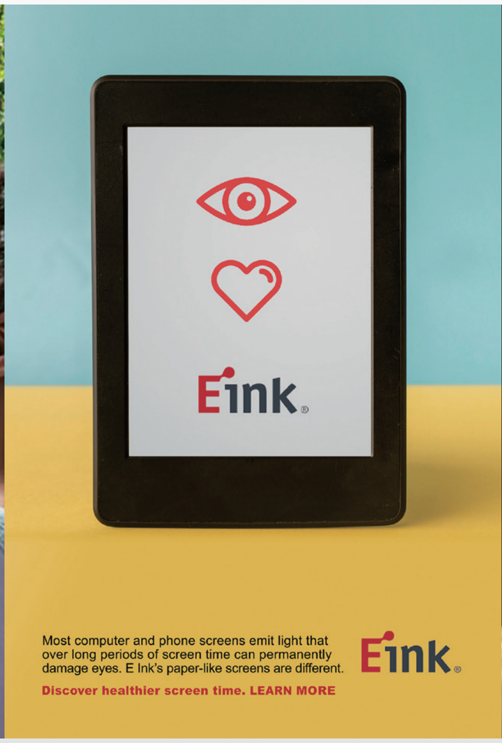
Stock Code:8069

# E INK HOLDINGS INC.

# 2023 Annual Report

### Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.



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**Names of overseas securities exchanges where securities are listed for trading and ways to inquire about information on those overseas securities.**
Trading house: Luxembourg Stock Exchange
Inquiry method: Bloomberg
Website: http://www.bourse.lu/

**Corporate Website**
http://www.eink.com

Contents

## I. Letter to Shareholders

To all shareholders:

**2023 Business Report**

In 2023, the global pandemic came to a complete end, but the macroeconomic recovery fell short of expectations. International turmoil posed challenges to businesses, and the ePaper industry, being part of the electronics supply chain, cannot remain unaffected.

Although facing challenges, E Ink's management team and staff made an all-out effort and deliver a consolidated revenue of NT$27.12 billion in 2023, with the operating margin of 26.9%, profit margin of 29%, net income of NT$7.81 billion, and EPS of NT$6.85. Even though the business outcomes did not show growth compared to 2022, it still reached a the second-highest record in history. We would like to especially thank our shareholders, directors, all E Ink colleagues, ecosystem partners, and customers for their continuous recognition of E Ink's vision and support of the company.

**Business and Operations Review**

Despite numerous uncertainties in the macro environment, E Ink continues to invest more R&D resources to achieve the goal of pursuing profits and sustainability in tandem and ensure technological leadership. E Ink reaped periodic results in business, operations, and technology R&D:

- Consumer Electronics (CE) Applications: Despite the consumer market has been affected by inflation, the market performance remains stable. Global brand customers continue to release color and larger-sized eReader and eNote to meet the expectations of end consumers.

- IoT Applications: The retail electronic shelf labels, which experienced exceptional growth during the pandemic, slowed down in 2023 due to the transition between new and old technologies. However, public display, the medical field, and logistics tags continue to grow. Solar-powered ePaper bus stop signs and outdoor signage have been installed at more than 1,600 locations in Taiwan, and globally exceeding 70,000 locations.

In 2023, the full range of color ePaper technology platforms are in place, including E Ink Spectra™ 6 Full-Color ePaper, E Ink Kaleido™ 3 Outdoor Print Color ePaper, E Ink Kaleido™ 3 Print Color ePaper, E Ink Gallery™ 3 Full-Color ePaper, and E Ink Prism™ 3 Variable Color ePaper. According to the display characteristics of different color technologies, developing suitable products and diverse applications. Several customers have validated and adopted, gradually launching new color ePaper products in the market.

With more eReader customers adopting new color technologies, E Ink has also planned the "Healthier Screen Time" project, promoting the research on the impact of blue light on the eyes published by the Harvard School of Public Health from an educational perspective. This aims to reinforce the advantages of ePaper in the reading market and establish a differentiated image from various display technologies. At the same time, conveying the message that ePaper without blue light is not harmful to the eyes, and the inclusion of E Ink ComfortGaze™ front light technology makes it three times healthier for your eyes than LCD screens.

In addition, E Ink has actively enhanced its research and development capabilities and has been recognized with multiple awards. These awards affirm E Ink's continuous innovation and dedication to the development of color ePaper and related energy-saving and power-efficient ePaper applications. Awards include:

- E Ink Spectra™ 6 Full-Color technology received the 32nd Taiwan Excellence Award, and the " Solar-powered Sustainable Smart ePaper Shelf Tag and Warehouse Picking System " was awarded the Silver Award at the Taiwan Excellence Award.
- E Ink Spectra™ 6 Color ePaper display technology awarded 2023 Gold Panel Awards- Best Technology Award by the Taiwan Display Union Association.
- Battery-free Color ePaper Device utilizing E Ink Gallery™ Palette seven-color ePaper for eBadge and won the Smart Healthcare Award at the Smart Display Application Award. It also received the Excellent Innovation Product Award from the Hsinchu Science Park.
- E Ink Spectra™ 6 Color ePaper’s breakthrough color performance and E Ink Kaleido™ 3 Print Color ePaper’s rapid updating efficiency both earned the Gold Award at the Smart Display Industrial Alliance Award.

**Sustainable Development - E Ink PESG**

The annual average global temperature was 1.45 °C above pre-industrial levels in 2023 and was the warmest year on record. Environment changes not only increase the difficulty of operations but also motivate E Ink to make greater efforts to demonstrate its commitment as an environmental solution.

E Ink firmly believes that environmental sustainability and corporate profitability are equally important . With the "Product" of environmentally sustainable ePaper as its core, E Ink combines the "Environment", "Social", and "Governance" aspects of ESG to create a unique "P, E, S, G" sustainability framework, and taking actions related to climate, society, and other aspects through products.

E Ink PESG results in 2023 showed that in striving towards the two primary goals of Net Zero 2040 and RE100 2030, E Ink's global operations and sales locations have already reached the RE36 goal of using 36% renewable energy by the end of 2023. Among them, the United States, China, Japan, and South Korea, have reached the RE100 goal of using 100% renewable energy. The Yangzhou plant in China, over 50% of renewable energy is already being used. Since Taiwan is the challenging markets to source green energy, the proportion of renewable energy used at the E Ink's Taiwan plant has doubled to 8% (RE8) compared to the previous year.

In terms of improving energy efficiency, the Hsinchu, Linkou, and Yangzhou plants in China have all implemented ISO50001 energy management systems and obtained certification. The U.S. plant is also undergoing verification. The company focuses on process improvement, equipment scheduling management, and independent research and development design to enhance energy efficiency. At the same time, it is advancing towards the EP100 initiative, aiming to double energy productivity by 2040 compared to the 2018 baseline.

E Ink has been committed to long-term PESG sustainability efforts. In the 2023 S&P Global Corporate Sustainability Assessment (CSA), it attained a remarkable score of 89, positioning itself as the top scorer globally within the Technology Hardware & Equipment Industry Group and consistently securing a position in both the Dow Jones Sustainability World Index (DJSI-World) and Dow Jones Sustainability Emerging Markets Index (DJSI-Emerging Markets). Additionally, it was achieved top 5% in the S&P Global Sustainability Yearbook and received the Best Progress Award for two consecutive years and also received several prestigious sustainability awards, including:

- Awarded the "Excellent Innovation Company" at the 8th National Industrial Innovation Award by the Ministry of Economic Affairs.
- Ranked among the top 5% of OTC companies in the 9th Corporate Governance Evaluation announced by the Taiwan Stock Exchange.
- Ranked 18th in the 2023 Taiwan's Excellence in Corporate Social Responsibility Award by CommonWealth Magazine, showing significant improvement compared to the previous year.
- Awarded the 2023 Global Views Monthly' ESG Award- the First Place, Comprehensive Performance in Electronics Technology Industry.
- Recognized as a RE100 Best Newcomer from the RE100 Leadership Awards 2023 and achieved target setting through the Science Based Targets initiative (SBTi).
- Recognized by the Taiwan Corporate Sustainability Awards (TCSA) for 7 consecutive years, winning the Top 10 Taiwan Enterprise Sustainability Excellence Award- Manufacture Group, Platinum Award of Corporate Sustainability Report, Climate Leader Award, Sustainable Supply Chain Award, Social Inclusion Award, Enterprise Care Award, and Growth through Innovation Award.
- Responding to net-zero transformation awarded Nation Sustainable Development Award.
- Secured in the list of Best Taiwan Global Brands with a brand value of US$101 million.
- Achieved an A- Leadership Level on CDP Climate Change Rating and recognized efforts in climate change governance.

With the increasing importance of nature and biodiversity for the corporate sustainability development, E Ink focuses on environmental protection and actively implements the commitments to biodiversity and no gross deforestation. The company participates in the "Business for Nature" initiative, advocating for governments to adopt proactive policies to stop and reverse the loss of nature by 2030. Additionally, E Ink has initiated relevant strategies and has been recognized as one of global early adopter by the Task Force on Nature-related Financial Disclosures (TNFD) framework by the World Economic Forum. It ranked the top 14 pioneers in Taiwan and has committed to disclosing the natural-related risks and strategies in accordance with the TNFD framework.

**2024 Business Focus**

Due to the continued instability in international politics and economy in 2024, the E Ink team will closely monitor market trends and maintain a cautious and steady approach to business operations to ensure sustained growth for the company. We will address challenges and seize opportunities in business, technology research and development, and operational management.

**Business Development**

- Consumer Electronics: Full-color ePaper has entered mass production and many global brand customers will launch eReaders and eNotes in 2024. Larger-sized eReader and eNote products will also be released, driving a wave of ePaper products replacement.

- IoT Applications: The color technology transition for electronic shelf labels has been completed. In addition to the ongoing growth in the European market, American supermarket chains have also launched installation and adoption. The development of ePaper signage will move towards larger sizes suitable for indoor or outdoor environments. The environmentally-friendly ultra-low carbon color ePaper signage have gained attention, and the market's growth momentum continues to rise. The application in smart healthcare, smart logistics, smart factories, and other fields are continuously expanding, fostering new growth opportunities.

**Technology Development**

E Ink will focus on developing ePaper technologies related to ePaper film, color, flexibility, modules, and those key areas including wireless power supply technologies, ePaper timing controller chips, and product reference designs. In addition, the company will continue to improve and develop environmentally friendly, low-power-consumption technologies, such as reducing stacks, minimizing materials, and enhancing energy efficiency. By prioritizing carbon reduction, energy efficiency, recycling, and innovation, E Ink hopes to create products with a smaller carbon footprint.

**Operations Management**

As the new office and factory building at the Hsinchu headquarters is set to be completed and operational in the second quarter of 2024, it will inject new research and development capabilities and production capacity into E Ink. This reflects E Ink's commitment to local investment and talent cultivation.

In response to E Ink's 2040 Net Zero and 2030 RE100 net-zero paths, the company will improve energy efficiency, reduce greenhouse gas emissions, and low-carbon measures in eco-friendly manufacturing. At the same time, E Ink is committed to building a low-carbon supply chain with plans to adopt the ISO 20400 Sustainable Procurement-Guidance to strengthen green supply chain management and create a sustainable development value chain for the ePaper industry.

**Outlook**

E Ink will aggressively invest in ePaper technology development and innovation, as well as the business expansion of product applications, and continue to work with its ecosystem partners to enhance and develop the ePaper industry. By promoting the widespread use of ePaper, the world can reduce more carbon emissions, while also promoting the digital transformation to enterprises.

With “We Make Surfaces Smart and Green” as the brand vision, E Ink will seize opportunities in AIoT and sustainable development trends, use environmentally friendly ePaper to promote the development in areas such as smart education, smart signage, smart retail, smart transportation, and smart logistics. This will enable the company to continue making steady profits and taking steadfast steps towards sustainable development.

Best regards,

Chairman
Johnson Lee

# II. Company Profile

## 2.1 Date of Incorporation: June 16, 1992

## 2.2 Company History

Established in June 16, 1992

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|---|---|
| Sep 2000： | Production reached 18,000 boards per month. |
| Oct 2000： | Public listing approved by Securities & Futures Institute ((89)Tai-Cai-Zheng (I) Letter No.86989). |
| Sep 2001： | Production expanded to 36,000 boards per month. |
| Oct 2001： | Obtained ISO 9001 certification. |
| Apr 2002： | Permission granted by MOEA Investment Commission to establish Transcend Optronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region. |
| Jul 2002： | Obtained QS-9000 (Quality), ISO 14001 (Environment) and OHSAS 1800 (Safety and Health) certifications. |
| Feb 2003： | Officially listed as an Emerging Stock with Taipei Exchange on February 14. |
| Oct 2003： | Applied for OTC trading with Taipei Exchange. |
| Jan 2004： | Approved for OTC trading by Taipei Exchange. |
| Mar 2004： | Officially listed on the Taipei Exchange on March 30. |
| Nov 2004： | Permission granted by MOEA Investment Commission to establish Rich Optronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region. |
| May 2005： | Acquired Philips' EPD business. |
| May 2006： | Equity reduced by 296,000 shares after first buyback of treasury stocks. |
| Oct 2006： | U.S. subsidiary established for building U.S. sales network. |
| May 2007： | Technology and patent licensing agreement signed with Company A. |
| Nov 2007： | MOU signed to acquire Korean panel maker BOE Hydis Technology Co., Ltd. |
| Jul 2008： | Hydis Technologies Co., Ltd. shares were formally acquired on July 4. |
| Jun 2009： | Signed contract with E Ink, an U.S. E-ink maker, and its shareholders' representative to acquire 100% of its company shares. |
| Sep 2009： | Signed revised acquisition and share-swap contracts with E Ink, an U.S. E-ink maker, and its shareholders' representative. 100% share of E Ink was acquired on December 23 of the same year. |
| Dec 2009： | Hydis signed bond purchasing contract, collateral contract, investment contract, and cross-licensing contract with LG Display. |
| May 2010： | Permission granted by MOEA Investment Commission to establish Transyang Electronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region. |
| Jun 2010： | Company name changed to E Ink Holdings Inc. |
| Nov 2010： | New E Ink Pearl™ monochrome ePaper display recognized with "Best of What's New 2010" award by Popular Science (PopSci). |
| Dec 2010： | Won award for printed electronics at 4th IDTechEx in the U.S. |
| Jan 2011： | Permission granted by MOEA Investment Commission to establish Transmart Electronics (Yangzhou) Co., Ltd. as an indirect investment in China through an investment business in a third region. |
| Mar 2011： | Resolution passed by the Board of Directors to make a second buyback of treasury stocks and transfer them to employees as part of the company's overall talent retention plan. |
| May 2011： | E Ink Triton™ color ePaper display won "Gold Display Component of the Year" at the 2011 Display of the Year Awards (DYA) presented by the Society for Information Display (SID). |
| May 2011： | Yuen-Yu Investment Co., Ltd. transferred business units that it manages but does not have direct ownership over to the newly established Kai-Yu Investment Co., Ltd. The move was intended to boost returns on investment through better delegation on investment management. |
| Jul 2011： | Resolution passed by the Board of Directors to purchase TWD 1.5 billion in domestic unsecured convertible company bonds issued by Chunghwa Picture Tubes, Ltd. in a private offer to establish a strategic alliance between the two companies. |
| Oct 2011： | E Ink Triton™ color ePaper display presented with "Innovation of the Year Award" for 2011 by the Wall Street Journal. |
| Oct 2011： | Purchased USD 30,500,000 in newly issued Hydis corporate bonds to strengthen the financial structure of Hydis and replenish its operating funds. |
| Nov 2011： | E Ink Pearl™ ePaper display recognized as "Innovation of the Year" by the U.K. Institute of Engineering and Technology (IET). |
| Nov 2011： | Reached agreement with LG Display to terminate investment contract related to Hydis. Hydis also agreed to redeem corporate bonds held by LG Display ahead of time and end the guarantee contracted linked to said corporate bonds. |
| Jun 2012： | E Ink's next-generation high-efficiency ePaper display recognized at "15th Outstanding Photonics Product Awards" presented by PIDA. |
| Jun 2012： | High contrast E Ink Pearl™ ePaper display presented with "Outstanding Component Award" at the "11th Gold Panel Awards" presented by the MOEA Industrial Development Bureau. |
| Jul 2012： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company B. |
| Oct 2012： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company C. |
| Nov 2012： | Acquired shares in SiPix Technology, Inc. to expand the breadth and depth of E Ink's ePaper patent portfolio. |
| Dec 2012： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company D. |
| Jan 2013： | Resolution passed by the Board of Directors to purchase the Linkou factory and equipment of SiPix Technology, Inc. subsidiary in order to consolidate the production operations of E Ink Group in Taiwan and improve return on assets. |
| May 2013： | E Ink Spectra™ tri-color ePaper display received "Gold Display Component of the Year" at the 2013 Display of the Year Awards (DYA) presented by the Society for Information Display (SID). |
| Jun 2013： | E Ink Triton™ full-effect color ePaper display recognized at "16th Outstanding Photonics Product Awards" presented by the Photonics Industry & Technology Development Association (PIDA). |
| Nov 2013： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company E. |
| Apr 2014： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company F. |
| Jun 2014： | E Ink Spectra™ tri-color ePaper display recognized at "17th Outstanding Photonics Product Awards" presented by PIDA. |
| Dec 2014： | Presented with "SEMI Standards Contribution Award" by SEMI Taiwan. |
| Jan 2015： | Announcement of E Ink Prism™ color-changing ePaper technology. |
| Aug 2015： | Wirelessly powered ePaper display won the "Outstanding Technology Award" at the "14th Gold Panel Awards" presented by Taiwan Display Union Association (TDUA). |
| Dec 2015： | Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company G. |
| Apr 2016： | E Ink Spectra™ tri-color ePaper display presented with Gold Award at the "Taiwan Excellence Awards" hosted by the MOEA. |
| May 2016： | Advanced Color ePaper (ACeP) technology received "Gold Display Component of the Year" at the 2016 Display of the Year Awards (DYA) presented by the Society for Information Display (SID). |

Jun 2016 : Resolution passed by the Board of Directors to make a third buyback of treasury stock and transfer them to employees as part of the company's overall talent retention plan.

Jul 2016 : Yuen-Yu Investment Co., Ltd. acquired Kai-Yu Investment Co., Ltd. to consolidate company resources and streamline the company structure.

Sep 2016 : Korean subsidiary Hydis Technologies Co., Ltd. signed patent cross-licensing agreement with Company H.

Nov 2016 : E Ink signed MOU on strategic cooperation with Company I.

Dec 2016 : E Ink presented with the Green Energy Appreciation Award by the Ministry of Economic Affairs of the Republic of China (Taiwan).

Feb 2017 : 32" color ePaper displays presented with Gold Award at the "Taiwan Excellence Awards" by the MOEA.

Apr 2017 : Linfiny Corporation established by E Ink as a joint venture on ePaper displays with SONY Semiconductor.

Sep 2017 : 6.1" non-geometric flexible wearable ePaper display won the "Outstanding Product Award" at the "2017 Gold Panel Awards" presented by Taiwan Display Union Association (TDUA).

Oct 2017 : E Ink has won the Asia IP Elite award from Intellectual Asset Management, a world-renowned IP industry magazine, for 3 consecutive years since 2015.

Nov 2017 : E Ink's "2016 Corporate Social Responsibility Report" was recognized at the "2017 Taiwan Corporate Sustainability Awards" held by Taiwan Academy of Corporate Sustainability with a gold award in the IT & IC manufacturing industry category.

May 2018 : E Ink formed strategic partnership with the French company SES-imagotag.

Aug 2018 : Advanced Color ePaper (ACeP) won the "Outstanding Technology Award" at the "2018 Gold Panel Awards" presented by Taiwan Display Union Association (TDUA).

Nov 2018 : E Ink was recognized with three awards at the Taiwan Corporate Sustainability Awards held by Taiwan Academy of Corporate Sustainability, these being the "Top 50 Corporate Sustainability Award", "Corporate Sustainability Report Awards - Gold Award" and "Social Inclusion Award."

Nov 2018 : US plant joined the United Nations Global Compact (UNGC), the largest enterprise sustainability advocacy organization in the world, on the basis of its commitment to sustainability and outstanding performance.

May 2019 : E Ink Hardware TCON T1000 presented with COMPUTEX Best Choice Award by the Taipei Computer Association.

Jun 2019 : Yuanhan Materials was acquired by Yuen-Yu Investment Co., Ltd., an E Ink subsidiary, and name changed to Yuanhan Materials Inc.

Oct 2019 : SiPix was acquired by E Ink subsidiary Yuanhan Materials to streamline the organization of the E Ink Group and improve the operating efficiency of the subsidiary.

Oct 2019 : Presented with the 5th "Taiwan Mittelstand Award" by the Industrial Development Bureau, Ministry of Economic Affairs.

Nov 2019 : "Wireless Power ePaper Display" presented with Gold Award at the "Taiwan Excellence Awards" by the MOEA.

Nov 2019 : E Ink was recognized at the Taiwan Corporate Sustainability Awards hosted by the Taiwan Institute for Sustainable Energy for the third consecutive year by winning four awards: "Top 50 Corporate Sustainability Award", "Corporate sustainability Report Awards - IT & IC Manufacturing (Gold award)", "Best Performance in a Specific Category - Social Inclusion Award", and "Best Performance in a Specific Category - Growth through Innovation Award".

Dec 2019 : E Ink Kaleido™ Print Color Technology unveiled by E Ink in a bid to expand smart applications for color ePaper.

Nov 2020 : Advanced Color ePaper Display System (E Ink Gallery) presented with the "Taiwan Excellence Gold Award" by the Ministry of Economic Affairs, R.O.C.

Nov 2020 : E Ink was recognized for the 4th year at the Taiwan Corporate Sustainability Awards organized by the Taiwan Institute for Sustainable Energy. TCSA Awards received in 2020 included "TCSA 2020 Corporate Sustainability Report Award – the Gold Award in Electronics Manufacturing Industry", "Taiwan Enterprise Sustainability Excellence Award", "Best Practice Award - Social Inclusion Award", and "Best Practice Award - Growth through Innovation Award".

Dec 2020 : E Ink Kaleido™ print color technology included by Popular Science magazine in the US as one of "The 100 greatest innovations of 2020."

Dec 2020 : The E Ink MeeNote (Mobile Expandable ePaper Notebook) developed by E Ink was presented with the "Hsinchu Science Park Innovation Product Award."

Dec 2020 : Plans to increase ePaper production at Hsinchu plant to meet market demand passed by the Board of Directors.

Mar 2021 : Plans to increase ePaper production at Hsinchu plant to meet market demand passed by the Board of Directors.

Mar 2021 : E Ink Kaleido™ Plus, the latest generation of the print color ePaper technology announced.

Apr 2021 : E Ink Spectra™ 3100 four-color ePaper technology (black, white, red and yellow) announced.

May 2021 : E Ink Corporation, a E Ink subsidiary, obtained share in Nuclera Nucleics Ltd. in exchange for investment of digital microfluidic technology.

Jun 2021 : The subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., invested in the construction of a new factory develop its business in upstream materials for ePaper modules.

Jul 2021 : E Ink Spectra 3100™ SoC presented with "2021 Computex Best Choice Award - IC & Components" award.

Sep 2021 : Presented with Asia Responsible Enterprise Awards (AREA) for "Investment in People" and "Green Leadership" by Enterprise Asia.

Sep 2021 : Recognized as one of the "Best Companies to Work for in Asia 2021" by HR Asia, the leading international human resources periodical.

Oct 2021 : E Ink Kaleido™ Plus color e-ink display module obtained Paper Like Display Quality-mark and China-mark certifications from TÜV Rheinland, the international testing and inspection body.

Oct 2021 : Signed "TCFD Supporter" statement committing to voluntary climate-related financial disclosures.

Nov 2021 : E Ink Kaleido™ Plus print color ePaper technology presented with the 30th Taiwan Excellence Silver Award.

Nov 2021 : E Ink's ESG performance was recognized at the "Taiwan Corporate sustainability Awards" for the 5th consecutive year. Awards received included "TCSA 2021 Corporate Sustainability Report Award", "Best Practice Award - Growth through Innovation Award", and "Corporate Sustainability Report Award - Gold Award in IT & IC Manufacturing."

Nov 2021 : Expansion of production capacity for e-ink materials by E Ink Corporation.

Nov 2021 : Recognized with 2021 Best Taiwan Global Brands Honorable Mention by the MOEA Industrial Development Bureau.

Dec 2021 : Batteryless ePaper smart credit card presented with Hsinchu Science Park Innovation Product Award.

Dec 2021 : Completed Taiwan Intellectual Property Management System (TIPS) certification to strengthen the protection and management of R&D patents.

Feb 2022 : Included in the MSCI Global Standard Indexes (Asia-Pacific/Taiwan).

Feb 2022 : Ranked in the Top 10% for Global Electronic Equipment, Instruments & Components by the 2021 S&P Global Corporate Sustainability Assessment and included in the 2022 S&P Sustainability Yearbook.

Feb 2022 : The ePaper became the first display technology in the world to be certified by the International Dark Sky Association (IDA).

Feb 2022 : Set carbon reduction targets and net zero carbon emissions in line with the 1.5°C scenario of the Science Based Targets Initiative (SBTi).

Feb 2022 : Joined the "Race to Zero Campaign" launched by the United Nations Framework Convention on Climate Change (UNFCCC) to advocate for net zero carbon emissions by 2050. The Company is committed to reach net zero by 2040.

Mar 2022 : Announcement of E Ink Gallery™ Plus, the latest generation of the full color ePaper module.

Mar 2022 : Became the first display maker in the world to join "The Climate Pledge" initiative and committed to achieving net zero by 2040.

Mar 2022 : Joined the "RE100" global renewable energy initiative committing to realizing 100% renewable energy by 2050. E Ink has committed to realizing 100% renewable energy by 2030 and was the first display maker to commit to achieving 10% renewable energy by 2022.

Apr 2022 : Announcement of the latest E Ink Kaleido™ 3 print color ePaper technology, E Ink Spectra™ 3100 Plus 5-color ePaper (black, white, red, yellow and orange) and E Ink Gallery™ 3 color ePaper technology.

Apr 2022 : E Ink Spectra™ 3100 four-color ePaper display presented Smart Retail Award at the Smart Display Application Awards.

May 2022 : E Ink Driver IC with Dynamic and Interlaced Scan by AI Computing presented with the "2022 Computex Best Choice Award - IC & Components" award.

May 2022 : Named one of the 2022 Climate Leaders Asia-Pacific by the Financial Times and Nikkei Asia.

Jul 2022 : Presented with the Asia Responsible Enterprise Awards (AREA) for "Green Leadership", "Social Empowerment" and "Corporate Sustainability Reporting" by Enterprise Asia.

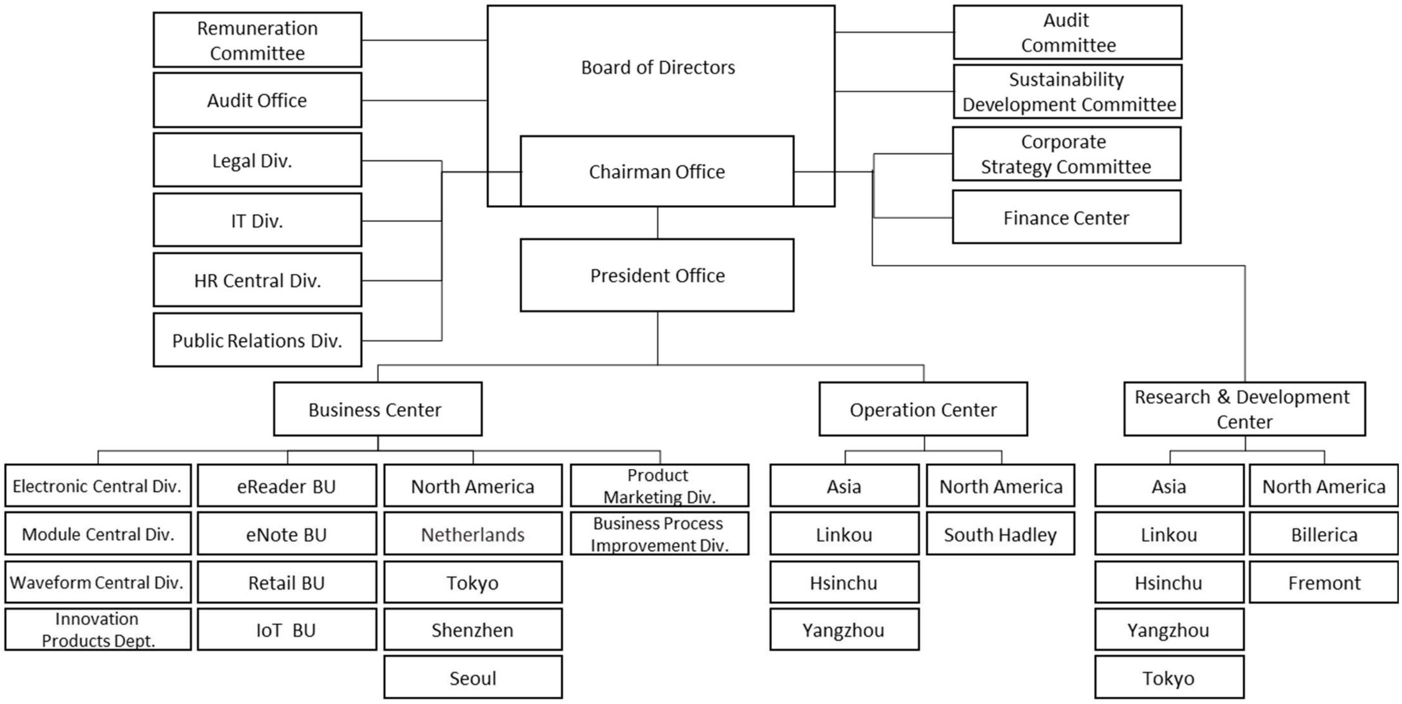
Aug 2022： Issued with the first Product Carbon Footprint Certification for ePaper module and ESL (Product carbon footprint certification based on ISO 14067:2018 international standard obtained by 6.8" eReader module and 2.9" ESL module).
Aug 2022： Presented with the "Taiwan Sustainability Action Awards" Gold Award - eRead for the Future (SDG 4 Quality Education), Silver Award - Diversified Renewable Energy Leads to Net Zero (SDG 7 Affordable Energy), and Bronze Award - Sustainable Paper Enables Smart & Green Retail (SDG 12 Responsible Consumption) by the Taiwan Institute for Sustainable Energy (TAISE).
Aug 2022： Recognized as one of the "Best Companies to Work for in Asia 2022" by HR Asia, the leading international human resources periodical, and presented with the "WeCare™ － HR Asia Most Caring Company Award."
Sep 2022： Named one of the Excellence in Corporate Social Responsible Top 100 companies by the Commonwealth magazine (No.49 in Large Companies)
Oct 2022： Foldable color ePaper technology won the SDIA Silver Award.
Oct 2022： Batteryless color ePaper device won the Invention Contest - Bronze Medal at the Taiwan Innotech Expo.
Nov 2022： Ranked No.24 in the Best Taiwan Global Brands by the MOEA Industrial Development Bureau (brand value of USD 78 million).
Nov 2022： Presented with the "Top 100 Taiwan Enterprise Sustainability Excellence Award", "Platinum Award of Corporate Sustainability Reports", and "Growth Through Innovation Award" at the Taiwan Corporate Sustainability Awards
Nov 2022： E Ink and its subsidiary YuanHan Materials Inc. participated in the private investment of Integrated Solutions Technology Inc. (ISTI)
Dec 2022： E Ink Prism™ presented with the Taiwan Excellence Awards - Gold Award; E Ink Spectra™ 3100 Plus presented with the Taiwan Excellence Award.
Dec 2022： Presented with the Cybersecurity Excellence Award by the Taiwan Panel and Solution Association (TPSA).
Dec 2022： Recognized as an "Outstanding Enterprise for Disclosure of Occupational Health and Safety Indicators in Corporate Sustainability Reporting" by the Occupational Safety and Health Administration, Ministry of Labor.
Dec 2022： E Ink Gallery 3 presented with the Hsinchu Science Park Innovation Product Award.
Dec 2022： Announced that the RE20 indicator has been achieved early (previously target was to achieve 10% renewable energy use (RE10) by 2022).
Dec 2022： Chosen as a constituent stock for both Dow Jones "Sustainability World" and "Sustainability Emerging Market" indices.
Feb 2023： First-time inclusion in the 2023 S&P Global Sustainability Yearbook, ranked in the top 10% of companies and awarded the Best Progress Award.
Mar 2023： Received three major awards at the 2022 Asian Sustainability Reporting Awards, including the Silver Award for "Best Supply Chain Report", Silver Award for "Best Diversity Report", and Bronze Award for "Best Environmental Impact Report".
Mar 2023： A study conducted by the Harvard School of Public Health suggests that ePaper does not emit harmful blue light, making it less likely to cause eye strain compared to LCD screens. Furthermore, when combined with E Ink ComfortGaze™ front light technology, ePaper is found to be three times better for eye health than LCD screens.
Apr 2023： Introduced the revolutionary E Ink Spectra™ 6, a new color ePaper replacing traditional paper signs.
Apr 2023： Launched E Ink Kaleido™ 3 Outdoor, a color printing ePaper technology that provides the best low-carbon display solution for outdoor public message boards.
Apr 2023： E Ink Spectra 6 received the Display Component Technology Award, and battery-free color ePaper received the Smart Display Application Award.
Apr 2023： Chairman Johnson Lee was awarded the 2023 Pan Wen Yuan Foundation ERSO Award.
Apr 2023： Ranked among the top 5% of OTC companies in the 9th Corporate Governance Evaluation.
May 2023： Received the 2023 Common Wealth ESG Corporate Sustainability Award in the Electronic Technology category, winning the "Comprehensive Performance Award."
May 2023： Honored with the "Outstanding Innovation Enterprise" award at the 8th National Industrial Innovation Awards.
May 2023： Confirmed by Taiwan Ratings Corporation (TRC) to have a long-term issuer credit rating of "twA-". It is the only company in Taiwan's optoelectronic display industry to receive a long-term issuer credit rating of "twA-".
Jul 2023： Received the Best Companies To Work For in Asia 2023 during past three years.
Jul 2023： Chosen in FTSE4Good Emerging Index and horned the Asia Responsibility Enterprise Award.
Sep 2023： Ranked No.18 in Corporate Social Responsible companies by the Commonwealth magazine 2023.
Sep 2023： Honored the Best Newcomer of RE100 Leadership Awards by International Energy Agency RE100.
Oct 2023： Obtained the Science Based Targets initiative.
Oct 2023： Horned the dual gold awards in forward-looking display technology with 2023 Smart Display Industrial Alliance.
Nov 2023： Obtained seven awards in Taiwan Corporate Sustainability Awards and horned the Top Ten Sustainable Exemplary Enterprise.
Nov 2023： Ranked the No.21 in Taiwan's Best International Brand Value List.
Nov 2023： Recognized with National Sustainable Development Award for participating the Transition to Net Zero.
Nov 2023： Awarded the Healthy Workforce Sustainable Leadership Enterprise.
Dec 2023： Awarded the Taiwan Excellence Silver Award for Solar-Powered Smart ePaper Retail Logistics System.
Dec 2023： Retained the constituent of Dow Jones Sustainability Indices in DJSI-World and DJSI-Emerging Markets.
Dec 2023： Awarded the Excellent Business Innovation Product Award by the Hsinchu Science Park for the Battery-Free Color ePaper Identification Card and Cloud Solution.
Feb 2024： Retained the consecutive year in the S&P Global Sustainability Yearbook 2024.
Mar 2024： Awarded five Gold Awards in the ASRA Asia Sustainability Report and selected as a Level A Leader in the CDP Supply Chain Engagement.
Apr 2024： E Ink Spectra™ 6 Plus and Medical Care E-paper Notebook won the 2024 Display Component Technology Award and Smart Display Application Grand Prize.
May 2024： Received the 6th "Presidential Innovation Award," with green display technology being honored with the highest recognition from the head of state in the name of encouraging "innovation".

## III. Corporate Governance Report

### 3.1 Organization

### 3.1.1 Organization Chart

**2024.04.01**



**3.1.2 Major Corporate Functions**

- **Chairman Office (includes the Corporate Strategy Committee, Legal Division, IT Division, HR Central Division, Public Relations Division, Research & Development Center, Finance Center, and the President's Office along with its subordinate units.)**
  - ✓ Internal Management: Planning and executing internal control operations, comprehensive management of legal affairs and document control, and mastering overall financial control of the company.
  - ✓ External Relations: Establishing the company's external image and managing public relations affairs, including media contacts, coordination, and execution of international exhibitions, as well as product promotion activities.
  - ✓ Business Planning: Strategic planning and goal-setting for company operations, authorizing the President to execute Board decisions, Strategy development and execution in human resources and IT infrastructure as well as lead the direction of product development, design and application.

- **President Office (includes the Business Center and Operation Center)**
  - ✓ Responsible for leading the company's Business Center and Operation Center, as well as providing coordination and operations.
  - ✓ Lead the overall business development and decision-making of the Company, as well as drive the implementation of policies, evaluations, and the formulation of operating rules.

- **Business Center (includes the eReader BU, eNote BU, Retail BU, IoT BU, Global Business, Product Marketing Division, Business Process Improvement Division, Electronic Central Division, Module Central Division, Waveform Central Division, and Innovation Products Dept.)**
  - ✓ Management of global business, product planning, and strategic policies.
  - ✓ Company product development - chip design, drive waveform, panel development, front light/touch design, module process, system development, application development.
  - ✓ Planning and execution of company's new product, new application, new market, new business model, and ecosystem establishment.

- **Research and Development Center (Includes the R&D center and five laboratories in Asia and North America.)**
  - ✓ Responsible for technological breakthroughs, expanding the application scope, and continuous refinement of ePaper products.
  - ✓ The scope of work includes ePaper types, patent portfolio management, prototype panel design, new production technologies, metrology, new platform construction and module production technology, as well as the introduction of critical materials, components, and assemblies.

- **Operation Center (Asia and North America Operation Centers)**
  - ✓ Integrated planning for global production sites, process integration and capacity expansion, and maximizing synergies through the efficient utilization of resources.
  - ✓ Coordinate and implement procurement planning for product raw materials, equipment, and engineering
  - ✓ Raw material demand planning, bonded and logistics management.
  - ✓ Assurance of raw material and product quality and reliability.
  - ✓ Management and execution of production planning.
  - ✓ Responsible for planning and executing product process analysis and manufacturing management throughout the product manufacturing process.

- **Finance Center (Includes the Accounting Division, Finance Division, Sustainable Operations Management Division, Public Relations Division)**
  - ✓ Processing and control of accounting transactions.
  - ✓ Efficient utilization and planning of funds, analysis, and decision-making for financial and strategic investments.
  - ✓ Sustainable operations management, global promotion, and execution.
  - ✓ Planning and execution of public affairs initiatives.

## 3.2 Directors and Management Team

### 3.2.1 Directors and Supervisors

2024/3/31

| Title | Nationality /Place of Incorporation | Name | Gender Age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience and Education | Other Position | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Director | ROC | Aidatek Electronics, Inc. | N/A | 2023.06.29 | 3 | 2014.06.18 | 240,000 | 0.02% | 240,000 | 0.02% | 0 | 0.00% | 0 | 0.00% | N/A | None | None | None | None | None |
| Director | ROC | Johnson Lee<br>Representative of Aidatek Electronics, Inc. | Male<br>Aged 41 to 50 | 2023.06.29 | 3 | 2008.06.13 | 823,040 | 0.07% | 843,040 | 0.07% | 14,677,000 | 1.28% | 669,000 | 0.06% | Bachelor of Economics and Electrical Engineering from Tufts University, USA. | Chairman, E Ink Holdings Inc.<br>Chairman/Director, Subsidiaries of EIH<br>Chairman, ICM Communications Inc.<br>Director, Foongtone Technology Co., Ltd.<br>Director, Integrated Solutions Technology Inc.<br>Director, Jixin Investment Co., Ltd.<br>Observer Director, SES Imagotag SA | None | None | None | None |
| Director | ROC | FY Gan<br>Representative of Aidatek Electronics, Inc. | Male<br>Aged 51 to 60 | 2023.06.29 | 3 | 2017.06.20 | 580,000 | 0.05% | 600,000 | 0.05% | 500,000 | 0.04% | 0 | 0.00% | Ph.D. in Electrical Engineering from McGill University, Canada. | General manager, E Ink Holdings Inc.<br>Director/General manager, Subsidiaries of EIH<br>Director, Plastic Logic HK Ltd.<br>Independent Director, PlayNitride Inc. | None | None | None | None |
| Director | ROC | Shin-Yi Enterprise Co., Ltd. | N/A | 2023.06.29 | 3 | 2020.06.18 | 32,842,345 | 2.87% | 32,842,345 | 2.87% | 0 | 0.00% | 0 | 0.00% | N/A | None | None | None | None | None |
| Director | ROC | Luke Chen<br>Representative of Shin-Yi Enterprise Co., Ltd. | Male<br>Aged 61 to 70 | 2023.06.29 | 3 | 2019.09.09 | 286,000 | 0.02% | 286,000 | 0.02% | 119,000 | 0.01% | 0 | 0.00% | Master of Science in Electrical Engineering and Industrial Engineering from New Mexico State University, USA. | Executive Vice President, E Ink Holdings Inc.<br>Director/Chairman, Subsidiaries of EIH | None | None | None | None |
| Director | ROC | Sylvia Cheng<br>Representative of Shin-Yi Enterprise Co., Ltd. | Female<br>Aged 61 to 70 | 2023.06.29 | 3 | 2019.09.09 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Accounting Department of Soochow University, Graduate School of Business Administration, National Chengchi University<br>Co-Founder, Ya & Ya Brand Coach & Consultancy | Co-Founder, Ya & Ya Brand Coach & Consultancy | None | None | None | None |
| Independent Director | ROC | Po-Young Chu | Male<br>Aged 61 to 70 | 2023.06.29 | 3 | 2019.06.18 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D. from Purdue University, USA/Professor of the Department of Management Science at National Chiao Tung University | Independent Director, Hsin Kuang Steel Co., Ltd.<br>Independent Director, Polytronics Technology Corporation<br>Independent Director, Cheng Shin Rubber Ind. Co., Ltd.<br>Director, Union Winner International Co., Ltd.<br>Chairman, Mid Sun Technology Co., Ltd. | None | None | None | None |
| Independent Director | ROC | Huey-Jen Su | Female<br>Aged 61 to 70 | 2023.06.29 | 3 | 2023.06.29 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D. in Environmental Health Sciences from the Harvard T.H. Chan School of Public Health.<br>Distinguished Professor, Department of Environmental and Occupational Health, College of Medicine, National Cheng Kung University | Director, Foundation For The Advancement Of Outstanding Scholarship<br>Director, National Applied Research Laboratories<br>Independent Director, Sinopac Financial Holdings Co., Ltd. | None | None | None | None |
| Independent Director | ROC | Chang-Mou Yang | Male<br>Aged 61 to 70 | 2023.06.29 | 3 | 2023.06.29 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | Ph.D., Materials Science and Engineering, Cornell, USA<br>Professor, Department of Materials Science and Engineering, National Tsing Hua University | Independent Director, Shin Foong Specialty And Applied Materials Co., Ltd.<br>Independent Director, Top Union Electronics Corporation | None | None | None | None |

**3.2.2 Professional qualifications and independence analysis of directors**

1. Directors' expertise and independent directors' independence:

2023/12/31

| Criteria / Name | Professional Qualifications and Experience (Note 1) | Independence Criteria (Note2) | Numbers of other public companies serving as an independent director. |
|---|---|---|---|
| Aidatek Electronics, Inc.<br>Representative：Johnson Lee | Work experience in commerce, law, finance, and banking, accounting, or necessary for the operation and management of company business. | | 0 |
| Aidatek Electronics, Inc.<br>Representative：FY Gan | Work experience in commerce, law, finance, and banking, accounting, or necessary for the operation and management of company business. | | 1 |
| Shin-Yi Enterprise Co., Ltd.<br>Representative：Luke Chen | Work experience in commerce, law, finance, and banking, accounting, or necessary for the operation and management of company business. | | 0 |
| Shin-Yi Enterprise Co., Ltd.<br>Representative：Sylvia Cheng | Work experience in commerce, law, finance, and banking, accounting, or necessary for the operation and management of company business. | | 0 |
| Independent Director<br>Po-Young Chu | Experience as a lecturer (or above) in commerce, law, finance, accounting, or any subjects relevant to the operation and management of business at public or private tertiary institutions. | (1) Having complied with the independence criteria: Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.<br>(2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed when elected. | 3 |
| Independent Director<br>Huey-Jen Su | Experience as a lecturer (or above) in commerce, law, finance, accounting, or any subjects relevant to the operation and management of business at public or private tertiary institutions. | (1) Having complied with the independence criteria: Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.<br>(2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed when elected. | 1 |
| Independent Director<br>Chang-Mou Yang | Experience as a lecturer (or above) in commerce, law, finance, accounting, or any subjects relevant to the operation and management of business at public or private tertiary institutions. | (1) Having complied with the independence criteria: Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.<br>(2) A statement of conformity with professional eligibility, independence, and concurrent duties for independent director was signed when elected. | 2 |

Note 1: Please refer to Section 3.2.1 for directors' academic backgrounds and career experiences. None of the Company's directors exhibited any of the conditions described in Article 30 of The Company Act.

