the Company's information security policies and related information security regulations, and implement confidential operations in accordance with contractual requirements and agreements reached between both parties.

(5) Data security protection:

According to the backup and recovery management procedures, establish a data backup mechanism, back up data on a daily, weekly, and monthly basis depending on the nature of the data, and perform disaster recovery drills and tests on a regular basis.

(6) Education, training and advocacy:

All new recruits are required to complete information security education and training courses. In addition, online training and advocacy are held for all employees on a yearly basis to raise employees' information security awareness.

4. Resource Put in Information and Communication Security Management

No material information security incidents occurred to the Company in 2024. However, new attack methods are being developed constantly. In the face of the ever-changing and growing threats to information security, the Company must continue to refine its information security management to reduce operational risks and maximize shareholders' investment value and interests.

The Company will constantly review and evaluate its information security charters and procedures to ensure its appropriateness and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks of the ever-changing cyber security threats. Cyberattacks may also attempt to steal the Company's trade secrets and other confidential information, such as the proprietary information of customers or other stakeholders, and the personal information of the Company's employees. The specific countermeasures are as follows:

(1) Prevention of malicious attacks:

Prevent the invasion of computer viruses, destructive software, ransomware, and denial of service attacks from interfering with the Company's operations and even committing blackmail or extortion. These attacks may result in delay or interruption of the Company's business and it will compensate customers for losses.

(2) Defense-in-depth (DiD) information security architecture:

Reinforce network firewalls, intrusion prevention and detection devices, and network partition control to prevent the spread of threats across devices and regions. At the same time, implement endpoint anti-virus measures by the type of computer, and introduce advanced solutions to detect and handle malicious threats to reduce threats.

(3) Access Control

To access systems related to business operations and office activities, users must submit an application and obtain approval from their supervisors before setup. The setup must comply with GCB principles, including operating system password complexity and length requirements, screen saver auto-lock,

and account lockout after login failures. The installation and use of unauthorized software are strictly prohibited, as is the connection of unapproved USB devices or personal laptops to the company network.

(4) Business Continuity

Daily server inspections and system tests are conducted. System and file data are backed up to local network hard drives and tapes, with backup tapes sent to off-site storage. Disaster recovery drills are conducted annually through random testing to ensure the availability and integrity of restored data.

(5) Information Security Awareness and Training

Conduct information security education and training for all employees, and strengthen promotion on the prevention of phishing emails to raise information security awareness. With the support of senior executives and various departments, the Company implements information security on all employees.

(II) The losses and potential impacts of material information security incidents and countermeasures in the most recent year and up to the publication date of this annual report; if it cannot be reasonably estimated, specify the fact why it cannot be reasonably estimated: None.

VII. Important Contracts

| Nature of contract | Parties | Beginning and end dates of contract | Major content | Restrictive clauses |
|--------------------|---------------------------------------|-------------------------------------|------------------------------|---|
| Sales contract | Taishin International Bank Co., Ltd. | 2023/04/01-2025/03/31 | Printing and seal processing | N/A |
| Lease contract | TECO Electric and Machinery Co., Ltd. | 2024/01/01-2024/12/31 | Leasing of Nangang office | Full or partial sublease (sublet) or sale is prohibited |
| Agency contract | SAP Taiwan Co., Ltd. | Established by each project | SAP software agent sales | N/A |

Five. Review and Analysis of Financial Position and Financial Performance

I. Financial Position

(I) Financial position comparative analysis table

Unit: NTD thousand

| Item \ Year | 2024 | 2023 | Difference | |
|--|-----------|-----------|------------|-----------|
| | | | Amount | % |
| Current assets | 794,523 | 774,813 | 19,710 | 2.54% |
| Property, plant and equipment | 28,780 | 31,910 | (3,130) | (9.81%) |
| Intangible assets | 10,720 | 888 | 9,832 | 1107.21% |
| Other assets | 171,850 | 203,934 | (32,084) | (15.73%) |
| Total assets | 1,005,873 | 1,011,545 | (5,672) | (0.56%) |
| Current liabilities | 395,774 | 415,954 | (20,180) | (4.85%) |
| Non-current liabilities | 11,451 | 12,158 | (707) | (5.82%) |
| Total liabilities | 407,225 | 428,112 | (20,887) | (4.88%) |
| Equity attributable to owners of the parent company | 598,648 | 583,433 | 15,215 | 2.61% |
| Share capital | 273,234 | 273,234 | 0 | 0.00% |
| Capital surplus | 158,042 | 158,042 | 0 | 0.00% |
| Retained earnings | 165,398 | 153,785 | 11,613 | 7.55% |
| Other equity items | 1,974 | (1,628) | 3,602 | (221.25%) |
| Total shareholders' equity | 598,648 | 583,433 | 15,215 | 2.61% |
| <p>1. Please explain the causes of changes in the financial ratios (Analysis is not required if the increase or decrease is less than 20%.)</p> <p>(1) The increase in intangible assets was mainly due to the capitalization of computer software costs arising from the Company's ERP system upgrade.</p> <p>(2) The increase in other equity was mainly attributable to exchange differences arising from the translation of financial statements of foreign operations, driven by fluctuations in exchange rates.</p> <p>2. The impact and future response plan: The above-mentioned changes are caused by operating activities, there are no major abnormalities, so there is no need to formulate a response plan.</p> | | | | |