Note 2: Independent directors should delineate their compliance with the independence criteria, including but not limited to: whether they themselves or spouse or 2nd-degree relatives or closer serve as director, supervisor, or employee at the Company or

any of its affiliated enterprises; the number and percentage of shareholding in the Company by self, spouse, 2nd-degree relative or closer (or proxy holder); whether they assume position as director, supervisor, or employee in any entity that the Company has special relationship with (see Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of compensation received from the Company or affiliated enterprises thereof in the last 2 years for commercial, legal, financial, or accounting services rendered.
Note 3: The directors S.C. Ho, Felix Ho, Chuan-Chuan Tsai, independent directors Donald Chang, and Hsi-Cheng Yen of the 11th Board of Directors have stepped down upon the completion of their term following re-election on June 29, 2023.

2. Diversity and independence of the board of directors:

**(1) Board diversity: Describe diversity policy and goals for the board of directors, and the goal achievement. Diversity policy includes not only the director selection criteria, but also the level of professional quality and experience. The board possesses, as a whole, gender/age/nationality/and culture background. The following provides the E Ink's goals of BOD and achievement with the term.**

**A. Board Diversity Policy and Goals**

E Ink has established a diversity policy for the Board of Directors. The “Corporate Governance Best Practices” regulates that no more than one-third of the Board of Directors should also hold concurrent management positions with the Company. E Ink, as the leader in e-paper technology and sales, requires a lot of diversity professional background. At least one director has a corporate background such as finance, investment, chemical engineering, sustainability and environmental protection, sales, business management, and marketing. Other directors and independent directors would have a background in materials research, manufacturing management and technology R&D in order to match E Ink’s requirements in display technology, electronic products, electronic materials, and chemical engineering & manufacturing. There should also be diversity in the ages of directors so that they encompass every group from old to middle-aged and young. The Board is able to draw on the experience of the directors and ensure that their experience will be passed on. E Ink also drew on the practical experience of directors that held senior executive roles in transnational enterprises, or experts and academics. Their insights on the industry, government, universities and research will help them lead the growth of E Ink. This will not only facilitate cutting-edge research and business expansion for E Ink but also realize Board diversification.

| Board Diversity Policy and Goals | | | |
|---|---|---|---|
| Current phase (The 12th Board of Directors: Re-election date is 2023/6/29) | 2023 Short-term goals | 2025 Mid-term goals | 2030 Long-term goals |
| 1. Independent directors make up 43% of the board.<br>2. Increase ratio of female board directors to 29%.<br>3. Other management goals of the board diversity policy as described above. | 1. Independent directors make up 40% of the board.<br>2. Increase ratio of female board directors to 20%.<br>3. Other management goals of the board diversity policy as described above. | 1. Independent directors make up 40% of the board.<br>2. Increase ratio of female board directors to 25%.<br>3. Other management goals of the board diversity policy as described above.<br>4. The 12th Board of Directors was re-elected on June 29, 2023, and has achieved the first and second points of the midterm goals ahead of schedule. | 1. Independent directors make up 50% of the board.<br>2. Increase ratio of female board directors to 40%.<br>3. Other management goals of the board diversity policy as described above. |

**B. Progress on diversity: Composition, percentage, and term of service of board members have conformed with the diversity policy and goals**

E Ink “Directors Election Policy” explicitly state that the election of directors is to use the nomination system. The qualifications of candidates are to be assessed in accordance with the “Corporate Governance Best Practice

Principles" as well. The directors will ultimately be elected by the shareholders' meeting from the list of candidates. The 7 existing members of the Board were elected by the shareholders' meeting in 2023. These included 3 independent directors and 2 female directors. The average age is 61 years old. Directors serve a statutory term of 3 years. The current term runs from June 29, 2023, through to June 28, 2026. Elections for the full board will therefore be held once their term expires in 2026.

| Progress of the 12th Board | The status of achieving diversity policies and goals expected by 2030. |
|---|---|
| The 12th E Ink Board was made up of 7 directors including 3 independent directors (43%); there was 2 female directors (29%). All directors possess extensive experience and expertise in related fields. (Outlined in the background information on Board diversity)<br>The directors have served on average 4.4 years. None of the independent directors had served more than 3 terms consecutively.<br><br>→The goals for the current phase of the diversity policy set by the Company have been achieved. | 1. Independent directors make up 50% of the board.<br>2. Increase the ratio of female board directors to 40%.<br>3. It is anticipated to achieve the company's set diversity management goals in stages.<br><br>→The short-term goals for 2023 and the midterm goals for 2025 have been achieved. |

**C. The implementation status of board members' diversity**

| Title | Name | Gender | Term of Independent Director (year) | | | Age range | | | | Concurrently serving as managers of the company | Number of other public companies serving as an independent director. | Responsibilities of Functional Committees in Oversight and Governance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | <3 | 3-9 | >9 | <50 | 50-60 | 60-70 | >70 | | | |
| Chairman | Johnson Lee | Male | | | | V | | | | V | 0 | Convener of the Sustainable Development Committee.<br>Governance related to risk management, information security, and nature. |
| Director | FY Gan | Male | | | | | V | | | V | 1 | Governance related to climate change, human rights, occupational safety and health, and sustainable supply chains. |
| Director | Luke Chen | Male | | | | | | V | | V | 0 | |
| Director | Sylvia Cheng | Female | | | | | | V | | | 0 | |
| Independent Director | Po-Young Chu | Male | | V | | | | V | | | 3 | Convener of the Audit Committee |
| Independent Director | Huey-Jen Su | Female | V | | | | | V | | | 1 | Convener of the Remuneration Committee |
| Independent Director | Chang-Mou Yang | Male | V | | | | | V | | | 2 | |

Note: Please refer to Section 3.2.1 for information regarding the academic backgrounds and career experiences of the directors.

**D. Board of Directors Diversity and Background**

| | |
|---|---|
| Director<br>Sylvia Cheng | Director Cheng, a Taiwanese veteran in advertising and marketing, is currently a co-founder of Ya & Ya Brand Coach & Consultancy. With approximately 30 years of experience in the field of advertising and communication, she has held positions such as Chief Operating Officer at Leo Burnett, General Manager at School Creative, General Manager of Digital Integration at Praise, Managing Director at Yangshi Advertising, and Managing Director at Ogilvy & Mather Promotions. She possesses expertise in finance and accounting, having served as the Chief Financial Officer for Northeast Asia at JWT before transitioning to lead the company's management as General Manager. With over two decades of comprehensive and rich experience in brand communication and marketing, she has achieved |

| | |
|---|---|
| | outstanding results for numerous well-known companies in both brand and product aspects, earning numerous domestic and international creative awards through collaborative efforts. She specializes in brand strategy and marketing planning, with involvement in media, public relations, and digital communities. Through digital networks such as the internet and broadband, as well as traditional media, she designs content with brand significance and business impact, including advertising, entertainment, and community engagement. Leveraging her extensive and diverse background in the industry, her contributions have been instrumental in enhancing the exposure of E Ink's brand and products through marketing channels. |
| Independent Director<br>Po-Young Chu | Independent Director Chu has previously served as an independent director for listed technology companies in Taiwan and as a senior consultant for organizations such as the Chung-Hua Institution for Economic Research, Industrial Technology Research Institute, and Futures Exchange Promotion Committee. With expertise in both business and financial management, he provides timely guidance to E Ink Holdings in financial decision-making. Belonging to the professional services human resource and employment services research and consulting services sector, he offers professional knowledge advisory services to assist E Ink in professional business management strategies. |
| Independent Director<br>Huey-Jen Su | Independent Director Su is a Ph.D. in Environmental Health Sciences from Harvard University. She has previously served as the President of National Cheng Kung University and currently holds the position of Professor at the Institute of Environmental Medicine, School of Medicine. Dr. Su specializes in public health and higher education leadership, with research interests including environmental quality and health effects. She has also delved into Health Care Technology, contributing her expertise to guide E Ink Holdings in promoting eye care features in their products, thus enhancing their health benefits. Dr. Su has been actively involved in various domestic and international high-level sustainable development committees for many years, focusing on climate change and sustainable development. With her extensive experience and achievements in sustainable development practices, management, and education, deeply connected to localities and industries, Dr. Su will provide diverse perspectives on issues such as deepening ESG, digital applications, product innovation, and sustainable practices for E Ink Holdings. Her involvement is expected to play a more proactive role in fostering collaboration within E Ink. |
| Independent Director<br>Chang-Mou Yang | Independent Director Yang holds a Ph.D. in Materials Science and Engineering from Cornell University in the United States. He previously served as a researcher at the IBM Research Center in San Jose, California (Almaden Research Center), and also served as the principal investigator for projects funded by the Ministry of Economic Affairs, the National Science Council, and the U.S. Air Force Laboratory. Additionally, he served as the chairman of the Supervisory Committee at Tsinghua University. Currently, he is a professor in the Department of Materials Science and Engineering at Tsinghua University, specializing in the field of materials science. With expertise in Technology Hardware & Equipment Communications Equipment, he possesses a professional background in applied materials science and specializes in the research and development and mass production of specialty polymers, optoelectronic materials, semiconductor processes, and high-precision color display technologies. With his guidance, E Ink will receive comprehensive supervision and direction, leading the company to new heights. |

**(2) Board independence: provide explanations on the number and percentage of independent directors, board performance, and whether the board exhibits any of the conditions described in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act with reasons; please also highlight any relationship characterized as spouse or 2nd-degree relative or closer among directors, among supervisors, and between directors and supervisors.** 。

The current 12th Board of Directors of the company was elected by shareholder vote on June 29, 2023, comprising a total of 7 directors, including 3 independent directors, accounting for 43% of all director seats. There are a total of 2 female directors, accounting for 29% of the seats. All directors possess rich experience and expertise in relevant fields. The current term of office for directors is three years, from June 29, 2023, to June 28, 2026, and reelection will take place in 2026.

The independent directors of the company, appointed on June 29, 2023, have all signed declarations confirming their qualifications, independence, and compliance with part-time regulations as independent directors. The Board of Directors and its members comply with the independence requirements stipulated by regulations, and there are no violations of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. For information regarding familial relationships among directors, please refer to Section 3.2.1 Director’s Information.

### 3.2.3 Major shareholders of the institutional shareholders

**Major shareholders of the institutional shareholders**

2023/12/31

| Name of Institutional Shareholders | Major Shareholders | % |
|---|---|---|
| Shin-Yi Enterprise Co., Ltd. | S.C. Ho | 27.84% |
| | Jucheng Investment & Management Co., Ltd. | 12.50% |
| | BRILLIANT PRIDE LIMITED | 12.50% |
| | Gao Da Global Ltd. | 12.50% |
| | Mei Yu Ho | 12.50% |
| | Guang Yu Investment Co., Ltd. | 5.91% |
| | Tsai Hui Shin Ho | 2.48% |
| | Richard Ho | 2.18% |
| | Jin Jie Investment Co., Ltd. | 1.52% |
| | Hoss Foundation | 1.48% |
| Aidatek Electronics, Inc. | Hsinex International Corporation | 47.69% |
| | S.C. Ho | 41.27% |
| | Felix Ho | 7.46% |
| | Johnson Lee | 3.58% |

**Major shareholders of the Company's major institutional shareholders**

2023/12/31

| Name of Institutional Shareholders | Major Shareholders | % |
|---|---|---|
| Jucheng Investment & Management Co., Ltd. | Rainbow Time Ltd. (Samoa) | 100.00% |
| BRILLIANT PRIDE LIMITED | LEE SWEE HIONG | 100.00% |
| Gao Da Global Ltd. | Jin-Xing Lin | 100.00% |
| Guang Yu Investment Co., Ltd. | Tsai Hui Shin Ho | 57.49% |
| | Jie-Ru Ho | 7.50% |
| | Wen-Hua Ho | 7.50% |
| | Yi-Jin Huang | 6.25% |
| | Yi-Xuan Huang | 6.25% |
| | Jie-Xi Liu | 3.75% |
| | Jie-Ya Liu | 3.75% |
| | Jie-Xiu Ka | 3.75% |
| | Jie-Ke Ka | 3.75% |
| | Richard Ho | 0.01% |
| Jin Jie Investment Co., Ltd. | Guang Yu Investment Co., Ltd. | 100.00% |
| Hoss Foundation | Founded in 2001 with Hui-Mei Chen as the main donor at the time of founding | 100.00% |
| Hsinex International Corporation | S.C. Ho | 53.13% |
| | Yi Chia Ho | 24.48% |
| | Felix Ho | 22.28% |
| | Cheng Yu Co., Ltd. | 0.11% |

### 3.2.4 Management Team

2024/3/31

| Title (Note 1) | Nationality / Place of Incorporation | Name | Gender | Date Elected (Note 2) | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience and Education (Note 3) | Currently holding positions at other companies. | Managers who have spouses or relatives within two degrees of kinship. | | | Remarks (Note 4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| President | ROC | FY Gan | Male | 2017.06.20 | 600,000 | 0.05% | 500,000 | 0.04% | 0 | 0.00% | Associate Vice President, AUO Corporation<br>Ph.D. in Electrical Engineering from McGill University, Canada. | Director/General manager, Subsidiaries of EIH<br>Director, Plastic Logic HK Ltd.<br>Independent Director, PlayNitride Inc. | None | None | None | None |
| Executive Vice President | ROC | Luke Chen | Male | 2010.10.01 | 286,000 | 0.02% | 119,000 | 0.01% | 0 | 0.00% | Executive Vice President, Ningbo Chihsin Optoelectronics Corporation<br>Assistant Manager, LCM Engineering Department, Chi Mei Optoelectronics Corporation<br>Director, LCM Engineering Department, Quanta Display Inc.<br>Executive Vice President, TopSun Optronics, Inc.<br>Ph.D. in Electrical Engineering from PENN STATE U. | Director/Chairman, Subsidiaries of EIH | None | None | None | None |
| Chief Financial Officer | ROC | Lloyd Chen | Male | 2018.04.23 | 162,950 | 0.01% | 0 | 0.00% | 0 | 0.00% | AVP, TPV Technology Co., Ltd.<br>CFO, Global Display Solutions Asia<br>Manager, Lite-On Technology Co., Ltd.<br>Supervisor, Deloitte & Touche Accounting Firm<br>CUNY; Macquarie Uni, Sydney | Director, Subsidiaries of EIH<br>CFO, Subsidiaries of EIH | None | None | None | None |
| Senior Vice President | ROC | YS Chang | Male | 1996.02.01 | 273,000 | 0.02% | 0 | 0.00% | 0 | 0.00% | Electronic and Optoelectronic System Research Laboratories, ITRI<br>Master's Degree, Institute of Electro-optical Engineering, National Chiao Tung University | None | None | None | None | None |
| Chief Technology Officer (Taiwan) | British Subject | Ian Douglas French | Male | 2012.03.01 | 138,600 | 0.01% | 0 | 0.00% | 0 | 0.00% | Philips Principal Research<br>GEC Senior Research Scientist<br>Dundee Uinversity Research Assistant<br>GEC Research Scientist<br>Dundee Physics and Technology of amorphous silicon Master's degree | None | None | None | None | None |
| Vice President | ROC | Tung-Liang Lin | Male | 1995.05.25 | 84,983 | 0.01% | 0 | 0.00% | 0 | 0.00% | Electronic and Optoelectronic System Research Laboratories, ITRI<br>Master's Degree, Institute of Electronics, National Chiao Tung University | None | None | None | None | None |
| Associate Vice President | ROC | Jim Chang | Male | 2018.09.06 | 157,000 | 0.01% | 108,000 | 0.01% | 0 | 0.00% | Marketing Director, AUO Corporation<br>Product Engineer, Picvue Electronics Ltd.<br>Master's Degree, Institute of Nuclear Science, National Tsing Hua University | Director, Subsidiaries of EIH | None | None | None | None |
| Vice President | ROC | Mano Lo | Male | 2013.12.09 | 171,000 | 0.01% | 0 | 0.00% | 0 | 0.00% | Executive Vice President, Optimax Technology Corporation<br>Executive Vice President, America, Achem Opto-Electronic Corporation<br>President, RITEK CEO Office, Prorit Corporation<br>Director, Media Manufacturing Business Group, | Director, Subsidiaries of EIH | None | None | None | None |

| Title (Note 1) | Nationality / Place of Incorporation | Name | Gender | Date Elected (Note 2) | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience and Education (Note 3) | Currently holding positions at other companies. | Managers who have spouses or relatives within two degrees of kinship. | | | Remarks (Note 4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| | | | | | | | | | | | RITEK Corporation<br>Senior Manager, AT&T Lucent SIC<br>Master's Degree, Institute of Management of Technology, National Chiao Tung University | | | | | |
| Senior Associate Vice President | ROC | Jason Jan | Male | 2020.07.01 | 30,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | R&D Specialist, RITEK Corporation<br>Ph.D., Department of Chemistry, National Tsing Hua University | None | None | None | None | None |
| Vice President | ROC | JM Hung | Male | 2018.09.06 | 221,200 | 0.02% | 187,000 | 0.02% | 0 | 0.00% | Manager, AUO Corporation<br>Master's Degree, Institute of Electrical and Control Engineering, National Chiao Tung University | Director, Subsidiaries of EIH<br>Director, Integrated Solutions Technology Inc. | None | None | None | None |
| Associate Vice President | ROC | Max Chen | Male | 2013.02.01 | 242,000 | 0.02% | 20,000 | 0.00% | 0 | 0.00% | Factory Director, AUO Corporation<br>Manufacture Engineer, Picvue Electronics Ltd.<br>Master's Degree, Department of Chemistry, National Cheng Kung University | None | None | None | None | None |
| Associate Vice President | ROC | Jason Chiang | Male | 2022.02.01 | 32,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | Sales Engineer, Yieh United Group<br>Engineer, Jie-Lu Machinery Engineering Co., Ltd<br>Sales Administrator, Walsin Lihwa Corporation<br>Manager, Coretronic Corporation<br>Vice Director, Young Lighting Technology Inc.<br>Master's Degree, Department of Business Administration, National Chung Cheng University | None | None | None | None | None |
| Associate Vice President | ROC | Peter Peng | Male | 2021.07.21 | 105,000 | 0.01% | 0 | 0.00% | 0 | 0.00% | Manager, AUO Corporation<br>Assistant Manager, AUO Corporation<br>Integration Engineer, AUO Corporation<br>Optoelectronics Process Engineer, EIH<br>Master's Degree, Institute of Polymer, Feng Chia University | None | None | None | None | None |
| Associate Vice President | ROC | James Huang | Male | 2022.07.01 | 23,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | Senior Manager,<br>Synergy Circulation Technology Co., Ltd.<br>Manager, Century Technology (Shenzhen) Co., Ltd.<br>Manager, TPO Displays Corp.<br>Bachelor's Degree, Department of Information Engineering and Computer Science, Feng Chia University | None | None | None | None | None |
| Associate Vice President | ROC | Abraham Lin | Male | 2020.12.16 | 1,200 | 0.00% | 0 | 0.00% | 0 | 0.00% | Project Engineer, Cheng Ho Hsing Heavy Industries Co., Ltd.<br>Section Manager, Lien Kang Heavy Industrial Co., Ltd.<br>Manager, Corning Display Technologies Taiwan Co., Ltd.<br>Assistant Vice President, Da Hong Co., Ltd.<br>Director, Acer Incorporated<br>Executive Vice President, Shun On Electronic Co., Ltd.<br>General Manager, Uni-Pixel, Inc. (USA) Taiwan | Associate Vice President, Supply Chain Management & Strategic Sourcing Dept., Linfiny Corporation | None | None | None | None |

| Title (Note 1) | Nationality / Place of Incorporation | Name | Gender | Date Elected (Note 2) | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience and Education (Note 3) | Currently holding positions at other companies. | Managers who have spouses or relatives within two degrees of kinship. | | | Remarks (Note 4) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| | | | | | | | | | | | Branch<br>General Manager, Wah Hong Industrial Corp.<br>Seton Hall University EMBA Master | | | | | |
| Accounting Director | ROC | Jimmy Lee | Male | 2021.08.20 | 1,000 | 0.00% | 0 | 0.00% | 0 | 0.00% | Senior Accounts Administrator, Accounting Department, Taiwan Semiconductor Manufacturing Co., Ltd.<br>Semi-Senior, PwC Taiwan<br>Auditor, Wen Ching Accounting Firm<br>Master's Degree, Department of Finance, National Chiao Tung University | None | None | None | None | None |
| Corporate Governance Officer | ROC | June Su | Female | 2017.09.11 | 74,000 | 0.01% | 0 | 0.00% | 0 | 0.00% | Assistant Vice President, Legal Department, Air Liquide Far Eastern Ltd.<br>Counsel, TSAR & TSAI Law Firm<br>Associate, YangMing Partners Law Firm<br>Georgetown University Law Center LL.M. Master | None | None | None | None | None |

Note 1: It should include information on the general manager, deputy general manager, assistant manager, heads of various departments and branches, as well as those whose positions are equivalent to general manager, deputy general manager or assistant manager, regardless of the title, should also be disclosed.
Note 2: This date is the date of promotion to the management level.
Note 3: The experience related to the current position, if you have worked in the audit and visa accounting firm or related companies during the previous disclosure period, the title and responsible position should be stated.
Note 4: When the general manager or equivalent (top manager) and the chairman are the same person, spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be disclosed (such as increasing the number of independent directors, And there should be more than half of the directors do not serve as employees or managers, etc.) related information): no such situation.
Note 5: Jimmy Lee temporarily acted as the accounting supervisor on August 20, 2021.
Note 6: James Huang was promoted to Associate Vice President on July 1, 2022.
Note 7: Jason Jan was promoted to Senior Associate Vice President on July 10, 2023.
Note 8: Jason Chiang was promoted to Associate Vice President on July 10, 2023.
Note 9: Abraham Lin was promoted to Associate Vice President on July 10, 2023.

### 3.2.5 Remuneration of Directors, Independent Directors, President, and Vice President

### (1) Remuneration of Directors and Independent Directors

Unit: NT$ thousands

| Title | Name | Remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation (C) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Compensation (G) | | | | | | |
| | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Director | Aidatek Electronics, Inc. Representative: Johnson Lee<br>Aidatek Electronics, Inc. Representative: S.C. Ho (Note 3)<br>Aidatek Electronics, Inc. Representative: Felix Ho (Note 3)<br>Shin-Yi Enterprise Co., Ltd. Representative: Chuan-Chuan Tsai (Note 3)<br>Aidatek Electronics, Inc. Representative: FY Gan (Note 3)<br>Shin-Yi Enterprise Co., Ltd. Representative: Luke Chen<br>Shin-Yi Enterprise Co., Ltd. Representative: Sylvia Cheng (Note 4)<br>Aidatek Electronics, Inc. Representative: FY Gan (Note 4) | 0 | 0 | 0 | 0 | 23,700 | 23,700 | 599 | 599 | 24,299<br>0.31% | 24,299<br>0.31% | 94,925 | 101,023 | 216 | 216 | 2,480 | 0 | 2,480 | 0 | 121,920<br>1.56% | 128,018<br>1.64% | 0 |
| Independent Director | Donald Chang (Note 3)<br>Hsi-Cheng Yen (Note 3)<br>Po-Young Chu<br>Huey-Jen Su (Note 4)<br>Chang-Mou Yang (Note 4) | 0 | 0 | 0 | 0 | 12,200 | 12,200 | 365 | 365 | 12,565<br>0.16% | 12,565<br>0.16% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,565<br>0.16% | 12,565<br>0.16% | 0 |

Note 1: The expenses related to rental fees for vehicles have been included, amounting to approximately NTD 2.326 million. The compensation for drivers amounts to approximately NTD 1.935 million.

Note 2: In 2023, the total amount allocated for director remuneration is NTD 35.900 million, and the total amount allocated for employee remuneration is NTD 88.990 million. These allocations were approved by the Board of Directors on February 23, 2024, and the disbursement process will take place after approval at the shareholders' meeting.

Note 3: The 11th board of directors resigned on June 28, 2023.

Note 4: The term of office for the 12th board of directors commences on June 29th, 2023.

(1) According to Article 19 of the company's bylaws: Remuneration for Directors shall be disbursed in cash. Employee remuneration may be disbursed in either cash or stock. Employees of subsidiaries meeting specific criteria are entitled for remuneration. Such criteria shall be determined by the Board under appropriate authorization.
(2) In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services: None.

**Range of Remuneration**

| Range of Remuneration | Name of Directors | | | |
|---|---|---|---|---|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The company | Companies in the consolidated financial statements | The company | The company and all its affiliated investments |
| Less than NT$ 1,000,000 | | | | |
| NT$1,000,000 ~ NT$1,999,999 | S.C. Ho、Felix Ho、Chuan-Chuan Tsai、Donald Chang、Hsi-Cheng Yen | S.C. Ho、Felix Ho、Chuan-Chuan Tsai、Donald Chang、Hsi-Cheng Yen | S.C. Ho (Aidatek)、Felix Ho (Aidatek)、Chuan-Chuan Tsai (Shin-Yi)、Donald Chang、Hsi-Cheng Yen | S.C. Ho (Aidatek)、Felix Ho (Aidatek)、Chuan-Chuan Tsai (Shin-Yi)、Donald Chang、Hsi-Cheng Yen |
| NT$2,000,000 ~ NT$3,499,999 | Sylvia Cheng、Huey-Jen Su、Chang-Mou Yang | Sylvia Cheng、Huey-Jen Su、Chang-Mou Yang | Sylvia Cheng、Huey-Jen Su、Chang-Mou Yang | Sylvia Cheng、Huey-Jen Su、Chang-Mou Yang |
| NT$3,500,000 ~ NT$4,999,999 | Luke Chen、FY Gan、Po-Young Chu | Luke Chen、FY Gan、Po-Young Chu | Po-Young Chu | Po-Young Chu |
| NT$5,000,000 ~ NT$9,999,999 | Johnson Lee | Johnson Lee | | |
| NT$10,000,000 ~ NT$14,999,999 | Shin-Yi Enterprise Co., Ltd.、Aidatek Electronics, Inc. | Shin-Yi Enterprise Co., Ltd.、Aidatek Electronics, Inc. | | |
| NT$15,000,000 ~ NT$29,999,999 | | | Luke Chen (Shin-Yi) | Luke Chen (Shin-Yi) |
| NT$30,000,000 ~ NT$49,999,999 | | | FY Gan (Shin-Yi/Aidatek) | FY Gan (Shin-Yi/Aidatek) |
| NT$50,000,000 ~ NT$99,999,999 | | | Johnson Lee (Aidatek) | Johnson Lee (Aidatek) |
| Greater than or equal to NT$100,000,000 | | | | |
| Total | 14 | 14 | 12 | 12 |

## 2. Remuneration of the President and Vice President

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income (%)</th><th>Remuneration from ventures other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2"></th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman</td><td>Johnson Lee</td><td rowspan="9">40,814</td><td rowspan="9">53,999</td><td rowspan="9">864</td><td rowspan="9">864</td><td rowspan="9">101,064</td><td rowspan="9">101,064</td><td rowspan="9">5,340</td><td rowspan="9">-</td><td rowspan="9">5,340</td><td rowspan="9">-</td><td rowspan="9">148,082<br>1.90%</td><td rowspan="9">161,267<br>2.06%</td><td rowspan="9">0</td></tr>
<tr><td>President</td><td>FY Gan</td></tr>
<tr><td>Chief Technology Officer</td><td>Ian Douglas French</td></tr>
<tr><td>Executive Vice President</td><td>Luke Chen</td></tr>
<tr><td>Chief Financial Officer</td><td>Lloyd Chen</td></tr>
<tr><td>Senior Vice President</td><td>YS Chang</td></tr>
<tr><td>Vice President</td><td>Tung-Liang Lin</td></tr>
<tr><td>Vice President</td><td>JM Hung</td></tr>
<tr><td>Vice President</td><td>Mano Lo</td></tr>
</table>

Note 1: The expenses related to rental fees for vehicles have been included, amounting to approximately NTD 2.326 million. The compensation for drivers amounts to approximately NTD 1.935 million.
Note 2: In 2023, the total amount allocated for director remuneration is NTD 35.900 million, and the total amount allocated for employee remuneration is NTD 88.990 million. These allocations were approved by the Board of Directors on February 23, 2024, and the disbursement process will take place after approval at the shareholders' meeting.

**Range of Remuneration**

| Range of Remuneration | Name of President and Vice Presidents | |
|---|---|---|
| | The company | The company and all its affiliated investments |
| Less than NT$ 1,000,000 | | |
| NT$1,000,000 ~ NT$1,999,999 | | |
| NT$2,000,000 ~ NT$3,499,999 | | |
| NT$3,500,000 ~ NT$4,999,999 | | |
| NT$5,000,000 ~ NT$9,999,999 | Ian Douglas French、YS Chang、Tung-Liang Lin、Lloyd Chen、Mano Lo | Ian Douglas French、YS Chang、Tung-Liang Lin、Mano Lo |
| NT$10,000,000 ~ NT$14,999,999 | JM Hung | JM Hung、Lloyd Chen |
| NT$15,000,000 ~ NT$29,999,999 | Luke Chen | Luke Chen |
| NT$30,000,000 ~ NT$49,999,999 | FY Gan | FY Gan |
| NT$50,000,000 ~ NT$99,999,999 | Johnson Lee | Johnson Lee |
| Greater than or equal to NT$100,000,000 | | |
| Total | 9 | 9 |

**3. Allocation status of employee compensation assigned to managers**

Unit: NT$ thousands

| Title | Name | Employee Compensation in Stock (Fair Market Value) | Employee Compensation in Cash | Total | Ratio of Total Amount to Net Income (%) |
|---|---|---|---|---|---|
| Chairman | Johnson Lee | - | 7,990 | 7,990 | 0.10% |
| President | FY Gan | | | | |
| Executive Vice President | Luke Chen | | | | |
| Senior Vice President | YS Chang | | | | |
| Vice President | Tung-Liang Lin | | | | |
| Chief Technology Officer | Ian Douglas French | | | | |
| Associate Vice President | Max Chen | | | | |
| Vice President | Mano Lo | | | | |
| Vice President | JM Hung | | | | |
| Associate Vice President | Jim Chang | | | | |
| Senior Associate Vice President | Jason Jan | | | | |
| Associate Vice President | Peter Peng | | | | |
| Chief Financial Officer | Lloyd Chen | | | | |
| Associate Vice President | James Huang | | | | |
| Associate Vice President | Abraham Lin | | | | |
| Associate Vice President | Jason Chiang | | | | |
| Accounting Director | Jimmy Lee | | | | |
| Corporate Governance Officer | June Su | | | | |

Note 1: Managers in office for the company at the end of 2023.

Note 2: In 2023, the total amount allocated for director remuneration is NTD 35.900 million, and the total amount allocated for employee remuneration is NTD 88.990 million. These allocations were approved by the Board of Directors on February 23, 2024, and the disbursement process will take place after approval at the shareholders' meeting.

**3.2.6 The analysis of the total remuneration paid to the directors, general manager, and deputy general manager of this company and its consolidated subsidiaries in the past two fiscal years as a percentage of the post-tax net profit reported in the individual financial statements, along with an explanation of the remuneration policy, standards, and composition, the procedures for setting remuneration, and their correlation with business performance and future risks.**

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income.

| Payee | The ratio of total payment to net income (%) | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |
| Directors | 0.95% | 0.99% | 1.56% | 1.64% |
| Independent Directors | 0.12% | 0.12% | 0.16% | 0.16% |
| President and Vice Presidents | 1.07% | 1.16% | 1.90% | 2.06% |

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

If the Company has gained profits in the fiscal year, it shall allocate at least 1% of the profits as employee remuneration and allocate no more than 1% of the profits as director remuneration. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

Remuneration for Directors shall be disbursed in cash. Employee remuneration may be disbursed in either cash or stock. Employees of subsidiaries meeting specific criteria are entitled for remuneration. Such criteria shall be determined by the Board under appropriate authorization. The ratio of remuneration to the Directors, the ratio of remunerations to employees and the method of payment shall be determined by the Board in a session with the presence of at least two-thirds of the Directors and a simple majority of the Directors in session, and reported to the Shareholders Meeting.

The remuneration for employees and directors shall be calculated on the basis of the earnings of the current year (the balance of earnings before taxation and before the deduction of remunerations to employees and directors) net of accumulated deficit. The remuneration paid to the general manager and deputy general manager of the company includes salary, bonuses, employee dividends, and retention incentives. Among these, the salary is determined by the Compensation Committee, taking into consideration the position held, scope of responsibilities, and contribution to the company's operational objectives. The committee also reviews the annual business performance, future risks, and industry norms for similar positions.

The bonus scheme is primarily linked to performance evaluation criteria for managers, including financial indicators (such as company revenue, pre-tax net profit achievement) and ESG sustainability-related indicators (such as climate change adaptation, development of low-energy and low-carbon emission technologies and products). Taking the 2021 Employee Stock Option Plan as an example, the evaluation of the number of employee incentive stock options for managers is weighted and linked to new products, new technologies, and new processes related to energy-saving ePaper products. Furthermore, the green revenue (measured by the ratio of revenue from environmentally friendly products with higher energy efficiency based on the FTSE Russell Green Revenue data model) and operating profit generated by energy-saving new products are also linked to the evaluation metrics for the management team's incentive stock options, with weighted percentages and subject to approval by the Board of Directors.

In 2023 and beyond, in addition to the current financial and sustainability systems and indicators, the evaluation of manager and management team performance will further extend to strengthening the emphasis on sustainable design and the proportion of green manufacturing.

### 3.3 Corporate governance

### 3.3.1 Board of Directors' Operations

(1) The board convened 6 meetings in the fiscal year 2023 (A), and the attendance of directors is as follows:

| Title | Name | Actual Attendance (B) | Proxy Attendance | Actual Attendance Rate (%) [B/A] (Note) | Remarks |
|---|---|---|---|---|---|
| Director | Johnson Lee, Representative of Aidatek Electronics, Inc. | 6 | 0 | 100% | - |
| Director | S. C. Ho, Representative of Aidatek Electronics, Inc. | 2 | 0 | 100% | Term expires on June 29, 2023 |
| Director | Felix Ho, Representative of Aidatek Electronics, Inc. | 2 | 0 | 100% | Term expires on June 29, 2023 |
| Director | FY Gan, Representative of Aidatek Electronics, Inc. | 6 | 0 | 100% | - |
| Director | Luke Chen, Representative of Hsin Yi Enterprise Corp. | 5 | 1 | 83% | - |
| Director | Sylvia Cheng, Representative of Hsin Yi Enterprise Corp. | 4 | 0 | 100% | - |
| Director | Chuan-Chuan Tsai, Representative of Hsin Yi Enterprise Corp. | 2 | 0 | 100% | Term expires on June 29, 2023 |
| Independent Director | Po-Young Chu | 6 | 0 | 100% | - |
| Independent Director | Huey-Jen Su | 4 | 0 | 100% | - |
| Independent Director | Chang-Mou Yang | 4 | 0 | 100% | - |
| Independent Director | Donald Chang | 2 | 0 | 100% | Term expires on June 29, 2023 |
| Independent Director | Hsi-Cheng Yen | 2 | 0 | 100% | Term expires on June 29, 2023 |

Note: Calculated based on the number of board meetings held during the term of office and the actual attendance count.

Other mandatory disclosures:

I. For board of directors’ meetings that meet any of the following descriptions, state the date, session, the discussed topics, independent directors' opinions and how the Company has responded to such opinions.

(I) Conditions described in Article 14-3 of the Securities and Exchange Act.

| Board Meeting Date | Session | Motion | Opposing Opinions of Independent Directors | Company's response to independent directors' opposing opinions |
|---|---|---|---|---|
| 2023.02.23 | 11th term, 17th meeting. | Report of the company's operating report and financial statements for the year 2022.<br>Report on the business performance for the first quarter of 2023 for the company.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of December 2022 and January 2023.<br>Report on the loans and endorsements of the company and its subsidiaries as of January 31, 2023.<br>Report on the implementation of the audit plan for the months of October to December 2022 for the company.<br>Report on the external organization performance evaluation of the Board of Directors and functional committees for the year 2022 for the company.<br>Report on the actual investment situation in mainland China through third-country investment enterprises of the company.<br>Report on the proposed financial investment case for the company.<br>Proposal of the financial statements for the year 2022 for the company.<br>Proposal for the distribution of profits for the year 2022 for the company.<br>Proposal for the distribution of profits for the year 2022 for the company, including the amount of employee remuneration and director remuneration, distribution method, and recipients.<br>Proposal for the review and approval of the achievement status of performance goals and related employee stock options ("ESOP") for the year 2022 for the company.<br>Proposal for the "Internal Control System Declaration" for the year 2022 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for the regular evaluation of the independence and suitability of appointed signing accountants for the company. | Nil | - |

| | | | | |
|---|---|---|---|---|
| | | Proposal for the audit service fees for the years 2022 to 2024 for the company.<br>Proposal to revise certain articles of the "Compensation Committee Organization Regulations" of the company.<br>Proposal for the construction of a dust-free room and general production area for the FPL production line at the company's new plant in Hsinchu.<br>Proposal for the time, place, and agenda of the shareholder meeting to be held in the year 2023 for the company. | | |
| 2023.05.05 | 11th term, 18th meeting. | Report on the company's first quarter business performance and financial statements for the year 2023.<br>Report on the company's second quarter business performance for the year 2023.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of February and March 2023.<br>Report on the loans and endorsements provided by the company and its subsidiaries as of March 31, 2023.<br>Report on the execution of the audit plan for the company for the months of January to March 2023.<br>Report on the greenhouse gas inventory and verification results of the company and its subsidiaries.<br>Report on the sustainable development goals, indicators, and achievements of the company.<br>Report on the operation and execution results of the company's risk management policy and procedures.<br>Report on the investment case of the company's 100% subsidiary,Transcend Optronics (Yangzhou) Co., Ltd.<br>Report on the Minutes of the Sixteenth Meeting of the Third Term Audit Committee.<br>Report on the minutes of the tenth meeting of the fourth term Remuneration Committee.<br>Report on the minutes of the first meeting of the first term Sustainable Development Committee.<br>Report on the "Environmental, Safety, and Health Management Policy" of the company, including environmental safety and health, climate change, water resources, waste management, and energy management policies.<br>Proposal for the company's first quarter business performance and financial statements for the year 2023.<br>Proposal for the salary adjustment of the company for the year 2023.<br>Proposal for the distribution ratio of performance targets and related employee stock options ("ESOP") for the year 2023 and the review and approval of the 2023 performance goals.<br>Proposal for the "Employee Stock Option Certificate Plan" of the company for the year 2023.<br>Proposal for the application for financing and loans with banks for the company.<br>Proposal for the company to act as a joint invoice payer for financing and loans with banks for its subsidiaries.<br>Proposal for the construction of peripheral equipment and secondary construction of the FPL plant in Hsinchu, Taiwan for the company.<br>Proposal for the nomination and review of candidates for the 12th Board of Directors (including independent directors) of the company. | Nil | - |
| 2023.06.29 | 12th term, 1st meeting. | Proposal to appoint Mr. S.C. Ho, founder of the company, as the company's chief advisor.<br>Proposal to appoint members of the fifth Compensation Committee of the company.<br>Proposal to appoint members of the second Sustainable Development Committee of the company.<br>Proposal to lift the restrictions on competitive employment for the general manager of the company. | Nil | - |
| 2023.08.11 | 12th term, 2nd meeting. | Report of the first meeting of the fourth Audit Committee of the company.<br>Report of the first meeting of the fifth Compensation Committee of the company.<br>Report on the business situation and consolidated financial statements for the second quarter of 2023 for the company.<br>Report on the business situation for the third quarter of 2023 for the company.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of April to June 2023.<br>Report on the loans and endorsements provided by the company and its subsidiaries as of June 30, 2023.<br>Report on the implementation of the audit plan for the months of April to June 2023 for the company.<br>Report on the renewal of directors' and supervisors' liability insurance for the company.<br>Report on the current status and future plans of the company's intellectual property management program.<br>Report on establish a complete line of equipment for large-size Signage color epaper modules for 100% investment subsidiary Transcend Optronics (Yangzhou) Co., Ltd. ("Chuanqi").<br>Proposal for the business situation and consolidated financial statements for the second quarter of 2023 for the company.<br>Proposal for salary adjustments for executive-level and above senior managers for 2023.<br>Proposal for promotion and job change compensation adjustments for managers of the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal to revise the group's tax policy and management measures. | Nil | - |
| 2023.11.03 | 12th term, 3rd meeting. | Report of the second meeting of the fourth Audit Committee of the company.<br>Report of the first meeting of the second Sustainability Committee of the company.<br>Report on the business situation and consolidated financial statements for the third quarter of 2023 for the company.<br>Report on the business situation for the year 2023 for the company.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of July to September 2023. | Nil | - |

| | | | | |
|---|---|---|---|---|
| | | Report on the loans and endorsements provided by the company and its subsidiaries as of September 30, 2023.<br>Report on the implementation of the audit plan for the months of July to September 2023 for the company.<br>Report on the sustainable development goals, indicators, and achievements in aspects such as green manufacturing, product sustainability, and corporate social responsibility.<br>Report on the operation and execution results of the risk management policy and procedures for the company.<br>Report on stakeholders, key issues of concern, and communication and response results for the company.<br>Report on the implementation of information and communication security management for the year 2023 for the company.<br>Proposal for the business situation and consolidated financial statements for the third quarter of 2023 for the company.<br>Proposal to establish the base date for the conversion and issuance of new shares for the third quarter employee stock warrants for 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for providing funding to 100% owned subsidiary Yuanhan Materials Co., Ltd. ("Yuanhan") of the group.<br>Proposal to establish the "Operating Procedures for Financial Transactions between Related Parties" for the company.<br>Proposal for the construction of the INK new line and related facilities at the Guanyin plant of the company. | | |
| 2023.12.07 | 12th term, 4th meeting. | Report of the third meeting of the fourth Audit Committee of the company.<br>Report of the second meeting of the fifth Compensation Committee of the company.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of October to November 2023.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of December 2023 and January 2024.<br>Report on the implementation of integrity management for the year 2023 for the company.<br>Proposal for the operating plan and budget for the year 2024 for the company.<br>Proposal for the "Audit Plan" for the year 2024 for the company.<br>Proposal for the performance goals and stock rewards for the year 2023 for the company.<br>Proposal for the performance goals and evaluation criteria for managers for the year 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company. | Nil | - |
| 2024.02.23 | 12th term, 5th meeting. | Report of the fourth meeting of the fourth Audit Committee of the company.<br>Report of the third meeting of the fifth Compensation Committee of the company.<br>Report of the company's financial statements and financial statements for the year 2023.<br>Report on the business performance for the first quarter of 2024 for the company.<br>Report on the derivative financial instrument transactions of the company and its subsidiaries for the months of December 2023 and January 2024.<br>Report on the loans and endorsements of the company and its subsidiaries as of January 31, 2024.<br>Report on the implementation of the audit plan for the months of October to December 2023 for the company.<br>Report on the performance evaluation of the Board of Directors, directors, and various functional committees for the year 2023 for the company.<br>Report on the actual investment situation in mainland China through third-country investment enterprises of the company.<br>Proposal for the financial statements for the year 2023 for the company.<br>Proposal for the distribution of profits for the year 2023 for the company.<br>Proposal for the distribution of profits for the year 2023, including the amount and distribution method of employee remuneration and director remuneration<br>Proposal to adjust the amount of transportation expenses (carriage and horse expenses) for directors attending relevant meetings of the company from the year 2023.<br>Proposal for the distribution ratio of performance goals and related employee stock options ("ESOP") for the year 2023 for the company.<br>Proposal to establish the conversion and issuance date of new shares for the employee stock options ("ESOP") for the fourth quarter of 2022 for the company.<br>Proposal for the "Internal Control System Declaration" for the year 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for the regular evaluation of the independence and suitability of appointed signing accountants for the company.<br>Proposal to revise certain articles of the "Board of Directors Meeting Rules" of the company.<br>Proposal to revise certain articles of the "Audit Committee Organization Regulations" of the company.<br>Proposal for the time, place, and agenda of the shareholder meeting to be held in the year 2024 for the company. | Nil | - |

(II) Any other documented objections or reservations raised by an independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process:

(1) At the 17th meeting of the 11th Board of Directors, it is proposed to review and approve the achievement status of the 2022 performance goals and the Employee Stock Ownership Plan ("ESOP"). Chairman Johnson Lee, Director Luke Chen, and Director FY Gan have conflicts of interest in this case and did not participate in the discussion and voting as required by law. Independent Director Huey-Jen Su chaired the meeting on their behalf. The proposal was approved without objection after the acting chair consulted with other directors present who had no conflicts of interest.
(2) At the 18th meeting of the 11th Board of Directors, it is proposed to nominate and review the candidates for the 12th Board of Directors (including independent directors). Chairman Johnson Lee, Director FY Gan, and Director Luke Chen (representing Director FY Gan) are current legal entity directors and natural person representatives of the next term's director candidates. Due to their conflicts of interest in this case, they abstained from the discussion and voting as required by law. The meeting was chaired by Director Huey-Jen Su. The proposal was approved without objection after the acting chair consulted with other directors present who had no conflicts of interest. Independent Director Po-Young Chu is an independent director in this term and a candidate for the next term's director. Due to his conflict of interest in this case, the proposal was approved without objection after the chair consulted with other directors present who had no conflicts of interest.
(3) At the first meeting of the 12th Board of Directors, it is proposed to lift the restriction on director non-compete agreements. General Manager FY Gan abstained from the discussion and voting on this case due to his concurrent positions in the listed companies. The proposal was approved without objection after the chair consulted with other directors present who had no conflicts of interest.
(4) At the second meeting of the 12th Board of Directors, it is proposed to adjust the salaries of managers at the assistant manager level and above for 2023. Chairman Johnson Lee, Director FY Gan, and Director Luke Chen abstained from the discussion and voting due to their conflicts of interest. The meeting was chaired by Independent Director Huey-Jen Su. The proposal was approved without objection after the acting chair consulted with other directors present who had no conflicts of interest.
(5) At the fifth meeting of the 12th Board of Directors, it is proposed to determine the distribution ratio of ESOP for 2022. Chairman Johnson Lee, Director FY Gan, and Director Luke Chen abstained from the discussion and resolution due to their conflicts of interest. The meeting was chaired by Independent Director Huey-Jen Su. The proposal was approved without objection after the acting chair consulted with other directors present who had no conflicts of interest.

III. TWSE/TPEx listed companies are required to disclose the cycle, duration, scope, method, and detail of board performance self (or peer) evaluations performed; please refer to section (2) Execution of Board Performance Evaluation.
IV. Enhancement to the functionality of the board of directors in the current and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:
The company has established the "Board of Directors Performance Evaluation Measures". According to these measures, the Board of Directors' performance evaluation is conducted annually through a self-assessment questionnaire. The company has completed the internal evaluation of the Board of Directors and functional committees for the 2023 fiscal year (evaluation period: November 1, 2022, to October 31, 2023), and the evaluation results have been submitted in a report to the 12th Board of Directors at its fifth meeting to establish performance goals and enhance the efficiency of the Board of Directors' operations.

Note: Calculated based on the number of board of directors meetings held and in-person attendance during active duty.

## (2) Execution of Board Performance Evaluation

### A. Internal Evaluation Operation Explanation

According to the requirements of the Taipei Exchange and the Corporate Governance Evaluation Method of our company, the company should complete the annual board performance evaluation for the current year and report the evaluation results in the first quarter of the next year. The evaluation for the year 2023 was conducted through internal self-assessment and was submitted for approval at the 5th meeting of the 12th Board of Directors on February 23, 2024. The internal evaluation process is explained as follows:

| Year | Evaluation method | Evaluation period | Evaluation Scope | Evaluation Criteria |
|---|---|---|---|---|
| 2023 | Board of Directors (including Functional Committees) Performance Self-Assessment Questionnaire | From November 1, 2022, to October 31, 2023 | (1)Overall Board of Directors | A. Understanding and suggestions for the company's operations<br>B. Enhancing the quality of the board's decision-making<br>C. Composition and structure of the board<br>D. Selection and ongoing education of directors<br>E. Internal controls |
| | | | (2)Board Members | A. Understanding of the company's goals and mission<br>B. Awareness of director responsibilities<br>C. Understanding and suggestions for the company's operations<br>D. Internal relationship management and communication<br>E. Professionalism and ongoing education of directors<br>F. Internal controls |
| | | | (3)Audit Committee | A. Understanding of and suggestions for the company's operations<br>B. Awareness of the responsibilities of the Audit Committee<br>C. Enhancing the decision-making quality of the Audit Committee<br>D. Composition and appointment of members of the Audit Committee<br>E. Internal controls |
| | | | (4)Compensation Committee | A. Understanding and suggestions for the company's operations<br>B. Awareness of the responsibilities of the Remuneration Committee<br>C. Enhancing the decision-making quality of the Remuneration Committee<br>D. Composition and appointment of members of the Remuneration Committee |

| Year | Evaluation method | Evaluation period | Evaluation Scope | Evaluation Criteria |
|---|---|---|---|---|
| | | | (5)Sustainable Development Committee | A. Understanding and suggestions for the company's operations<br>B. Awareness of the responsibilities of the Sustainable Development Committee<br>C. Enhancing the decision-making quality of the Sustainable Development Committee<br>D. Composition and appointment of members of the Sustainable Development Committee |

B. Evaluation Results

I. Questionnaire Evaluation Results

| Evaluation Scope | Evaluation Indicator | Self-assessment Score | | Evaluation Results (Note1) |
|---|---|---|---|---|
| Overall Board of Directors | A. Understanding and suggestions for the company's operations | 96.43 | 97.19 | Good |
| | B. Enhancing the quality of the board's decision-making | 98.47 | | |
| | C. Composition and structure of the board | 98.57 | | |
| | D. Selection and ongoing education of directors | 95.14 | | |
| | E. Internal controls | 97.32 | | |
| Board Members | A. Understanding of the company's goals and mission | 100 | 98.5 | Good |
| | B. Awareness of director responsibilities | 98.89 | | |
| | C. Understanding and suggestions for the company's operations | 96.67 | | |
| | D. Internal relationship management and communication | 98.79 | | |
| | E. Professionalism and ongoing education of directors | 99.44 | | |
| | F. Internal controls | 97.22 | | |
| Audit Committee | A. Understanding of and suggestions for the company's operations | 100 | 98.99 | Good |
| | B. Awareness of the responsibilities of the Audit Committee | 97.6 | | |
| | C. Enhancing the decision-making quality of the Audit Committee | 100 | | |
| | D. Composition and appointment of members of the Audit Committee | 100 | | |
| | E. Internal controls | 97.33 | | |
| Compensation Committee | A. Understanding and suggestions for the company's operations | 100 | 99.46 | Good |
| | B. Awareness of the responsibilities of the Remuneration Committee | 98.4 | | |
| | C. Enhancing the decision-making quality of the Remuneration Committee | 99.43 | | |
| | D. Composition and appointment of members of the Remuneration Committee | 100 | | |
| Sustainable Development Committee | A. Understanding and suggestions for the company's operations | 98.57 | 98.93 | Good |
| | B. Awareness of the responsibilities of the Sustainable Development Committee | 97.14 | | |
| | C. Enhancing the decision-making quality of the Sustainable Development Committee | 100 | | |
| | D. Composition and appointment of members of the Sustainable Development Committee | 100 | | |

(Note) The self-assessment results of this performance evaluation show that all directors (including independent directors) have given positive evaluations of the efficiency and effectiveness of the operation of the board of directors, directors, and functional committees. The results were submitted and approved at the 5th meeting of the 12th Board of Directors of the Company on February 23, 2024, for review and improvement purposes.

II. Evaluation Conclusion and Recommendations

| Evaluation Scope | Items | Conclusion and Recommendations |
|---|---|---|
| Overall Board of Directors | The attendance of directors at shareholder meetings is good. | Invite all directors to attend the shareholders' meeting in person this year. |
| | Board members have sufficient understanding of the company, its management team, and the industry to which the company belongs. | Enhance communication with the directors regarding the company's operational overview and arrange for communication with relevant operational teams. |
| | The board provides appropriate induction for new directors to ensure they understand their responsibilities and become familiar with the company's operations and environment. | Consider arranging a strategic meeting with the directors to listen to their suggestions. |
| | The board can effectively assess and supervise the effectiveness of internal control systems and risk management. | Strengthen communication between the audit and risk management team and the board of directors to understand the company's situation. |
| | | Arrange for directors to participate in risk management training courses. |
| Board Members | The directors have diligently assessed and monitored various risks faced by the company, and have discussed the implementation and monitoring of internal control systems. | Strengthen communication between the audit and risk management team and the board of directors to understand the company's situation. |
| | | Arrange special discussions on risk issues in the committees. |
| Audit Committee | The Audit Committee is able to effectively assess and oversee various risks faced by the company. | Enhance communication between the audit and risk management team and the board of directors to better understand the company's situation. |
| | | Discuss risk issues in depth at each meeting of the Audit Committee. |

| Evaluation Scope | Items | Conclusion and Recommendations |
|---|---|---|
| | The Audit Committee is able to effectively assess and oversee the effectiveness of internal control systems and risk management. | Arrange for directors to participate in risk management training courses. |
| Compensation Committee | The Remuneration Committee is able to effectively assess and oversee various risks, both existing and potential, within the company. | Strengthen communication between the audit and risk management team and the board of directors to understand the company's situation. |
| Sustainable Development Committee | The Sustainable Development Committee is able to effectively assess and oversee various risks, both existing and potential, within the company. | Strengthen communication between the audit and risk management team and the board of directors to understand the company's situation. |
| | | Discuss risk issues in depth at each meeting of the Sustainable Development Committee. |
| | | Arrange for directors to participate in risk management training courses. |

Note 1 : The evaluation results are presented in 5 grades, with the assessment criteria explained as follows:

| Score | 100 | 99-80 | 79-60 | 59-40 | 39-20 | Below 20 |
|---|---|---|---|---|---|---|
| Result | Excellent | Good | Average | Disagree | Very Disagree | NA |

Note 2 : Represents the frequency of board performance evaluation, e.g.: once a year.

Note 3 : Represents the duration covered by performance evaluation, e.g.: evaluate the performance of the Board of Directors from November 1, 2022 to October 31, 2023.

Note 4 : The scope of assessment covers the board's performance as a whole, the individual directors, and functional committees.

Note 5 : Assessment methods include: internal board self-assessment, director self-assessment, peer assessment, assessment by an external institution or expert, and other methods as deemed appropriate.

Note 6 : Assessment details, by the scope of assessment, include at least the following:

(1) Board performance evaluation: board's participation in the Company's operations, the quality of board's decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control.

(2) Director individual performance evaluation: includes at least director's awareness towards the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and continuing education, and internal controls.

(3) Performance evaluation for functional committees: Engagement with the Company's operations, awareness of duties and responsibilities, quality of committee's decisions, composition and selection of members, and internal control.

### 3.3.2 Audit Committee

### A. Audit Committee

A total of 5 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

| Title | Name | No. of in-person attendance (B) | Proxy attendance count | Percentage of in-person attendance (%) (B/A) (Note) | Remarks |
|---|---|---|---|---|---|
| Independent Director | Po-Young Chu | 5 | 0 | 100% | Convener |
| Independent Director | Donald Chang | 2 | 0 | 100% | Term expired on June 29, 2023 |
| Independent Director | Shi-Chern Yen | 2 | 0 | 100% | Term expired on June 29, 2023 |
| Independent Director | Huey-Jen Su | 3 | 0 | 100% | Newly appointed on June 29, 2023. |
| Independent Director | Chang-Mou Yang | 3 | 0 | 100% | Newly appointed on June 29, 2023. |

Other mandatory disclosures:

I. For Audit Committee meetings that concern any of the following, state the date and session of Audit Committee meeting, the motions discussed, the Audit Committee's resolutions, and how the Company has handled Audit Committee's opinions.

(I) Conditions described in Article 14-5 of the Securities and Exchange Act.

| Date of meeting | Session | | Motion | Opposing opinions from independent directors | Company's response to Audit Committee's conflicting opinions |
|---|---|---|---|---|---|
| 2023/2/23 | 15th meeting of the 3rd committee | 1 | Report on derivative transactions undertaken by the Company in December 2022 and January 2023 | Nil | - |
| | | 2 | Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until January 31, 2023 | | |
| | | 3 | Report on the Company's audit plan execution from Oct. to Dec. 2022 | | |
| | | 4 | Report on the external organization performance evaluation results of the Board of Directors and functional committees for 2022. | | |
| | | 5 | Presentation of the Company's 2022 year-end accounts | | |
| | | 6 | The profit distribution plan for the fiscal year 2022 of this company. | | |
| | | 7 | Proposed Internal Control System Statement for 2022 of this company. | | |
| | | 8 | Report on the regular evaluation of financial statement auditor's independence and competence | | |
| | | 9 | Proposed Auditor's Audit Service Fees for 2023~2025. | | |
| | | 10 | Proposed construction plan for the cleanroom and general production area of the FPL production line at our new Hsinchu factory. | | |
| 2023/5/5 | 16th meeting of the 3rd committee | 1 | Report on derivative transactions undertaken by the Company from Feb. to Mar. 2023. | Nil | - |
| | | 2 | Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until March 31, 2023 | | |
| | | 3 | Report on the Company's audit plan execution from Jan. to Mar. 2023 | | |
| | | 4 | Proposed 2023 Q1 consolidated financial statements | | |
| | | 5 | Establishment of a Pre-approval Procedure for All Non-Assurance Services Provided by Our Company's Audit Firm and its Global Alliance Members. | | |
| | | 6 | Proposed Joint Co-Issuer Arrangement for the Company's Subsidiaries in Applying for Financing and Loan Facilities with Banks. | | |
| | | 7 | Proposed "Employee Stock Option Plan for the Fiscal Year 2023" of the Company. | | |
| | | 8 | Proposed construction plan for the peripheral equipment and secondary facilities for the FPL at our new Hsinchu factory. | | |
| 2023/8/4 | 1st meeting of the 4th committee | 1 | Report on derivative transactions undertaken by the Company from Apr. to June 2023. | Nil | - |
| | | 2 | Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until June 30, 2023 | | |
| | | 3 | Report on the Company's audit plan execution from Apr. to June 2023 | | |
| | | 4 | Proposed 2023 Q2 consolidated financial statements | | |
| | | 5 | Proposed amendments to the group's tax policies and management procedures | | |
| 2023/11/3 | 2nd meeting of the 4th committee | 1 | Report on derivative transactions undertaken by the Company from July to Sep. 2023. | Nil | - |
| | | 2 | Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until Sep. 30, 2023 | | |
| | | 3 | Report on the Company's audit plan execution from July to Sep. 2023 | | |
| | | 4 | Proposed 2023 Q3 consolidated financial statements | | |
| | | 5 | Proposed basis for the issuance of new shares for the conversion of employee stock options in 2023Q3. | | |
| | | 6 | Proposed funding loan case for the company to provide financial assistance to its wholly-owned subsidiary, Yuanhan Materials Co., Ltd. | | |
| | | 7 | Proposed formulation of the 'Financial Transactions Among Related Parties Operational Procedures' for the company. | | |
| | | 8 | Proposed establishment of a new production line and related facility setup for the Guanyin Factory of the company. | | |
| 2023/12/7 | 3nd meeting of the 4th committee | 1 | Report on derivative transactions undertaken by the Company from Oct. to Nov. 2023. | Nil | - |
| | | 2 | Report on external party lending, endorsement, and guarantee transactions undertaken by the Company and subsidiaries up until Nov. 30, 2023 | | |
| | | 3 | Proposed "Audit Plan" for the Year 2024 for the Company | | |

(II) In addition to the aforementioned issues, any other motions not passed by the Audit Committee but passed by the Board at the consent of more than two-thirds of the Directors: Not applicable.

II. Avoidance of involvements in interest-conflicting motions by independent directors, including details such as the name of independent director, the motion, the nature of conflicting interests, and involvement in the voting process: None.

III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (including the financial position and state of business operation in materiality, the means of communication, and the result):

(1) The Audit Committee convenes regularly and will invite certified public accountants, Chief Internal Auditor, and related officers to attend the meeting.

(2) The internal auditors conduct audits in accordance with the Annual Audit Plan and report to the Audit Committee on the audit findings. The Audit Committee evaluates the internal control system, the internal auditors, and the pursuit of internal audits regularly.

(3) The Audit Committee exchanges opinions with the certified public accountants retained by the Company on the review or audits of the quarterly financial statements and related legal matters, and evaluate the independence of the certified public accountants on the selection, the audit and non-audit services rendered by the certified public accountants.

Note: Calculated based on the number of Audit Committee meetings held and in-person attendance during active duty.

### 3.3.3 The pursuit of corporate governance and the variation with the Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies, and the reason:

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">The pursuit</th><th rowspan="2">Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Has the Company instituted and disclosed corporate best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies?</td><td>v</td><td></td><td>● "The Corporate Governance Best Practice Principles" was passed by the Board of Directors on December 19, 2019. The contents can be viewed on the corporate website (http://www.eink.com).</td><td>● Relevant</td></tr>
<tr><td>II. The structure of shareholding and rights of the shareholders of the Company<br>(I) Has the Company established internal operation procedures for responding to the suggestions, queries, disputes and legal actions of the shareholders, and follow the procedures?<br>(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?<br>(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?<br>(IV) Has the Company instituted internal rules and regulations to prohibit insiders of the Company from using information undisclosed in the market for the trading of securities?</td><td>v<br>v<br>v<br>v</td><td></td><td>● The Company has appointed a spokesman, acting spokesman, and designated legal affairs staff who respond to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the operation procedure.<br>● Inquiry with the share registration and investor service agent at any time for proper information.<br>● The Company has instituted related rules and regulations governing the operation, business and financial transactions between the Company and the affiliates.<br>● The Company has instituted the "Procedure for the Prevention of Insider Trade" to prohibit insiders of the Company using information not disclosed in market for the trading of securities.</td><td>● Relevant<br>● Relevant<br>● Relevant<br>● Relevant</td></tr>
<tr><td>III. The organization and function of the Board<br>(I) Does the Board develop and implement a diversified policy and substantive management objectives for the composition of its members?<br>(II) Further to the establishment of the Remuneration Committee and the Auditing Committee as required by law, has the Company voluntarily established related functional committees?<br>(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?<br>(IV) Has the Company conducted routine evaluation of the independence of the certified public accountants who conducted the external audits and certification?</td><td>v<br>v<br>v<br>v</td><td></td><td>● The members of the Board are experts from different professional backgrounds, of both sexes, and in different areas of specializations. This composition makes the structure of the Board perfect. For more information on the Board diversity policy, substantive management objectives, and their implementation, please refer to section 3.2.2.<br>● The establishment of the Sustainable Development Committee was passed by the board on November 4, 2022.<br>● The company has established the Board of Directors' performance evaluation measures and assessment methods on December 19th, 2019. The evaluation results are regularly reported to the Board of Directors on an annual basis.<br>● The Company reviews the independence of the certified public accountants being retained annually. The findings will be reported to a session of the Audit Committee scheduled to be held on February 23, 2024, and to a session of the Board scheduled to be held on February 23, 2024, for approval. The Accounting Department has assessed the independence of CPAs Hui-Ming Huang and Ya-Ling Weng from Deloitte Taiwan in accordance with the standard of independence of the Company. The result indicated that both CPAs are eligible for acting as the external independent auditors for the Company in financial audit and certification and for issuing related declaration. The details of the report can be found in section 8.11.</td><td>● Relevant<br>● Relevant<br>● Relevant<br>● Relevant</td></tr>
<tr><td>IV. Does the company appoint a suitable number of competent personnel</td><td>v</td><td></td><td>● The Company has appointed designated personnel to administer corporate</td><td>● Relevant</td></tr>
</table>

| Items for evaluation | The pursuit | | | Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason |
|---|---|---|---|---|
| | Yes | No | Summary | |
| and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)? | | | governance, including the supply of information to the needs of the Directors and Independent Directors for their performance of assigned duties, holding conventions of the Board and the Shareholders Meeting as required by law, making company registration and registration of change, compilation of minutes of Board meetings and Shareholders Meeting on record.<br>● For the Scope of Authority, Business Highlights during the Year, and Continuing Education of the Chief Governance Officer, please refer to section 8.8. | |
| V. Has the Company developed the channels for the communications with the stakeholders (including without limiting to shareholders, employees, customers and suppliers) and established a special section for the stakeholders at the official website of the Company with proper response to the concerns of the stakeholders in the aspect of corporate social responsibility? | v | | ● The Company has established the system of spokesman and provided the update information of the Company and communicate with stakeholders on issues pertaining to corporate social responsibility through the stakeholder section of the official website of the Company, the quarterly supplier meetings, and customer satisfaction survey. | ● Relevant |
| VI. Has the Company commissioned a professional share registration and investor services agent for handling matters related to Shareholder Meeting? | v | | ● The Company has appointed SinoPac Securities Corp. to organize the Shareholders Meeting and handle related matters. | ● Relevant |
| VII. Disclosure of information<br>(I) Has the Company installed an official website for the disclosure of information on finance, operation, and corporate governance? | v | | ● The Company has installed its official website (http://www.eink.com) to provide related financial and operation information and appointed designated personnel to maintain and update the content. | ● Relevant |
| (II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons to the collection and disclosure of information on the Company, the implementation of the spokesman system, and the videotape on institutional investor conferences)? | v | | ● The Company has set up the Public Relation Office and the Share Registration and Investor Service Office to perform the function of information gathering and disclosure. The Company also has had an official website in the English language, and properly implemented the spokesman system. | ● Relevant |
| (III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit? | v | | ● The Company announced and filed annual financial statements, the Q1, Q2 and Q3 financial statements, as well as monthly operation results within the prescribed time limits in accordance with the relevant provisions of the Securities and Exchange Act. The above disclosures can be viewed at the Market Observation Post System website (https://mops.twse.com.tw/mops/web/index). | ● Relevant |
| VIII. Is there any vital information that helps to understand the actions on corporate governance better (including without limiting to employee rights, employee care, investor relation, supplier relation, stakeholder right, the continuing education of the Directors and Supervisors, risk management policy, and the standard of risk assessment and the pursuit of risk assessment, the pursuit of customer policy, professional liability insurance for the Directors and the Supervisors of the Company)? | v | | Description below:<br>(I) For information on the rights of employees, such as benefits, continuing education, training, and retirement system of the Company, refer to section 5.5.<br>(II) The Company takes risk management and the impact on the environment into consideration for the advocacy of sustainable development and holds training programs in safety, health, and environment management for all at regular intervals.<br>(III) The Company duly observed applicable laws and regulations governing environmental protection. For further information on environmental protection | ● Relevant |

| Items for evaluation | The pursuit | | | Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | and related expenditures, please refer to section 5.4.<br>(IV) The Company has instituted the procedure for the evaluation of suppliers.<br>(V) The Company complied with the mandatory hours of continuing education for all directors in 2023. For more information, please refer to section 8.10.<br>(VI) More than two-thirds of the Directors were present in each session of the Board to participate in the operation of the Board.<br>(VII) The recusal of the Directors on motions with a conflict of interest: Directors will recuse themselves from the discussion and voting of motions that involve a conflict of their personal interests.<br>(VIII) Professional liability insurance for the protection of the Directors and Supervisors: the Company has taken professional liability insurance for the protection of the Directors. | |
| IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues required special effort for improvement and related measures.<br>(I) The result of the 10th corporate governance evaluation was the top 5%<br>(II) Improvements, priorities and measures taken:<br>(i) Total promotion of sustainability<br>(ii) Implementation of board diversification targets<br>(III) The Company conducts an in-depth review of every item that we failed to score points for each year. Improvement measures are constantly being proposed and enforced in a bid to raise our score each year, improve the effectiveness of corporate governance, and realize the goals of sustainability. | | | | |

### 3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

#### 1. Remuneration Committee members

December 31, 2023

| Status | Name (Criteria) | Professional qualification and experience | Independence | Number of concurrent appointments to the remuneration committees of other public companies |
|---|---|---|---|---|
| Independent director (Convener) | Huey-Jen Su | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility<br>Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties | Satisfies criteria for independence | 1 |
| Independent director | Po-Young Chu | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility<br>Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties | Satisfies criteria for independence | 3 |
| Independent director | Chang-Mou Yang | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility<br>Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties | Satisfies criteria for independence | 2 |

Note: For details on professional qualifications, experience, and independence, please refer to section 3.2.1 Information on the Directors.

#### 2. Operation of the Remuneration Committee

(1) The Remuneration Committee has 3 members.

(2) Term of current Committee: 2023/06/29-2026/06/28. The Remuneration Committee was convened 4 times (A) in the last fiscal year. Committee members' qualifications and attendance were as follows:

| Title | Name | Attendance in person (B) | Proxy attendance | Percentage of in-person attendance (%)(B/A) | Remarks |
|---|---|---|---|---|---|
| Convener | Huey-Jen Su | 2 | 0 | 100% | Newly appointed on June 29, 2023 |
| Members | Po-Young Chu | 4 | 0 | 100% | |
| Members | Chang-Mou Yang | 2 | 0 | 100% | Newly appointed on June 29, 2023 |
| Convener | Donald Chang | 2 | 0 | 100% | Term expired on June 29, 2023 |
| Members | Hsi-Cheng Yen | 2 | 0 | 100% | Term expired on June 29, 2023 |

Other mandatory disclosures:

I. If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, the date of the board meeting, session, contents of the motion, the outcome of the board resolution, and the Company's response to recommendation of the remuneration committee (if the remuneration passed by the board exceeds the recommendation of the remuneration committee then the circumstances and cause for the difference shall be specified) shall be specified.

Explanation:

| Board of Directors Date | Session | Motion | | Outcome of the board resolution (If the remuneration passed by the board exceeds the recommendation of the remuneration committee then the circumstances and cause for the difference shall be specified) | Company's response to the opinion of the Remuneration Committee |
|---|---|---|---|---|---|
| Feb 23, 2023 | 17th meeting of the 11th board | 1. | Report on the outcome of 2022 performance evaluation for the Company's Remuneration Committee | Passed unanimously by all directors | - |
| | | 2. | Proposal to allocate employee and director remuneration from 2022 profits, and to determine details including the payment method and eligible payees. | | |
| | | 3. | Proposed amendment to revise certain articles of the "Organizational Regulations of the compensation Committee" of our company. | | |
| | | 4. | Proposed review and approval of the achievement status of the 2022 performance goals and related Employee Stock Ownership Plan ("ESOP"). | To motivate and retain key talents and avoid talent loss, an amendment has been passed. | |
| May 5, 2023 | 18th meeting of the 11th board | 1. | 2023 salary adjustment | Passed unanimously by all directors | - |
| | | 2. | The company's 2022 performance goals, the proportion of Employee Stock Ownership Plan ("ESOP") grants, and the newly established 2023 goals. | | |
| | | 3. | Proposed implementation of the "Employee Stock Option Plan for 2023" of the company. | | |
| Aug 11, 2023 | 2nd meeting of the 12th board | 1. | 2023 salary adjustment for managers of Assistant Vice President grade and above | Passed unanimously by all directors | - |
| | | 2. | Proposed adjustment of promotion and job change compensation for managers in the company. | | |
| Dec 7, 2023 | 4th meeting of the 12th board | 1. | Proposed performance goals and stock rewards for the year 2023 for the company. | Passed unanimously by all directors | - |
| | | 2. | Proposed performance goals and evaluation criteria for managers of the company for the year 2024. | | |

II. If with respect to any resolution of the remuneration committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the opinion shall be stated in the meeting minutes. The date of the remuneration committee meeting, session, motion, the opinions of all members, and the response to their opinions shall be recorded.

Explanation:

| Remuneration Committee Date | Session | Motion | | Outcome of resolution | Company's response to the opinion of the Remuneration Committee |
|---|---|---|---|---|---|
| Feb 23, 2023 | 9th meeting of the 4th committee | 1 | Report on the outcome of 2022 performance evaluation for the Company's Remuneration Committee | Passed unanimously by all members | - |
| | | 2 | Proposal to allocate employee and director remuneration from 2022 profits, and to determine details including the payment method and eligible payees | | |
| | | 3 | Proposed amendment to revise certain articles of the " Remuneration committee Charter" of our company. | | |
| | | 4 | Proposed review and approval of the achievement status of the 2022 performance goals and related Employee Stock Ownership Plan ("ESOP"). | This proposal has been deliberated by all attending committee | |

| | | | | |
|---|---|---|---|---|
| | | | members. It is proposed to submit the committee's recommendation along with the original proposal to the board of directors for discussion. | |
| May 5, 2023 | 10th meeting of the 4th committee | 1 2023 salary adjustment<br>2 The company's 2022 performance goals, the proportion of Employee Stock Ownership Plan ("ESOP") grants, and the newly established 2023 goals. | Passed unanimously by all members | - |
| Aug 4, 2023 | 1st meeting of the 5th committee | 1 2023 salary adjustment for executive level of Assistant Vice President grade and above<br>2 Proposed adjustment of promotion and job change compensation for executive level in the company. | Passed unanimously by all members | - |
| Dec 7, 2023 | 2nd meeting of the 5th committee | 1 Proposed performance goals and stock rewards for the year 2023 for the company.<br>2 Proposed performance goals and evaluation criteria for executive level of the company for the year 2024. | Passed unanimously by all members | - |

(3) Scope of authority:

1. Define and periodically review the policies, systems, standards, and structure of performance evaluation and remuneration for directors and officers.
2. Periodically review and determine the remuneration for directors and officers.

### 3.3.5 Composition, Responsibilities and Operations of the Corporate Sustainable Development Committee

**I. Eligibility and Authority of Corporate Sustainable Development Committee members:**

To promote sustainability initiatives as well as strengthen governance and oversight of sustainability performance, the establishment of a functional "Sustainable Development Committee" reporting to the Board of Directors was passed by the E Ink board of directors in 2022. The responsibilities of the Sustainable Development Committee included the development of environmentally friendly products, green production and climate change response, employee development and occupational safety and health, corporate governance and ethical management, development of sustainable supply chain, stakeholder communication and social inclusion, and operating risk and opportunity risk management. The Sustainable Development Committee under the Board of Directors will interface with the existing operational-level "Corporate Sustainability Committee" to oversee the sustainability initiatives and implementation of the Product Sustainability, Green Manufacturing, Corporate Care Corporate Governance, Supply Chain, Projects and Stakeholders, and Risk Management working groups, two meetings of the Sustainable Development Committee were held in 2023.

**Scope of authority:**

(1) Promote and enforce sustainable development policies of the Company, including the execution of corporate governance, business integrity, risk management, environmental, and social goals, strategies, and plans.
(2) Review and manage sustainable development progress and performance within the Company, and present reports and resolutions to the board of directors.
(3) Enhance communication with stakeholders, including government institutions, shareholders, the media, customers, suppliers, affiliated enterprises, employees, industry associations, the community, and the society, and address issues that are of significant concern to stakeholders.
(4) Supervise other sustainable development tasks resolved by the board of directors.

**II. Professional qualifications and experience of Sustainable Development Committee members, and committee operations:**

(I) The Sustainable Development Committee has 5 members.
(II) Term of current Committee: June 29, 2023, to June 28, 2026. The Sustainable Development Committee was convened 2 times (A) in the last fiscal year. Committee members' professional qualifications. experience, attendance, and agenda are shown below:

| Title | Name | Professional qualification and experience | Attendance in person (B) | Proxy attendance | Percentage of in-person attendance(%) (B/A) (Note) | Remarks |
|---|---|---|---|---|---|---|
| Convener | Johnson Lee | Work experience in commerce, law, finance and banking, accounting or necessary for company operation. Sustainability, risk management, information security, and nature-related governance. | 2 | 0 | 100% | |
| Committee Member | FY Gan | Work experience in commerce, law, finance and banking, accounting or necessary for company operation; climate change, human rights, occupational safety and health, supply chain, and related governance. | 2 | 0 | 100% | |
| Committee Member (Independent director) | Po-Young Chu | Work experience in commerce, law, finance and banking, accounting or necessary for company operation ; Expertise in business management,and sustainable governance. | 2 | 0 | 100% | |
| Committee Member (Independent director) | Huey-Jen Su | Work experience in commerce, law, finance and banking, accounting or necessary for company operation ; Expertise in business management, , financial management, risk management, and sustainable governance. | 1 | 0 | 100% | Newly appointed on June 29, 2023 |
| Committee Member (Independent director) | Chang-Mou Yang | Work experience in commerce, law or necessary for company operation s ; Expertise in business management,risk management, and sustainable governance. | 1 | 0 | 100% | Newly appointed on June 29, 2023 |
| Committee Member (Independent director) | Donald Chang | Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution eligibility. | 1 | 0 | 100% | Term expired on June 29, 2023 |
| Committee Member (Independent director)) | Hsi-Cheng Yen | Work experience in commerce, law, finance and banking, accounting or necessary for company operation. | 1 | 0 | 100% | Term expired on June 29, 2023 |

Other mandatory disclosures:

(1) If the board of directors will decline to adopt, or will modify, a Sustainable Development Committee, the date of the board meeting, session, contents of the motion, the outcome of the board resolution, and the Company's response to recommendation of the Sustainable Development Committee.

Explanation:

| Remuneration Committee Date | Session | Motion | Outcome of resolution | Company's response to the opinion of the Sustainable Development Committee |
|---|---|---|---|---|
| May 5, 2023 | 18th meeting of the 11th board | 1.Report on the inventory and verification results of greenhouse gas emissions for the Company and its subsidiaries.<br>2. Report on sustainable development goals, indicators, and achievements. | Passed unanimously | - |

| | | | | |
|---|---|---|---|---|
| | | 3. Report on the operation and execution results of the Company's risk management policy and procedures.<br>4.Proposed formulation of "Environmental, Health, and Safety Energy Management Policy" (including environmental safety and health, climate change, water resources, waste, and energy management policies). | by all directors | |
| Nov 3, 2023 | 3th meeting of the 12th board | 1. Report on sustainable development goals, indicators, and achievements in the aspects of green manufacturing, product sustainability, and corporate social responsibility.<br>2. Report on the operation and execution results of the Company's risk management policy and procedures.<br>3. Report on stakeholders, key issues of concern, and communication and response outcomes. | Passed unanimously by all directors | - |

(2) Meeting date, session, agenda, content, recommendations or objections from Sustainable Development Committee members, decision results, and company's response to Sustainable Development Committee opinions on major agenda items of the Sustainable Development Committee.
Explanation:

| Sustainable Development Committee Date | Session | Motion | Outcome of resolution | Company's response to the opinion of the Sustainable Development Committee |
|---|---|---|---|---|
| May 4, 2023 | 1th meeting of the 1th board | 1.Report on the inventory and verification results of greenhouse gas emissions for the Company and its subsidiaries.<br>2. Report on sustainable development goals, indicators, and achievements.<br>3. Report on the operation and execution results of the Company's risk management policy and procedures.<br>4.Proposed formulation of "Environmental, Health, and Safety Energy Management Policy" (including environmental safety and health, climate change, water resources, waste, and energy management policies). | Passed unanimously by all members | - |
| Oct 5, 2023 | 1th meeting of the 2th board | 1. Report on the sustainable development framework, strategic planning, and progress towards goals.<br>2. Report on sustainable development goals, indicators, and achievements in the aspects of green manufacturing, product sustainability, and corporate social responsibility.<br>3. Report on the operation and execution results of the Company's risk management policy and procedures.<br>4. Report on stakeholders, key issues of concern, and communication and response outcomes. | Passed unanimously by all members | - |

### 3.3.6 Implementation status of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| 1. Does the company establish a governance structure for the implementation of sustainable development, along with a unit that specializes (or is involved) in sustainable development? Does the unit report to the Board of Directors with its operation delegated to the senior management? | ● | | To effectively promote the implementation of sustainable development work and strengthen the governance and supervision of sustainable development outcomes, the Board of Directors of our company established a functional "Sustainable Development Committee" at the board level in November 2022. It also established the "Sustainability Management Department" as a full-time unit, along with the "Secretariat," to coordinate and promote related matters. Additionally, a "Guidance Committee" composed of senior executives provides necessary guidance and assistance.<br>The functional team discusses and plans work goals and blueprints monthly, confirms the progress of implementation, reports to the Chairman quarterly, and reports annually to the Board of Directors in accordance with the "Sustainability and Social Responsibility Guidelines." For details of the report to the Board of Directors by the Sustainable Development Committee for the fiscal year 2023, please refer to section 3.3.5.<br>The Board of Directors will provide valuable suggestions and guidance to the management team based on the management team's reports and the strategic objectives set, as appropriate to the company's situation. The management team will incorporate the Board's suggestions into its implementation objectives and adjust them in a timely manner. Progress and effectiveness will be reported to the Board again to achieve the effectiveness of promoting sustainable development. | Relevant |
| 2. Does the company conduct risk assessments on environmental, social and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality? | ● | | In 2022, the company passed the "Risk Management Policy and Procedures" through the board of directors and established the "Sustainable Development Committee" under the board of directors to supervise the operation mechanism of risk management and submit proposals related to risk management to the board of directors for decision-making.<br><br>The Sustainable Development Committee conducts analyses based on the principles of significance in the sustainability report, communicates with internal and external stakeholders, and evaluates significant environmental, social, and corporate governance issues through reviewing domestic and foreign research reports, literature, and integrating assessment data from various departments and subsidiaries. It then formulates effective risk management policies and takes specific action plans for identification, measurement, assessment, supervision, and control to reduce the impact of relevant risks. The committee regularly (at least once a year) consolidates and | Relevant |

| Implementation Item | Current progress: Yes | No | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | | | reports on the company's risk management execution status. In 2023, the chairman (the highest executive of the Sustainable Development Committee) reported to the board of directors twice on the execution status of risk management, including the results of risk assessments in various aspects, and explained the control and supervision procedures for higher-risk aspects.<br><br>Furthermore, based on the assessed risks, relevant risk management policies or strategies are formulated. For details, please refer to section 8.9. | |
| 3. Environmental topics<br>(1) Does the company establish an environmental management system appropriate for the nature of its industry? | ● | | E Ink Global Operations Center is gradually passing the ISO 14001 Environmental Management System and has passed third-party external verification, and will continue to invest in environmental improvement management programs. The coverage rate of this system reached 75% in 2023. | Relevant |
| (2) Does the company commit to improving energy efficiency and the use of renewable materials with low environmental impact? | ● | | The Company is continuing to make improvements on waste reduction in production processes and energy efficiency.<br>Preference is also given to high-performance equipment with low energy consumption during the selection of production and plant facility systems. Chemicals from production processes are recovered and refined by the original supplier for reuse to improve our environmental, safety and health performance.<br>Preference is given to the recycling of all reusable packaging materials and resource waste by their original suppliers, followed by the recycling through reclamation channels. Processing facilities capable of heat recovery should be preferred for waste that must be incinerated. | Relevant |
| (3) Does the company assess potential risks and opportunities associated with climate change, and adopt mitigating measures? | ● | | The 2°C or even more rigorous 1.5°C scenarios published by the International Energy Agency along with the investigations and judgments of E Ink's internal/external stakeholders, international research reports, and domestic/overseas industry trends were used to identify the potential physical risks, transformation risks and opportunities for E Ink due to the effects of climate change. Incidence and impact analysis were then conducted on the identified risks and opportunities to determine the appropriate mitigating measures for each type of risk and develop corresponding climate change strategies.<br>The key climate change risks identified by E Ink in this manner included transformation risks from changes in renewable energy laws and increased demand renewable energy; and physical risks from increase in the severity of extreme climate; the corresponding management measures included: monitoring of regulatory changes, actively search for sources of green power, installation of power-generation equipment, voluntary compliance with laws and regulations, regular pipeline conduit maintenance, | Relevant |