II. Financial Performance

(I) Financial performance comparative analysis table

Unit: NTD thousand

| Item | 2024 | 2023 | Increase (decrease) amount | % |
|--|-----------|-----------|-------------------------------|----------|
| Net operating revenue | 1,186,477 | 1,343,318 | (156,841) | (11.68%) |
| Operating costs | 1,014,930 | 1,157,535 | (142,605) | (12.32%) |
| Gross profit | 171,547 | 185,783 | (14,236) | (7.66%) |
| Operating expenses | 102,074 | 109,709 | (7,635) | (6.96%) |
| Net operating income | 69,473 | 76,074 | (6,601) | (8.68%) |
| Operating income and expenses | 15,744 | 13,282 | 2,462 | 18.54% |
| Net profit before tax of continuing operations | 85,217 | 89,356 | (4,139) | (4.63%) |
| Income tax expense | (13,776) | (15,193) | 1,417 | (9.33%) |
| Current net income | 71,441 | 74,163 | (2,722) | (3.67%) |
| Other comprehensive income | 3,885 | (591) | 4,476 | 757.36% |
| Total comprehensive income in the current period | 75,326 | 73,572 | 1,754 | 2.38% |

1. Please explain the causes of changes in the financial ratios (Analysis is not required if the increase or decrease is less than 20%).
 (1) Increase in other comprehensive income: Primarily attributable to exchange differences arising from the translation of financial statements of foreign operations, resulting from fluctuations in exchange rates.

(II) Sales volume forecast and the basis, and the effect upon the Company's financial operations as well as measures to be taken in response:

Please refer to the Report to the Shareholders / the section "III. Summary of the 2024 Business Plan" for detailed information.

III. Cash flow

(I) Analysis of cash flow changes in the most recent year (2024)

Unit: NTD thousand

| Cash balance, beginning of the period (1) | Net cash flow from operating activities for the year (2) | Annual net cash flow from operating activities (3) | Amount of cash surplus (deficit) (1)+(2)-(3) | Remedial measures for cash deficit | |
|---|--|--|--|------------------------------------|-------------------------|
| | | | | Investment plans | Wealth management plans |
| 306,754 | 53,280 | 58,925 | 301,109 | - | - |
| Analysis of cash flow changes: | | | | | |
| 1. Analysis of cash flow changes for 2024: | | | | | |
| Operating activities: This is mainly due to net cash inflow from operating activities at NT\$53,280 thousand. | | | | | |
| Investment activities: It is mainly due to net cash inflow from acquisition of real properties and increase in long-term receivables. | | | | | |
| Financing activities: It is mainly due to distribution of 2023 cash dividends, resulting in net cash outflow. | | | | | |
| 2. Remedial measures for estimated cash deficit and the liquidity analysis: N/A. | | | | | |

(II) Improvement plan for lack of liquidity: N/A.

(III) Analysis of liquidity for the coming year (2025):

Unit: NTD thousand

| Cash balance, beginning of the period (1) | Estimated net cash flow from operating activities for the year (2) | Estimated annual net cash flow from operating activities (3) | Amount of cash surplus (deficit) (1)+(2)-(3) | Remedial measures for estimated cash deficit | |
|--|--|--|--|--|-------------------------|
| | | | | Investment plans | Wealth management plans |
| 301,109 | 100,902 | 68,455 | 333,556 | - | - |
| Analysis of cash flow changes: | | | | | |
| 1. Analysis of cash flow in the coming year: | | | | | |
| Operating activities: It is mainly due to profit from operation, resulting in net cash inflow from operating activities. | | | | | |
| Investment activities: It is mainly due to capital expenditures for new equipment, resulting in net cash inflow. | | | | | |
| Financing activities: Distribution of cash dividends was the main reason for the net cash outflow from financing activities. | | | | | |
| 2. Remedial measures for estimated cash deficit and the liquidity analysis: N/A. | | | | | |

IV. Impact of major capital expenditures in the most recent year on financial operations

(I) The utilization of major capital expenditures and sources of funds: None.

(II) Expected benefits generated: N/A.

V. The investment strategy in the most recent year, main causes for gains or losses, improvement plans, and investment plans for the coming year

(I) Investment policy for the most recent year:

The Company's current investment policy focuses on the targets related to the development of the core business. The Company will not engage in investment in other industries, and the relevant executive departments will comply with the internal control system regarding circular investment, supervision and management of subsidiaries, and the procedures for the acquisition and disposal of assets. Said policies or procedures have been discussed and approved by the board of directors or the shareholders' meeting.

(II) The main reasons for gains (losses) on investment and improvement plan:

The Company's 2024 gains on investment using the equity method recognized were NT\$5,996 thousand, a decrease of NT\$2,267 thousand from the NT\$8,263 thousand in 2023, which was mainly due to a decrease in the gains on the investment in Tension Envelop.

(III) Investment plans for the coming year: None.

VI. Analysis and Assessment of Risk Matters

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

Unit: NTD thousand

| Item | 2024 | 2023 |
|--|-----------|-----------|
| Net operating revenue | 1,186,477 | 1,343,318 |
| Interest expenses | 652 | 239 |
| Interest expense/net revenue | 0.06% | 0.02% |
| Net gains (losses) on foreign exchange | 1,743 | 117 |
| Foreign exchange gain (loss)/Net revenue | 0.15% | 0.01% |

1. Impact of interest rate changes on the Company's profit and loss and future countermeasures

For the fiscal year 2024, our company recorded interest expenses totaling NT\$652 thousand, primarily associated with financial costs from bank loans. Given the minimal impact of interest rate fluctuations on our operations due to our conservative cash management policy, the impact on our profit and loss is limited. Our policy prioritizes security and stability, focusing on placing idle funds in bank deposits and making time deposits based on available capital. In response to our operational cash needs, we have secured competitively low interest rates for our borrowings and have made appropriate adjustments to our financial management. Moving forward, we will continue to monitor interest rate trends to improve our financial structure and reduce exposure to interest rate risk, ensuring we choose financing options that offer the best rates to mitigate operational risks.

2. Impact of exchange rate changes on the Company's profit and loss and future countermeasures

The Company's purchases and sales are mainly conducted in NTD, USD, and CNY. The net exchange gains (losses) for 2023 and 2024 were NT\$117 thousand and NT\$1,743 thousand, respectively. The changes in exchange gains and losses were mainly caused by changes in the foreign currency assets held by the Company. The positions of foreign currency assets and liabilities held by the Company and the equivalent in the receipt and payment period can offset market risks. In addition, the number of days in the credit and payment periods are relatively short as most of payments and receipts are completed in only 1 to 2 months. Therefore, exchange rate changes do not have a significant impact on the Company.

The Company's financial unit will maintain close contact with various financial institutions according to the situation and ask them to provide professional consulting services for the Company to keep abreast of international exchange rate trends in real time. Meanwhile, the Company will adjust foreign currency positions in a timely manner according to actual capital needs and exchange rates in order to minimize the impact of exchange rate changes on the Company's profit and loss.

3. Impact of inflation on the Company's profit and loss and future countermeasures

The Company's products are not sold to general consumers, so inflation has no direct and immediate impact on the Company. In the past, inflation did not affect the Company's profit and loss. In the future, the Company will pay close attention to market price fluctuations. If the purchase cost increases due to inflation, the Company will adjust the sales price appropriately and keep abreast of the price changes of upstream raw materials to reduce the risk to the Company's profit and loss due to cost changes.