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | strengthening of emergency response drills, equipment upgrades and maintenance, supply chain risk management, establish secondary suppliers, monitoring of market information, to increase market sensitivity and adjust response strategies to reduce risk.<br>Climate change opportunities included the development of new products or services, reduction in the use and consumption of water resources, and the recycling and reuse of resources through R&D and innovation. Corresponding management measures included: Expanding the design, application and innovation R&D of ePaper;<br>Upgrade to energy-saving motors, eliminate leaking facilities, recovery and reuse of chemicals, and cooperating with suppliers on the recovery of chemicals and packaging materials. | |
| (4) Does the company maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy greenhouse gas, water and waste? | ● | | At E Ink, we take environmental protection topics very seriously. We strive to practice pollution control and reduce the consumption of energy resources. An environmental safety and health management policy has been put in place with an annual management plan for water supply increase, wastewater recycling, energy conservation, heat recovery, waste reduction, and recycling programs. GHG and product carbon footprint audits are also conducted in response for the sake of energy efficiency and carbon reduction. The scope of the audits includes all E Ink Taiwan, the primary production sites of overseas subsidiaries, and office locations.<br>● Third-party certification of ISO 14001 environmental management system has been obtained. ISO 14064-1 GHG emission inventories are conducted annually with third-party verification and verification statement. All sites in Taiwan have also introduced and obtained ISO 50001 energy management system certification.<br>● Statistics on all environmental data (GHG emissions, electricity usage, water usage, waste, emissions etc.) are collected, analyzed and fully disclosed. Tailored management targets and initiatives were also set for each plant with regular follow-ups and disclosure of their outcomes.<br>The Company continued to implement carbon reduction initiatives every year in support of government policies and regulations on energy efficiency and carbon reduction. Our energy efficiency targets and action plans have produced tangible results. The Company began purchasing green electricity under the Voluntary Green Energy Pricing Trial Project of the Ministry of Economic Affairs in 2017. Planned purchases have been made every year since then. Renewable energy certificates that combine direct transmission and wheeling were also purchased from private power plants to demonstrate the Company's commitment to supporting green electricity, | Relevant |

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | energy efficiency and carbon reduction.<br>All GHG emission and environmental energy statistics and information are duly disclosed and published in the annual Corporate Sustainability Report or the ESG section of our corporate website. The annual Corporate Sustainability Report undergo assurance by a professional third-party body. | |
| 4. Social topics<br>(1) Has the Company established relevant management policies and procedures in accordance with applicable laws and the International Convention of Human Rights? | ● | | E Ink complies with local laws and regulations at all of its operating locations worldwide. Internationally accepted human rights standards including the International Bill of Rights and the ILO Declaration on Fundamental Principles and Rights at Work are adhered to eliminate human rights violations and abuses. All employees, contract and temporary personnel, and interns are treated with dignity and respect.<br>E Ink not only adheres strictly to the provisions of the Labor Standards Act in our employment, management, and cultivation of personnel but is also committed to respecting policies on human rights. All new employees in Taiwan must undergo training on human rights policies during their orientation. E Ink conducted 10 rounds of human rights-related policy education and training, with a total of 666 participants completing the training and total training hours amounted to 383 hours in 2023. | Relevant |
| (2) Does the company define and implement reasonable employee welfare measures (including compensation, leave of absence and other benefits), and does employee compensation properly reflect business performance or results? | ● | | E Ink provides sound remuneration, carefully thought-out benefits and a high-quality living environment. We cultivate a friendly working environment to help employees maintain their work-life balance. A corporate culture based around employee accountability, teamwork and innovation is emphasized at E Ink. We value the contribution of every employee. The standard of compensation and benefits are regularly reviewed against local laws and market standards to design fair and competitive compensation for each position. We provide starting salaries that exceed the local minimum wage for all new employees. Nor do we discriminate on the basis of gender, race, religion, political affiliation, marital status, or membership of unions/community associations in compensation. To attract and retain quality talent, we offer performance and annual bonuses linked to business results and individual performance based on the principle of profit-sharing.<br>E Ink considers employees to be our most important asset. We seek to offer a sound working environment, compensation and benefits for every employee around the world. There are also incentive mechanisms to reward employee contribution. According to the TWSE Market Observation Post System, employee compensation has kept pace with the Company's growing profits each year. Average salaries were all higher than our peers in the industry. Employ stock options were designed and stock recognition rules were passed by E Ink to realize the goal of incentivizing employees and their retention. Employee performance is linked to the Company's business | Relevant |

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | activities in the hopes of sharing the fruits of success with employees.<br>In addition to providing a safe, comfortable, and people-friendly working environment, employee health is a priority for E Ink as well. Regular employee health exams, cultural and educational seminars, company holidays, family days, and a wide variety of club activities are held at various times to enhance employees' quality of life. | |
| (3) Has the Company provided a safe and healthy work environment for employees, and related education on occupational safety and health for employees at regular intervals? | ● | | Our company's committee quarterly reviews internal management policies, regulatory compliance, and effectiveness. The aim is establishing a good working environment to ensure that employees can work with peace of mind. Regularly conduct tests for hazardous substances in the work environment according to the law, and provide appropriate personal protective equipment to ensure the comfort and health of colleagues in the work environment. The operations involving special hazards to health are conducted in Taiwan's "Regulations on the Protection of Workers' Health". The specific hazardous operations in the factory include operations involving hexane, lead, and nickel. Special physical examinations are conducted for employees in accordance with regulations, and special operation classification health management is conducted in accordance with the company's employee health management measures. When occupational disease specialists provide on-site services, they deeply understand the hazards of the work environment to on-site employees and propose improvement suggestions. We do not slack off in the prevention and promotion of special operation hazards due to epidemic prevention. We also offer online health promotion courses for special operations. Colleagues in special operations can adjust their class times flexibly, and learn how to prevent and avoid hazards at work through the clear explanations of doctors. The occupational safety and health course has been included in the training program for new employees and in the general education curriculum. It provides essential safety and health education and training for work and disaster prevention, enabling workers to develop a safety culture, awareness, and abilities, thereby reducing the occurrence of accidents caused by unsafe behaviors. In addition, in response to increasing foreign workers, relevant occupational safety and health training utilizes videos from the Occupational Safety and Health Administration and related operation information. English or Indonesian posters are posted on-site, and training effectiveness is strengthened through native language promotion. In 2023, a total of 19 classes were held, training 396 participants and added online courses to allow employees to flexibly arrange their safety and health education training. Our company is committed to creating a dignified, friendly, healthy, and happy working environment. We care for the physical and mental health of our employees through concrete actions, adhering to the concept of three levels and five grades of prevention and implementing | Relevant |

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | a continuous improvement model. We plan regular health examinations and health promotion activities to provide employees with the best care and support. In 2023, a total of 185 individuals underwent on-site physician interviews, and 8 health promotion seminars were held, allowing colleagues to gain a clearer understanding of health risks. E Ink has implemented the ISO 45001 Occupational Health and Safety Management Standard (valid until 2026/6/30). To strengthen the governance of the occupational safety and health system, the management of occupational safety and health is supervised by the board of directors. In 2023, two occupational injuries (not within the scope of serious occupational injury reporting) involving two injured individuals were reported to the Occupational Safety and Health Administration. Not having any serious occupational injuries recognized by the Ministry of Labor, and no records of work-related injuries for other workers (such as contractors, interns, etc.). The Frequency Rate (FR) of employee disabling injuries in 2023 was 0.75, and the Severity Rate (SR) was 3, both lower than the Taiwan electronic component manufacturing industry averages of 0.85 (FR) and 23 (SR). The FR and SR for contractors remained at zero accidents. Not experiencing any fire accidents, and no casualties or injuries in 2023. To continue reducing potential risks for workers in the work environment, the company will continue to plan improvement measures and implement graded controls to maintain employee work safety, moving towards the goal of zero accidents. | |
| (4) Does the company implement an effective training program for employees to develop their career skills? | ● | | In terms of employee development, the Company sets great store by the cultivation and training of talent worldwide. Talent cultivation is based on systemic planning of core competencies. All online training has been consolidated under the E Ink University global online education platform from 2019. Personalized training programs are developed for each employee based on their role and position to improve their overall competitiveness. Physical training courses were also changed to online courses in response to COVID-19 so that employees could schedule their own training. The US plant is now conducting a learning experiment on the Python programming language to equip every employee with essential skills for a digital world. We hope to roll out this model to all global sites so that all E Ink employees will be better equipped to respond to trends in IoT and smart technology. The E Ink Global University was established in 2020 to provide E Inkers around the world with a wide variety of common basic training courses. These efforts resulted in employees taking part in internal training 289,626 times during 2023. Total training person-hours was in excess of 103,892.8 hours and more than 5,385 training sessions were held. Average satisfaction of online courses was 88.3% while average satisfaction for face-to-face courses was 94.6%. | Relevant |
| (5) Does the company comply with laws, regulations and | ● | | All Company products conform to international standards and customer requirements. | Relevant |

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |
| international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered, and implement consumer protection policies and complaint procedures? | | | The Company also adheres strictly to codes of conduct and ethics in all internal and external business practices. Furthermore, the Company implements customer satisfaction survey and complaint handling procedures as means to enhance customer relationship and to secure long-term working relations.<br>(1) Operating processes have been defined for every Company department. An internal quality assurance department has also been established to protect the rights of customers. Customer satisfaction surveys and feedback are used to understand the needs of customers and provide a reference for continuous improvement. This increases customer satisfaction by ensuring products meet customer requirements. Regular customer visits and review meetings are also held to keep the channels for communication open and ensure that customer requirements are fully understood. A monitoring system has also been implemented to ensure that the quality of products and serves meets customer expectations.<br>(2) The Company strives to ensure that the components, parts, raw materials and packaging used by company products do not contain environment-related substances such as restricted substances or conflict minerals in order to comply with existing laws and regulations, satisfy customer requirements, protect the Earth's environment, and alleviate their impact on the ecosystem. Raw materials from suppliers are therefore required to conform with the following rules:<br>1.Registration, Evaluation, Authorization and Restriction of Chemicals (EU REACH)<br>2. Directive of Waste Electronic and Electrical Equipment (EU WEEE)<br>3. Directive of the Restriction of Hazardous Substances (EU RoHS)<br>4. No use of conflict minerals<br>5. The quality policy and objective of the Company in products and environment (established in accordance with applicable international legal rules and regulations and customer needs). | |
| (6) Does the company implement a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and track suppliers' performance on a regular basis? | ● | | Our company has established the "E Ink Supplier Code of Conduct" which consists of five parts: labor, health and safety, environment, business ethics standards, and management elements. It requires all new suppliers to sign the "E Ink Supplier Code of Conduct Commitment Letter" committing to ensuring that all employees in the E Ink supply chain are respected, work in a safe environment, fulfill environmental responsibilities in business operations, and adhere to ethical standards.<br>Furthermore, to achieve the goal of a sustainable supply chain for E Ink Technology (including its subsidiaries), our company has formulated and publicly disclosed the | Relevant |

| Implementation Item | Current progress: Yes | No | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | | | "Supply Chain Policy," which sets three major sustainable actions (1) controlling sustainable risks in the supply chain, (2) creating a green and low-carbon supply chain, and (3) improving supply chain resilience. Through supply chain assessment and audit systems, we manage the supply chain to reduce the risk of supply chain disruptions and effectively implement sustainable supply chain management.<br>Our company's supplier evaluation management process has incorporated considerations such as environmental occupational health and safety management systems, environmental impact assessments, health and safety, labor practices assessments, and social assessments into corporate social responsibility issues. New suppliers must pass the evaluation of the aforementioned corporate social responsibility items, and regular audits and counseling are also arranged for existing suppliers. For suppliers that cause significant negative social impacts, this will be specifically highlighted in the evaluation form and used as a reference for order transactions, audits, and other behaviors towards that supplier. At the same time, assessments will be made of suppliers' financial, environmental, and social risks to address them early and reduce the risk of supply chain disruptions.<br>Under the supplier evaluation process, the purchasing unit must research prospective new suppliers and conduct a risk assessment. Supplier quality and punctuality must then verified to determine whether they can become a qualified supplier. Other units can then determine whether to engage in further cooperation.<br>E Ink's management of new and old suppliers are based on standard evaluation procedures that serve as a guide for the development, evaluation and qualification of suppliers.<br>Annual audits and quarterly assessments are conducted for long-term suppliers of raw materials to improve their manufacturing technology, quality standard, and management ability as well as reduce costs. Such cooperation represents a win-win outcome for the continuity of the Company's raw materials supply.<br>In 2023, a total of 35 new and old suppliers are audited (including 8 new suppliers and 21 existing suppliers). All have passed the assessment and are rated as qualified suppliers. During the audit process, no suppliers are identified as having significant actual or potential negative impacts, so no further tracking is required. In 2023, the average supplier audit score reached 86 points, and 100% of new suppliers passed the standard screening. | |
| 5. Does the company prepare a sustainability report or any report for disclosure of non-financial information based on international reporting standards or guidelines? Are the | ● | | This Report was prepared in accordance with the GRI Standards 2021 on sustainability reporting issued by the Global Reporting Initiative. Disclosures conformed to the SASB Standards issued by the IFRS Foundation. Climate risks and opportunities were | Relevant |

| Implementation Item | Current progress: Yes | No | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| aforementioned reports supported by assurance or opinion of a third-party certifier? | | | disclosed in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework developed by the Financial Stability Board (FSB).<br>This Report was verified by the British Standards Institution Taiwan (BSI Taiwan) in accordance with the spirit of AA1000 Assurance Standard V3 Type 2 - Moderate Assurance. The financial information cited by the Report is consistent with the 2023 Consolidated Financial Statements of E Ink, and was audited by Deloitte Taiwan. | |

6. If the company has established sustainability principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles:
The relevant systems and regulations have been defined by the Company and duly implemented in the spirit of CSR.

7. Other information useful to understanding the implementation of sustainable development:
I. Awards, Certifications, and Assessments
(1) Sustainalytics ESG risk rating of 18.5 (Low-risk)
(2) MSCI ESG rating of BBB
(3) EcoVadis sustainability assessment - Silver medal
(4) Taiwan Sustainability Evaluation - AA rating
(5) Named one of the 2022 Asia-Pacific Climate Leaders by Financial Times and Nikkei Asia
(6) E Ink filled out the CDP climate change questionnaire for the first time in 2022 and was recognized with a B management rating.
(7) Placed in the top 5% of TPEx-listed companies by the Corporate Governance Evaluation in 2023
(8) Certified by the International Dark Sky Association
(9) Obtained product carbon footprint certification based on the ISO 14067:2018 international standard
(10) Presented with the gold award prize for ESG comprehensive performance in the electronics and technology industry at the 2023 Global Views Monthly
(11) Presented with Green Leadership awards at the 2023 Asia Responsible Enterprise Awards (AREA)
(12) Named one of the “Best Companies to Work for in Asia 2023” and presented “WeCare™ - HR Asia Most Caring Company Award.”
(13) Named one of the Excellence in Corporate Social Responsible Top 100 companies - No.18 in Large Companies by the Commonwealth magazine
(14) Presented with SDG 13 Climate Action – Gold Award at the 2023 “Taiwan Sustainability Action Awards”
(15) Presented with two awards at the 2023 “Asia Pacific Sustainability Action Awards”
A. SDG 4 Quality Education - Gold Award
B. SDG 11 Sustainable City - Bronze Award
(16) Presented with seven awards at “Taiwan Corporate Sustainability Awards”
A. Taiwan Top Ten Sustainability Excellence Award
B. Sustainability Report - Electronic Information Manufacturing - Platinum Level Category 1
C. Sustainability Individual Performance Award - Innovation Growth Leadership Award
D. Climate Leadership Award
E. Sustainable Supply Chain Leadership Award
F. Social Inclusion Leadership Award
G. Workplace Well-being Leadership Award

| Implementation Item | Current progress: | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for such deviations |
|---|---|---|---|---|
| | Yes | No | Summary | |

(17) Obtained "Outstanding Enterprise" in Public Occupational Health and Safety Indicators by the Occupational Safety and Health Administration, Ministry of Labor
(18) Presented with the 2023 "National Sustainable Development Award"
(19) Presented with the "Best Newcomer" at 2023 RE100 Leadership Award.
(20) Chosen as a constituent stock in the 2023 "Dow Jones Sustainability Index - World" (DJSI-World) ad "Dow Jones Sustainability Emerging Market Index (DJSI-Emerging Markets)"
(21) Included in 2023 S&P Sustainability Yearbook, ranked in the top 10% for Global Electronic Equipment, Instruments & Components, and presented with Industry Mover award
(22) Named a constituent stock in the MSCI Global Standard Index
(23) First selected for the FTSE4Good Emerging Index in 2023 and E Ink's green revenue is accounted for 99.98%
(24) Named as a Top 10 constituent stock in three Taiwan sustainability indices

II. Domestic and Overseas Advocacy
(1) First display maker to join the RE100 global renewable energy initiative and commit to 100% renewable energy by 2030
(2) First company in Taiwan to sign "The Climate Pledge" (TCP) committing to achieving net zero by 2040
(3) Joined the Science Based Targets Initiative (SBTi) in 2023
(4) First display maker in the world to join EP100 committing to the introduction of the ISO 5001 energy management system at global production sites by 2030, and a doubling of energy productivity by 2040 compared to the baseline year of 2018
(5) Joined the "Low Carbon Initiatives" sponsored by the European Chamber of Commerce Taiwan
(6) Joined the "Race to Zero Campaign" launched by the United Nations Framework Convention on Climate Change (UNFCCC) and committed to achieving net zero carbon emissions by 2040.
(7) Signed "TCFD Supporter" statement committing to voluntary climate-related financial disclosures
(8) Joined the United Nations Global Compact (UNGC)
(9) Joined the "Temperature Rising Index for Pathways" set up by the Commonwealth magazine through industrial-academic cooperation and the first individual carbon disclosure platform in Taiwan to commit to carbon reduction targets
(10) Supported and backed the "Taiwan Nature Positive Initiative" platform set up by BCSD Taiwan to respond to world nature targets
(11) Joined "TALENT, in Taiwan" and committed to the six key indicators on talent sustainability action, namely: Purpose and Value, Diversity and Tolerance, Organizational Communications, Rewards and Incentives, Physical and Mental Wellbeing, and Talent Growth to maintain our sustainability competitiveness.

**[Support Green Energy]**

Since 2015, E Ink has accumulated a total purchase of 2.66 million kWh of green electricity over three years. Since 2017, it has promoted T-REC renewable energy certificate certification and trading, accumulating a total of 1,917 certificates traded. This made it the company with the highest number of transactions in renewable energy certificates at that time, accounting for 21.28% of the total trading volume. Starting in 2020, E Ink began entering into power purchase agreements (PPAs), becoming one of the first companies in Taiwan to engage in PPA transactions for green electricity. In 2022, E Ink joined the RE100 initiative, becoming the first display company to commit to achieving RE100 by 2030. In 2023, E Ink passed the review of the Science Based Targets initiative (SBTi), demonstrating its strong determination to achieve net-zero carbon emissions.

### 3.3.7 Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

| Items for evaluation | The pursuit | | | Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Establishment of the Ethical Corporate Management Policy and Action Plan | | | | |
| (I) Has the company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment? | v | | The Company duly observes the Company Act, other applicable legal rules governing companies listed at TWSE and TPEx, and other laws governing commercial behaviors as the prerequisites for the implementation of ethical corporate governance. | Relevant |
| (II) Has the company developed systematic practices for assessing dishonesty risks? Does the company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? | v | | As stated in the internal control system and "Code of Conduct and Operating Procedures for Integrity" of the Company, Directors, employees and the parties with de facto control, shall not directly or indirectly offer, promise, request or accept unjustified benefits in any form in the pursuit of business integrity, including kickbacks, commissions, finder's fee, or offers or accept unjustified benefit from customers, agents, contractors, suppliers, public officials, or other stakeholders in any other means. | Relevant |
| (III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis? | v | | The Business Integrity Code of Conduct was established by the company setting out the operating procedures, behavior guidelines, penalties for violations, and grievance mechanism. It is published on the corporate website (external) and employee intranet (internal). | Relevant |
| II. Integrity in business operation | | | | |
| (I) Has the Company conducted assessment on the record of integrity of the counterparties and inscribed the integrity clause in the contracts binding the Company and the counterparties? | v | | The Company engaged in business operation in fairness and transparency. Before proceeding to business transaction, the Company will consider the legality of the counterparties of trade, and if there is any record of unethical practice to avoid business transactions with parties having a record of unethical practice. Transaction counterparties are also asked to sign a Letter of Undertaking on Integrity to ensure ethical transactions between the two parties. | Relevant |
| (II) Does the company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)? | v | | HR Central Division is the competent unit responsible for the promotion of integrity management policy, education and training, receiving and processing of complaints at the Company. A periodic report (once a year) is made to the board on the measures for ethical management and prevention of unethical behavior, and the supervision of implementation. A report was presented to the board on December 07, 2023. | Relevant |
| (III) Has the Company made the policy for the prevention of the conflict of interest, provided appropriate channel for reflection, and properly pursued such policy? | v | | Directors and officers should recuse themselves from any conflicts of interests. The board's conflict of interest operations should be recorded in the annual report and the employee complaints mailbox (Appeal@eink.com) used for appeals. | Relevant |
| (IV) Has the company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit | v | | The Company has established an effective internal control system and accounting system to assure the effective design and implementation of the | Relevant |

| Items for evaluation | The pursuit | | | Variation with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary | |
| been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct? | | | system. The Company has also appointed CPAs to conduct annual review and amendment to the system jointly with the auditors, and the implementation of corporate governance so as to establish sound mechanisms for corporate governance and risk control. | |
| (V) Has the Company provided internal and external trainings on topics of ethical corporate management at regular intervals? | v | | Our company has established operating procedures for ethical management, which strictly require all employees to comply with the regulations. We also enhance awareness through courses on anti-corruption, anti-competition, code of conduct, responsibilities, reporting procedures, and protection of trade secrets. In 2023, a total of 4381 training opportunities completed, with a total of 3825.4 training hours. In addition to regular training, we also periodically inform all employees of relevant legal updates through internal websites, email announcements, and other channels. In the second quarter of 2023, an internal announcement on promoting ethical management was issued to ensure the implementation of the ethical management policy. | Relevant |
| III. The reporting system of the Company in action | | | | |
| (I) Has the Company established the system for reporting and rewards for the informants, and the channels for facilitating the reporting of unethical practices, and appointed appropriate personnel to conduct investigation on the suspects reported by the others? | v | | Reports from internal (external) personnel on improper conduct of business, corruption, and graft, violation of company operating procedures, as well as recommendations on business improvements received by the Company are investigated by HR Central Division. | Relevant |
| (II) Has the company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation? | v | | Article 5 of the Company “Business Integrity Code of Conduct” detail the standard operating procedure for investigating whistle blower complaints, the measures to take once the investigation is completed, and the associated confidentiality mechanism. | Relevant |
| (III) Has the Company established related policies for the protection of the informants from undue treatment? | v | | Article 5 of the Company “Business Integrity Code of Conduct” detail the standard operating procedure for investigating whistle blower complaints, the measures to take once the investigation is completed, and the associated confidentiality mechanism. | Relevant |
| IV. Information Disclosure | | | | |
| Has the company disclosed its integrity principles and progress onto its website and MOPS? | v | | The Company publishes annual report over its website and Market Observation Post System to disclose the progress of its integrity efforts. | Relevant |
| V. If the company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has implemented its "Business Integrity Code of Conduct" following board of directors' approval dated 2019.12.19. All systems and policies introduced in relation to business integrity are in alignment with integrity principles and have been enforced accordingly. | | | | |
| VI. Other information useful to the understanding of integrity in business dealings: nil. | | | | |

**3.3.8 The implementation of ethical corporate management and policies:** E Ink educate employees the value of business ethics from time to time for strengthening the moral idea of integrity and anti-corruption to all and provide related training to demand all to observe the code of conduct. Any offense against the ethical norm shall be punished in accordance with the internal rules and regulations of the Company.

**3.3.9 The method of inquiry shall be disclosed if the Company has established the Corporate Governance Best Practice Principles and related rules and regulations:** refer to http://www.eink.com

**3.3.10 Any other vital information that helps to understand the performance of corporate governance of the Company shall also be disclosed:** refer to Section 8.8-8.11

**3.3.11 The following shall be disclosed in the pursuit of internal control system**:

1. Declaration of Internal Control: refer to Section 8.2
2. If CPAs are retained to audit the internal control system, disclose the Auditors' Report: none.

**3.3.12 Penalty of the Company and its personnel by law, punishment of the personnel by the Company on violation of the internal control system in the most recent year to the date this report was printed, the major defects and the status of corrective action:** none.

**3.3.13 Major resolutions of the Shareholders Meeting and the Board in the most recent year to the date this reported was printed:** refer to Section 8.7.

**3.3.14 Adverse opinions of the Directors or Supervisors on motions passed by the Board on record or in written declaration in the most recent year to the date this report was printed, and the content of the opinions:** none.

**3.3.15 Resignation or dismissal of senior officers of the Company like the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief R&D Officer:** none.

### 3.3.16 Climate-Related Information of Listed Companies

1. Implementation Status of Climate-Related Information

| Project | Implementation Status |
|---|---|
| I.<br>Describe the supervision and governance of the board of directors and management on climate-related risks and opportunities. | The board of directors establishes strategies and sets annual goals for climate change, supervises the implementation of the strategies and goals, and evaluates the performance of climate-related issues and the link between executive compensation. The Sustainability Committee is responsible for promoting implementation, chaired by the chairman of the board, and reports to the board quarterly. Climate change governance and risk management are primarily promoted by the Green Manufacturing Committee within the committee, continuously assessing and managing the impact of climate change on operations, arranging unit meetings to discuss annual implementation and promote sustainability and other related work. In addition, significant climate-related risks and opportunities are also included in the company's risk management mechanism to facilitate the risk management group in conducting overall risk management of the company.<br>The board of directors of E Ink serves as the highest governance unit for risk management, regularly reviewing management strategies for climate-related risks and opportunities, and overseeing the effectiveness of the overall risk management mechanism. Functional committees of the board are responsible for reviewing corporate policies and procedures related to climate-related risks, making decisions and allocating resources for significant climate-related issues, and assessing the link between executive compensation and climate issues.<br>The Corporate Sustainability Committee at the management level reviews strategies, goals, and effectiveness tracking for responding to climate-related risks. The Risk Management Team follows risk management policies and procedures, defines the order of risk control, and oversees the management of climate-related risks. The Green Manufacturing Team is the unit responsible for executing and managing actions related to climate change risks and opportunities. They identify and assess climate-related risks and opportunities, conduct strategy and financial impact analyses, develop management plans for significant risk items, establish indicators and goals, review implementation status, and plan for the future. |
| II.<br>Describe how the identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term). | Following the TCFD framework, E Ink conducts cross-departmental identification and assessment of short-, medium-, and long-term climate-related risks, opportunities, and potential financial impacts across its value chain (including its own operations, upstream, and downstream). The company analyzes the significant climate-related risks and opportunities and their impact on business, strategy, and financial planning. Lastly, E Ink evaluates the effects on its value chain and specific financial impacts using different scenarios for transition and physical risks, such as SSP1-1.9, SSP1-2.6, RCP 8.5, IEA STEPS, etc.<br>E Ink defines short-term as within 5 years, mid-term as 5 to 10 years, and long-term as beyond 10 years. Following the assessment tools for climate change risks and opportunities, the company identifies significant climate-related risks and opportunities, summarizing them to cover areas such as "transition to net zero emissions energy," "R&D of low-carbon products," and "building a sustainable supply chain," and formulating management strategies for climate-related responses. Subsequent management strategies include planning for a net-zero carbon emission pathway, improving energy efficiency, increasing the proportion of renewable energy use, collaborating with industry, government, and academia to develop energy-saving products, and managing the supply chain to reduce the impact of climate change. |
| III. | Countries around the world are beginning to develop carbon trading markets to |

| Project | Implementation Status |
| --- | --- |
| Describe the financial impact of extreme weather events and transition actions. | achieve the goal of zero carbon emissions by 2050. According to the World Bank's "2022 Carbon Pricing Trends and Status Report," the carbon tax rose by approximately US$6 per unit in 2021, with many countries setting new records for carbon taxes.<br><br>Taiwan also officially announced its goal of achieving net zero emissions by 2050 and plans to start collecting carbon fees as early as 2024. This wave of carbon impact is now affecting various businesses. E Ink has calculated the potential financial impact of actions to reduce carbon emissions, such as purchasing green energy, paying carbon taxes, replacing equipment, and implementing energy-saving measures, at its global manufacturing facilities, offices, and other operational locations for the years 2025, 2030, and 2040 under scenarios such as achieving net zero carbon emissions by 2040, SSP1-1.9 scenario and SBTi 1.5°C target, SSP1-2.6 scenario and SBTi 2°C target, and greenhouse gas reduction targets under the IEA STEPS scenario. According to the simulation results, the potential financial impact of climate-related risks as a percentage of revenue for E Ink ranges from 0.1% to 2.1%. To cope with the potential high cost of carbon fees in the future, E Ink Holdings will continue to plan for the use of energy-efficient equipment in its manufacturing processes and implement carbon reduction projects to effectively reduce electricity and energy consumption. In terms of energy use, the company will continue to purchase green energy and consider expanding the installation of solar panels at its facilities to increase the proportion of renewable energy use, thereby reducing carbon emissions and minimizing its environmental impact.<br><br>E Ink has estimated the potential financial impact of extreme climate events (such as flooding) in physical risks and the payment of carbon fees (taxes) in transitional risks. |
| IV.<br>Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system. | E Ink plans to assess existing and emerging climate-related risks and opportunities every three years based on the TCFD framework, peer assessments, and existing and emerging climate change laws and regulations, as well as through cross-departmental communication. The risk management team will annually review potential risks in the company's operations, including strategic, operational, financial, informational, compliance and integrity, and emerging risks, to identify and manage risks. Subsequently, the green manufacturing team will coordinate the development of adaptation and mitigation measures. The green manufacturing team will review significant climate-related risks and the financial impact of risk items every six months, and report its management status to the corporate sustainability committee annually.<br><br>**Risk Identification:**<br><br>• Convene cross-departmental responsible units for disclosing climate-related financial information.<br><br>• Identify short-, medium-, and long-term climate-related risks and opportunities according to the TCFD framework.<br><br>**Risk Analysis:**<br><br>• Calculate the risk level based on the impact and frequency of risks on the value chain and create a matrix of climate-related risks and opportunities.<br><br>**Risk Assessment:**<br><br>• Risks and opportunities with a risk level ≥9 are classified as significant climate-related risks and opportunities.<br><br>• Integrate significant climate-related risks and opportunities into the company's overall risk management and prioritize their management |

| Project | Implementation Status |
|---|---|
| V.<br>If using scenario analysis to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and major financial impacts used. | E Ink has calculated the potential financial impacts of carbon reduction actions, including green energy procurement, carbon taxation, equipment replacement, and implementation of energy-saving schemes, at its global factories, offices, and other operational locations for the years 2025, 2030, and 2040 under scenarios such as achieving net-zero carbon emissions by 2040, SSP1-1.9 scenario and SBTi 1.5°C target, SSP1-2.6 scenario and SBTi 2°C target, and IEA STEPS greenhouse gas reduction targets.<br>E Ink estimates the potential financial impact of the following different scenarios for the two types of risks it faces, transformational and physical. The descriptions and assumed parameters for each risk scenario are as follows:<br>**Transformational Risk**<br>E Inks' commitment to achieve net-zero carbon emissions by 2040:<br>•2030 achieved RE100; 2040 net zero carbon emissions<br>•Carbon fee/tax price is NT$9,110-16,386 per ton of $CO_2e$<br>SSP1-1.9：<br>• Achieves SBTi 1.5°C target with an average annual reduction of 4.2% compared to the base year<br>•Corporate commitment: 80% reduction in Scope 1 and Scope 2 emissions from the base year by 2030; net zero carbon emissions by 2040<br>•Carbon fee/tax price is NT$9,110-16,386 per ton of $CO_2e$<br>SSP1-2.6：<br>•Achieves SBTi 2°C target (B2DS) with an average annual reduction of 2.5% compared to the base year<br>•Carbon fee price is NT$264-2,153 per ton of $CO_2e$<br>IEA STEPS：<br>• Using the STEPS scenario to estimate the company's greenhouse gas emission curve based on the emission trends.<br>**Physical Risk**<br>E Ink uses flood hazard vulnerability maps published by the National Science and Technology Center for Disaster Reduction to assess the flood risk in Taiwan under the 1.5°C and RCP 8.5 scenarios. By overlaying these maps with the locations of its upstream suppliers, its own operations, and downstream customers in Taiwan, E Ink estimates the future flood risk levels. It then selects value chains located in high-risk areas to plan subsequent risk mitigation measures. |
| VI.<br>E Ink Holdings' transformation plan to address and manage climate-related risks includes several key components: | E Ink is aligning its climate action with the Intergovernmental Panel on Climate Change's (IPCC) scenarios that aim to limit global warming to 1.5°C or stricter. Initially, the company is focusing on setting annual targets for its Taiwan facilities and plans to expand this approach to its major global production sites, aligning with international efforts to mitigate climate change impacts. Additionally, the company's executive performance bonuses are linked to indicators related to climate risks and opportunities to strengthen its climate management.<br>**Net Zero Emissions Energy Transition (Based on 2021 as the Base Year)**<br>● Carbon intensity (Scope 1 and Scope 2): 30% reduction by 2025; 70% reduction by 2030 compared to the baseline year.<br>● Proportion of renewable energy use: 40% by 2025; 100% by 2030. |

| Project | Implementation Status |
|---|---|
| | **Low-Carbon Product Development**<br>Enhance R&D capabilities for low-carbon products and collaborate across industries with government and academia to develop more energy-efficient products. Set a goal for R&D investment to account for 10-15% of total revenue by 2030.<br>**Creating a Sustainable Supply Chain**<br>Collaborate with the supply chain to promote reduction targets and climate risk management mechanisms. Set a goal for 40 suppliers to use renewable energy by 2030. |
| VII.<br>If using internal carbon pricing as a planning tool, explain the pricing basis. | E Ink has declared its commitment to achieving net zero carbon emissions by 2040 and has planned a pathway to reach this goal. To gradually meet its reduction targets, the company will reduce overall greenhouse gas emissions by improving equipment efficiency, using renewable energy, managing the value chain, and focusing on negative carbon technologies. To drive the company's low-carbon transformation, an internal carbon price (ICP) has been established for Taiwan to estimate carbon reduction costs. This is integrated into the evaluation of new investments and equipment purchases to enhance future investment assessments and further reduce potential greenhouse gas emissions.<br>The internal carbon price is mainly based on calculations using prices from domestic and international carbon trading markets and estimated prices for purchasing renewable energy. The carbon price will be announced annually, starting at NT$300 per ton of $CO_2e$ in 2022, NT$600 per ton of $CO_2e$ in 2023, and NT$1,000 per ton of $CO_2e$ in 2024. Additionally, the ICP will be regularly adjusted, with plans to increase it to NT$6,800 per ton of $CO_2e$ by 2030 to promote future improvements in equipment energy efficiency, carbon management awareness, and the progress of low-carbon investments. |
| VIII.<br>If climate-related goals are set, explain the activities covered, greenhouse gas emission scopes, planning timeline, progress achieved each year, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, explain the sources and quantities of the offset carbon emissions or the number of RECs. | E Ink has joined the Science-Based Targets initiative (SBTi), committing to short-term, long-term, and net-zero carbon emission goals, and has also joined the "Business Ambition for 1.5°C" initiative. After a rigorous review process, SBTi announced in 2023 that E Ink Holdings' carbon reduction targets have been verified:<br>**- Net-Zero Goal:**<br>By 2040, achieve net-zero greenhouse gas (GHG) emissions across the value chain (Net Zero 2040).<br>**- Short-Term Goals:**<br>By 2030, reduce Scope 1 and Scope 2 GHG emissions by 80% compared to the 2021 baseline year.<br>By 2030, reduce Scope 3 GHG emissions by 25% compared to the 2021 baseline year.<br>Increase the use of renewable energy from 0.21% in 2021 to 100% by 2030.<br>**-Long-Term Goals**<br>By 2040, E Ink aims to reduce its Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions by 90% compared to the 2021 baseline year. The company committed at the end of 2021 to achieve 100% renewable energy use by 2030 (RE100 2030) and reach net-zero carbon emissions by 2040 (Net Zero 2040). E Ink Holdings is actively working on climate change management by not only using renewable energy but also implementing the ISO 50001 energy management system to further enhance energy efficiency.<br>In 2022, the company reduced its Scope 1 and Scope 2 GHG emissions by 13% |

| Project | Implementation Status |
|---|---|
| | compared to the previous year and decreased its emissions intensity by 43%. Energy productivity also increased by 108% compared to the 2018 baseline year, achieving the EP100 goal of doubling energy productivity by 2040 ahead of schedule. At the same time, in 2023, the company achieved RE36 certification for all global plants, with renewable energy usage reaching 30,340 thousand kilowatt-hours. Sources include renewable energy certificates, power purchase agreements (PPA) for renewable energy, and self-consumption, gradually moving towards the RE100 goal. |
| IX.<br>Greenhouse Gas Inventory and Verification Status, Reduction Targets, Strategies, and Specific Action Plans (also filled in 1-1 and 1-2). | E Ink's global plants conduct an annual greenhouse gas inventory according to ISO 14064-1:2018 and obtain external verification. Details regarding targets, strategies, and specific action plans can be found in Appendix 1-1-1 and 1-1-2. |

**1-1 Greenhouse Gas Inventory and Verification Status for the Most Recent Two Years**

**1-1-1 Greenhouse Gas Inventory Information**

Describe the greenhouse gas emissions (in tons of $CO_2e$), intensity (in tons of $CO_2e$ per million dollars), and data coverage scope for the most recent two years:

| Emissions | 2021 | 2022 | 2023(Under verification) |
|---|---|---|---|
| Scope 1 ($tCO_2e$) | 3,459.4 | 3,569.0 | 3,677.2 |
| Scope 2 ($tCO_2e$) | 42,536.4 | 36,334.5 | 30,071.6 |
| Scope 1+2 subtotal ($tCO_2e$) | 45,995.8 | 39,903.5 | 33,748.9 |
| Scope 2 ($tCO_2e$) | 5,629.1 | 86,435.6 | 52,584.2 |
| Total ($tCO_2e$) | 51,624.9 | 126,339.1 | 86,333.1 |
| Greenhouse gas emissions intensity ($tCO_2e$/per million New Taiwan Dollars)<br>[Scope 1+2 calculation] | 2.3 | 1.3 | 1.2 |

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., emissions from the purchase of electricity, heat, or steam that result from the activities of the company), and other indirect emissions (Scope 3, i.e., emissions from activities of the company that are not classified as Scope 1 or Scope 2 and are from sources not owned or controlled by the company).

Note 2: The data coverage scope for direct emissions and energy indirect emissions should follow the schedule specified in Article 10(2) of this standard, and the information for other indirect emissions may be disclosed voluntarily.

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

Note 4: Greenhouse gas emissions intensity can be calculated per unit of product/service or revenue, but data should be presented at least based on revenue (million New Taiwan Dollars).

### 1-1-2 Greenhouse Gas Verification Information

Describe the verification status for the most recent two years as of the date of the annual report, including the scope of verification, verifying organization, verification criteria, and verification opinion:

- Verification Scope: All global locations of E Ink Holdings
- Verification Organization: DNV GL Business Assurance Co., Ltd.
- Verification Standard: ISO 14064-1:2018
- Verification Opinion: Reasonable assurance level for Scope 1 and Scope 2; Limited assurance level for Scope 3

Note 1: The company should follow the schedule specified in Article 10(2) of this standard. If the company has not obtained a complete greenhouse gas verification opinion as of the date of the annual report, it should state "Complete verification information will be disclosed in the sustainability report." If the company has not prepared a sustainability report, it should state "Complete verification information will be disclosed on the Market Observation Post System," and disclose the complete verification information in the next year's annual report.

Note 2: The verification organization should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taiwan Securities Association regarding the verification organization for sustainability reports.

Note 3: The disclosure content can refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

## 1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans: Not applicable.

### 3.4 Information Regarding the Company's Audit Fee and Independence

Audit Fee Information

Unit: NT$ thousands

| Accounting Firm | Name of CPA | Period Covered by CPA's Audit | Audit Fee | Non - Audit Fee | Total | Remarks |
|---|---|---|---|---|---|---|
| Deloitte & Touche | Hui-Min Huang | 2023.01.01~ 2023.12.31 | 11,095 | 3,281 | 14,376 | The fees for tax and consulting services, and others. |
| | Ya-Ling Weng | | | | | |

### 3.5 Information on the replacement of CPAs in the last 2 years and beyond:

1. Information on preceding CPAs: Not applicable.
2. Information on succeeding CPAs: Not applicable.
3. Replies from the preceding CPAs on matters specified in 6.1 and 6.2.3 in Article 10 of this regulations: Not applicable.

**3.6 Working in the capacity as the chairman, president, financial and accounting manager with the CPA office retained for auditing service or its affiliates in the most recent year:** None.

## 3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

### 3.7.1 Changes in Shareholding

Unit: Shares

| Title | Name | | 2023 | | As of March 31, 2024 | |
|---|---|---|---|---|---|---|
| | | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Johnson Lee | Representative of Aidatek Electronics Inc. | - | - | - | - |
| Director | FY Gan | | | | | |
| Director | Luke Chen | Representative of Shin-Yi Enterprise Co., Ltd. | - | - | - | - |
| Director | Sylvia Cheng | | | | | |
| Independent director | Po-Young Chu | | - | - | - | - |
| Independent director | Huey-Jen Su | | - | - | - | - |
| Independent director | Chang-Mou Yang | | - | - | - | - |
| Chairman | Johnson Lee | | 20,000 | - | - | - |
| President | FY Gan | | 20,000 | - | - | - |
| Executive Vice President | Luke Chen | | - | - | - | - |
| Chief Technology Officer | Ian Douglas French | | - | - | 57,600 | - |
| Senior Vice President | YS Chang | | 48,000 | - | - | - |
| Vice President | Tung-Liang Lin | | 13,200 | - | 60,800 | - |
| Chief Financial Officer | Lloyd Chen | | 16,000 | - | 40,000 | - |
| Vice President | Mano Lo | | 0 | - | - | - |
| Vice President | JM Hung | | 45,200 | - | - | - |
| Senior Associate Vice President | Jason Jan | | 14,000 | - | - | - |
| Associate Vice President | Max Chen | | (5,000) | - | (23,000) | - |
| Associate Vice President | Peter Peng | | (9,000) | - | 63,000 | - |
| Associate Vice President | James Huang | | 23,000 | - | - | - |
| Associate Vice President | Abraham Lin | | NA | | (18,000) | - |
| Associate Vice President | Jim Chang | | (24,000) | - | - | - |
| Associate Vice President | Jason Chiang | | NA | | - | - |
| Accounting Director | Jimmy Lee | | - | - | - | - |
| Corporate Governance Officer | June Su | | - | - | 22,000 | - |
| Major Shareholder | YFY Inc. | | - | - | - | - |

Note: Abraham Lin and Jason Chiang were promoted to Associate Vice Presidents on July 10, 2023.