(II) Policy for high-risk, high-leverage investments, loaning of funds, endorsements and guarantees, as well as derivatives transactions in the most recent year, major causes for profits or losses, and future countermeasures:

1. With a robust and pragmatic business philosophy, the Company focuses on operating its core business and does not engage in high-risk and high-leverage investments.
2. The Company has formulated the Procedures for Lending Funds to Others as the basis for the Company to engage in the lending of funds to others. As of the publication date of the annual report, the Company has not lent funds to others.
3. The Company has formulated the Operating Procedures for Endorsements and Guarantees as the basis for the Company to engage in endorsements/guarantees. As of the publication date of the annual report, the Company has not engaged in endorsements/guarantees.
4. The Company's financial hedging strategy is to hedge the risk of exchange rate fluctuations. As of the publication date of the annual report, the Company has not engaged in derivatives trading.
5. In the future, if the Company needs to lend funds to others, provide endorsements/guarantees, or engage in derivatives trading because of business needs, it will proceed in accordance with the relevant operating procedures established by the Company, and announce relevant information in a timely and correct manner according to laws and regulations.

(III) Future R&D projects and estimated expenses:

1. Future R&D projects

The development of the Company's products and technologies has always been in line with the needs of customers and the market, and the Company will pay close attention to future trends and developments in the industry, and research and develop products and technologies with great market growth potential in the future.

2. Estimated R&D expenses

The estimated R&D expenditure will be gradually budgeted according to the development progress of new products and new technologies. With the growth of revenue, the annual R&D expenses will be gradually increased to support future R&D projects, maintain core technologies, and increase the Company's market competitiveness. In the future, the Company will continue to invest in R&D expenses according to the progress and results of R&D.

(IV) Impact of changes in important domestic and foreign policies and laws on the Company's financial operations and countermeasures:

The Company's daily operations are conducted in accordance with relevant domestic and foreign laws and regulations, and it always pays attention to the trends of and changes in domestic and foreign policy development as well as laws and regulations, so as to fully stay up to date with the changes in the market environment and to put forth countermeasures in a proactive and timely manner. As of the publication date of the annual report, the Company's financial operations have not been affected by major changes in important domestic and foreign policies and laws.

(V) The impact of technological transformation (including information and communication security risks) and industrial changes on the Company's financial business and countermeasures:

The Company keeps abreast of technological changes and technological developments in the industry, and stays up to date with market fluctuations and competitors' movements, while adjusting its product mix in a timely manner to meet market needs and maintain its competitiveness. As of the publication date of the annual report, the Company's financial operations have not been affected by major technological and industrial changes.

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

Since its establishment, the Company has focused on its core business, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, so as to continue to maintain a good corporate image and increase customers' trust in the Company. As of the date of publication of the annual report, the Company has not had any operational crises due to changes in the corporate image. However, a corporate crisis may cause considerable damage to the Company, so it will continue to implement various corporate governance measures to reduce the chance of occurrence of corporate risks to minimize the impact on the Company.

(VII) The expected benefits and potential risks of mergers or acquisitions and countermeasures:
N/A.

(VIII) The expected benefits and potential risks of plant expansions and countermeasures: N/A.

(IX) The risks associated with concentrations of sales or purchases on certain customers/suppliers and countermeasures:

1. Purchases:

The main raw materials of the Company's products are software licenses, information hardware equipment, paper, and other raw materials. The raw material procurement strategy is to comprehensively evaluate a supplier's quality, price, delivery, and cooperation. The Company serves as an agent for SAP's systems for the ERP integration and planning services, so the software licenses are concentrated in SAP Taiwan Co., Ltd., SAP's subsidiary in Taiwan. Although the Company's purchases are concentrated in SAP Taiwan Co., Ltd., the Company is also one of SAP's gold partners. In addition to continuing to establish positive partnership with existing suppliers, the Company actively seeks and works with excellent suppliers and has at least two suppliers for each raw material, so the Company should not have the risk of unstable supply sources.

2. Sales:

The Company's sales to the top ten customers accounted for 44% and 48% of the net operating revenue in 2021 and 2022, respectively. The sales were not concentrated in the top ten customers in terms of their proportion to the Company's revenue. In addition, there was no single customer accounting for more than 25% of the Company's revenue, so the Company did not have sales concentrated on single customers.

(X) The impact and risks of massive transfer of shares by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and countermeasures:

Regarding share transfers, there have been no significant transfers of equity by directors or shareholders owning more than ten percent of the company in the most recent fiscal year up to the date of the annual report publication.

(XI) The impact and risks of changes of the management right on the Company and countermeasures: none

(XII) For any of the Company's directors, supervisors, president, de facto responsible persons, or major shareholders holding more than 10% of the shares involved in any litigation, non-litigious proceeding, or administrative dispute that has been finalized or is pending, with a significant impact on shareholders' equity or the price of securities, the facts in dispute, the amount of the subject matter, the commencement date of the litigation, the main parties involved in the litigation, and the handling situation as of the publication date of the annual report shall be disclosed: N/A.