**3.7.2 The transferee of equity shares is a related party:** None.

**3.7.3 Information on related parties in equity transfer:** None.

**3.7.4 Information on related parties in equity pledge:** None.

**3.8 Relations among the Top 10 shareholders by quantity of shareholding.**

2024/03/31

| Name | Current Shareholding | | Spouse, Minor Children Shareholding | | Shareholding by Nominee | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| YFY Inc. | 133,472,904 | 11.66% | - | - | 0 | 0.00% | 1.HUANG,KUN-XIONG | 1.Representative of Juristic-person Director | |
| Representative：LIU,HUI-JIN | - | - | - | - | - | - | 2.LUO,BING-JHENG<br>3.Shin-Yi Enterprise Co., Ltd. | 2.Representative of Juristic-person Director<br>3.Juristic-person Director | |
| S.C. Ho | 80,434,300 | 7.03% | - | - | - | - | 1.Shin-Yi Enterprise Co., Ltd.<br>2.Hsinex International Corporation | 1.Director and spouse of representative<br>2.Director and spouse of representative | |
| Cathay Life Insurance Co., Ltd. | 38,683,537 | 3.38% | - | - | - | - | None | None | |
| Representative：Ming-Ho Hsiung | - | - | - | - | - | - | | | |
| Shin-Yi Enterprise Co., Ltd. | 32,842,345 | 2.87% | - | - | - | - | 1.S.C. Ho | 1.Director and spouse of representative | |
| Representative：C. J. Chang | - | - | 80,434,300 | 7.03% | - | - | 2.Hsinex International Corporation | 2.Juristic-person Director | |
| Labor Pension Fund | 28,095,288 | 2.45% | - | - | - | - | None | None | |
| Hsinex International Corporation | 27,012,127 | 2.36% | - | - | - | - | 1.S.C. Ho | 1.Director and spouse of representative | |
| Representative：C. J. Chang | - | - | 80,434,300 | 7.03% | - | - | | | |
| YFY Development Corp. | 23,326,296 | 2.04% | - | - | - | - | 1.YFY Inc. | 1.Juristic-person Director | |
| Representative：LUO,BING-JHENG | - | - | - | - | - | - | | | |
| Chung Hwa Pulp Corporation | 20,000,000 | 1.75% | - | - | - | - | 1.YFY Inc. | 1.Juristic-person Director | |
| Representative：HUANG,KUN-XIONG | - | - | - | - | - | - | | | |
| HSBC Bank (Taiwan) Limited as Trustee for the Evergreen Partners Fund Limited Partnership Investment Account | 17,810,000 | 1.56% | - | - | - | - | None | None | |
| Investment account of Norges Bank managed by Citibank Taiwan | 16,297,497 | 1.42% | - | - | - | - | None | None | |

### 3.9 Ownership of Shares in Affiliated Enterprises

December 31, 2023/Unit: Shares

| Affiliated Enterprises | Ownership by the Company | | Direct or Indirect Ownership by Directors, Supervisors, Managers | | Total Ownership | |
|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % |
| New Field e_Paper Co., Ltd. | 177,217,132 | 100.00% | 0 | 0 | 177,217,132 | 100.00% |
| PVI Global Corp. | 437,536,259 | 100.00% | 0 | 0 | 437,536,259 | 100.00% |
| YuanHan Materials Inc. | 183,819,268 | 100.00% | 0 | 0 | 183,819,268 | 100.00% |
| Dream Universe Ltd. | 4,050,000 | 100.00% | 0 | 0 | 4,050,000 | 100.00% |
| Prime View Communications Ltd. | 3,570,000 | 100.00% | 0 | 0 | 3,570,000 | 100.00% |
| Enttek Co., Ltd.(Note 2) | 2,203,161 | 47.07% | 0 | 0 | 2,203,161 | 47.07% |
| Linfiny Corporation | 339,828 | 23.00% | 1,137,686 | 77.00% | 14,775,140 | 100.00% |
| Plastic Logic HK Limited | 223,655 | 2.40% | 2,500,000 | 26.79% | 2,723,655 | 29.19% |
| E Ink Japan Inc. | 200 | 100.00% | 0 | 0 | 200 | 100.00% |
| Integrated Solutions Technology, Inc. | 9,896,402 | 26.01% | 3,395,000 | 8.92% | 13,291,402 | 34.93% |

Note 1：Investment with equity method.

Note 2：Under liquidation.

## IV. Capital Overview

### 4.1 Capital and Shares

### 4.1.1 Source of Capital

| MM YYYY | Offering price | Authorized capital | | Paid-in capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Quantity of shares | Amount | Quantity of shares | Amount | Source of capital stock | Investment in kind by assets other than cash | Others |
| 4-Jul | 10 | 1,000,000 | 10,000,000 | 425,960 | 4,259,597 | Capitalization of retained earnings into new shares amounting to NT$259,597 thousand | None. | July 21, 2004: Jin-Guan-Zheng(I)-Zi No. 0930132629 |
| 5-Jun | 10 | 1,000,000 | 10,000,000 | 548,435 | 5,484,353 | Capitalization of retained earnings into new shares amounting to NT$1,224,756 thousand | None. | June 29, 2005: Jin-Guan-Zheng(I)-Zi No. 0940125990 |
| 6-May | 10 | 1,000,000 | 10,000,000 | 548,139 | 5,481,393 | Decapitalization amounting to NT$2,960 thousand | None. | February 20, 2006: Jin-Guan-Zheng (III)-Zi. No. 0950105976 |
| 7-Sep | 10 | 1,000,000 | 10,000,000 | 582,760 | 5,827,596 | Capitalization of retained earnings amounting to NT$233,113 thousand. Employee stock option and convertible bonds conversion amounting to NT$113,090 thousand. | None. | September 17, 2007: (2007)Yuan-Shang-Zi No. 0960025503 |
| 8-Jan | 10 | 1,000,000 | 10,000,000 | 587,833 | 5,878,331 | Employee stock option and convertible bonds conversion amounting to NT$50,735 thousand | None. | January 17, 2008: (2008)Yuan-Shang-Zi No. 0970000871 |
| 8-Apr | 10 | 1,000,000 | 10,000,000 | 590,128 | 5,901,280 | Employee stock option conversion amounting to NT$22,949 thousand | None. | April 10, 2008: (2008)Yuan-Shang-Zi No. 0970009235 |
| 8-Jun | 10 | 1,000,000 | 10,000,000 | 590,534 | 5,905,341 | Employee stock option conversion amounting to NT$4,061 thousand | None. | June 27, 2008: (2008) Yuan-Shang-Zi No. 0970017534 |
| 8-Sep | 10 | 1,000,000 | 10,000,000 | 678,278 | 6,782,781 | Capitalization of retained earnings amounting to NT$873,130 thousand. Employee stock option conversion amounting to NT$4,310 thousand. | None. | September 3, 2008: (2008)Yuan-Shang-Zi No. 0970024760 |
| **9-Jan** | **10** | **1,000,000** | **10,000,000** | **748,313** | **7,483,128** | **Offering new shares through private placement amounting to NT$700,000 thousand. Employee stock option conversion amounting to NT$347 thousand.** | **None.** | **January 20, 2009: (2009) Yuan-Shang-Zi No. 0980001762** |
| 9-Apr | 10 | 1,000,000 | 10,000,000 | 750,227 | 7,502,270 | Employee stock option conversion amounting to NT$19,143 thousand. | None. | April 13, 2009: (2009) Yuan-Shang-Zi No. 0980009913 |
| 9-Aug | 10 | 1,000,000 | 10,000,000 | 830,227 | 8,302,227 | Raising capital by issuing new shares amounting to NT$800,000 thousand. | None. | August 25, 2009: (2009) Yuan-Shang-Zi No. 0980023051 |

| MM YYYY | Offering price | Authorized capital | | Paid-in capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Quantity of shares | Amount | Quantity of shares | Amount | Source of capital stock | Investment in kind by assets other than cash | Others |
| 9-Sep | 10 | 1,000,000 | 10,000,000 | 832,602 | 8,326,016 | Employee stock option conversion amounting to NT$23,746 thousand | None. | September 7, 2009: (2009) Yuan-Shang-Zi No. 0980024687 |
| 10-Jan | 10 | 2,000,000 | 20,000,000 | 956,321 | 9,563,210 | Employee stock option conversion amounting to NT$26,957 thousand. Convertible bonds conversion amounting to NT$510,237 thousand. | None. | January 7, 2010: (2010) Yuan-Shang-Zi No. 0990000661 |
| 10-Feb | 10 | 2,000,000 | 20,000,000 | 1,060,468 | 10,604,680 | Offering of preferred shares amounting to NT$1,041,471 thousand. | None. | February 3, 2010: (2010) Yuan-Shang-Zi No. 0990003179 |
| 10-Mar | 10 | 2,000,000 | 20,000,000 | 1,060,468 | 10,604,680 | Conversion of preferred shares to common shares amounting to NT$1,041,471 thousand. | None. | March 12, 2010: (2010) Yuan-Shang-Zi No. 0990006406 |
| 10-Apr | 10 | 2,000,000 | 20,000,000 | 1,073,586 | 10,735,856 | Employee stock option conversion amounting to NT$27,603 thousand. Convertible bonds conversion amounting to NT$103,571 thousand. | None. | April 12, 2010: (2010) Yuan-Shang-Zi No. 0990009479 |
| 10-Jul | 10 | 2,000,000 | 20,000,000 | 1,074,467 | 10,744,667 | Employee stock option conversion amounting to NT$2,590 thousand. Convertible bonds conversion amounting to NT$6,221 thousand. | None. | July 21, 2010: Yuan-Shang-Zi No. 0990020870 |
| 10-Oct | 10 | 2,000,000 | 20,000,000 | 1,075,118 | 10,751,180 | Employee stock option conversion amounting to NT$6,514 thousand | None. | November 17, 2010: Yuan-Shang-Zi No. 0990034114 |
| 10-Dec | 10 | 2,000,000 | 20,000,000 | 1,077,273 | 10,772,732 | Employee stock option conversion amounting to NT$21,552 thousand | None. | January 5, 2011: Yuan-Shang-Zi No. 1000000584 |
| 11-Mar | 10 | 2,000,000 | 20,000,000 | 1,078,495 | 10,784,953 | Employee stock option conversion amounting to NT$12,220 thousand | None. | April 20, 2011: Yuan-Shang-Zi No. 1000010702 |
| 11-Aug | 10 | 2,000,000 | 20,000,000 | 1,079,705 | 10,797,054 | Employee stock option conversion amounting to NT$12,101 thousand | None. | September 15, 2011: Yuan-Shang-Zi No. 1000027409 |
| 11-Dec | 10 | 2,000,000 | 20,000,000 | 1,080,142 | 10,801,418 | Employee stock option conversion amounting to NT$4,364 thousand | None. | January 17, 2012: Yuan-Shang-Zi No. 1010002102 |
| 12-Mar | 10 | 2,000,000 | 20,000,000 | 1,080,250 | 10,802,504 | Employee stock option conversion amounting to NT$1,086 thousand | None. | April 9, 2012: Yuan-Shang-Zi No. 1010010516 |
| 12-Jun | 10 | 2,000,000 | 20,000,000 | 1,080,398 | 10,803,981 | Employee stock option conversion amounting to NT$1,477 thousand | None. | July 9, 2012: Yuan-Shang-Zi No. 1010020074 |
| 12-Aug | 10 | 2,000,000 | 20,000,000 | 1,080,465 | 10,804,646 | Employee stock option conversion amounting to NT$665 thousand | None. | September 11, 2012: Yuan-Shang-Zi No. 1010028380 |

| MM YYYY | Offering price | Authorized capital | | Paid-in capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Quantity of shares | Amount | Quantity of shares | Amount | Source of capital stock | Investment in kind by assets other than cash | Others |
| 12-Oct | 10 | 2,000,000 | 20,000,000 | 1,080,896 | 10,808,962 | Employee stock option conversion amounting to NT$4,316 thousand | None. | November 12, 2012: Yuan-Shang-Zi No. 1010034764 |
| 13-Mar | 10 | 2,000,000 | 20,000,000 | 1,080,990 | 10,809,897 | Employee stock option conversion amounting to NT$935 thousand | None. | April 8, 2013: Yuan-Shang-Zi No. 1020009668 |
| **13-Jul** | **10** | **2,000,000** | **20,000,000** | **1,140,990** | **11,409,897** | **Offering new shares through private placement amounting to NT$600,000 thousand** | **None.** | **July 24, 2013: Yuan-Shang-Zi No. 1020022148** |
| 14-Jun | 10 | 2,000,000 | 20,000,000 | 1,140,468 | 11,404,677 | Cancellation of treasury shares amounting to NT$5,220 thousand. | None. | Letter No. 1030016291 issued by the Department of Commerce and Industry on June 4, 2014. |
| 21-Aug | 10 | 2,000,000 | 20,000,000 | 1,140,405 | 11,404,047 | Cancellation of treasury shares amounting to NT$630 thousand. | None. | Letter No. 1100023756 issued by the Department of Commerce and Industry on August 20, 2021. |
| 23-Dec | 10 | 2,000,000 | 20,000,000 | 1,141,103 | 11,411,033 | Employee stock option warrants converted to NT$6,986 thousand. | None. | Letter No. 1120039861 issued by the Department of Commerce and Industry on December 5, 2023. |
| 24-Mar | 10 | 2,000,000 | 20,000,000 | 1,142,394 | 11,423,937 | Employee stock option warrants converted to NT$12,904 thousand. | None. | Letter No. 1130008909 issued by the Department of Commerce and Industry on Mar 26, 2024. |

| Share / Class | Authorized capital | | | Remark: |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| Registered common shares | 1,144,432,435 | 855,567,565 | 2,000,000,000 | Stocks listed at TWSE or TPEx |

### 4.1.2 Status of Shareholders

2024/03/31

| Item | Government Agencies | Financial Institutions | Other Juridical Persons | Domestic Natural Persons | Foreign Institutions & Natural Persons | Total |
|---|---|---|---|---|---|---|
| Number of Shareholders | 5 | 41 | 403 | 65,894 | 1,142 | 67,485 |
| Shareholding (shares) | 9,735,734 | 65,426,049 | 352,804,221 | 255,434,440 | 461,031,991 | 1,144,432,435 |
| Percentage | 0.85% | 5.72% | 30.83% | 22.32% | 40.28% | 100% |

#### 4.1.3 Shareholding Distribution Status

A. Common Shares

2024/03/31

| Class of Shareholding | | | Number of Shareholders | Shareholding (Shares) | Shareholding Ratio (%) |
|---|---|---|---|---|---|
| 1 | - | 999 | 42,463 | 3,114,285 | 0.27% |
| 1,000 | - | 5,000 | 19,857 | 36,242,630 | 3.17% |
| 5,001 | - | 10,000 | 2,067 | 16,137,468 | 1.41% |
| 10,001 | - | 15,000 | 684 | 8,761,536 | 0.77% |
| 15,001 | - | 20,000 | 424 | 7,842,905 | 0.69% |
| 20,001 | - | 30,000 | 488 | 12,405,490 | 1.08% |
| 30,001 | - | 40,000 | 217 | 7,723,947 | 0.67% |
| 40,001 | - | 50,000 | 170 | 7,861,346 | 0.69% |
| 50,001 | - | 100,000 | 386 | 27,807,874 | 2.43% |
| 100,001 | - | 200,000 | 270 | 38,500,779 | 3.36% |
| 200,001 | - | 400,000 | 172 | 49,761,173 | 4.35% |
| 400,001 | - | 600,000 | 66 | 31,571,692 | 2.76% |
| 600,001 | - | 800,000 | 50 | 34,564,628 | 3.02% |
| 800,001 | - | 1,000,000 | 29 | 26,069,043 | 2.28% |
| 1,000,001 or over | | | 142 | 836,067,639 | 73.06% |
| Total | | | 67,485 | 1,144,432,435 | 100.00% |

B. Preferred Shares: None.

#### 4.1.4 List of Major Shareholders

2024/03/31

| Shareholder's Name | Shareholding | |
|---|---|---|
| | Shares | Percentage |
| YFY Inc. | 133,472,904 | 11.66% |
| S.C. Ho | 80,434,300 | 7.03% |
| Cathay Life Insurance Co., Ltd. | 38,683,537 | 3.38% |
| Shin-Yi Enterprise Co.,Ltd. | 32,842,345 | 2.87% |
| Labor Pension Fund | 28,095,288 | 2.45% |
| Hsinex International Corporation | 27,012,127 | 2.36% |
| YFY Development Corp. | 23,326,296 | 2.04% |
| Chung Hwa Pulp Corporation | 20,000,000 | 1.75% |
| HSBC Bank (Taiwan) Limited as Trustee for the Evergreen Partners Fund Limited Partnership Investment Account | 17,810,000 | 1.56% |
| Investment account of Norges Bank managed by Citibank Taiwan | 16,297,497 | 1.42% |

### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: Thousand shares /NTD

| Items | 2022 | 2023 | As of 2024/03/31 |
|---|---|---|---|
| **Market Price per Share** (Note 1) | | | |
| Highest Market Price | 255 | 241 | 258 |
| Lowest Market Price | 126.5 | 161.5 | 180 |
| Average Market Price | 182.20 | 191.56 | 220.84 |
| **Net Worth per Share** (Note 2) | | | |
| Before Distribution | 38.31 | 42.82 | - |
| After Distribution | 33.81 | 38.32 | - |
| **Earnings per Share** (Note 3) | | | |
| Weighted Average Shares | 1,140,405 | 1,140,795 | - |
| Diluted Earnings Per Share | 8.69 | 6.85 | - |
| **Dividends per Share** | | | |
| Cash Dividends | 4.50 | 4.50 | - |
| Stock Dividends | | | |
| Dividends from Retained Earnings | - | - | - |
| Dividends from Capital Surplus | - | - | - |
| Accumulated Undistributed Dividends (Note 4) | - | - | - |
| **Return on Investment** | | | |
| Price / Earnings Ratio (Note 5) | 20.97 | 27.96 | - |
| Price / Dividend Ratio (Note 6) | 40.49 | 42.57 | - |
| Cash Dividend Yield Rate (Note 7) | 2.47 | 2.35 | - |

* If there is a capital increase allotment from surplus or capital reserve, the market price and cash dividend information retrospectively adjusted according to the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares in each year, and calculate the average market price of each year based on the transaction value and transaction volume in each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in according to the resolution of the board of directors or the shareholders meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year shall be accumulated to the year when there is a surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: The net value per share and earnings per share should be filled with the information checked (reviewed) by the accountant in the most recent quarter up to the printing date of the annual report; other fields should be filled with the information of the current year up to the printing date of the annual report.

#### 4.1.6 Dividend Policy and Implementation Status

1. The dividend policy of the Company is specified below:

   The Company is engaged in frontier technologies and adopted the residual dividend policy in supporting the long-term financial planning of the Company for sustainable development.

   If the Company has a balance after annual account settlement, appropriate for tax payment and covering carryforward loss, followed by the appropriation of 10% as legal reserve under law, and appropriation or reversal of special reserve. If there is still a balance, the Board will retain specific amount of earnings with reference to the capital budget planning of the future to meet the capital needs in the years ahead, and appropriate 50% of the remainder as dividend payable to the shareholders.

   The aforementioned distribution of income could be pooled up with the undistributed earnings accumulated in the previous year.

   Dividends to the shareholders may be paid in cash or in stock where cash dividend shall not fall below 10% of the total dividend payable to the shareholders of the year.

   The appropriation of legal reserve as mentioned in paragraph 2 could be waived if the amount is equivalent to the paid-in capital.

   With the attendance of more than 2/3 of directors in the Board Meeting and the resolution of more than half of the present directors, all or part of the dividends to be distributed shall be paid by issuance of new shares. The issuance shall be approved by the shareholders' meeting.

2. The proposal of dividend payment in this session of the Shareholders Meeting:

   The cash dividend for the year 2023 was approved by the board of directors on February 23, 2024, and the dividend approved for distribution is shown below:

   (The distribution of the remaining surplus is pending execution after approval at the shareholder meeting scheduled for May 29, 2024.)

**E Ink Holdings Inc.**

**Profit Distribution Statement for 2023**

Unit: NTD

| Item | Amount | | Remarks |
|---|---|---|---|
| **Undistributed profits at the beginning of the period** | | 8,601,037,136 | |
| Net profit after tax for the current year | 7,814,326,416 | | |
| Retained earnings adjusted for investment under the equity method | 204,839,547 | | |
| Recognition of remeasurement of defined benefit plans is recorded in retained earnings. | (12,437,052) | | |
| The disposal of equity instruments measured at fair value through other comprehensive income results in the cumulative gains or losses being transferred to retained earnings. | (1,066,117) | | |
| **The net profit after tax for the current year, plus other items not included in the net profit after tax for the current year, are included in the amount of undistributed earnings for the current year.** | | 8,005,662,794 | |
| | | | |
| Appropriation of statutory surplus reserve (10%) | | (800,566,279) | |
| **Profit available for distribution for the year** | | 15,806,133,651 | |
| Distribution items | | | |
| Cash dividends and bonuses for shareholders | | (5,140,771,808) | NT$4.5 per share |
| | | | |
| **Undistributed earnings at the end of the period** | | 10,665,361,843 | |

**4.1.7 The influence of the payment of stock dividend proposed in this session of the Shareholders Meeting on the operation performance and earnings per share of the Company:** Not applicable.

**4.1.8 Remuneration for Employees, Directors, and Supervisors**

1. The percentage and scope of remuneration to employees, Directors, and Supervisors as stated in the Articles of Incorporation:
   If the Company gains profits in the year, it shall set aside at least 1% of the profits as the remuneration for employees and set aside not more than 1% of the profits as the remuneration for directors. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance.
   Remuneration to the Directors shall be made in cash. Remuneration to employees may be made in cash or stock. The employees of subsidiaries meeting specific condition are entitled to the remuneration. Such condition shall be determined by the Board under authorization. The ratio of remuneration to the Directors, the ratio of remunerations to employees and method of payment shall be determined by the Board in a session with the presence of at least two-thirds of the Directors and a simple majority of the Directors in session, and report to the Shareholders Meeting.
   Remunerations to employees and the Directors shall be calculated on the basis of the earnings of the current year (the balance of earnings before taxation before the deduction of remunerations to employees and Directors) net of accumulated deficit.
2. The estimation of the amount for the remunerations to employees, Directors, and Supervisors in current period is based on the quantity of shares paid as remunerations to employees in the calculation and the actual amount paid, and the accounting if there is a difference between the estimated amount and the actual amount:
   (1) Estimated employee compensation of NT$88,990 thousand and director remuneration of NT$35,900 thousand for the year 2023 was approved by the board of directors on February 23, 2024 for distribution in cash. These amounts are still subject to approval at the shareholder meeting scheduled for May 29, 2024.
   (2) If there is significant change in the amount stated in the consolidated financial statements before announcement, the accounting of the adjustment of the change is recognized as expense in the period. If there is still a significant change in the amount after the announcement of the consolidated financial statements, handle the account under the change in accounting estimation and entered for adjustment in the next fiscal year.
3. Board approval of remuneration distribution:
   (1) The amount of remuneration to employees, Directors, and Supervisors in cash or stock. If the recognized amount of expense is different from the estimated amount, disclose the difference, the reasons and the response:
      A. Estimated employee compensation of NT$88,990 thousand and director remuneration of NT$35,900 thousand for the year 2023 was approved by the board of directors on February 23, 2024 for distribution in cash.
      B. There is no difference between the amount of remuneration passed by the Board and the amount of recognition in the year.
   (2) The ratio of amount of remuneration to employees paid in cash to the sum of the net income and remuneration to employees in current period: not applicable.
4. Actual distribution of remuneration to employees, directors, and supervisors for the previous fiscal year:

| Item | Amount(thousand) |
|---|---|
| Employees’ compensation | 111,550 |
| Remuneration of directors | 40,000 |

Note: The actual distribution amount is the same as the recognized amount.

**4.1.9 Buyback of Treasury Stock**: None.

**4.2 Corporate Bonds:** None.

**4.3 Preferred Stock:** None.

### 4.4 Global Depository Receipts

| Item \ Issue date | | | 2009/12/11 |
|---|---|---|---|
| Issuance and listing | | | Luxembourg Stock Exchange |
| Unit issuing price | | | USD165,012,400 |
| Units issued | | | USD23.5732 |
| Quantity of Issuance | | | 7,000,000 units |
| Source of negotiable securities | | | The Company's common shares held by capital increased in Cash |
| Quantity of negotiable securities | | | 70,000,000 shares |
| Rights and obligations of GDR holders | | | Same as those of common share holders |
| Trustee | | | - |
| Depository bank | | | CITIBANK,NA |
| Custodian bank | | | Citi Bank, Taiwan |
| Outstanding balance(2024/03/31) | | | 92,904 units |
| Treatment of expenses incurred at issuance and thereafter | | | Issue cost: amortized by the issuing companies and shareholder participants according to the actual shares issued Expenses incurred after issuance: amortized by the issuing company. |
| Important conventions about depository and escrow agreement | | | Detailed contract |
| Market price per unit (USD) | 2023 | Highest | 78.5 |
| | | Lowest | 51.5 |
| | | Average | 65 |
| | Current year to 2024/03/31 | Highest | 80 |
| | | Lowest | 57.5 |
| | | Average | 68.75 |

### 4.5 Employee Stock Option Certificate Processing Status

4.5.1 Disclosure of the status of unexpired employee stock options as of the date of the annual report printing and their impact on shareholder equity:

| Type | 2021 (I) | 2021 (II) |
|---|---|---|
| Effective Date of Declaration and Total Units | 2021/04/08[3,890 units] | 2021/04/08[6,110 units]<br>2021/06/01[10,000 units] |
| Date of Issuance (Processing) | 2021/8/11 | 2021/10/4 |
| Issued Units | 3,890 units | 6,110 units<br>10,000 units |
| Remaining Units Available for Issuance | - | - |
| Ratio of Subscribed Shares to Total Issued Shares | 0.34051% | 0.53484%<br>0.87535% |
| Subscription Duration | 2023/08/11-2027/08/10 | 2023/10/04-2027/10/03 |
| Exercise Method | Issuance of New Shares | Issuance of New Shares |
| Restricted Subscription Period and Percentage (%) | 40% exercisable after 2 years<br>70% exercisable after 3 years<br>100% exercisable after 4 years | 40% exercisable after 2 years<br>70% exercisable after 3 years<br>100% exercisable after 4 years |
| Number of Shares Acquired Through Execution | 1,061,880 | 2,965,840 |
| Amount of Subscribed Shares Executed | 78,727,783 | 196,516,544 |
| Number of Unexecuted Subscription Shares | 2,828,120 | 13,144,160 |
| Subscription Price per Share for Unexecuted Subscribers | 74.14 | 66.26 |
| Percentage of Unexecuted Subscription Shares to Total Issued Shares (%) | 0.24756% | 0.40353%<br>0.74705% |
| Impact on Shareholder Equity | The issuance of employee stock option certificates aims to attract and retain talent, motivate employees, and boost morale. While this may dilute existing shareholders' equity, it's expected to benefit them in the long run by retaining and motivating employees to create value for the company and its shareholders. | |

4.5.2 The names of the managers and the top 10 employees who have acquired ESOP over the years to the date this report was printed, their status of acquisition and subscription of shares from the ESOP:

The Company offered ESOP on August 11, 2021, and October 4, 2021, and the stock options can be exercised between 2023 ~ 2027.

2024/3/31

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of shares acquired</th><th rowspan="2">The ratio of subscribed shares acquired to the total number of issued shares</th><th colspan="4">Executed</th><th colspan="4">Unexecuted</th></tr>
<tr><th>Number of subscribed shares</th><th>Subscription price</th><th>Subscription amount</th><th>The ratio of shares acquired to the total number of issued shares</th><th>Number of subscribed shares</th><th>Subscription price</th><th>Subscription amount</th><th>The ratio of shares acquired to the total number of issued shares</th></tr>
<tr><td rowspan="17">Executive level</td><td>Chairman</td><td>Johnson Lee</td><td rowspan="17">3,729,000</td><td rowspan="17">0.326%</td><td rowspan="17">480,000</td><td rowspan="17">66.26-74.14</td><td rowspan="17">33,100,272</td><td rowspan="17">0.042%</td><td rowspan="17">3,249,000</td><td rowspan="17">66.26-74.14</td><td rowspan="17">219,672,628</td><td rowspan="17">0.284%</td></tr>
<tr><td>President</td><td>FY Gan</td></tr>
<tr><td>Chief Technology Officer</td><td>Ian French</td></tr>
<tr><td>Executive Vice President</td><td>Luke Chen</td></tr>
<tr><td>Senior Vice President</td><td>YS Chang</td></tr>
<tr><td>Chief Financial Officer</td><td>Lloyd Chen</td></tr>
<tr><td>Vice President</td><td>JM Hung</td></tr>
<tr><td>Vice President</td><td>Mano Lo</td></tr>
<tr><td>Vice President/Fellow</td><td>Tung-Liang Lin</td></tr>
<tr><td>Senior Associate Vice President</td><td>Jason Jan</td></tr>
<tr><td>Associate Vice President</td><td>Jim Chang</td></tr>
<tr><td>Associate Vice President</td><td>Max Chen</td></tr>
<tr><td>Associate Vice President</td><td>Peter Peng</td></tr>
<tr><td>Associate Vice President</td><td>James Huang</td></tr>
<tr><td>Associate Vice President</td><td>Jason Chiang(*)</td></tr>
<tr><td>Associate Vice President</td><td>Abraham Lin(*)</td></tr>
<tr><td>Director</td><td>June Su</td></tr>
<tr><td rowspan="10">Employee</td><td>CTO</td><td>Huitema, Hjalmar E.</td><td rowspan="10">2,270,000</td><td rowspan="10">0.20%</td><td rowspan="10">63,800</td><td rowspan="10">66.26-74.14</td><td rowspan="10">4,611,932</td><td rowspan="10">0.01%</td><td rowspan="10">2,206,200</td><td rowspan="10">66.26-74.14</td><td rowspan="10">149,281,228</td><td rowspan="10">0.19%</td></tr>
<tr><td>VP</td><td>Zang, HongMei</td></tr>
<tr><td>AVP</td><td>O'Malley, Timothy J.</td></tr>
<tr><td>AVP</td><td>Du, Hui</td></tr>
<tr><td>AVP</td><td>Kumar, Samir</td></tr>
<tr><td>Sr. Fellow</td><td>Telfer, Stephen</td></tr>
<tr><td>CBOO</td><td>Apen, Paul G.</td></tr>
<tr><td>Sr. Director</td><td>Valianatos, Peter J.</td></tr>
<tr><td>Deputy Director</td><td>Simon Hsin</td></tr>
<tr><td>Senior Director</td><td>David Liu</td></tr>
</table>

Note: Abraham Lin and Jason Chiang were promoted to Associate Vice Presidents on July 10, 2023.

**4.6 The Offering of Restricted Stock:** None.

**4.7 Merger and acquisition, and acceptance of assigned shares from other Company for issuing new shares:** None.

**4.8 The implementation of the fund utilization plan:** Not applicable.

# V. Operational Highlights

## 5.1 Business Activities

5.1.1 Business Scope

1. Primary Business Activities

E Ink Holdings Inc., the world leader in ePaper technology, engages in the research, development, manufacturing and sale of materials and display devices related to electronic paper (ePaper) technology, e.g., Front Plane Laminate (FPL) Film and E-Paper Display (EPD).

2. Revenue Mix

| Year / Product | 2023 | |
|---|---|---|
| | Revenue (NT$1000) | Percentage(%) |
| IoT applications | 12,346,280 | 46 |
| Consumer electronics and others | 14,773,475 | 54 |
| Total | 27,119,755 | 100 |

3. Main products and applications

Consumer electronics and IoT application products account for the bulk of E Ink's business. Applications include eReaders, electronic shelf labels (ESL), eNotes, ePaper mobile devices, and ePaper digital signage.

4. New Products and Services planned for development

There are five major trends in E Ink's product:

A. To leverage the paper-like and eye friendly features of ePaper to strengthen the development of reading and handwriting applications market products such as eReaders, eNotes, and educational practice books.
B. To leverage the low power consumption of ePaper to strengthen the development of IoT product applications such as ESL, ePaper mobile devices, and ePaper digital signage. There is growing acceptance of batteryless Intelligent logistic tags as well.
C. Continue to develop evaluation kits and turnkey solutions of ePaper to enable customers to facilitate the introduction of new products and the development of new applications.
D. To develop and introduce new materials and processes that enhance the performance and specifications of ePaper modules to better meet market demands and increase product competitiveness.
E. Strengthen strategic cooperation and cross-industry alliances with domestic/overseas companies, invest technology and resources together to develop the application of low-power and low-carbon ePaper display technology and lay down the foundation for sustainable management.

5.1.2 Industry Overview

1. Current industry trends and outlook

The development of ePaper can be traced back to the early 1970s. The "electronic ink" familiar to us today was developed at the Massachusetts Institute of Technology in 1996. ePaper technology went through a long phase of research, development, prototyping, and pilot production before finally entering mass production in 2008. E Ink not only worked to ensure its continuous technological leadership, expand patent portfolio and deeply cultivating the ePaper industry, but also brought together global talents, technologies, and resources from Taiwan, China, US, and Japan to establish a comprehensive layout of ePaper technology.

Attributes of ePaper include paper-thinness, ultra-low power consumption, wide viewing angle, bistable, visible under strong light, and flexible. The potential of ePaper in applications other than eReaders has been widely recognized by the market as well. Demand for ESL continues to grow and acceptance has expanded to major retailers in Europe and US. The requirement for low-power consumption makes ESL a natural fit for IoT applications as well, so there is strong growth potential.

eNote products for reading and writing now range from 7.8-inch to 13.3-inch (approximately A6 to A4 size) and can be used in the business and education markets. In addition to existing customers, a number of major international vendors have also rushed to launch eNote products with more features and functions in recent years. Products on the market are becoming thinner. Market acceptance for the products is also rising, which is reflecting multiple growth in shipments.

Applications such as digital signage and digital walls come in two display modes: full color and monochrome. Not only enables the traditional advertising paper to evolve into a more diversified performance, but also opens up a new market for green display technologies. Furthermore, the E Ink Prism™, a Multi-color ePaper, has a variety of architectural applications such as digital dynamic architectural sculptures.

As the product applications and ecosystem of ePaper technology continues to develop, E Ink play a key role in the overall supply chain and remains the industry leader in terms of technology and production capacity via continuous innovation and investment of resources.

2. The ePaper Display Supply Chain

| | |
|---|---|
| Upstream | Color Particle, PET Film, TFT Substrate, Driving IC, PCB, Front Light Module, Touch Panel, Timing Controller, Touch IC, AP System, Microcontroller Unit |
| Midstream | FPL Film, EPD |
| Downstream | Module Manufacturers, System Manufacturers, Brand Customers |

3. Product Development Trends

A. eReader

E Ink released the 8-inch advanced color ePaper (Gallery™ 3) in 2022 to enhance the experience of using color eReaders. In 2024, we will provide an upgraded version of the 8-inch advanced color ePaper (Gallery™ 3), aiming to deliver optimized performance and enhanced visual experience for customers. Furthermore, there will be a series of eReaders equipped with the third generation print color ePaper technology, E Ink Kaleido™ 3 released in global markets in 2024. Kaleido™ 3 also uses E Ink ComfortGaze™, a front light technology that protects the eyes, reduces the amount of blue light, and boosts the optical and color performance of Kaleido™ 3. The screen size of the mainstream products in 2023 is primarily 7.8-inch, and sizes will extend to 10.3-inch for high-end products and reduce to 6-inch to 7-inch for mainstream products in 2024. This will provide a richer product portfolio and growth momentum for the eReader market.

In the realm of classic black-and-white eReaders, the sizes of mainstream models have evolved to range from 6.8-inch to 7-inch. In the high-end segment, following the launch of 10.3-inch models with handwriting capabilities by major eReader brands in the fourth quarter of last year, a trend toward larger-sized eReader with added handwriting functionality has been established.

A study conducted by the Harvard School of Public Health compared the detrimental effects of display screens and blue light on eye health. The research indicated that brighter, bluer, or colder light imposes higher stress on retinal cells. ePaper devices without front light do not emit any blue light to stimulate retinal cells. E Ink's ePaper, combined with E Ink ComfortGaze™ front light technology, is three times better for eye health than LCD screens. Despite the global economic slowdown and relatively conservative demand expected this year, the new highlights of eReaders are still capable of stimulating further demand and adding momentum to the post-pandemic era.

B. Electronic Shelf Label (ESL)

As smart retail applications and technologies mature, inventory management and price labeling in physical stores can entirely rely on ESL technology to achieve real-time price updates, achieve inventory management benefits through backend management system connections, enhance price management, and improve the shopping experiences. Given the labor shortage and changes in consumer behavior caused by COVID-19 and the rapid change of supply and demand of materials caused by inflation, product prices fluctuate rapidly. As labor costs gradually increase and online and offline shopping becomes more and more frequent, ESL is the best solution for retailers to change prices, optimize inventory and operation management, and update promotions to all stores over cloud transmission in real-time. Unlike traditional printed paper labels, ESL can deliver real-time updates through wireless transmission from any location. Therefore, it offers better speed and efficiency and eliminates human error on price and information changes. Accurate price updates not only reduce the chance of mispricing, but also better improve the speed of price information update in real-time, increase customer satisfaction and the store’s image, and substantially reduce expiring inventory and waste in a very competitive market. ESL is the cornerstone of digital and smart retail. In addition to displaying prices and promotions in stores, it can also be extended to smart warehouse inventory management, factory/warehouse logistics, and hospital use. As ESL can be read remotely through wireless means, a large amount of data can be accessed to facilitate inventory management. Automatic notifications can also be sent through the backend management system when products approach their expiration dates. When ESL is used in unmanned stores, the tags placed on the product shelves can be dynamically updated and the latest product information can be displayed, which is in line with the new trend of smart retail.

ePaper offers the advantages of lightweight and power-saving. Not only does it have similar effect to paper but offers incredibly useful features such as enabling users to update product pricing from any location dynamically. Through wireless data transmission, ESL can perform real-time information updates and improve accuracy and efficiency. In wholesale stores or large warehouses, ESL using ePaper technology is aligned with the automation and smart management trend for goods management.

The bistability attribute allows ePaper products to consume power only when data is written and updated, means no power consumption as long as the displayed data does not need to be updated. This advantage is in line with the general trend of energy saving. It also helps retailers reduce the cost of replacing traditional printed labels. In addition, unlike LCD monitors, EPDs have viewing angles of 180-degrees, even if it is tilted sideways.

Colorization become an inevitable trend. In addition, to cater to different applications of ESLs, E Ink has not only launched black, white, red, and black, white, yellow three-color ePaper used for special offers or promotions but also launched the E Ink Gallery Palette™ 4000, which offers seven colors in 2020. In 2021, E Ink launched the latest generation of black, white, red, and yellow four-color ePaper Spectra™ 3100. They also released the black, white, red, yellow, and orange five-color ePaper Spectra™ 3100 Plus in 2022, followed by Spectra 6, a color ePaper technology in 2023. In 2024, it is expected to launch low-temperature four-color ePaper technology platform suitable for freezer cabinets. The E Ink Spectra 6 is a full-color product that provides unprecedented color saturation and vibrancy on reflective displays, rivaling the color performance of today's most advanced paper-based color printers. These products are suitable for in-store advertising, indoor signage, or as replacements for any paper-based posters and expected to offer retailers more diversified display content, enhance operational capabilities, and create better sales performance. In addition to battery-powered ePaper products, E Ink also offers low-voltage-driven ESL solutions. Compared to wireless transmission in large stores, this battery-free solution is more suitable for small shops, as it eliminates the need for interior renovations or hardware installations. It only requires a smartphone with NFC functionality to change the tag content at any time. In response to the demand and expectations for color ePaper in the end-user market, E Ink continues to develop more color ePaper products, providing the market with a greater variety of choices and solutions.

C. eNote

The eNote technology offers the advantages of both ePaper's low power consumption and reading comfort, while also supporting handwriting. E Ink's flexible eNote product enables paper writing features and the product development trend is moving towards larger sizes. With data editing, storage, and data management functions, eNote allows users to enjoy the benefits of ePaper technology and improve user’s overall productivity. The flexible eNote product is lightweight and durable. It is easy to carry even when it is in a largest size such as the 13.3-inch (A4). E Ink's ePaper combined with digital handwriting technology provides a solution for eye-friendly reading, convenient writing, and smart learning in the field of the education.

The products are targeted at North America, Europe, Japan, and China. Initially promoted in professional and commercial applications, the product has gradually made its way into the education market and is being used to replace traditional paper-based written exams. The eNote is also popular with consumers interested in technology.

In professional and commercial applications markets, smart office eNote that combine voice recognition, speech-to-text editing, and handwriting recognition technology have been introduced as a daily working tool to boost user productivity.

In the smart education market, due to the growing number of students in basic education and on-the-job training worldwide, the rapid growth of digital learning environments caused by the COVID-19 pandemic, and the Double Reduction Policy in mainland China, thereby accelerating the deployment of self-learning devices and ePaper practice books into homework and assessment. This allows parents to choose eye-friendly ePaper products, enabling the next generation to engage in more precise smart learning. As a result, the future prospects of the education market in China, India, and Japan appear to be favorable.

To meet the need for color notes and annotations, E Ink launched a new generation of E Ink Kaleido™ 3 in 2023, which provides rich and sharp graphics and text notes and improves the image reading experience with 16 gray levels and 4096 colors having a 30% increase in color saturation. The E Ink Kaleido™ color ePaper modules have recently obtained the "Paper Like Display" certification from TÜV Rheinland, an international certification organization. This certification attests to the reading comfort and safety of the paper-like display. The advanced color ePaper (Gallery™3) can serve as an eReader and an eNote. Additionally, an emerging trend is the increasing availability of color eNotes with larger sizes. As a result, the future prospects of the eNote market appear to be favorable.

E Ink is committed to developing new technologies that enhance product performance and add more features, expanding its product portfolio. The company collaborates with customers and partners to improve software functions that enhance the user experience. The company combines AI features such as handwriting and speech recognition, not only for the smart education market but also for smart office environments and academic seminars and conferences. E Ink continues to promote the application of smart paperless total solutions in professional fields such as the legal, financial, and healthcare industries. The eNote market is expected to experience steady growth in the future.

D. Smart Display Card

The shift in consumption towards online and mobile shopping in recent years has led to an increase in credit card fraud that damages the finances and reputation of credit card issuing agencies. Most credit card fraud comes from card-less transactions such as online shopping and non-contact payment. Since 2006, the world's major financial security product and service providers have been developing functions like dynamic display or biometrics to enhance credit card security. There are also all-in-one smart cards that can hold all of a consumer's credit cards, membership cards or reward cards on one card. Some smart cards even come with an embedded discount coupon code display function to maximize its utility and provide more value to consumers.

To combat the ever-growing credit card fraud, financial institutions and credit card companies are exploring hardware and software solutions to offer customers more secure credit card products. One of the key features being implemented is the use of ePaper on the back of credit cards for dynamic display verification codes. With the introduction of DCVV cards, it is expected that the function of synchronizing updates with banks every 30 to 60 minutes will prevent the theft and misuse of the three-digit code (motion code) on the back of credit cards. This measure will effectively reduce losses. By providing credit cards with embedded EPD that update the dynamic security code every 60 minutes, credit card companies can effectively prevent unauthorized individuals from copying credit card numbers for fraudulent transactions online and through mobile devices. Furthermore, ePaper offers characteristics such as lightweight, low power consumption, durability, and high contrast, making it the most suitable technology for smart card applications. In recent years, with the popularity of virtual currency like Bitcoin, the combination of EPD and cold storage technology has emerged as a trend in the form of Bitcoin wallet cards. Leading cryptocurrency manufacturer Ledger has also introduced cold wallets with EPD. Chip giant Infineon has invested in the development of related chip applications that can drive color dot matrix ePaper. In the future, these cards may integrate advertising loyalty points to display QR codes. Touch IC manufacturer Elan Microelectronics is also actively integrating related technologies, contributing to the development of a complete card supply chain.

China has begun throwing its weight behind the introduction of the digital Renminbi (E-CNY). All the buzz surrounding the Winter Olympics suggest that cards with embedded display functionality will have tremendous future potential.

E. Luggage/Logistic Tag

EPDs are bistable, reflective, low-power, readable in direct sunlight, flexible and pressure-resistant, with a viewing angle of nearly 180 degrees. Aviation and logistic industries in developed countries like Europe, the US, Japan have been investing in integrated logistics and luggage tag solutions that use ePaper as the primary display in recent years.

The aviation industry, for example, transports more than 3.5 billion people a year. Each year, lost luggage costs the airlines up to several billion dollars in compensation. How to effectively track luggage while keeping manpower, energy and paper costs down has become the most pressing issue facing the aviation industry today.

The current system solution integrates EPD and wireless transmission technologies such as Bluetooth or Near Field Communication (NFC) to transmit and receive the ID code assigned to the luggage's flight. Passengers and flight details are also displayed on the tag. The system offers airlines an effective way of tracking luggage and troubleshooting problems during luggage transport.

More airline companies will join this platform in the future to effectively improve and upgrade the travel experience for all the travelers around the world together. Coupled with post-COVID-19 life changes, the contactless travel experience is faster and the demand for electronic luggage tags is also in the logistics industry. The logistics industry consumes several billion sheets of paper every year for tags. To save manpower, energy and paper as well as become greener, many logistics-related companies are looking at switching from conventional paper to EPD-based logistics tags. Wireless technology will also be integrated to create a total solution for centralized control and monitoring of goods status. ePaper luggage/logistics tags will both conserve the paper, energy and manpower needed for tag replacement. They will also allow luggage/goods to be monitored remotely to significantly reduce the overall travel/logistics time and financial costs. Their adoption by the global airline and logistics industries is only a matter of time.

Outside of logistic applications, eBadge has been accepted by the market as well. Basic access control can be complemented with personnel location and movement analysis. If combined with AIoT+5G and big data, it can even be used to provide intelligent factory solutions.

The National Development and Reform Commission of China's public backing of re-usable courier packaging has created a window of opportunity for the digitization of courier way bills. Ecosystem partners are now working actively to take advantage of this opportunity by developed electronic waybill logistics tags with Bluetooth locks that can be reused and support trusted delivery, and strengthen the planning of pilot projects to facilitate the implementation of policies. Currently, we are taking further steps to collaborate with large appliance retailers to address their pain points. We are utilizing ePaper waybill manifests in conjunction with reusable logistics containers to provide services for the transportation and full traceability of returned products from end customers. We have initiated a pilot program in Chongqing to test this service.

In the era of ESG, the E-paper Industry Alliance collaborates with upstream and downstream partners to held the "Smart Circular Packaging Empowerment Industry Green Digital Transformation Dual Carbon Forum" in September 2023. They jointly promoted the use of packaging boxes with ePaper waybill modules to achieve carbon reduction through the internal circulation of ePaper. The trial operation is scheduled to commence in 2024.

F. Mobile Device

For dual-screen applications, EPD was introduced to the innovative product sector of PC Convertibles by offering a new 3-in-1 user experience that combined dynamic keyboard, handwriting and reading in 2018. This year, the embedding of EPD into the outer surface of notebook computer to provide consumers with more novel experiences caught the market's imagination. A number of form-factors were progressively rolled out for single-screen mobile phone products. Conventional monochrome display models have also been joined by mobile phones with color displays (E Ink Kaleido™).

In addition to the convenience of portability and the eye-friendly nature of EPD, Lenovo continues to integrate EPD into its notebook computer products. From the touch-sensitive keyboard on the C-side to the display screen on the A-side, Lenovo showcased the Thinkbook Plus Twist at this year's CES, featuring a flip design and equipped with E Ink Kaleido™. It has received high praise for its innovative features.

G. Digital Signage

In the IoT world, where information is everywhere, the ability to provide useful and accurate information at the right moment is very valuable. Drawing on the existing strengths of ePaper, such as low-power, readable in direct sunlight and paper-like attributes, E Ink has secured a commanding advantage in the Digital Signage market.

Digital Signage has many applications in public places such as public transport, gas stations, retailers, the education industry, smart medicine, healthcare industries, museums, and libraries. ePaper Digital Signage is clearly readable in direct sunlight. It can even run on solar power and be updated through the existing network without the need for complex and expensive construction. ePaper Digital Signage is ideal for installations in urban areas and suitable for installation in remote areas or places with no power lines. Environmental impact was an important consideration for commercial users and governmental agencies assessing the installation of Digital Signage. ePaper's ultra- low power consumption makes ePaper Digital Signage an excellent choice as an environmentally sustainable green product. ePaper Digital Signage System's minimalist design requires no additional components such as fans or air-conditioning. It can therefore be made lighter, more compact, and easier to install. Under certain circumstances, they can even be installed onto existing infrastructures. Benefits include quick installation as well as a reduction in the total cost of installation and ownership.

Digital Signage solutions are generally expected to operate over several years once installed. Total Cost of Ownership (TCO) is a key factor determining the Return on Investment (ROI). Owing to its extremely low cost in power consumption and maintenance as well as ease of installation, and long-term reliability, ePaper Digital Signage serves as a sustainable solution offering both low TCO and exceptional outdoor readability. Grow demand for Digital Signage plus E Ink's product advantages in the market should see it make a very significant contribution to Company revenues over the next few years.

Most of the growth in demand for Digital Signage currently comes from Asia, Europe and North America. Most signages are still static paper products for now and can only be replaced manually. Demand from signage replacement has helped E Ink establish a solid foothold in the growing digital signage market. We've also improved on the existing monochrome ePaper digital signage by adding more colors. The E Ink Gallery™ colorized ePaper digital signage available in multiple form-factors marked our official entry into the colorized market.

COVID-19 has impacted tenders for public transportation to a certain extent. Nevertheless, the energy-efficiency and portability of EPD make it well-suited for displaying public health information. Many customers now use ePaper Digital Signage to communicate quarantine measures to the population as part of the total quarantine program. E Ink partners are actively investing in various fields. Color ePaper, for example, has been used inside the carriages on the Taipei MRT Blue Line. At the same time, the Taipei, Taoyuan, and Kaohsiung MRTs are also interested in the portability of ePaper. They have installed ePaper passenger information signage in the MRT stations successively. Portable ePaper signage at the Penglai Cruise Terminal can respond to changes in visitor numbers to reconfigure and optimize pedestrian flow. These are all excellent examples of real-world applications. In addition to the rail transit case in Taiwan, there are also ePaper signage in train carriages and platforms in Europe.

E Ink has been actively collaborating with major brands, and this year has seen further progress. Firstly, Philips launched the Philips Tableaux series of color signage using the Gallery Plus. It made its debut at the 2023 ISE exhibition and was honored with the "2023 ISE Best of Show AV Technology" award. The product received high praise and sold out quickly after its release. Additionally, signage giant Sharp also introduced several ePaper products this year, which attracted significant attention at the ISE exhibition. In March, Sharp issued a press release, officially announcing its commitment to developing and selling ePaper products. In the field of healthcare, E Ink and its partners have been exhibiting at the Healthcare+ Expo in December for three consecutive years, showing good progress. Examples include the adoption of the 13.3-inch and 25.3-inch Gallery Plus bedside cards at NTUH Hsinchu Branch. The use of the 25.3-inch Gallery Plus for large ICU bedside cards is the largest bedside card applications in Taiwan's medical field. With the introduction of Spectra 6's new-generation color ePaper technology, featuring vibrant colors and wide temperature, has quickly become popular among customers. The 32-inch Spectra 6 received over 40 orders immediately upon release, indicating a strong market demand for energy-efficient color display technology. In addition to the 32-inch model, products in 13.3-inch and 25.3-inch sizes are also being concurrently planned.

Automaker BMW unveiled an innovative application of E Ink Prism™ on the surface of cars at CES 2022, allowing car owners to change the color and patterns of the car's body through a mobile app, opening up infinite possibilities. This sparked significant market demand, with inquiries pouring in from leading companies in various fields. At CES 2023, BMW once again incorporated Prism 3, integrating color ePaper into the car's body, showcasing the BMW i VISION Dee and further elevating the popularity of color ePaper. ePaper is not limited to car surfaces but can be applied to various objects such as motorcycles, bicycles, refrigerators, televisions, monitors, laptops, and any other surface. E Ink's slogan is "We make surfaces Smart and Green™." Although BMW's third-generation concept car did not make its debut at the 2024 CES, a Prism product nearing commercialization made an appearance. Lenovo applied Prism to the A-surface of their notebook, featuring a novel and eye-catching design that gives a new definition to notebooks, and it has become popular among customers. Additionally, the African mobile phone leader 'Transsion' has also launched a stylish design using Prism as the smartphone back cover. This innovative design breathes new life into the unchanging smartphone back cover. Beyond CES, customers also have plan to showcase Prism's vibrant colors at future exhibitions, so let's eagerly await it.

4. Competition

E Ink is the uncontested world leader in ePaper technologies and products. EPD products are applied to the eReader market, where E Ink has a very high market share. Major eReader brand suppliers worldwide all use the EPD produced by E Ink. ePaper has been gradually replacing LCD products in ESL in recent years due to the characteristics and advantages of ePaper; penetration is also rising annually. Moreover, E Ink is leading in EPD in digital notebooks and is working with new customers to launch various products.

E Ink has many years of experience operating in such markets and a world-class R&D team, giving us a definite competitive advantage in developing technologies and products in the future.

5.1.3 Technology and R&D

E Ink continues to focus on the development of EPD products and technologies. In addition to making continued advancements to the original black and white EPD module products, we also actively invested in the commercial application of color ePaper products. Combined with the know-how in electronic shelf labels, flexible displays, and touch panels writing function, the Company has continuously released new products in the field of ePaper, which has received good market response. At the same time, we are actively expanding our production capacity to consolidate our leadership in the EPD market and maintain our sustainable and leading development in the highly competitive display industry.

In 2022, 2023, and the first quarter of 2024, E Ink invested approximately NT$3.46 billion, NT$3.65 billion, and NT$0.926 billion in research and development expenses, respectively.

(1) Electronic Ink Technology

**Monochrome Ink Technology**

For the electronic ink film technology platform, the E Ink Carta™ 1200 released in 2021 improved its response rate and contrast by 20% and 15% respectively compared to its predecessor (Carta 1000). The new Carta 1200 electronic ink film technology platform's monochrome contrast looks even more like printed paper. It supports 16 gray levels and is capable of display render and gradient visual effects. The crisp fonts and fine visual details are clearly readable even under direct sunlight. It is thin, light, eco-friendly and can be read for extended periods. Applications include eReaders, electronic dictionaries, electronic reference books, and electronic magazines. Its fast response time makes it well-suited to eNote applications as well. The Carta 1200 represents the latest iteration of E Ink Carta™ technology. It can be used on all ePaper product types and sizes to improve response rate and contrast.

**Color Ink Technology**

- **Spectra™ 6**

  E Ink Spectra™ 6 is the latest technology in the Spectra series. It uses white, red, yellow, and blue charged color inks, controlled by voltage, to create high-saturation black, white, red, yellow, blue, and green colors. With advanced color mixing algorithms, it produces vivid color effects. The resolution has been improved to 200ppi, and the operating temperature range has expanded to 0 to 50 °C, providing retailers with more diverse display content options.

- **E Ink Spectra™ 3100 / Spectra™ 3100 Plus / Spectra™3100 Special Edition**

  E Ink Spectra™ 3100 is a four particle ink system which incorporates retailer's requests for additional color functionality, by utilizing black, white, red and yellow particles to offer vibrant color for rich content. Spectra 3100 has an improved update time, and an expanded temperature range for red and yellow states to satisfy retailers' needs to operate ESL tags in various environments within their stores. In addition, Spectra 3100 is offered in panels with an updated all-in-one driver IC that supports premium ESLs with higher resolution across various sizes. E Ink Spectra 3100 Plus introduces a new architecture of driving waveforms and adds a fifth vibrant and saturated color, "orange." In 2023, E Ink Spectra™ 6 color ePaper technology was introduced by E Ink. With its rich and saturated colors and support for various sizes from medium to large, E Ink Spectra 6 is suitable for indoor advertising signage applications in the retail industry. It can display poster-like images, providing a paper-like visual experience. With battery usage and power consumption only during screen updates, it eliminates the need for wiring and allows flexibility for retailers to move products and shelves. The E Ink Spectra series can also be combined with E Ink™ Sparkle, which generates eye-catching flashing effects in specific patterns. This helps increase the visibility of advertising messages during promotional poster rotations, assisting retailers in strengthening product promotion activities.

- **E Ink Kaleido™ Plus / Kaleido™ 3 / Kaleido™ 3 Outdoor**

  E Ink Kaleido is a print color ePaper series developed exclusively by E Ink. It utilizes the Print Color Technology, combining electronic ink technology with a color filter array, to transform black-and-white ePaper into a rich palette of 4096 colors using RGB mixing principles. Following the release of E Ink Kaleido Plus in 2021, E Ink has continued to improve the display performance. In 2022, E Ink Kaleido 3 was introduced, incorporating enhanced print color technology for better color rendering and printing effects, resulting in clearer fonts and more vibrant colors. The printing-based color filter array is closer to the electronic ink film, and adjustments have been made to minimize color mixing caused by scattered light, providing a superior and comfortable reading experience for color digital content. It is suitable for devices that display rich visual information such as tables, maps, images, textbooks, and advertisements. In 2023, E Ink launched E Ink Kaleido 3 Outdoor, a print color ePaper technology designed specifically for digital out-of-home (DOOH) advertising signage applications. It is suitable for larger temperature ranges in outdoor environments, featuring color dynamic display capabilities while maintaining the texture of a poster. It provides a colorful and rich information solution for outdoor public message signage, as well as an low-carbon environmentally friendly display solution. In addition to improved color performance, Kaleido 3 is equipped with E Ink ComfortGaze™, a front light design developed by E Ink's front light design team. The E Ink ComfortGaze front light technology reduces the amount of blue light reflected from the surface of the display, providing a more comfortable reading experience. Compared to the previous generation front light design, it reduces the Blue Light Ratio (BLR) and Blue Light Toxicity Factor (BLTF) by up to 60% and 24% respectively.

- **E Ink Gallery™ Plus / Gallery™ 3**

  The E Ink Gallery range uses four colors of electronic ink particles (cyan, Magenta, yellow, white) and voltage control to dynamically mix particles and colors for a full-color display. E Ink Gallery was released in 2019 and its family gained two new members "E Ink Gallery Plus" and "E Ink Gallery 3" in 2022. E Ink Gallery Plus uses an all-new color ePaper driving waveform to improve color contrast by 40% compared to the original E Ink Gallery. E Ink Gallery Plus is intended for indoor commercial signage in department stores and restaurants. It can also be used for public and information display signage in mass transit systems, airports, and similar fields to improve the color contrast of color ePaper and give images more depth. The result is dynamic color posters with a greater visual impact. E Ink Gallery 3 focused on improving page turning speed and display resolution. The page turn speed for monochrome text on E Ink

Gallery 3 was improved to 350 ms. The refresh rate for color displays was greatly improved as well to 500ms in fast color display mode, 750 to 1,000ms in standard mode, and 1,500ms in optimal mode. This was a clear improvement over the 2s refresh time for monochrome displays and 10s refresh time for color displays of the first-generation technology. Resolution was increased from 150 ppi to 300 ppi and operating temperature expanded to become 0 to 50°C. This aligned with the operating environment and product specifications of eReaders based on monochrome ePaper. E Ink Gallery 3 supports digital handwriting too. Writing delay is as little as 30 ms and several colors of handwriting are available in addition to monochrome. At the same time, E Ink ComfortGaze™, the latest front light technology developed by E Ink, was adopted by E Ink Gallery 3 as well. Reducing the amount of blue light reflected off the surface of the display delivers a digital reading experience with low blue light and vision health. E Ink Gallery 3 is suitable for eReader and eNote market applications.

(2) Multi-color ePaper for Architecture and Art Design

E Ink Prism™ is a multi-color ePaper technology that emerged from efforts to diversify ePaper applications. It offers a very promising alternative to conventional display technology. In addition to its ability to present static displays while consuming no power, E Ink Prism™ can also support dynamic presentations. When coupled with motion sensing, E Ink Prism™ can completely transform a lifeless space into a unique interactive environment. E Ink Prism is programmable, giving content providers and designers more creative freedom. It is totally reflective to provide a natural visual experience akin to prints or artworks. Only a tiny amount of power is needed for transitions in visual effects allowing it to dispense with power sockets.

E Ink Prism 3 is the next-generation multi-color FPL film unveiled in 2023. It bridges the design gap between dynamic displays and traditional static materials. Through programmable editing of the color dynamics of the multi-color ePaper, designers can integrate dynamic color variations and patterns into various types of materials. At CES 2023, the E Ink Prism 3 technology made its first appearance in the automotive industry, as the renowned international automotive brand BMW incorporated it into their concept car, the BMW i Vision DEE. This innovative technology allows for multi-color transformations on the car's surface, delivering a refreshing and visually stunning experience for the audience.

(3) Flexible EPD

E Ink Mobius™ is a flexible EPD with flexible plastic backplanes of either amorphous silicon or organic TFT. It can be integrated with plastic laminates to create portable plastic displays that are flexible, lightweight, shock-resistant and breakage-resistant. Flexible EPD allows customers to integrate conformal elements into the product design leading to end products with unique design and function. The technology has now been widely adopted in the market.

Flexible EPD modules with plastic backplanes are difficult to shatter and far lighter than glass. They are also thinner and lighter than existing ePaper with glass backplanes, an important feature for larger products. Flexible EPD is a prerequisite for the development of foldable ePaper technology.

(4) Front Light and Touch Panel Technologies

In today's digital age, it is often challenging for people to reduce their screen time. Research conducted by the Harvard School of Public Health indicates that ePaper, which is free of blue light, is less harmful to the eyes compared to LCD screens. When combined with E Ink ComfortGaze™ front light technology, ePaper is three times better for eye health. By shifting some of the time spent looking at screens to healthy EPD suitable for reading and writing, individuals can maintain their connection to the digital world without sacrificing their eye health.

Comfortable reading in nighttime and low-light environments has always been a requirement for eReader. E Ink's front light technology has been implemented in mass production, enabling comfortable reading even at night. Additionally, the self-developed front light technology that allows adjustment between cool and warm color temperatures has been adopted by customers and is being mass-produced. This allows consumers to fully enjoy the convenience brought by eReader technology, further diversifying the applications of ePaper.

In terms of touch EPD, in addition to the commonly used capacitive touch technology, E Ink is actively developing touch patterns suitable for ePaper to improve the signal-to-noise ratio. Collaborating with manufacturers, they are developing various touch modules to enhance product performance and versatility. Furthermore, E Ink has also developed ePaper modules that integrate active pen technology. These modules not only possess the characteristics of paper-like reading but also allow easy writing and marking on electronic documents. In addition to replacing conventional books, they provide greater convenience in terms of usability.

(5) EPD with Wireless Energy Harvesting Technology

The ultra-low power consumption feature of EPD makes it possible means it can be powered using wireless harvesting technology. The small amount of the electricity generated by wireless transmission is sufficient to drive and refresh the EPD without a battery.

For short-distance applications, NFC receivers can be used in eWallets, eBadges, and even eReaders and smartwatches. In long-range applications, they can be applied to transportation application systems, retail electronic shelf labels, electronic luggage tags for logistics, warehouse automation systems, as well as smart cards, smart homes, eBulletins, and digital signage. Currently, WLC (Wireless Power and Communication) technology is being utilized to wirelessly power color ePaper in these applications.

5.1.4 Long- and Short-Term Business Development Plan

(1) Short-Term Business Development Plan

A. To follow the current product roadmap on the promotion of standard products, performance upgrades for existing products, and provision of total system solutions.
B. To secure adoption by more leading international vendors through better product quality and more comprehensive manufacturing services.
C. To establish local support systems as well as strengthen distribution channels for customers in the US, Europe, China and Japan.
D. To establish an ePaper ecosystem, expand FPL sales channels and work with more display module vendors to expand ePaper applications
E. To establish ePaper-related ecosystems: Work with more ecosystem partners to develop ePaper driving IC and with TFT backplane vendors to develop more ePaper applications.

(2) Long-Term Business Development Plan

A. In addition to focusing on the research and development of advanced technologies such as Advanced Color, E Ink Spectra™, Print Color, Foldable and Low Power, upgrade our production processes, and continue to invest in developing a comprehensive patent portfolio that maintains our technological leadership.
B. To continue promoting new application markets and cultivate the ecosystem. We will integrate the upstream and downstream industries to jointly develop products and applications that are even more complete and have greater value.
C. To build a highly-efficient marketing and operating model that integrates marketing channels, products, research and development, and production into a seamless team that will effectively support commercial development to achieve a win-win outcome for E Ink and customers.

**5.2 Market, Manufacturing & Sales Overview**

**5.2.1 Major Markets**

Unit: NT$ thousands

| Region | 2022 | | 2023 | |
|---|---|---|---|---|
| | Sales Amount | % | Sales Amount | % |
| Taiwan | 913,948 | 3 | 754,531 | 3 |
| Asia | 27,202,659 | 91 | 23,109,878 | 85 |
| America | 1,846,922 | 6 | 1,639,072 | 6 |
| Others | 96,980 | - | 1,616,274 | 6 |
| Total | 30,060,509 | 100 | 27,119,755 | 100 |

**5.2.2 Market Share**

Reflective display technology is an essential technology in the overall display industry, and E Ink's ePaper technology is the main representative of reflective display technologies. E Ink is currently the only manufacturer that can mass-produce ePaper display module products with stable and satisfying quality. E Ink remains a high share of the global reflective display market. With E Ink’s core technology, E Ink has become synonymous with green and sustainable display technology.

The development of ePaper applications and products is diversified. In addition to the well-known eReader and ESL applications, many applications like eNotes, luggage tags, logistics tags, logistics boxes, reusable boxes, medication packaging labels, ward door signs and patient communication boards, and digital signage are maturing. They have become significant drivers for expanding the application of ePaper products.

As the global awareness for sustainability and carbon reduction rises, the low total power consumption during prolonged use and non-light emitting properties of ePaper products have gradually become apparent. With larger and more colorful products, and the introduction of new batteryless and handwriting technologies, ePaper has become the best display interface for smart applications. E Ink makes use of flexible business models, working with ePaper ecosystem partners to offer new products to the market. E Ink’s ePaper products will extend further into different business verticals with to create and expand our market share in various application areas.

**5.2.3 Market Supply, Demand and Growth**

**Consumer Electronics**

The eReader and eNote markets continue to grow steadily. More brands are launching new products adopting the E Ink Kaleido™ 3 and E Ink Gallery™ 3 ePaper technology. By providing end customers with two different color visual experience interfaces, eReaders can display book covers, graphics, and tables with visually appealing colors. There is also a clear trend towards the handwriting function. The product that supports handwriting, the Kobo Elipsa 2E, was released by Rakuten in 2023. This product will accelerate the evolution of eReader or eNote market and moving towards the goal of replacing once-off disposable paper applications.

As the impact of blue light on eye health continues to attract attention, leading monitor companies have begun to introduce ePaper as computer screens or second screens, which are suitable for reading and working on documents for extended periods. ePaper’s reflective display technology does not emit light. It reduces the discomfort or damage from the blue light emitted by LCD screens during prolonged use.

Furthermore, consumer product giants are adopting E Ink Prism, adding color to their products and creating product differentiation. The mobile phone brand leader in Africa resgion, Infinix Mobile, targeting young consumer group in emerging markets, unveiled the color ePaper smartphone 'E-Color Shift' featuring E Ink Prism™ 3 at CES 2024. The multi-color ePaper on the back of the phone allows users to change colors according to their mood, creating a phone with unique personalized style. Additionally, it doesn't require any power to maintain an image. Lenovo has launched its first carbon-neutral laptop, the ThinkBook 13x Gen 4 SPE, featuring an E Ink Prism color ePaper on the lid. It supports up to 1,000 different images, allowing users to freely change image combinations and transform the traditional laptop into a personalized product.

For the automotive sector, E Ink partnered with the world renowned German automobile manufacturer, BMW, to showcase monochrom and color-changing concept cars at CES in 2022 and 2023 respectively, using Prism and Prism 3 color ePaper were used to cover the cars that the color may be changed at will. Changing the color of the body to black or white according to the temperature may help the car body absorb or reflect heat to reduce air conditioning usage and energy waste. Pairing color ePaper with AI (Artificial Intelligence), the color-changing BMW car was able to display and show many more possibilities, and realizing the vision of E Ink. We Make Surfaces Smart and Green™.

**Non-consumer products and application fields**

Process digitalization and paperless production are the main application use cases of ePaper in smart factories. E Ink partnered with system integrators to combine ePaper with smart manufacturing solutions such as eBadges, ePaper process cards, ePaper inspection checklists, ePaper handover lists and warehouse management tags, along with a design that is easy to install for quick integration, help enhance operational efficiency on the manufacturing floor and assist in realizing a paperless smart factory. Extensive use of E Ink ePaper in manufacturing facilities paves the way to smart and green manufacturing. In October 2023, E Ink collaborated with AIOI Systems to integrate E Ink Kaleido™ 3 color eNote into the AIOI smart device inspection system. This integration allows the system to digitize paper forms, reducing paper waste, and connect with smart tags to provide an ultra-low power digital information solution. The solution is expected to play a significant role in the digitization of operation control and facility inspection.

In the field of transportation, as smart cities continue to evolve, providing the public with real-time and convenient information communication experiences becomes crucial. At the same time, it is necessary to balance energy conservation, ecological environment protection, and urban aesthetics, which are key challenges for sustainable smart cities. Cities are committed to ensuring that the public can access information through safe and correct modes, while also considering the need to reduce the carbon footprint generated by the operation of smart transportation solutions.

Reflective electronic paper features non-self-emitting and ultra-low power consumption. ePaper-enabled signage devices can be powered with solar or other renewable energy supply systems, eliminating the need for additional city power supply, without the constraints of wiring. They can be placed anywhere and connected wirelessly, making the operation of electronic paper signs a zero-carbon emission device, providing a digital signage solution that is free of light pollution, zero carbon emissions, and ecologically friendly.

E Ink's ePaper products have now been deployed in tens of thousands transportation and public spaces globally. They include smart bus stop signs, public information signage, parking meters, parking signs, and fuel price signs. ePaper's low power consumption and continuous display with no power consumed are suitable for a variety of indoor applications, for example handle straps with advertising, ePaper advertising signage and information signage in carriages of mass transit or hybrid-powered trains. E Ink has collaborated with many vendors to introduce ePaper bus stop signs to different parts of the world. As of December 2023, approximately 70,000 ePaper bus stop signs have been deployed worldwide. While digitizing the public transportation infrastructure, these signs will also help accelerate the achievement of net zero carbon emissions in cities.

As countries gradually ease their border restrictions after the pandemic, the demand for luggage tags is slowly returning to pre-pandemic levels. With digital transformation and net-zero carbon emissions requirements, airlines, electronic baggage tag (EBT) system integrators, and E Ink collaborated to introduce ePaper baggage tags into airports. EBT with wireless transmission, energy harvesting technology and flexible ePaper modules, is deployed in the aviation industry. It uses the built-in NFC of mobile phones to communicate data and update the information on the display. It can effectively speed up luggage handling, shorten waiting time, significantly reduce contact, and reduce the chances of lost luggage. EBT has been implemented in various airlines, including Qatar Airways, British Airways, Air France-KLM, Alaska Airlines, Qantas, Lufthansa, Swiss International Air Lines, Austrian Airlines, China Eastern Airlines, China Southern Airlines, and etc.

Businesses in different fields have widely adopted ePaper information signage due to its ultra-low power consumption, wireless connectivity, portability, and grid-independence strengths. The smart signage solution for crowd control that the Penglai Cruise Terminal at Kaohsiung Port recently introduced, for example, incorporated E Ink's portable color signage and tiled monochrome ePaper signage for way-finding, advertising, and health education information delivery. Construction companies in Japan have also started replacing metal construction site information board with ePaper signage.

The European Union updated its energy regulations, and restricting the sales of 4K and above TVs starting from March 2023. This action suggests that low-carbon, sustainable electronic products will be mainstream. ePaper's ultra power-saving and continuous display with no power consumption characteristics make it the most suited smart and yet low-carbon display. The market of ePaper in the information and advertising signage markets has a lot of room for potential growth.

In smart retail, the digital transformation of brick-and-mortar stores in Europe, the United States, Japan, mainland China, and North America is becoming more prevalent, where ESLs are widely used. In Southeast Asia and emerging markets, there is a gradual adoption of ESLs and advertising signage solutions. The global market continues to show positive trends. Many international leading retailers have extensively adopted ESL and its accompanying software system. Small and medium-sized retailers following their example helped boost penetration in the retail field. ePaper Electronic Shelf Label (ESL) systems enhanced the sustainability, overall business efficiency, and accuracy of pricing changes in the retail industry. The energy-efficient property of ePaper also helped retailers realize the sustainability goal of zero carbon emissions. By integrating with price management system software, the electronic shelf label system eliminates the need for manual replacement and verification of paper label content. This can help solve staffing shortages in stores, link online and offline omnichannel marketing, and enhance overall integration.

The E Ink Spectra™ 6 series released by E Ink in 2023 supports six primary colors (black, white, red, yellow, blue, and green) while delivering high color contrast and vibrant full-color displays to enhance advertising and marketing effectiveness. Users can choose the appropriate size based on different application scenarios. E Ink Gallery™ Plus supports the full-color gamut, while E Ink Gallery™ Palette supports seven colors, making them suitable for product advertising or promotional signage. Their vivid, rich colors and low-power characteristics have gradually become the new standard for department stores and retailers' advertising and informational signage. E Ink Kaleido™ 3 Outdoor’s operating temperature range is between -15°C and 65°C, making it suitable for a broader outdoor temperature range without expensive high-energy-consuming heating or cooling devices. Additionally, it features color and dynamic images while maintaining the poster-like viewing experience, providing vibrant and rich information for outdoor public message signage while considering a low-carbon and environmentally friendly display solution. Particularly in European, the energy and electricity price issues have become a focal point in recent years, coupled with the up-rising global efforts towards environmental sustainability, large-sized color signage solutions from E Ink ePaper technology have gradually become the best choice for low-power outdoor digital signage.

For smart healthcare, ePaper's bistable characteristics support the continuous display of information even without power. ePaper enabled signage devices will not disturb resting patients as it does not emit any light and does not cause any damage from blue light. Also, its easy-to-install, easy-to-read, lightweight, ruggedized and sanitizable, make it a suitable display for healthcare IoT products or wearable and portable smart devices. In addition to patient communication boards, ward door sigbs, healthcare information boards, waiting area sign, medication packaging labels, badge, movable epidemic prevention information signs, electronic medical records, and digital form signing systems, ePaper can also be used in telemedicine or wearable healthcare products, such as glucometers, physiologic monitoring watches, AI-aided digital stethoscopes, and fall prevention notification systems. ePaper enabled devices have already become the new standard of many domestic and overseas smart hospitals for its low-power and light-pollution-free characteristics.

In 2023, Simplo Technology Co., Ltd. introduced the "Smart Patient Communication Information System" to the general wards and intensive care units of NTUH Hsin-Chu Branch and NTU BioMedical Park Hospital. Yuan Rung Hospital collaborated with Melten Inc. to establish the "Smart Ward Care Application System” introducing ePaper patient communication boards. This marks the first "Smart Patient Room" jointly created by the industry and authorities in the central region of Taiwan. ShinKong Communication Co., Ltd has introduced the first Automated External Defibrillator (AED) storage box in Taiwan, which integrating ePaper devices with cloud-based systems for green and sustainable development. Tungs' Taichung MetroHarbor Hospital has introduced color, battery-free ePaper smart badges into its health examination process. This had significantly reduced patients waiting times and enhanced overall efficiency for healthcare personnel. Taipei Veterans General Hospital, in collaboration with the Industrial Development Administration, Ministry of Economic Affairs Smart Display Industry Alliance (SDIA), has partnered with E Ink to integrate ePaper into management processes such as medicine warehouse management, smart dispensing systems, and intelligent medication carts, etc. This significantly enhance management efficiency and medication accuracy, allowing pharmacists to focus on pharmaceutical quality and provide the safest medication services. Indeed, it is evident that in the trend towards Smart Patient Room, ePaper serves as an indispensable display interface, combining digitalization with low-carbon advantages.

### 5.2.4 Competitive Advantage

#### A Great Leap Forward in Color Technology

E Ink continued to develop color technology, introducing different color ePaper technologies for various markets and applications and by providing end-users with multiple color choices, different color ePaper technologies may simultaneously exsit in the same environment. This would help the business environment reach NetZero .

For Retail advertising and Signage market, E Ink introduced a new color platform, E Ink Spectra™ 6 in 2023. This platform utilizes four-color particles to create six primary colors: black, white, red, yellow, blue, and green and features an enhanced color spectrum and an advanced color imaging algorithm to provide full color, improving marketing and advertising performance. The highly saturated full color E Ink Spectra™ 6 have been adopted by Sharp and PPDS (Philips Professional Displays), etc. for the applications such as ePaper posters, POPs and advertising signs. In 2024, E Ink will launch E Ink Spectra 6 Plus, featuring a 50% improvement in page-turning speed and a low-flashing page-turning process to continually advance the technological competitive edge in color electronic ink.

For the outdoor signage market, E Ink has developed the E Ink Kaleido™ 3 Outdoor technology. Through the optimization of TFT, print color technology, image driving algorithm, and materials, the applicable temperature range has been expanded from 0°C - 50°C to -15°C - 65°C. This technology can be applied to outdoor advertising signage, replacing current energy-consuming LCD/LED advertising signage. Without adding the expensive high-energy heating or cooling devices, Kaleido 3 Outdoor ePaper signage is able to function normally while reducing additional power consumption. The estimated energy consumption of E Ink Kaleido 3 is only one-tenth of LCD. Facing the global common goal towards sustainability, ePaper signage are currently the most widely used and solar panel-driven reflective display technology in the market. The low power consumption makes them self-sustaining zero-carbon emission devices when powered by renewable energy sources. It is a crucial digital display technology for the development of low-carbon smart cities.

For smart surface applications, E Ink had been exploring the possibilities of smart color changing across various industries and applications. For example, E Ink Prism is widely known for its application on the surface of BMW's concept car, the BMW i Vision DEE. The car's body was covered with hundreds of ePaper segment displays. By programmatically editing the dynamic color changes of each ePaper segment, it showcases an unprecedented concept of surface transformation and was a major highlight at CES 2023. . E Ink Prism helped BMW i Vsion DEE to create a personalizable var body, and it also helped enhance energy efficiency. Exploring physical properties shows that white cars reflect sunlight in hot climates. In contrast, black cars can absorb sunlight in cold climates. Thus, we can reduce the power consumed to heat up and cool down the car's interior through this feature, which aligns with the sustainable development mission of pure electric vehicles.

In 2023, the kitchen and bathroom brand, Kohler, introduced a color chaning toilet, Kohler NUMI 2.0, utilizing the flexible and dynamic color-changing E Ink Prism™ ePaper material, inspiring Kohler's innovative designs. Creating a timeless and sleek geometric design for the high-end toilets, while continuously changing colors and patterns, to evoke a unique tension and spatial atmosphere in homes. The experience to the application of bathroom fixtures signifies a future opportunity for cross-domain collaboration between E Ink Prism and the smart home and smart living markets.

In addition, Xiaomi has released the all-new CyberDog 2 with a special edition featuring color-changing capability. By utilizing color-changing ePaper on its surface, the robotic dog is able to express emotions and moods. The color-changing guitar designed and produced by Cream Guitars features E Ink Prism™ technology on its exterior. In addition to the black and white version, it also comes in an eight-color variant. Users can wirelessly control the guitar through a smartphone app, enhancing its stage performance with eye-catching visual effects.

**Advancing Low-Power Technology, Supporting Sustainable Development**

E Ink continues to refine its low-power, battery-free technology. In 2023, the company developed a battery-free color eBadge with cloud solution. A 4.01-inch E Ink Gallery™ color ePaper was designed for this battery-free ePaper badge application, marking it the first achieving a battery-free solution for color ePaper.

Implementing battery-free design in color eBadge enhances security, extends lifespan, and more competitive hardware costs and weight. Implementing battery-free ePaper badge into a health examination process helps patients quickly and intuitively identify the next examination station, which contributes to time-saiving for patients, streamline healthcare guidance workers, and improve overall health examination efficiency. Furthermore, the battery-free color ePaper tag/badge solution, with its reusable and ultra-low power characteristics, will help more industries and applications move towards net-zero carbon emissions.

E Ink continues to invest in the development of low-power ePaper technology. In addition to leveraging its environmentally friendly existing technology advantages, the company will continue to refine techniques such as display module structure reduction, materials reduction, and low power consumption. Based on the principles of carbon reduction, energy conservation, recycling, and innovation, E Ink aims to create products with even lower carbon footprints.

**Product Sustainability and Competitiveness**

According to the Green Revenues 2.0 data model released by FTSE Russell in 2023, 99.9% of E Ink's revenue was considered green revue. E Ink aims to replace once-off disposablepaper use,ePaper enabled device’s green and smart surfaces would make the devices net-zero products. As industries go through digital transformation, the accelerated adoption of low-carbon, dynamic and paper-like ePaper devices will not only reduce the consumption of more environmental resources, but also help to significantly reduce $CO_2$ emissions and increase the contribution to environmental sustainability. For example, installing solar-powered ePaper bus stop signs at the 64,000 bus stops in Taiwan's major cities can save 40,000 metric tons of $CO_2$per year compared to traditional LCD signage. As of 2023, about 1.2 billion 3-inch ESLs (most common for retail) have been installed worldwide. Suppose prices are changed four times a day. In that case, the $CO_2$ emissions generated using once-off disposable paper labels are 32,000 times of ESLs. Over the past five years, about 160 million eReaders have been used worldwide, replacing the purchase and reading of printed books with digital reading. If 160 million eReaders download an average of 10 books annually, reading the same content on printed paper books or LCD tablets will generate 90,000 times and 50 times more carbon dioxide emissions, respectively. Moreover, ePaper display technology is currently the only low-light pollution display technology certified by the International Dark-Sky Association. Many cities around the world have light pollution legislations, 19 states in the U.S. have enacted light control laws. ePaper display technology has become the green display technology in the digitization of cities and businesses.

Since 2018, E Ink and partners has deployed 1,500 solar-powered ePaper bus stop signs in Shanghai Puxi. The signs have been performing stably on solar power for five years. In quantifying the carbon footprint of 1,500 ePaper bus stop and real-time bus arrival information systems according to the ISO

14064-1 standard in 2022, it was found that only 42.9 metric tons of $CO_2e$ is emitted annually, which is significantly lower than bus stop signs that use TFT-LCDs. Thus, purchasing 50 metric tons of carbon credits (CCER) generated by solar PV to offset the emissions. The PAS 2060:2018 standard and passing of the on-site inspections announced that the 1,500 solar ePaper bus stop sign systems in Shanghai Puxi achieved the carbon-neutral goal. In April 2023, Shanghai will continue its second phase of construction and promotion, organizing various suburban areas to advance the construction of ePaper bus stop signs. The goal for Lingang New Area and five new districts including Nanhui New Town, Jiading New Town, Qingpu New Town, Songjiang New Town, and Fengxian New Town is to achieve a coverage rate of ePaper not less than 50%.

### 5.2.5 Favorable/Unfavorable factors for long-term development and countermeasures

**Favorable factors: Sustainable Development Became a Global Priority**

As growing global awareness of sustainability development increases, the manufacturing industry is actively taking low-carbon and sustainable materials into consideration in production and procurement. ePaper technology known for its energy-saving, green, and low-carbon applications and environmental benefits, in line with the principle and requirements of sustainability, is conductive to the promotion and adoption.

Many private enterprises and government agencies are also actively advocating for the reduction of once-off disposable paper and moving towards paperless operations. ePaper can present information in a paper-like, blue light free, eye friendly and ultra-low power consumption interface. It can be reused and provide real-time information. Tt helps industries engage in digital transformation to reduce paper waste, power consumption and carbon emissions.

**Favorable factors: Demand for eye friendly displays**

In recent years, the issue of blue light has drawn attention from both consumers and industries. People are becoming increasingly aware that prolonged exposure to emitting displays poses a threat to eye health. This may also disrupt the secretion of melatonin, leading to sleep disorders, headaches, and other negative effects. For students in their developmental years, it could result in irreversible damage to vision, while for middle-aged and elderly individuals, it presents a significant burden on eye health.

E Ink's ePaper has obtained the first "Paper Like Display" certification from TÜV Rheinland, with a Paper Similarity Index (PSI) score of 86. Furthermore, according to research from the Harvard School of Public Health, ePaper devices without a front light do not emit any light to stress retinal cells. Furthermore, with E Ink ComfortGaze™ front light were up to three times less stressful for retinal cells than LCD devices.

In view of this, E Ink advocates for Healthier Screen Time for school-aged children, teenagers, and the elderly, aiming to create eye-friendly display technology options through the ePaper's paper-like and non-emissive characteristics. This initiative seeks to promote the well-being of people worldwide.

**Favorable factors: Digital transformation**

The development of IoT and smart city is the long-term trend of the future market, promoting the rapid increase of all kinds of connected devices in business and life. When everything is connected, the display screen will act as the communication interface between people and devices. ePaper's bistable and reflective characteristics, different from the conventional self-emitting display technologies, maintain the same image with zero power consumption over time, offer a paper-like reading experience, and provide a tangible feeling when writing. This eliminates excessive power consumption and environmental light pollution. Long-term use can significantly reduce energy consumption, helping various industries achieve green digital transformation.