(XIII) Other significant risks and corresponding countermeasures:

1. Information security policy:

To ensure the sustainable operation of our business and enhance our information security management system, we have established a robust information security policy. This policy is designed to protect the confidentiality, integrity, and availability of our information assets, thereby enhancing the reliability of our information processing facilities and network systems. It also serves to heighten our employees' awareness of information security, aiming to effectively and reasonably reduce the operational risks associated with our enterprise. Through the joint efforts of all colleagues, we shall achieve the following policy goals:

(1) The Company implements business continuity plans and conducts drills for client-commissioned operations to ensure the Company's information security system

continues to operate normally.

(2) An information security monitoring center is established to ensure that the network and equipment in server rooms will still be available despite incidents or errors.

(3) Moreover, we include strict security requirements and provisions for the collection and use of personal data in all project contracts. This measure is crucial to ensure that our key information systems are protected against data breaches and service interruptions due to information security incidents, thereby safeguarding sensitive data and ensuring service continuity.

2. Establishment of a risk management system:

In order to maintain information security within the scope of the Company's information security management system, the Company has established risk management procedures through systematic risk assessment methods and procedures to clarify the potential risks for information assets, and to identify various risks so as to implement appropriate control measures, with the aim of reducing the risk to a tolerable level and alleviate the threat of information security incidents. For example, daily file and data backup and remote backup is conducted to ensure uninterrupted service. After backup, the information personnel will check the records.

In order to restore operations as soon as possible when information system damage occurs, and to reduce possible losses and risks, the Company has a disaster recovery plan and a disaster prevention plan, and the tests are carried out every year.

3. Information security and cyber risk assessment:

According to the Company's risk management procedures, the network and computer security protection systems are used to control or maintain the Company's R&D, accounting, and other important corporate operations, with the aim of reducing risks to a tolerable level, but there is no guarantee that the computer systems can completely avoid cyberattacks that will paralyze systems from any third parties.

The Company will review and evaluate the information management control cycle every year to ensure its appropriateness and effectiveness, but it cannot guarantee that the Company will not be affected by new risks and attacks of the ever-changing cyber security threats. Cyber attacks may attempt to steal the Company's business secrets, other intellectual property, and confidential information. Malicious hackers may also try to install computer viruses, destructive software, or ransomware in the Company's network system to interfere with the Company's operations or gain the control of the Company's computers so as to blackmail the Company or snoop on its confidential information.

As of the publication date of the annual report, the Company has not found any major cyber attacks or incidents that have had or might have a significant adverse impact on its business and operations, and has not been involved in any legal cases or regulatory investigations in this regard.

4. Information security implementation measures:

In addition to regular information security education and training for the Company's employees, the Company strictly controls the entry and exit of server rooms, and has established an intrusion prevention system, an anti-spam system, an endpoint anti-virus systems, etc., to improve information security protection, while regularly conducting drills for the continuity of important business activities to ensure employees' safety and the continuity of critical operations or business activities and to reduce losses caused by incidents. The Company also conducts regular drills for data

backup systems and disaster recovery mechanisms to reduce the impact of disasters on the Company's operations and ensure uninterrupted service.

VII Other Important Matters: None.

Six. Special Disclosures

I. Information on Affiliates

The 2024 consolidated business report, consolidated financial statements, and affiliation report, prepared in accordance with the Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations, have been duly filed with the competent authority and disclosed in the “Affiliated Enterprises Section” of the Market Observation Post System.

II. Private Placement of Securities in the Most Recent Year and up to the Publication of this Annual Report: N/A.

III. Other Important Supplementary Information: N/A.

IV. Any Events that Occurred in the Most Recent Year and up to the Publication Date of This Annual Report Which Significantly Affected Shareholders’ Equity or the Price of Shares Pursuant to Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: N/A.



東捷資訊服務股份有限公司
Information Technology Total Services Corp.

-----www.itts.com.tw

Stock Code : 6697

ITTS's persistent value comes from stream
of clients' trust and delegation.

Information Technology Total Services Co., Ltd.
5F, NO.19-8, SANCHONG ROAD, NAN KANG
TEL: (02)2655-2525
COMPANY PROFILE: [HTTPS://WWW.ITTS.COM.TW/](https://www.itts.com.tw/)