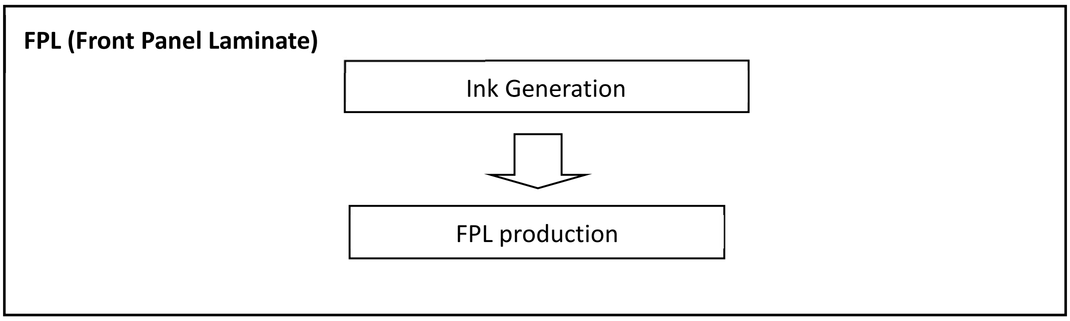
**Unfavorable factors: Rapid Changes in Global Supply Chain, Geopolitics**

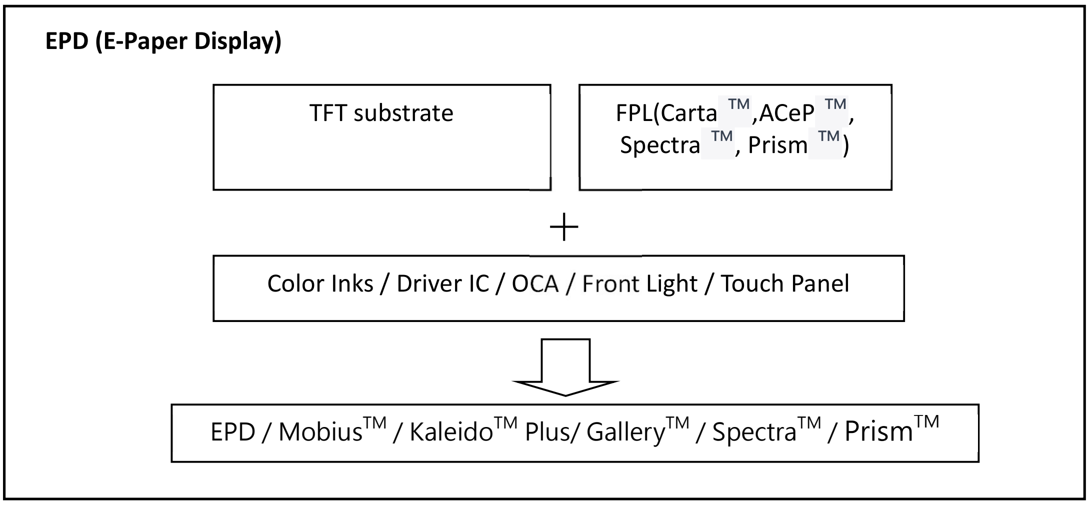
Due to the continuing strong demand for ePaper, E Ink is not only increasing capital expenditures to expand production capacity at regional production bases to address potential future capacity shortages. E Ink accelerated the establishment of local offices to serve local customers, a Netherlands office was established in 2023 to improve customer satisfaction. In response to the management complexity arising from post-COVID global supply chain restructuring and to comprehensively improve the resilience of the ePaper supply chain. Efforts are being made to strengthen the transparency of the supply chain, increase the diversity and interchangeability of suppliers and transportation networks, and reduce production complexity and risk.. By increasing automation, production costs are reduced; additionally, by ensuring the production capacity and yield of ePaper materials are effectively enhanced and deepening cooperation with upstream partners, E Ink aims to ensure that capacity and quality meet market demands.

E Ink is committed to building an ePaper ecosystem, realizing diverse smart applications, and promoting the popularization and diversified development of low-carbon ePaper applications by combining software/hardware vendors and upstream/downstream supply chains of various application industries. The E-Paper Industry Alliance (EPIA) was founded in December 2020 and has 173 members as of the end of 2023, showing corporate solidarity and consensus within the industry ecosystem. Centered on green, low-carbon ePaper and digital development policies, E Ink continue to deepen the applications of eReader, new retail, education, transportation, healthcare, industry, civil aviation, logistics, and offices to continue to move towards a vision of smart living and sustainable cities.

**5.2.6 Application and production processes of key products**

1. Application
   E-Paper Display is mainly primarily used as a display device designed for the delivery/presentation of information transmission.
2. Production process
   The E-Paper Display production process is divided into two stages: Front Panel Laminate (FPL) and E-Paper Display (EPD).




**5.2.7 Supply status of key raw materials**

E Ink's main raw materials include TFT back panel, touch panel and driver IC. Each of these raw materials has at least two primary suppliers. The Company has maintained a close relationship with the supplier for stable supply after the raw material certification. In addition to fully controlling the source of goods and the quality and delivery date, E Ink can minimize the risk of material shortages.

### 5.2.8 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

| Year / Item | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Company Name | Amount | Percentage of the annual net purchase (%) | Relation with Issuer | Company Name | Amount | Percentage of the annual net purchase (%) | Relation with Issuer |
| 1 | A | 1,440,757 | 14 | None | A | 1,172,331 | 15 | None |
| 2 | - | - | - | - | E | 1,001,451 | 12 | Affiliate Company |
| 3 | Others | 8,937,890 | 86 | | Others | 5,849,358 | 73 | |
| | Total | 10,378,647 | 100 | | Total | 8,023,140 | 100 | |

B. Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

| Year / Item | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Company Name | Amount | Percentage of the annual net sales (%) | Relation with Issuer | Company Name | Amount | Percentage of the annual net sales (%) | Relation with Issuer |
| 1 | I | 4,987,377 | 14 | None | I | 5,006,940 | 18 | None |
| 2 | K | 3,764,798 | 14 | None | K | 4,774,197 | 18 | None |
| 3 | L | 3,466,924 | 12 | None | - | - | - | - |
| 4 | Others | 17,841,410 | 60 | | Others | 17,338,618 | 64 | |
| | Net Sales | 30,060,509 | 100 | | Net Sales | 27,119,755 | 100 | |

### 5.2.9 Production in the Last Two Years

Unit: NT$ thousands

| Year / Output / Major Products | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Capacity | Quantity | Amount | Capacity | Quantity | Amount |
| FPL and EPD | 59,803 | 39,154 | 11,141,984 | 69,093 | 32,693 | 9,969,761 |

### 5.2.10 Shipments and Sales in the Last Two Years

Unit: NT$ thousands

| Year / Shipments & Sales / Major Products | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Local | | Export | | Local | | Export | |
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Consumer Electronics | 598 | 840,010 | 10,288 | 11,419,066 | 361 | 594,939 | 9,645 | 11,751,341 |
| IoT and Others | 276 | 73,937 | 20,407 | 17,727,496 | 207 | 159,591 | 22,729 | 14,613,884 |
| Total | 874 | 913,947 | 30,695 | 29,146,562 | 568 | 754,530 | 32,374 | 26,365,225 |

## 5.3 Human Resources

| Year | | 2022 | 2023 | As of March 31, 2024 |
|---|---|---|---|---|
| Number of Employees | Manager level | 373 | 290 | 294 |
| | IDL(non-manager) | 1,864 | 1,340 | 1,323 |
| | DL | 1,241 | 1,157 | 1,139 |
| | Total | 3,478 | 2,787 | 2,756 |
| Average Age | | 36.71 | 39.76 | 40 |
| Average Years of Service | | 5.27 | 7.2 | 7.52 |
| Education | Ph.D. | 2.90% | 3.88% | 3.92% |
| | Masters | 14.46% | 18.23% | 18.29% |
| | Bachelor's Degree | 34.94% | 54.11% | 54.46% |
| | Senior High School | 11.53% | 13.85% | 13.79% |
| | Below Senior High School | 36.17% | 9.94% | 9.54% |

### 5.4 Information on environmental protection expenditure

Loss from pollution to the environment (including the compensation) and penalty in the most recent year to the date this report was printed, explain the policy in response in the future (including corrective action plan) and possible expenses (including the estimated amount of possible loss, penalty and compensation due to the failure of the remedy. If estimation could not be reasonably estimated, explain with evidence):

**5.4.1 Loss from pollution to the environment in the most recent year to the date this report was printed:** None.

**5.4.2 Remedy and possible spending in the future:**

Intensify the matching between the environmental protection permission documents and the practice of environmental protection on shop floor, and implement the proper change in the management program for facilitating audits.

E Ink treasures issues pertinent to environmental protection. Further to the effort in anti-pollution, the Company also duly observes domestic laws governing the standard of emissions, retains qualified waste disposal and treatment plant for handling wastes, assures the proper classification of wastes, and upgrades the recycling rate of resourceful wastes. The Company also follows the environmental protection files in setting up facilities for the treatment of air and water pollutants in conformity to the emission standards governed by applicable laws in Taiwan. There is no other expense further to the aforementioned expenses incurred from the maintenance and operation of the environmental protection facilities.

### 5.5 Labor Relations

**5.5.1 Employee welfare and benefits, training, development, retirement scheme and its implementation, labor-management agreements, and protection of employee rights:**

1. Employee welfare and benefits
   (1) Employee benefits are managed by the Employee Welfare Committee. Social events are organized on a regular basis to help employees recover from the stress of work.
   (2) In addition to labor insurance, E-Ink employees also receive additional layers of protection through group life, accident, medical and cancer-prevention insurance, national health insurance and regular health exams.
   (3) The Company budgets for employee education and training every year to help employees improve their management and professional skills as well as provide employees with a personalized career development plan.
   (4) To build a people-centric management system, management rules are revised when necessary based on labor standards and changes in the business environment.
   (5) Reasonable compensation and incentives are provided to recruit competitive workers.
   (6) Clear career paths are provided for outstanding personnel.
   (7) Regular labor-management meetings are convened for employee communication.

2. Employee education and training

E Ink employees are considered the company's most important asset. A strong emphasis is placed on talent cultivation and training. Various education and training methods are offered to satisfy the learning requirements of employees. Comprehensive educational resources and a sound learning environment are provided so that employees can improve their core skills and continue to raise the overall standard of the workforce.

E Ink introduced the “E Ink University” e-learning system in 2019 to develop a learning roadmap for people in each field and provide them with specialized training programs. Training courses are divided into the five following categories:

(1) Orientation course: Compulsory training for everyone in the company that covers an introduction to the company, corporate image, company products and principles, personnel management rules, employee benefits, business code of conduct, and labor safety education and training.
(2) General knowledge course: Help teams develop their core competency and provide progressive learning courses for people of all ranks.
(3) Professional course: Cultivate key talents and boost the organization's competitiveness through talent development. Knowledge management is implemented through a combination of e-learning platforms and internal professional training. The mapping of the professional skills required for each role was completed in 2021 and a continuous learning environment is cultivated through mentoring.
(4) Management course: Management training is based on the need for competency development and targeted at managers’ areas of weakness. The courses cover presentation skills, cross-cultural communication, management skills, unit performance management, and task management.
(5) Production line personnel training: Provides technicians on the production line with the required knowledge and testing to qualify as machine operators. These include: Introduction to FPL/TFT/EPD Defects, front-end/back-end machine operator certification training, training on protection against ionizing radiation, as well as clean-room management rules and testing.

3. Employee Code of Conduct or Ethics

E Ink has always embraced a philosophy of "people-oriented". In addition to respecting our employees for their expertise, we also provide them with a stage where they can truly contribute their talents. E Ink places more emphasis on employees' integrity and ethics. HR therefore provide new employees with the relevant company rules while joining and ask them to comply with.

4. Employee safety and health

The "safety" and "health" of employees have always been key concerns for E Ink. We've not only received international certification on ISO 45001 Professional Safety and Health Management System but also received international certification on the ISO 14001 Environmental Management System. For employee health management, employee health exams are conducted on a regular basis as required by law. Coverage of the health exams exceeds mandatory protections for worker health.

**5.5.2 Retirement scheme and its implementation.**

The employee retirement policies were developed based on the "Labor Standards Act" and "Labor Pension Act". The policies stipulate the employee retirement preparatory fund: the old system requires a contribution rate of four percent of the employee's monthly wage, while the new system requires a contribution rate of six percent of the employee's monthly wage. The regulations also specify the retirement conditions and the calculation method of the retirement pension. Additionally, a "Labor Retirement Preparatory Fund Supervisory and Management Committee" is established, with its organizational regulations formulated. The committee convenes quarterly to supervise and manage the retirement pension application and to ensure that the contribution balance is sufficient.

The above policies and rules also specify periodic reviews of the content for adjustments, which are published on the company's intranet for employees to access at any time.

**5.5.3 Labor-Management Disputes:**

The company's measures and policies on labor relations are implemented in accordance with relevant laws and regulations. We have established various communication mechanisms to meet different needs, aiming to establish a good labor-management interaction. These mechanisms include labor-management meetings, employee meetings, suggestion boxes, an appeal mailbox (appeal@eink.com), and an appeal hotline (03-5643200#11199). The goal is to create a culture of unimpeded communication and effectively resolve labor disputes.

**5.5.4 Estimation of current and potential future losses suffered by the company due to labor-management disputes in the last two years and up to the publication of this report, and the measures taken in response:**

None.

**5.6 Cybersecurity Management**

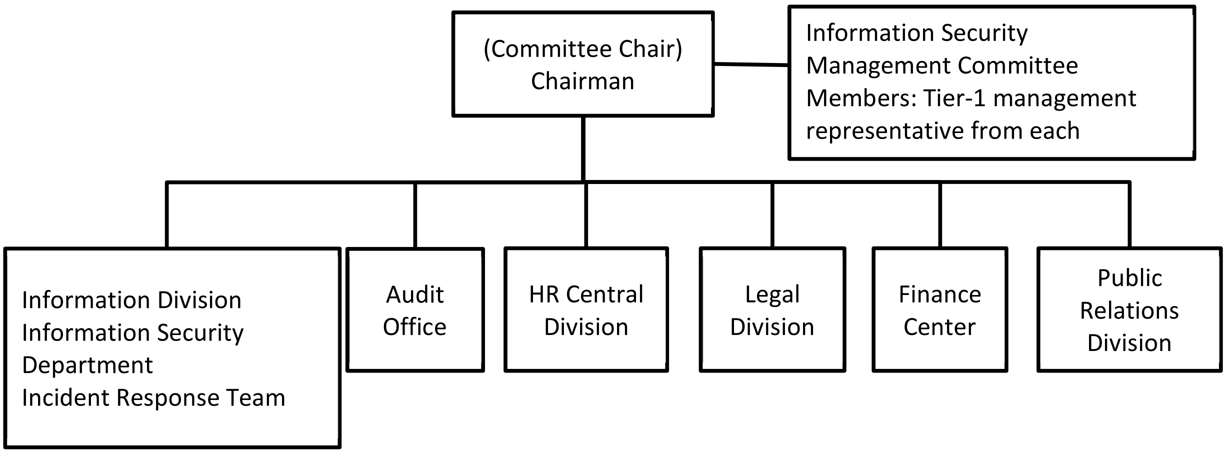
**5.6.1 Cybersecurity risk management framework:**

Information security matters of the company are currently managed by the Information Security Department of the IT Division. This includes planning internal information security systems, establishing information security standards, promoting information security policies, enhancing employee awareness of information security, implementing information security protection and controlling systems, and executing and enforcing information security operations. Adjustments are made as needed based on the current environment and timely requirements.

In response to information security risks, E Ink Technology established a dedicated Information Security Department in 2022 – the Information Security Department and the Emergency Response Team. To comprehensively enhance information security management and protection capabilities, the Hsinchu and Linkou plants in Taiwan implemented the ISO/IEC 27001 Information Security Management System (ISMS) in 2022.

Additionally, an "Information Security Management Committee" was established, chaired by the Chairman of the Board, with senior managers from various centers serving as committee members.
Additionally, an information security management unit was established, led by the Deputy Manager of the IT Department serving as the Chief Information Security Officer (CISO). This team is specifically charged with promoting ISMS-related procedures, plans, or activities, operating on the PDCA (Plan-Do-Check-Act) cycle in order to establish, implement, maintain, and improve the information security management system. Furthermore, the performance of the ISMS initiatives will be regularly reported to the Information Security Management Committee, which in turn reports annually to the Board of Directors on the effectiveness of information security management and the strategic direction of information security, with periodic reviews and adjustments.

## Information Security Management Committee Organization




| Department/Organization | Members | Description of Functions |
|---|---|---|
| Information Security Management Committee -Committee member | Committee Chair: Chairman<br>Members: President, CFO, Operation Center Vice President, Product Center Vice President | • Determine the content and strategic direction of corporate information security governance |
| Information Division Information Security Department. | Chief Cybersecurity Officer: IT Division Associate Vice President Head of Information Security Department: | • Planning and monitoring of cybersecurity approaches, and implementation of cybersecurity management<br>• Assessment of system and information technology control solutions<br>• Cybersecurity incident response and handling<br>• External audit |

| Department/Organization | Members | Description of Functions |
|---|---|---|
| Information Division. Emergency Response Team | Manufacturing Systems Department, ERP Systems Department, Application Systems Department, Infrastructure Systems Department | • Operation, maintenance, and management of information systems, and assisting with response to abnormal events |
| Audit Office | Audit Office Director | • Audit of the implementation effectiveness of information security policies |
| HR Central Division | HR Central Division Deputy Director | • Organizing of education, training and awareness<br>• HR guidance and disciplinary action for cybersecurity principles violation |
| Legal Division | Legal Division Director | • Consultation on legal issues in relation to personal privacy<br>• Interpretation of laws and regulations |
| Finance Center | Finance Center Senior Director | • Announcement of material information relating to major cybersecurity incidents |
| Public Relations Division | Public Relations Division Director | • External press release relating to major cybersecurity incidents |

### 5.6.2 Cybersecurity policies

#### 5.6.2.1 Cybersecurity goal

The purpose of cybersecurity is to maintain the high availability of corporate information systems, to secure of the information environment, to protect the company’s business secrets, to prevent unauthorized usage, compromising, tampering or damage of corporate information systems and data. By maintaining our competitive advantages, the Company will secure the trust of our customers and engage in sustainable development.

#### 5.6.2.2 Scope of cybersecurity

To demonstrate the senior management's commitment to cybersecurity governance, the Information Security Department has developed an information security governance blueprint. This blueprint originates from cybersecurity strategic objectives and unfolds a governance framework, implementing information security technology and management practices through the international standard NIST framework.

1. Group information security objective: Reduction of cybersecurity risks to ensure business continuity
2. Information Security governance framework:
   - 2.1 Information Security Management System: ISO27001
   - 2.2 Information Security Organization: Information Security Management Committee, Dedicated Information Security Unit, Incident Response Team
   - 2.3 Information Security Processes: Information Asset Management, Cybersecurity Incident Reporting Mechanism, Incident Response Drills
   - 2.4 Information Security Awareness: Cybersecurity Promotion, Cybersecurity Courses, Specialized Personnel Security Certifications, Social Engineering Drills

### 5.6.3 Concrete management programs, and investments in resources for cybersecurity management

| Category | Item | Concrete management measures |
|---|---|---|
| Information Security Governance | Information security management system | Implementation of the ISO/IEC 27001 certification began in the second quarter of 2022. The certification was formally obtained in December 2023 following a successful re-evaluation recommendation, with ongoing efforts to maintain the validity of the certificate. |
| | Information Security Management Committee | Annually discuss and decide on the company's information security management policies and implementation objectives. |
| | | Hold regular annual meetings of the Information Security Committee to discuss and report on the effectiveness of information security governance. |
| | Dedicated Information Security unit | Planning of information security systems |
| | | Formulation of information security standards |
| | | Promotion of information security policies |

| Category | Item | Concrete management measures |
|---|---|---|
| | | Enhancement of employee information security awareness |
| | | Implementation of information security protection and management systems, and execution of information security operations. |
| | Incident Response Team | Respond to and deal with cybersecurity incidents promptly. |
| | Information asset management | Systematic information asset management framework and policies. |
| | cybersecurity Incident reporting mechanism | Establish a reporting mechanism and process for cybersecurity incidents across all group locations and units, enabling effective and rapid response and handling when security incidents occur. |
| | Cybersecurity incident response drill mechanism | In compliance with the requirements of the Information Security Management System, annual drills for information security incidents are regularly scheduled. |
| | Cybersecurity awareness campaign | Annually conduct information security announcements and educational training courses on an irregular basis. |
| | Cybersecurity course | Personnel from the dedicated cybersecurity unit attend external training courses |
| | Cybersecurity certification | Personnel from the cybersecurity department undergo cybersecurity certification courses. Current certifications include CISSP, CEH, ISO 27001LA and more are being progressively added. |
| | Social engineering exercise | Social engineering exercises are regularly held each year to strengthen employee cybersecurity awareness |
| | Personnel management system | Employee authority, responsibility and prohibited behaviors are clearly defined in company regulations. |
| | | Orientation training for new employees includes training on cybersecurity and confidentiality awareness. |
| | | The duty of employees on the maintenance of cybersecurity and confidentiality are explicitly stated in their contract. |
| | | Announcements are issued on an ad hoc basis to remind employees on the importance of working together to maintain cybersecurity. |
| | | The consequences for illegal use of computer accounts and e-mail are spelled out to employees. |
| Information Security System Management | Emergency incident response | Well-established management practices are in place, enabling employees to know how to report and respond to information system anomalies or significant cybersecurity incidents. |
| | Physical environment management | Adhere to regulatory standards to maintain a safe and operational environment for the computer and data center. |
| | | Establish comprehensive monitoring mechanisms and maintain proper daily operational procedures to create a secure and reliable information center. |
| | Information system redundancy, verification, and restoration | 1. Introduction of a suitable backup system and monitoring mechanism with regular backups and reports on all information systems. |
| | | 2. Established a sound disaster recovery exercise and data verification mechanism to ensure the integrity of backup data and operator familiarity. |
| | | 3. Established off-site backup system for critical information systems such as SAPERP and critical databases. |
| | IT end-user device controls | Employees are informed of company rules, restrictions, and prohibitions on the use of both business and personal IT devices. |
| | | Selection of fully functional anti-virus software with automatic updating of virus libraries to reduce the risk of virus infection and malicious attacks. |
| | | An end-user device control system was introduced to effectively control connected devices and network/cloud services. This reduces the risk of confidential company data leaking onto personal devices. |
| | | Ad hoc patching and updating of operating systems and application software. |
| | | Employees are informed of company rules, restrictions, and prohibitions on the use of both business and personal IT devices. |
| | Network Security Controls | Introduction of an endpoint cybersecurity control system to effectively block intranet access over the wired network for non-company IT devices. |
| | | Introduction of a wireless network cybersecurity management system to effectively block intranet access over wireless networks for non-company IT devices. |
| | | Establishment of a joint defensive network of group firewalls to effectively block malicious attacks from external networks. |

| Category | Item | Concrete management measures |
|---|---|---|
| | | Devised network access control policies with strict management rules and approval procedures for intranet-to-extranet access, extranet-to-intranet access, and customer/supplier data exchange management. |
| | | Firewalls and strict management mechanisms were also implemented for different types of internal domains to enforce effective domain partitioning and management. The connection and access policies for each domain were also tailored to their specific operating requirements and cybersecurity considerations. |
| | Mail Security Control | An email protection system with advanced functions such as external trust rating and sandbox prediction was adopted to strengthen the Group's ability to filter and protect against new types of business fraud, phishing attacks with multi-layered URLs, and a wide variety of malicious email attachments. |
| | External Exposure Monitoring, Analysis and Vulnerability Scanning | External exposure assessment and vulnerability scanning and patching mechanisms were established for high-risk Internet services provided by the group through eink.com to reduce the risk of malicious intrusion and attack. |

**5.6.4 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, 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:** None.

## 5.7 Important Contracts

| Nature of contract | Counterparty | Contract start and end dates | Main details | Restrictive clauses |
|---|---|---|---|---|
| Reciprocal patent licensing | Company F | Confidentiality clause that prohibits public disclosure | Reciprocal patent licensing | As specified in the reciprocal patent licensing agreement |
| Land lease | Hsinchu Science Park Administration | 2014/7/1~2033/12/31 | Lease of plant land | Unless agreed by the Science Park Administration, the Company shall not sublet or in any way allow others to use part or all of the leased land, or use the land for non-agreed or illegal purposes. |
| Reciprocal patent licensing | Company G | Confidentiality clause that prohibits public disclosure | Reciprocal patent licensing | As specified in the reciprocal patent licensing agreement |
| Long term loan contract | Made jointly by Mega International Commercial Bank with 7 participating banks. | 2020/12/15~2025/12/14 | 5-year syndicated loan contract with a limit of NT$ 6.8 billion | None. |

## VI. Financial Information

### 6.1 Five Year Financial Summary

#### 6.1.1 Stand-alone Condensed Balance Sheet－Based on IFRS

Unit: NT$ thousands

| Item \ Year | | Financial Information for The Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 (Note 2) |
| Current assets | | 6,469,248 | 6,892,369 | 13,638,479 | 12,355,988 | 14,150,450 |
| Property, Plant and Equipment | | 1,330,352 | 1,314,914 | 2,235,982 | 3,583,886 | 4,249,215 |
| Intangible assets | | 246,717 | 236,373 | 206,420 | 179,410 | 162,025 |
| Other non-current assets | | 29,620,847 | 33,323,494 | 40,953,981 | 46,828,881 | 52,993,901 |
| Total assets | | 37,667,164 | 41,677,150 | 57,034,862 | 62,948,165 | 71,555,591 |
| Current liabilities | Before distribution | 7,695,999 | 10,175,031 | 20,098,766 | 13,211,408 | 16,068,103 |
| | After distribution | 9,964,725 | 13,237,810 | 23,748,061 | 18,343,229 | 21,208,875 |
| Non-current liabilities | | 971,026 | 993,509 | 1,768,930 | 6,049,769 | 6,579,667 |
| Total liabilities | Before distribution | 8,677,025 | 11,168,540 | 21,867,696 | 19,261,177 | 22,647,770 |
| | After distribution | 10,935,751 | 14,231,319 | 25,516,991 | 24,392,998 | 27,788,542 |
| Total equity | | 29,000,139 | 30,508,610 | 35,167,166 | 43,686,988 | 48,907,821 |
| Capital stock | | 11,404,677 | 11,404,677 | 11,404,047 | 11,404,047 | 11,498,174 |
| Share capital | | 10,306,993 | 10,310,536 | 10,407,670 | 10,748,007 | 10,878,525 |
| Retained earnings | Before distribution | 7,428,382 | 8,760,870 | 11,000,202 | 17,822,789 | 20,696,630 |
| | After distribution | 5,159,656 | 5,698,091 | 7,350,907 | 12,690,968 | 15,555,858 |
| Other equity | | (29,881) | 142,559 | 2,355,247 | 3,712,145 | 5,834,492 |
| Treasury shares | | (110,032) | (110,032) | - | - | - |
| Non-controlling interests | | - | - | - | - | - |
| Total equity | Before distribution | 29,000,139 | 30,508,610 | 35,167,165 | 43,686,988 | 48,907,821 |
| | After distribution | 26,731,413 | 27,445,831 | 31,517,871 | 38,555,167 | 43,767,049 |

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: The appropriations of earnings for 2023 were resolved by the board of directors.

### 6.1.2 Consolidated Condensed Balance Sheet－Based on IFRS

Unit: NT$ thousands

| Item | | Financial Information for The Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 (Note2) |
| Current assets | | 21,634,060 | 21,914,321 | 19,263,374 | 25,164,715 | 26,515,690 |
| Property, Plant and Equipment | | 4,104,317 | 4,075,910 | 5,274,647 | 8,033,290 | 9,149,833 |
| Intangible assets | | 8,107,841 | 7,662,987 | 7,214,678 | 7,712,932 | 7,607,457 |
| Other non-current assets | | 7,774,731 | 12,147,415 | 25,257,300 | 24,215,123 | 31,183,253 |
| Total assets | | 41,620,949 | 45,800,633 | 57,009,999 | 65,126,060 | 74,456,233 |
| Current liabilities | Before distribution | 9,206,675 | 11,564,821 | 17,839,575 | 13,408,141 | 17,033,843 |
| | After distribution | 11,475,401 | 14,627,600 | 21,488,870 | 18,539,962 | 22,174,615 |
| Non-current liabilities | | 2,961,490 | 3,191,039 | 3,472,539 | 7,454,715 | 7,873,918 |
| Total liabilities | Before distribution | 12,168,165 | 14,755,860 | 21,312,114 | 20,862,856 | 24,907,761 |
| | After distribution | 14,436,891 | 17,818,639 | 24,961,409 | 25,994,677 | 30,048,533 |
| Total equity attributable to owners of the company | | 29,000,139 | 30,508,610 | 35,167,166 | 43,686,988 | 48,907,821 |
| Share capital | | 11,404,677 | 11,404,677 | 11,404,047 | 11,404,047 | 11,498,174 |
| Capital surplus | | 10,306,993 | 10,310,536 | 10,407,670 | 10,748,007 | 10,878,525 |
| Retained earnings | Before distribution | 7,428,382 | 8,760,870 | 11,000,202 | 17,822,789 | 20,696,630 |
| | After distribution | 5,159,656 | 5,698,091 | 7,350,907 | 12,690,968 | 15,555,858 |
| Other equity | | (29,881) | 142,559 | 2,355,247 | 3,712,145 | 5,834,492 |
| Treasury shares | | (110,032) | (110,032) | - | - | - |
| Non-controlling interests | | 452,645 | 536,163 | 530,719 | 576,216 | 640,651 |
| Total equity | Before distribution | 29,452,784 | 31,044,773 | 35,697,885 | 44,263,204 | 49,548,472 |
| | After distribution | 27,184,058 | 27,981,994 | 32,048,590 | 39,131,383 | 44,407,700 |

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: The appropriations of earnings for 2023 were approved by the board of directors.

### 6.1.3 Stand-alone Condensed Statement of Comprehensive Income - Based on IFRS

Unit: NT$ thousands

| Item \ Year | Financial Information for The Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 12,860,810 | 14,365,868 | 18,068,580 | 23,302,339 | 19,815,440 |
| Gross profit | 2,145,456 | 3,031,007 | 2,935,080 | 8,658,636 | 6,439,791 |
| Income from operations | 94,492 | 962,813 | 728,065 | 5,916,345 | 3,550,436 |
| Non-operating income and expenses | 3,041,011 | 2,841,688 | 4,570,923 | 5,062,997 | 5,097,562 |
| Income before income tax | 3,135,503 | 3,804,501 | 5,298,988 | 10,979,342 | 8,647,998 |
| Net income for the year | 3,083,789 | 3,602,589 | 5,150,045 | 9,911,750 | 7,814,326 |
| Other comprehensive income (loss) (Net of income tax) | 222,575 | 169,634 | 2,366,571 | 1,915,252 | 2,324,677 |
| Total comprehensive income for the year | 3,306,364 | 3,772,223 | 7,516,616 | 11,827,002 | 10,139,003 |
| Earnings per share (Note 2) | 2.72 | 3.18 | 4.53 | 8.69 | 6.85 |

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: Earnings per share are based on the weighted average number of shares outstanding of the corresponding year.

**6.1.4 Consolidated Condensed Statement of Comprehensive Income - Based on IFRS**

Unit: NT$ thousands

| Item \ Year | Financial Information for The Last Five Years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Operating revenue | 13,601,676 | 15,362,855 | 19,650,564 | 30,060,509 | 27,119,755 |
| Gross profit | 6,038,586 | 7,021,881 | 8,587,820 | 16,229,972 | 14,456,480 |
| Income from operations | 559,811 | 1,847,252 | 3,023,246 | 9,199,275 | 7,285,477 |
| Non-operating income and expenses | 3,161,656 | 2,392,701 | 3,525,665 | 2,885,251 | 2,538,831 |
| Income before income tax | 3,721,467 | 4,239,953 | 6,548,911 | 12,084,526 | 9,824,308 |
| Net income from continuing operations | 3,173,597 | 3,673,688 | 5,212,048 | 9,939,345 | 7,866,226 |
| Net income for the year | 3,173,597 | 3,673,688 | 5,212,048 | 9,939,345 | 7,866,226 |
| Other comprehensive income (loss) (net of income tax) | 199,613 | 181,826 | 2,298,867 | 1,933,092 | 2,326,203 |
| Total comprehensive income for the year | 3,373,210 | 3,855,514 | 7,510,915 | 11,872,437 | 10,192,429 |
| Net income attributable to owners of the company | 3,083,789 | 3,602,589 | 5,150,045 | 9,911,750 | 7,814,326 |
| Net income attributable to non-controlling interests | 89,808 | 71,099 | 62,003 | 27,595 | 51,900 |
| Total comprehensive income attributable to owners of the company | 3,306,364 | 3,772,223 | 7,516,616 | 11,827,002 | 10,139,003 |
| Total comprehensive income (loss) attributable to non-controlling interests | 66,846 | 83,291 | (5,701) | 45,435 | 53,426 |
| Earnings per share (Note 2) | 2.72 | 3.18 | 4.53 | 8.69 | 6.85 |

Note 1: Above financial information is based on the audited financial statements of the corresponding year.
Note 2: Earnings per share are based on the weighted average number of shares outstanding of the corresponding year.

**The name and opinion of the independent auditor within the last 5 year**

| Year | CPA Firm | Name of CPAs | Audit Opinion |
|---|---|---|---|
| 2019 | Deloitte Touche Tohmatsu Limited | Hui-Min Huang / Chih-Ming Shao | Unqualified Opinion |
| 2020 | Deloitte Touche Tohmatsu Limited | Hui-Min Huang / Chih-Ming Shao | Unqualified Opinion |
| 2021 | Deloitte Touche Tohmatsu Limited | Hui-Min Huang / Chih-Ming Shao | Unqualified Opinion |
| 2022 | Deloitte Touche Tohmatsu Limited | Hui-Min Huang / Ya-Ling Weng | Unqualified Opinion |
| 2023 | Deloitte Touche Tohmatsu Limited | Hui-Min Huang / Ya-Ling Weng | Unqualified Opinion |
| Note: The turnover of accountants is the internal scheduling and arrangement within the accounting firm. | | | |

### 6.2 Five-Year Financial Analysis

**A. Financial Analysis - Unconsolidated based on IFRS**

| Item | Year | Financial Analysis for the Last Five Years | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debt Ratio | 23.01 | 26.80 | 38.34 | 30.60 | 31.65 |
| | Ratio of long-term capital to property, plant and equipment | 2,252.87 | 2,395.76 | 1,651.90 | 1,387.79 | 1,305.83 |
| Solvency (%) | Current ratio | 84.06 | 67.74 | 67.86 | 93.53 | 88.07 |
| | Quick ratio | 61.54 | 50.39 | 50.83 | 65.48 | 72.51 |
| | Interest earned ratio | 83.98 | 74.45 | 86.48 | 115.79 | 59.37 |
| Operating performance | Accounts receivable turnover (times) | 3.41 | 3.61 | 3.00 | 3.29 | 4.01 |
| | Average collection period | 107.03 | 101.10 | 121.66 | 110.94 | 91.02 |
| | Inventory turnover (times) | 6.41 | 6.76 | 6.03 | 4.26 | 4.54 |
| | Accounts payable turnover (times) | 2.76 | 3.04 | 2.27 | 1.87 | 2.34 |
| | Average days in sales | 56.94 | 53.99 | 60.53 | 85.68 | 80.39 |
| | Property, plant and equipment turnover (times) | 9.50 | 10.86 | 10.18 | 8.01 | 5.06 |
| | Total assets turnover (times) | 0.35 | 0.36 | 0.37 | 0.39 | 0.29 |
| Profitability | Return on total assets (%) | 8.53 | 9.19 | 10.53 | 16.65 | 11.80 |
| | Return on stockholders' equity (%) | 10.83 | 12.11 | 15.68 | 25.14 | 16.88 |
| | Pre-tax income to paid-in capital (%) | 27.49 | 33.36 | 46.47 | 96.28 | 75.79 |
| | Profit ratio (%) | 23.98 | 25.08 | 28.50 | 42.54 | 39.44 |
| | Earnings per share (NT$) | 2.72 | 3.18 | 4.53 | 8.69 | 6.85 |
| Cash flow | Cash flow ratio (%) | (0.91) | 15.47 | 19.45 | 29.79 | 36.44 |
| | Cash flow adequacy ratio (%) | 8.42 | 28.55 | 34.74 | 44.11 | 58.95 |
| | Cash reinvestment ratio (%) | (6.72) | (1.86) | 2.03 | 0.52 | 1.18 |
| Leverage | Operating leverage | 4.39 | 1.31 | 1.42 | 1.07 | 1.18 |
| | Financial leverage | 1.67 | 1.06 | 1.09 | 1.02 | 1.04 |

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) The decrease in interest coverage ratio is due to slowing market demand and the company's new product maturity, resulting in a decline in profitability.

(2) The increase in accounts receivable turnover ratio and accounts payable turnover ratio is due to a decrease in average accounts receivable and average accounts payable.

(3) The decrease in fixed asset turnover ratio, total asset turnover ratio, and various profitability ratios is due to slowing market demand and the company's new product maturity, leading to a decline in profitability and revenue.

(4) The increase in various cash flow ratios is due to the increase in net cash flow from operating activities.

**B. Consolidated Financial Analysis - Consolidated based on IFRS**

| Item | | Financial Analysis for the Last Five Years (Year) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Financial structure (%) | Debt Ratio | 29.24 | 32.22 | 37.38 | 32.03 | 33.45 |
| | Ratio of long-term capital to property, plant and equipment | 778.73 | 826.80 | 732.56 | 636.62 | 620.58 |
| Solvency (%) | Current ratio | 234.98 | 189.49 | 107.98 | 187.68 | 155.66 |
| | Quick ratio | 211.80 | 169.87 | 83.00 | 151.03 | 136.95 |
| | Interest earned ratio | 46.94 | 39.34 | 67.12 | 84.42 | 35.33 |
| Operating performance | Accounts receivable turnover (times) | 6.32 | 8.90 | 8.47 | 7.56 | 7.31 |
| | Average collection period | 57.75 | 41.01 | 43.09 | 48.28 | 49.93 |
| | Inventory turnover (times) | 3.90 | 4.18 | 3.57 | 3.23 | 3.49 |
| | Accounts payable turnover (times) | 6.04 | 6.13 | 4.72 | 5.41 | 5.58 |
| | Average days in sales | 93.58 | 87.32 | 102.24 | 113.00 | 104.58 |
| | Property, plant and equipment turnover (times) | 3.15 | 3.76 | 4.20 | 4.52 | 3.16 |
| | Total assets turnover (times) | 0.35 | 0.35 | 0.38 | 0.49 | 0.39 |
| Profitability | Return on total assets (%) | 8.03 | 8.43 | 10.16 | 16.44 | 11.52 |
| | Return on stockholders' equity (%) | 10.83 | 12.11 | 15.68 | 25.14 | 16.88 |
| | Pre-tax income to paid-in capital (%) | 31.84 | 36.55 | 56.88 | 105.73 | 85.64 |
| | Profit ratio (%) | 22.67 | 23.45 | 26.21 | 32.97 | 28.81 |
| | Earnings per share (NT$) | 2.72 | 3.18 | 4.53 | 8.69 | 6.85 |
| Cash flow | Cash flow ratio (%) | 34.16 | 42.52 | 26.29 | 44.98 | 62.38 |
| | Cash flow adequacy ratio (%) | 165.17 | 129.85 | 73.37 | 63.43 | 68.86 |
| | Cash reinvestment ratio (%) | 2.15 | 7.12 | 3.92 | 4.33 | 8.93 |
| Leverage | Operating leverage | 3.23 | 1.64 | 1.35 | 1.11 | 1.19 |
| | Financial leverage | 1.18 | 1.06 | 1.03 | 1.02 | 1.04 |

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(5) The decrease in the interest coverage ratio is due to slowing market demand and the company's new product maturity, leading to a decrease in profitability.

(6) The increase in accounts receivable turnover ratio and accounts payable turnover ratio is due to a decrease in the average amounts of accounts receivable and accounts payable.

(7) The decrease in fixed asset turnover ratio, total asset turnover ratio, and various profitability ratios is due to slowing market demand and the company's new product maturity, resulting in a decline in profitability and revenue.

(8) The increase in various cash flow ratios is due to the increase in net cash flow from operating activities.

**6.3 The Review Report of the Audit Committee on the financial statements covering the most recent year.**

| |
|---|
| Review Report of the Audit Committee<br><br>We express our consent on the separate and consolidated financial statements compiled by the Board of Directors covering the year ended on December 31, 2023. These financial statements were audited by Hui-Min Huang and Ya-Ling Weng, CPAs of Deloitte Taiwan with the issuance of Auditors' Report.<br>The Board of Directors also presented the 2023 Business Report and Proposal for Distribution of Income of the year for our review. In our opinion, these reports and statements were fairly presented in accordance with applicable legal rules. We present the aforementioned statements and report to the Shareholders Meeting pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.<br><br>2024 Annual General Meeting of Stockholders Meeting<br><br>E INK HOLDINGS INC.<br>Convener of the Audit Committee: Po-Young Chu<br>Date: February 23, 2024 |

**6.4 The financial statements covering the last 2 years, including the Auditors' Report, Comparative Balance Sheets, Comparative income Comparative Comprehensive Income Statements, Comparative Statement of Changes in equity, and Comparative Statements of Cash Flows covering the last 2 years and the notes to financial statements:** Refer to the appendix.

**6.5 Audited separate financial statements covering the most recent year, excluding the list of important accounting items:** Refer to the appendix.

**6.6 Insolvency of the Company and its affiliates in the most recent year to the date this report was printed, and the influence on the financial position of the Company:** None.

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT$ thousands

| Item \ Year | Dec. 31th, 2023 | Dec. 31th, 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 26,515,690 | 25,164,715 | 1,350,975 | 5.37 |
| Property, plant and equipment | 9,149,833 | 8,033,290 | 1,116,543 | 13.90 |
| Intangible assets | 7,607,457 | 7,712,932 | (105,475) | (1.37) |
| Other non-current assets | 31,183,253 | 24,215,123 | 6,968,130 | 28.78 |
| Total assets | 74,456,233 | 65,126,060 | 9,330,173 | 14.33 |
| Current liabilities | 17,033,843 | 13,408,141 | 3,625,702 | 27.04 |
| Non-current liabilities | 7,873,918 | 7,454,715 | 419,203 | 5.62 |
| Total liabilities | 24,907,761 | 20,862,856 | 4,044,905 | 19.39 |
| Share capital | 11,498,174 | 11,404,047 | 94,127 | 0.83 |
| Capital surplus | 10,878,525 | 10,748,007 | 130,518 | 1.21 |
| Retained earnings | 20,696,630 | 17,822,789 | 2,873,841 | 16.12 |
| Other equity | 5,834,492 | 3,712,145 | 2,122,347 | 57.17 |
| Total equity attributable to owners of the Company | 48,907,821 | 43,686,988 | 5,220,833 | 11.95 |
| Non-controlling interests | 640,651 | 576,216 | 64,435 | 11.18 |
| Total equity | 49,548,472 | 44,263,204 | 5,285,268 | 11.94 |

Main reasons and their impacts for significant changes in assets, liabilities, and shareholders' equity over the past two years:

(1) The increase in other non-current assets is mainly due to an increase in net cash inflows from operations this year, with some funds used for investment in fixed deposits and financial instruments.
(2) The increase in current liabilities is primarily due to an increase in short-term notes payable.
(3) The increase in other equity is mainly due to unrealized gains from the market value fluctuation of equity instrument investments.

## 7.2 Analysis of Operation Results

### 1. Financial Analysis

Unit: NT$ thousands

| Item \ Year | 2023 | 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Operating revenue | 27,119,755 | 30,060,509 | (2,940,754) | (9.78) |
| Operating costs | 12,663,275 | 13,830,537 | (1,167,262) | (8.44) |
| Gross profit | 14,456,480 | 16,229,972 | (1,773,492) | (10.93) |
| Operating expenses | 7,171,003 | 7,030,697 | 140,306 | 2.00 |
| Income from operations | 7,285,477 | 9,199,275 | (1,913,798) | (20.80) |
| Non-operating income and expenses | 2,538,831 | 2,885,251 | (346,420) | (12.01) |
| Income before income tax | 9,824,308 | 12,084,526 | (2,260,218) | (18.70) |
| Income tax expense | (1,958,082) | (2,145,181) | 187,099 | (8.72) |
| Net income for the year | 7,866,226 | 9,939,345 | (2,073,119) | (20.86) |
| Analysis and explanation of the main reasons for significant changes in operating revenue, operating profit, and pre-tax profit over the past two years:<br>(1) The decrease in net operating profit is mainly due to slowing market demand and the company's new product transition period.<br>(2) The decrease in non-operating income and expenses is primarily due to a decrease in royalty income. | | | | |

### 2. Expected sales volume and its considerations

The company establishes annual sales targets and determines the expected sales quantity based on the overall industry environment, market supply and demand conditions, and past business performance.

### 3. Anticipated impact on the company's future financial operations and response plans

Based on sales and operational objectives, the company establishes operational and financial plans. The achievement of these plans may be influenced by factors such as industry environment, market supply and demand, and the company's operational conditions. However, each department within the company will confirm and control the achievement of goals according to the established plans. Additionally, response plans will be formulated for actual or potential factors that may impact the achievement of the plans, ensuring the attainment of objectives. Furthermore, considering the growth of the company's business, adjustments to product portfolio will be made based on changes in market demand. The company will continuously strive for product optimization and innovation, maintaining a technological advantage and product competitiveness, in order to expand market share and enhance profitability.

## 7.3 Analysis of Cash Flow

### 1. Analysis of the changes in cash flows in the most recent year

Unit: NT$ thousands

| Cash balance at the beginning of period ① | Cash flows from operating activities of the period ② | Cash flows from investing activities of the period ③ | Cash flows from financing activities of the period ④ | The influence of changes in the exchange rate on cash and cash equivalents ⑤ | Amount of cash surplus (short) ①+②+③+④+⑤ | Remedy for cash short | |
|---|---|---|---|---|---|---|---|
| | | | | | | Investment plan | Financing plan |
| 8,835,066 | 10,626,434 | (8,330,036) | (1,204,569) | (238,958) | 9,687,937 | N/A | N/A |

1. Analysis of the changes in cash flows in the most recent year:
   (1) Operating Activities: The net cash inflow from operating activities is mainly due to an increase in cash inflows generated from operations.
   (2) Investing Activities: The net cash outflow from investing activities is primarily due to investments in fixed deposits and financial instruments.
   (3) Financing Activities: The net cash outflow from financing activities is mainly due to an increase in borrowings and the net effect of cash dividends paid.
2. Remedial measures for cash shortages and plans to improve liquidity: N/A.

### 2. Cash Flow Analysis for the Coming Year

The company expects that the cash on hand and net cash inflows from operating activities in 2024 will be sufficient to cover various cash outflows, including repayment of bank loans and the payment of cash dividends. As a result, the company anticipates good cash liquidity in the future.

## 7.4 Impact of major capital expenditures in recent years

Unit: NT$ thousands

| Project | Actual or Planned Source of Capital | Total Capital | Actual or Expected Capital Expenditure | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| Plant, equipment and other | Equity fund | 5,544,170 | 2,442,789 | 3,101,381 |

Expected potential benefits: The aforementioned capital expenditures are in response to the company's business development and serve various purposes such as expanding production capacity, improving production efficiency, and developing new technologies.

## 7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

### 7.5.1 Investment Policy in the Last Year

1. Investments were made in related upstream and downstream ePaper industries to complement the long-term development of the Company. These aimed to lower production costs and increase production capacity.
2. The main consideration during investment was business development and overseas growth strategy. Financial returns and risks served as the basis for investment strategy.

### 7.5.2 Profit and loss analysis for invested businesses

Invested businesses as a whole delivered NT$4,632,382 thousand in profits during 2023, an increase of NT$255,019 thousand compared with 2022. This increase was mainly attributed to an increase in subsidiary revenues and profit margins.

### 7.5.3 Improvement Plans & Investment Plans for the Coming Year

The company's investment in the investment businesses is guided by long-term strategic objectives. It continues to focus on developing new types of EPD and related applications within the upstream and downstream ecosystem. The goal is to expand the market presence in the EPD industry while considering financial risks and investment returns. A cautious evaluation is undertaken to maximize the value created by the company.

### 7.6 Risks of the most recent year and as of the printing date of this annual report

**7.6.1 The influence of interest rate, exchange rate fluctuation, inflation on the income position of the Company, and the responses in the future:**

1. Interest rate:
   As of the publication date, the US and Taiwan have increased interest rates, leading to higher deposit interest rates. The company has adjusted the allocation of funds in a timely manner to effectively utilize its capital.

2. Exchange rate:
   The company's foreign currency assets and liabilities are primarily in USD. In 2023, the USD appreciated against Asian currencies, resulting in exchange gains for the company. As of the publication date, the USD continues to appreciate against Asian currencies. The company will engage in foreign exchange hedging appropriately to mitigate the impact of exchange rate fluctuations.

   Future measures:
   The company adheres to a prudent foreign exchange strategy, dynamically adjusts its foreign currency assets and liabilities, and continues to utilize hedging instruments to control the impact of exchange rate volatility on the overall operations of the company.

3. Inflation:
   Many countries globally continue to adopt relatively loose monetary policies, raising concerns about future inflation. However, the short-term impact of inflation on the company's profitability is minimal.

**7.6.2 Undertaking of high risk and high leverage investment, the policies of loaning of funds to a third party, and endorsement/guarantee, the main reason for profit or loss, and the response in the future:**
The Company was not engaged in high risk and high leverage investment. In general, the Company does not finance a third party or undertake endorsement/guarantee in favor of a third party except to subsidiaries under the control of the Company or for business reasons. Loaning of funds and endorsement/guarantee shall be subject to review and evaluation in accordance with the “Procedure for Loaning of Funds and Endorsement/Guarantee” in processing. The Company engaged in derivative trade for hedge only and will proceed with the policies and measurement under the “Procedure for the Acquisition or Disposition of Assets” of the Company.

**7.6.3 R&D Plan in the future and the projection of expenses for R&D:**
In the coming five years, the company will continue its current research and development direction, focusing on the technological advancements of ePaper displays. Research will be conducted in areas such as large size, colorization, lightweight design, touch functionality, writability, and flexibility. Process technology will also be explored in terms of integration and functional enhancement. Attention will be given to the development of TFT-related materials to improve overall product quality and production yield. Additionally, the company will continue to invest in the development of other display-related technologies. The goal is to combine different advantages in display technologies to meet the unique product demands of niche customers, ensuring sustainable development in the competitive display industry.

Expanding the applications of ePaper beyond eReader and exploring other areas within the display field is an important focus for the company's research team. Currently, the ePaper technology has made significant progress in the field of electronic labels. The research team will align with market demands and launch relevant products to adapt to the rapid development of electronic labeling. Other applications in areas such as eNote systems, IoT devices, smart cards, dual-screen phones, and signage displays are also actively pursued. The total research expenditure for the above-mentioned projects in the next year is estimated to be around 10% to 15% of the revenue proportion.

**7.6.4 The influence of the changes in major policies of the home governments and foreign governments, and the regulatory environment, on the financial position and operation of the Company, and the response:**
The Company pays close attention to any change in policies and regulatory environment that may affect the operation of the Company and makes corresponding adjustment to its related internal system.

**7.6.5 The impact of technological and industrial change on the financial position and operation of the Company,**

**and the response:**

The company continuously monitors technological developments in the display industry and engages in evaluation and research and development. To date, technological changes and industry shifts have not had a significant impact on the company's financial operations.

**7.6.6 The influence of the change in corporate image on corporate crisis management, and the response:**

The core value of an enterprise is corporate image and reputation. The buildup of an image and accumulation of reputation was rested with the cornerstone of rapid and effective communication and sincerity. It is not only the responsibility of the enterprise but also the responsibility of all of the enterprise for the effective and efficient response to crisis of the enterprise and minimization of the damage. The officers of the Company are well aware of crisis management and amplify the effect of dissemination so that related agencies or the investors could keep abreast of the dynamic situation of the Company. The long-term support and trust of the investors will be an input to the sustainable development of the enterprise for yielding positive result.

**7.6.7 The expected result of merger and acquisition and possible risk, and the response:** None.

**7.6.8 The expected result from capacity expansion and possible risk:**

To meet market demand, the company added production lines to expand capacity. In March 2021 and December 2020, the board of directors approved the expansion plan for the Hsinchu factory. Additionally, in August 2022, the board of directors decided to construct a new office building for the Guanyin factory. Furthermore, the subsidiary, TOC, also had BoD approved investment plans for expanding factory space and increasing production capacity over the next three to five years.

**7.6.9 The risks of over concentration of sale and purchase, and the response:**

The Company has pursued a diversification policy for avoiding the risk deriving from over concentration in purchase and sale.

**7.6.10 The influence and risk from the massive transfer of equity shares or swap by the Directors, Supervisors, or shareholders holding more than 10% of the shares issued by the Company, and the response:** None.

**7.6.11 The influence and risk from change hand in ownership, and the response:** None.

**7.6.12 Legal actions or non-contentious matters shall be assured to include major legal actions, non-contentious matters or administrative appeals already trialed with sentence or in proceeding as stated in the financial statements covering the most recent year:** None.

**7.6.13 Other important risks, and mitigation measures being or to be taken:**

### Assessment for information security risks and Response measures:

1. **Assessment for information security risks**
   - 1.1 Continuously monitor internal and external information security risks.
   - 1.2 Effectively identify threat sources and analyze the potential and impact of exposure to the organization.
   - 1.3 Report risks identified in the risk assessment to the Information Security Committee for discussion and decision-making.
   - 1.4 Enhance the organization's internal and external cybersecurity risk detection and defense capabilities.
2. **Response measures for information security risks**
   - 2.1 **Information System Risk Prevention and Operations Management:**

     (1) Server hardware is designed with hardware redundancy mechanisms to prevent service interruptions due to single hardware system failures.

     (2) Information systems are equipped with round-the-clock monitoring and alert mechanisms to notify system administrators immediately in case of anomalies for swift troubleshooting.

     (3) Information systems feature automated scheduling and offsite data replication backup mechanisms.

     (4) Primary information systems and databases have remote backup servers.

2.2 **Emergency Response and Crisis Management:**

In response to system anomalies, rigorous procedures are established, and annual disaster recovery drills are conducted for main systems to ensure orderly and calm crisis management. Reviews and records are made post-event or drill for continuous improvement and reduced disaster recovery times.

2.3 **Front-End Information Device Operations Management and Security Control:**

(1) Wired networks are secured with endpoint security controls to prevent unauthorized devices from accessing internal information systems.

(2) Wireless networks have strict device and identity verification mechanisms to block unauthorized access.

(3) Endpoint computer devices are controlled rigorously through encryption, regulated USB ports, software installations, and access to network shares or cloud storage.

(4) Smart mobile devices are managed under essential security controls to fulfill the requirements of mobile working while ensuring necessary information security.

(5) Internet access is managed with behavior monitoring and antivirus mechanisms, with categorized control over accessible websites, despite the system's obsolescence and vulnerability to evolving web services, computer viruses, phishing, hacking, and fraud.

(6) An email protection system is in place to filter out various types of computer viruses, phishing, hacking, and fraud conducted via email.

(7) Beyond these systems, the IT unit also conducts educational campaigns to heighten staff awareness and promote correct usage practices to mitigate the risk of security incidents.

2.4 **External Exposure Monitoring and Vulnerability Detection:**

Mechanisms for external exposure analysis and vulnerability detection are established to address high-risk information services exposed to external threats. This framework is designed to reduce the risks of malicious external intrusions and attacks.

2.5 **Annual Penetration Testing:**

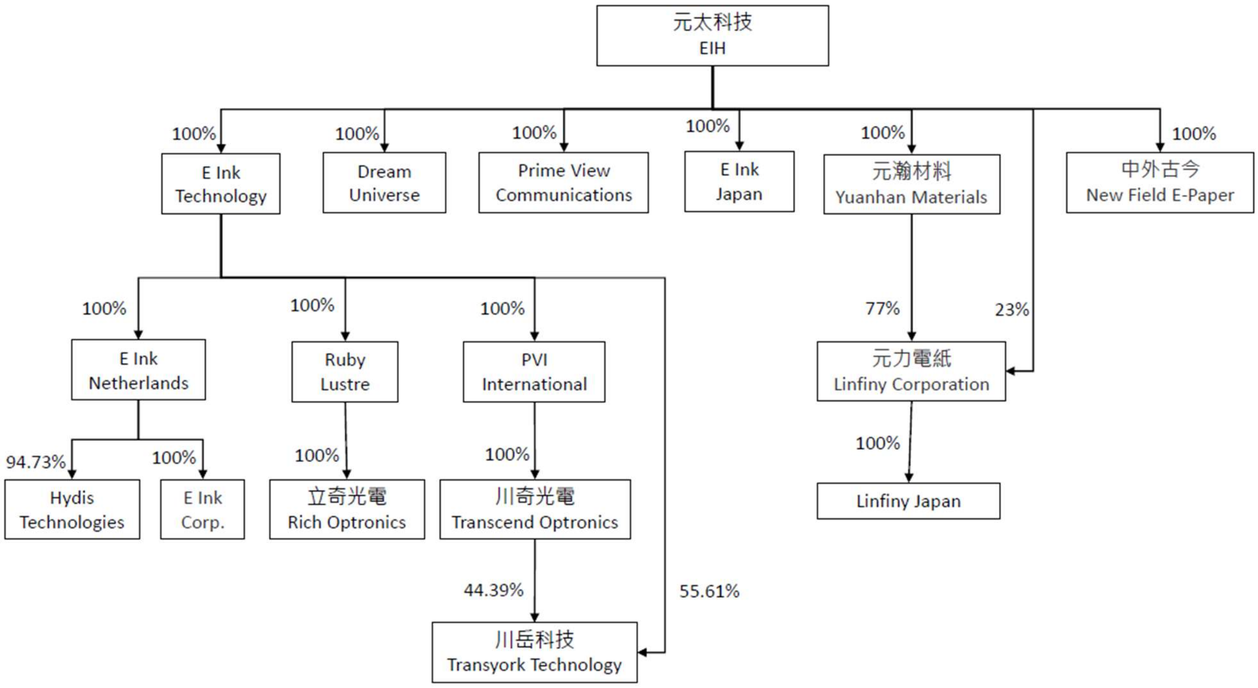
Penetration tests are conducted annually on external system services to ensure the security and safety of using these external services.

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Summary of Affiliated Companies

Dec 31, 2023




#### 8.1.2 Basic Information of Affiliated Companies

December 31, 2023/In NT$'000 unless otherwise specified

| Company Name | Date of Inception | Address | Registered Capital | Main Business or Production |
|---|---|---|---|---|
| YuanHan Materials Ltd. | 2000.05.29 | 15F, No. 51, Sec. 2, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan | 1,838,192 | Research, development and sale of electronic parts and electronic ink |
| New Field e-Paper Co., Ltd. | 2009.06.01 | No. 199 Huaya Road 2,Kweishan Taoyan Taiwan | 1,772,171 | Investment |
| Linfiny Corporation | 2017.04.11 | No. 199 Huaya Road 2,Kweishan Taoyan Taiwan | 14,775 | Research and development of Electronic ink |
| Linfiny Japan Inc. | 2017.04.27 | 1-24-2, Taito, Taito District, Tokyo, Japan | 20,000(JPY'000) | Research and development of Electronic ink |
| E Ink Corporation | 1997.04.02 | 1000 Technology Park Drive, Billerica, Massachusetts, United States of America | US$2 | Manufacture and sale of electronic ink |
| E Ink California, LLC | 2014.07 | 47485 Seabridge Dr., Fremont, CA, 94538, USA | 190(US$'000) | Sale and Development of Electronic Material |
| E Ink Japan Inc. | 2014.12.04 | 2F, Dai12DaitetsuBldg., 3-12, Yotsuya 4-chome, Shinjuku-ku,Tokyo | 10,000(JPY'000) | Development of electronics ink products |
| E Ink Technology B.V. (original name: PVI Global B.V.) | 2002.04.30 | High Tech Campus 69, Unit 3, 5656AG Eindhoven, Netherlands | 437,536 (US$'000) | Investment |

| Company Name | Date of Inception | Address | Registered Capital | Main Business or Production |
|---|---|---|---|---|
| PVI International Corp. | 2002.04.30 | Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands | 169,300(US$'000) | Trading |
| Prime View Communications Ltd. | 2002.04.11 | UNIT 16 23/F METROPOLE SQUARE, 2 ON YIU STREET, SHATIN, N.T.,HONGKONG | 3570(HK$'000) | Trading |
| Dream Universe Ltd. | 2004.03.31 | 3rd Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius | 4,050(US$'000) | Trading |
| Ruby Lustre Ltd. | 2003.01.03 | Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands | 30,000(US$'000) | Investment |
| E Ink Netherlands B.V. (original name: Dream Pacific International B.V.) | 2004.03.31 | High Tech Campus 69, Unit 3, 5656AG Eindhoven, Netherlands | 355,123 (US$'000) | Investment |
| Transcend Optronics (Yangzhou) Co., Ltd. | 2002.04.30 | NO.8,Wuzhou West Road, Economic and Technological Development Zone, YANGZHOU, P.R.China | 187,300 (US$'000) | Assembly and sale of display panels |
| Rich Optronics (Yangzhou) Co., Ltd. | 2004.03.31 | NO.8,Wuzhou West Road, Economic and Technological Development Zone, YANGZHOU, P.R.China | 30,000(US$'000) | Assembly and sale of display panels |
| Hydis Technologies Co., Ltd. | 2002.11.25 | Urbanbench Building 9F, 325, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea | 19,967,175(KRW$'000) | Display product development and patent licensing |
| Transyork Technology Yangzhou Ltd. | 2011.03.04 | No. 8, Wuzhou West Road, Jingji Development Area, Yangzhou, P.R.China | 36,931(US$'000) | Assembly and sale of display panels |

Note: E Ink California, LLC has been merged with E Ink Corporation.

**8.1.3 Shareholder information of affiliates to which the Company exercise control:** None.

**8.1.4 Industries covered by business of all affiliated companies**

| Company Name | Main Business or Production | Allocation of Function |
|---|---|---|
| YuanHan Material Ltd. | Research, development and sale of electronic parts and electronic ink | Sale and Development of Electronic Material |
| New Field e-Paper Co., Ltd. | Investment | Not Applicable |
| Linfiny Corporation | Research and development of Electronic ink | Development of Electronic Material |
| Linfiny Japan Inc. | Research and development of Electronic ink | Development of Electronic Material |
| E Ink Corporation | Manufacture and sale of electronic ink | Sale, Manufacturing and Development of Electronic Components |
| E Ink California, LLC | Research, development and sale of electronic ink | Sale and Development of Electronic Material |
| E Ink Japan, Inc. | Development of electronics ink products | Development of Electronic Material |
| E Ink Technology B.V. (original name: PVI Global B.V.) | Investment | Not Applicable |
| PVI International Corp. | Trading | Not Applicable |
| Prime View Communications Ltd. | Trading | Not Applicable |
| Dream Universe Ltd. | Trading | Not Applicable |
| Ruby Lustre Ltd. | Investment | Not Applicable |
| E Ink Netherlands B.V. (original name: Dream Pacific International B.V.) | Investment | Not Applicable |
| Transcend Optronics (Yangzhou) Co., Ltd. | Assembly and sale of display panels | Manufacturing and sale of Parent Company's Products |
| Rich Optronics (Yangzhou) Co., Ltd. | Assembly and sale of display panels | Manufacturing and sale of Parent Company's Products |
| Hydis Technologies Co., Ltd. | Display product development and patent licensing | Development of Display Devices and patent licensing |
| Transyork Technology Yangzhou Ltd. | Assembly and sale of display panels | Not Applicable |

Note: E Ink California, LLC has been merged with E Ink Corporation.

**8.1.5 Directors, statutory auditor(s) and President of each affiliated companies**

Dec 31, 2023/unit:share

| Company Name | Title | Representatives | Ownership | |
|---|---|---|---|---|
| | | | Number of Shares | Percentage |
| YuanHan Materials Ltd. | Director | Luke Chen、Johnson Lee、FY Gan | 183,819,268 | 100% |
| | Supervisor | Patrick Chang | | |
| New Field e-Paper Co., Ltd. | Director | Lloyd Chen、Johnson Lee、FY Gan | 177,217,132 | 100% |
| | Supervisor | Patrick Chang | | |
| Linfiny Corporation | Director | Johnson Lee、FY Gan、Luke Chen、JM Hung 、Jim Chang、Naoki Sumita | 1,477,514 | 100% |
| | Supervisor | Patrick Chang | | |
| Linfiny Japan Inc. | Director | Johnson Lee、Naoki Sumita、Keisuke Hashimoto | 4,000 | 81% |
| | Supervisor | Patrick Chang | | |
| E Ink Corporation | Director | S.C. Ho、Johnson Lee、FY Gan、Luke Chen、Paul Apen | 2,282 | 100% |
| E Ink California, LLC | General Manager | FY Gan | 27,400,000 | 100% |
| E Ink Japan, Inc. | Director | Johnson Lee、Patrick Chang、Naoki Sumita | 200 | 100% |
| E Ink Technology B.V. (original name: PVI Global B.V.) | Director | Johnson Lee、Liu, Chung Hui Lee | 108,413,176 | 100% |
| PVI International Corp. | Director | Johnson Lee、Lloyd Chen | 169,300,000 | 100% |
| Prime View Communications Ltd. | Director | Johnson Lee、Amanda Tseng | 3,570,000 | 100% |
| Dream Universe Ltd. | Director | Luke Chen、Patrick Chang | 4,050,000 | 100% |
| Ruby Lustre Ltd. | Director | Luke Chen、Patrick Chang | 30,000,000 | 100% |
| E Ink Netherlands B.V. (original name: Dream Pacific International B.V.) | Director | Johnson Lee、Liu, Chung Hui Lee | 26,000,000 | 100% |
| Transcend Optronics (Yangzhou) Co., Ltd. | Director | Johnson Lee、Luke Chen、Mano Lo | - | 100% |
| | Supervisor | Patrick Chang | | |
| | General Manager | Roger Chou | | |
| Rich Optronics (Yangzhou) Co., Ltd. | Director | Johnson Lee、Luke Chen、Roger Chou | - | 100% |
| | Supervisor | Patrick Chang | | |
| | General Manager | Roger Chou | | |
| Hydis Technologies Co., Ltd. | Director | Johnson Lee、FY Gan、Lloyd Chen、Cecil Liu | 3,783,265 | 94.73% |
| | Supervisor | Patrick Chang | | |
| | General Manager | Cecil Liu | | |
| Transyork Technology Yangzhou Ltd. | Director | Johnson Lee、Luke Chen、Mano Lo | - | 100% |
| | Supervisor | Patrick Chang | | |
| | General Manager | Roger Chou | | |

Note: E Ink California, LLC has been merged with E Ink Corporation.

### 8.1.6 Operation Overview of Affiliated Companies

**As of December 31, 2023/Unit:NT$ thousands, except Earnings Per Share(NT$)**

| Company Name | Currency | Registered Capital | Total Assets | Total Liabilities | Net Asset Value | Revenue | Operating Profit/Loss | Net Profit/Loss | EPS (Note1) |
|---|---|---|---|---|---|---|---|---|---|
| New Field e-Paper Co., Ltd. | NT$'000 | 1,772,171 | 2,492,795 | 603,035 | 1,889,760 | 0 | (1,461) | 46,314 | 0.26 |
| E Ink Corporation | US$'000 | 2 | 228,839 | 71,637 | 157,202 | 177,720 | 15,772 | 18,535 | 8,122.26 |
| E Ink California, LLC | US$'000 | 0 | 0 | 0 | 0 | 12,087 | 1,143 | 2,638 | 0.10 |
| E Ink Japan Inc. | JP¥'000 | 10,000 | 153,838 | 88,917 | 64,921 | 287,543 | 14,026 | (10,529) | (52,645.00) |
| E Ink Technology B.V. | US$'000 | 437,536 | 1,140,439 | 119 | 1,140,320 | 16 | (297) | 132,056 | 0.30 |
| PVI International Corp. | US$'000 | 169,300 | 324,744 | 1 | 324,743 | 0 | (5) | 76,448 | 0.45 |
| Prime View Communications Ltd. | HK$'000 | 3,570 | 6,376 | 31,712 | (25,336) | 0 | (6,785) | (7,833) | (2.19) |
| Dream Universe Ltd. | US$'000 | 4,050 | 14,521 | 894 | 13,627 | 0 | (6) | 645 | 0.16 |
| Ruby Lustre Ltd. | US$'000 | 30,000 | 35,002 | 0 | 35,002 | 0 | 0 | 2,800 | 0.09 |
| E Ink Netherlands B.V. | US$'000 | 355,123 | 743,448 | 4,331 | 739,117 | 34 | (309) | 51,659 | 0.15 |
| Transcend Optronics (Yangzhou) Co., Ltd. | CN¥'000 | US$239,300 | 3,588,732 | 1,290,239 | 2,298,493 | 3,613,071 | 685,293 | 538,687 | N/A |
| Rich Optronics (Yangzhou) Co., Ltd. | CN¥'000 | US$30,000 | 310,617 | 62,712 | 247,905 | 141,786 | 10,807 | 19,645 | N/A |
| Hydis Technologies Co., Ltd. | KR₩'000 | 19,967,175 | 519,472,683 | 11,889,136 | 507,583,547 | 0 | (4,886,459) | 45,395,692 | 11,367.58 |
| Transyork Technology Yangzhou Ltd. | CN¥'000 | US$36,931 | 204,746 | 341 | 204,405 | 0 | (3,500) | 6,002 | N/A |
| Linfiny Japan Inc. | JP¥'000 | 20,000 | 166,916 | 58,913 | 108,003 | 194,725 | 9,262 | (57) | (14.25) |
| Linfiny Corporation | NT$'000 | 14,775 | 72,161 | 57,388 | 14,773 | 89,441 | 5,063 | 2,484 | 1.68 |
| YuanHan Materials Inc. | NT$'000 | 1,838,193 | 13,324,732 | 3,388,513 | 9,936,219 | 1,354,016 | 314,497 | 503,416 | 2.74 |

Note1: EPS is after-tax basis, with same currency unit.
Note2: E Ink California, LLC has been merged with E Ink Corporation.

**8.1.7 Affiliated Parties Consolidated Financial Statements:** Please refer to Appendix "Consolidated Financial Statements".

**8.1.8 Affiliated Parties Report:** Not Applicable.

## 8.2 Declaration on Internal Control System

E Ink Holdings Inc.

Declaration on Internal Control System

Date: February 23, 2024

The Company hereby declares the following in relation to its internal control system established in 2023 based on its own evaluation:

1. Knowing that the establishment, implementation and maintenance of internal control system are the responsibilities of the Company's board of directors and managers, the Company has established such system. The purpose of the system is to achieve reasonable assurance of effective and efficiency of operations (including profits, performance and safeguard of asset security), reliability, timeliness, transparency and regulatory compliance of reporting and compliance with applicable laws, regulations and bylaws.
2. An internal control system has inherent limits. However, complete the design, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. The effectiveness of the internal control system may also vary due to the change of environment and situation. However, the Company's internal control system includes an auto-supervisory mechanism. Once a deficiency is identified, the Company will be able to undertake corrective actions immediately.
3. The Company adopts the criteria for effectiveness of the internal control system under the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations") to determine whether the design and implementation of the internal control system are effective. The Regulations divide the internal control system into 5 constituent elements in the process of control: 1. Control environment, 2. Risk assessment, 3. Control procedure, 4. Information and communication, and 5. Supervision. Each constituent element also includes several items. For these items, please refer to the provisions of the Regulations.
4. The Company has adopted the above internal control system criteria to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the evaluation under the previous paragraph, the Company deems that, in relation to its internal control system as of December 31, 2022(including supervision and management of subsidiaries), the design and implementation of the internal control system are effective, including an understanding of the level of achievement of the objectives of operational results and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting and compliance with applicable laws, regulations and bylaws, and can reasonably ensure the achievement of these objectives.
6. This Declaration will become a main part of the Company's annual report and prospectus and will be published. Any falsity of concealment of such publication will result in legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Declaration is approved by the board of directors of the Company on February 23, 2024. All 7 attending directors approved this Declaration, and no director voiced any objection. In witness hereof.

E Ink Holdings, Inc.

Chairman: Johnson Lee

President: FY Gan

**8.3 The offering of securities through private placement in the most recent year to the date this report was printed:** None.

**8.4 The holding or disposals of Company shares by subsidiaries in the most recent year to the date this report was printed:** None.

**8.5 Additional Information:** None.

**8.6 Incidents that caused significant influence on the shareholders' equity or stock price of the Company as stated in Subparagraph3, Paragraph 2 in Article 36 of this law in the most recent year to the date this report was printed:** None.

**8.7 Major resolutions of the Shareholders Meeting and Board in the most recent year to the date this report was printed**.

**1. Major resolutions passed in shareholder meetings and the execution progress**

The Company's 2023 annual general meeting was held on June 29, 2023 at the Company's 1F conference room (No. 3, Lixing 1st Rd., Hsinchu Science Park, Hsinchu City).
Below is a summary of resolutions made during the meeting and the execution progress:

| Acknowledgments, Discussions, and Election | Current Progress |
|---|---|
| (1) Annual Financial Statements for the Year 2022 of the Company | Approved. |
| (2) Proposal for the Distribution of Profits for the Year 2022 of the Company. | Resolution passed; Cash dividend payment completed on August 24,2023. |
| (3) Election of Four Directors and Three Independent Directors for the 12th Term of the Company. | Elected seven directors and filed the required public announcement; Change of registration completed on July 11, 2023. |
| (4) Proposal to Lift Restrictions on Competition for Newly Appointed Directors and Their Representatives of the Company. | Approved and announced as required. |

**2. Important resolutions of the board of directors**

The company convened a total of 7 board meetings during the 2023 fiscal year and up to March 31, 2024. The summary of important decisions is as follows:

| Board Meeting Date | Session | Resolution |
|---|---|---|
| 2023.2.23 | 11th term, 17th meeting. | Proposal of the financial statements for the year 2022 for the company.<br>Proposal for the distribution of profits for the year 2022 for the company.<br>Proposal for the distribution of profits for the year 2022 for the company, including the amount of employee remuneration and director remuneration, distribution method, and recipients.<br>Proposal for the review and approval of the achievement status of performance goals and related employee stock options ("ESOP") for the year 2022 for the company.<br>Proposal for the "Internal Control System Declaration" for the year 2022 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for the regular evaluation of the independence and suitability of appointed signing accountants for the company.<br>Proposal for the audit service fees for the years 2022 to 2024 for the company.<br>Proposal to revise certain articles of the "Compensation Committee Organization Regulations" of the company.<br>Proposal for the construction of a dust-free room and general production area for the FPL production line at the company's new plant in Hsinchu.<br>Proposal for the time, place, and agenda of the shareholder meeting to be held in the year 2023 for the company. |
| 2023.5.5 | 11th term, 18th meeting. | Proposal for the company's first quarter business performance and financial statements for the year 2023.<br>Proposal for the salary adjustment of the company for the year 2023.<br>Proposal for the distribution ratio of performance targets and related employee stock options ("ESOP") for the year 2023 and the review and approval of the 2023 performance goals. |

| Board Meeting Date | Session | Resolution |
|---|---|---|
| | | Proposal for the "Employee Stock Option Certificate Plan" of the company for the year 2023.<br>Proposal for the application for financing and loans with banks for the company.<br>Proposal for the company to act as a joint invoice payer for financing and loans with banks for its subsidiaries.<br>Proposal for the construction of peripheral equipment and secondary construction of the FPL plant in Hsinchu, Taiwan for the company.<br>Proposal for the nomination and review of candidates for the 12th Board of Directors (including independent directors) of the company. |
| 2023.6.29 | 12th term, 1st meeting. | Proposal to appoint Mr. S.C. Ho, founder of the company, as the company's chief advisor.<br>Proposal to appoint members of the fifth Compensation Committee of the company.<br>Proposal to appoint members of the second Sustainable Development Committee of the company.<br>Proposal to lift the restrictions on competitive employment for the general manager of the company. |
| 2023.8.11 | 12th term, 2nd meeting. | Proposal for the business situation and consolidated financial statements for the second quarter of 2023 for the company.<br>Proposal for salary adjustments for executive-level and above senior managers for 2023.<br>Proposal for promotion and job change compensation adjustments for managers of the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal to revise the group's tax policy and management measures. |
| 2023.11.3 | 12th term, 3rd meeting. | Proposal for the business situation and consolidated financial statements for the third quarter of 2023 for the company.<br>Proposal to establish the base date for the conversion and issuance of new shares for the third quarter employee stock warrants for 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for providing funding to 100% owned subsidiary Yuanhan Materials Co., Ltd. ("Yuanhan") of the group.<br>Proposal to establish the "Operating Procedures for Financial Transactions between Related Parties" for the company.<br>Proposal for the construction of the INK new line and related facilities at the Guanyin plant of the company. |
| 2023.12.7 | 12th term, 4th meeting. | Proposal for the operating plan and budget for the year 2024 for the company.<br>Proposal for the "Audit Plan" for the year 2024 for the company.<br>Proposal for the performance goals and stock rewards for the year 2023 for the company.<br>Proposal for the performance goals and evaluation criteria for managers for the year 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company. |
| 2024.2.23 | 12th term, 5th meeting. | Proposal for the financial statements for the year 2023 for the company.<br>Proposal for the distribution of profits for the year 2023 for the company.<br>Proposal for the distribution of profits for the year 2023, including the amount and distribution method of employee remuneration and director remuneration<br>Proposal to adjust the amount of transportation expenses (carriage and horse expenses) for directors attending relevant meetings of the company from the year 2023.<br>Proposal for the distribution ratio of performance goals and related employee stock options ("ESOP") for the year 2023 for the company.<br>Proposal to establish the conversion and issuance date of new shares for the employee stock options ("ESOP") for the fourth quarter of 2022 for the company.<br>Proposal for the "Internal Control System Declaration" for the year 2023 for the company.<br>Proposal for the application for financing and loan limits with banks for the company.<br>Proposal for the regular evaluation of the independence and suitability of appointed signing accountants for the company.<br>Proposal to revise certain articles of the "Board of Directors Meeting Rules" of the company.<br>Proposal to revise certain articles of the "Audit Committee Organization Regulations" of the company.<br>Proposal for the time, place, and agenda of the shareholder meeting to be held in the year 2024 for the company. |

**8.8 Scope of Authority, Business Highlights during the Year, and Continuing Education for the Chief Governance Officer**

**1. The scope of authority of the chief governance officer**

A dedicated position was established by the Company to manage all corporate governance affairs. The scope of authority includes:

(1) Organize Board meetings in accordance with the law.
(2) Production of Board meeting minutes.
(3) Assist with the appointment and continuing education for directors and independent directors.
(4) Provide directors and independent directors with the information necessary to carry out their duties.
(5) Assist directors and independent directors with compliance.
(6) Any other matters set out in the Company articles of incorporation, are those approved a resolution of the Board.

**2. Business Highlights during the Year**

I. Organizing of Board meetings and regulatory compliance:

(1) Planning of Board meetings, drafting of the agenda, writing of proposals, providing all participating directors and attending officers with seven days' notice, and providing enough information for the meeting. This helps directors understand the nature of related topics before the meeting.

(2) Reminds directors in advance to recuse themselves from a proposal if a conflict of interest exists. Meeting minutes should be compiled after the meeting and delivered to each director within 20 days of each meeting.

(3) Check that the convening of Board meetings, resolutions put before the Board, resolution process and meeting procedure all conform to the relevant laws and corporate governance best practice principles.

(4) Organize performance self-assessments for the Board of Directors, Board members, and functional committee members in accordance with the Rules for Performance Evaluation of Board Directors. The assessment completed in 2020 Q1 was completed, and the results were reported to the Board. The results of the assessment were uploaded in accordance with the law and published in the annual report.

(5) The Company has established sound corporate governance practices in accordance with the recommendations of the Financial Supervisory Commission (FSC). It notifies directors by email and marks it on their calendars to remind them to prohibit trading in E Ink Holdings stock 30 days before the announcement of financial reports (annual report) / 15 days (quarterly report). Through automated system settings, directors are automatically notified, saving manpower and avoiding erroneous notifications. In 2023, the Company also held a total of two internal training courses for employees through the E Ink University education and training platform.

I. Anti-Corruption Training (2023 Annual Refresher) (2023/04/18 ~ 2023/05/31), with a duration of 1 hour, a total of 742 people passed.

II. Insider Trading Prevention Training_2023 Annual Refresher (2023/09/21-2023/10/31), with a duration of 1 hour, a total of 814 people passed.

II. Provide directors and independent directors information with the education they need and arrange for their continuing education.

(1) Help directors understand what laws they must comply with during the execution of their duties upon request.
(2) Assist Board members with completing at least 6 hours of continuing education each year.

**3. Status of continuing education**

The corporate governance officer completed 12 hours of courses related to corporate governance in 2023. Details of continuing education undertaken in 2023 are as follows:

| Organizer | Name of course | Training hours |
|---|---|---|
| Financial Supervision Commission | Promotion Meeting on the Sustainable Development Action Plan for Listed Companies(April 27th.) | 3 |
| Securities and Futures Institute, SFI | [Ethical Corporate Management Best Practice Principles]~Advanced Seminar on Practices for Directors, Supervisors (including Independent Directors), and Corporate Governance Officers(Sep 12th.) | 3 |
| Taiwan Academy of Banking and Finance | Application, Legal Issues, and Audit of AI(Oct 24th.) | 3 |
| Taiwan Academy of Banking and Finance | The Era of Strong Privacy Regulation is Coming (Dec 1st) | 3 |

**8.9 Policies or strategies for managing environmental, social, and corporate governance risks relating to the Company's operations**

| Risk category | | Item | Risk description | Response strategy |
|---|---|---|---|---|
| Strategic aspect | Changes in economic climate and geopolitical conflict | Economic environment | The overall economic environment changes have led to a downturn in the electronics industry, resulting in declining sales that have impacted the company's revenue, profitability, and financial performance. | To mitigate the business impact of changes and uncertainty in the economic environment, we will work closely with customers to track market sales and develop response strategies while also continuing to control our expenditure and lower production costs. |
| | | Geopolitics | US-China political and economic tensions creating greater future business uncertainty. Higher tariffs for example may impact production costs and end-user demand. | Continue to monitor external changes including global regulations, politics and economic status, and make timely adjustments to our production configuration and capacity expansion plans. |
| | Changes in market sales | Decline in demand for application products | Inflation threatened to send the global economy into recession in 2023. The decline in the consumer electronics market weakened sales of e-readers and e-paper notebooks. It also put pressure on prices. | The economy had an impact on consumer electronic sales but demand for ESL continued to grow. Greater emphasis will therefore be placed on sales of retail applications to compensate for reduced demand in e-readers and e-paper notebooks. |
| | | Concentration of sales | The concentration of sales in a small number of customers expose the company to changes in their demand. | We will work with our partners to expand the e-paper ecosphere, develop a greater variety of e-paper product applications, and identify more potential customers. |
| | Product technology R&D | Technology R&D | If the Company cannot quickly develop innovative technologies in response to technological shifts, we will gradually lose our leading advantage in the industry. | The Company will continue to invest in FLM film and materials, color, flex, and other technologies needed by the ePaper ecosystem. A strategic road map for ePaper patents will also be executed. |
| | | Product time-to-market | The Company risks losing customers and markets if we are unable to respond quickly to market trends on product requirements. | The Company will continue to monitor market trends in technology and application requirements, shorten our product development cycle, accelerate the commercialization and technologies, and speed up mass production off the end-user market. |
| Business aspect | Supply chain management | Higher procurement costs | Rising costs of materials and their storage/transport will increase the cost of production. | Alternative materials will be evaluated and a multi-source supply chain system will be established to lower material and transportation costs. |
| | | Supply disruption | Concentrated purchase gives rise to supply disruption risks; occurrences such as insufficient capacity, factory accident, or natural disaster endured by suppliers may all result in shortage of materials. | Inventory level of all types of raw materials is checked on a weekly basis to determine the optimal inventory plan. Suppliers will be carefully assessed and active efforts made to develop new suppliers. |
| | Green manufacturing and expansion of production capacity | Delays in construction of new plants | We are continuing to expand our production capacity based on forecasts of future market growth. The expansion plan will lead to higher operating costs, however. If we can’t | In response to the risk of over-expansion in production capacity, we will continue to monitor changes in market demand and work closely with customers to adjust our capacity |

| Risk category | | Item | Risk description | Response strategy |
|---|---|---|---|---|
| | | | achieve a corresponding increase in product sales, this will have a negative effect on our business operations. | expansion timetable as necessary. |
| | | Green manufacturing | Non-compliance on waste disposal of discharge of pollutants will result in the Company being fined and impact our business reputation. | Reduce the discharge of pollutants by improve processing capacity for wastewater and emissions. |
| | Human resource development | Attracting and retaining talent | Inability to attract and retain quality talent in sufficient quantities may impact on company operations. | Continue to invest in talent cultivation, salary and benefits, and friendly workplace in order to attract and recruit quality talent. |
| | | Talent development | If our people's skills cannot keep up with the times, then this will lead to the erosion of the Company's competitive advantage and growth. | The E Ink University was established by E Ink in 2020 to provide a variety of common training courses. Employee skills are enhanced through the enforcement of in-service training and the certification system. |
| Financial aspect | Financial and investment risk | Exchange rate fluctuations | Most of the Company's external transactions are in foreign currencies. Unfavorable exchange rate fluctuations will negatively impact revenue and profitability. | The Company insists on the pursuit of stable foreign exchange strategy with dynamic adjustment to the position of assets and liabilities in foreign currencies. This is combined with hedging tools to limit the impact of exchange rate fluctuations on our overall operations. |
| | | Under-performance of new businesses | Our investments in new businesses may not perform as well as anticipated due to economic changes, or problems with technology and production quality. | The Company is continuing to monitor changes in market demand and technological developments. An international assessment process ensures the timely adjustment of investment strategy for optimal return. |

## 8.10 Continuing education of directors during the fiscal year

| Title | Name | Date of training | | Organizer | Name of course | Title | Total hours of continuing education for the year |
|---|---|---|---|---|---|---|---|
| | | Start | End | | | | |
| Representative of Institutional Director | Johnson Lee | 01/12/2023 | 01/12/2023 | Securities and Futures Institute, SFI | Director and Supervisor (including Independent Directors) and Corporate Governance Officer Advanced Seminar on "Corporate Governance and Securities Regulations" | 3 | 6 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | |
| Representative of Institutional Director | FY Gan | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | 6 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |
| Representative of Institutional Director | Luke Chen | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | 6 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |
| Representative of Institutional Director | Sylvia Cheng | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | 12 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |
| | | 09/26/2023 | 09/26/2023 | Cooperate Operating And Sustainable Development Association | Digital Transformation, Envisioning the Future, New Perspectives on Risk Management | 3 | |
| | | 11/21/2023 | 11/21/2023 | Taiwan Corporate Governance Association | The understanding of the supervisory authorities' oversight among directors and senior executives of listed companies. | 3 | |
| Independent Director | Po-Young Chu | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | 6 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |
| Independent Director | Huey-Jen Su | 07/04/2023 | 07/04/2023 | Taiwan Stock Exchange | 2023 Cathay Sustainable Finance and Climate Change Summit. | 6 | 12 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |
| Independent Director | Chang-Mou Yang | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Net zero emissions trends and the paper industry's response strategies; carbon trading and net zero support | 3 | 6 |
| | | 08/21/2023 | 08/21/2023 | Taiwan Corporate Governance Association | Opportunities for the AI industry in Taiwan; Generative AI accelerates digital transformation and smart manufacturing. | 3 | |

## 8.11 Report on the independence and competence of the CPA for the 2023 fiscal year

**I. Basic profile:**

| | |
|---|---|
| CPA Names: Hui-Min Huang<br>Ya-Ling Weng | Accounting firm: Deloitte Taiwan |

**II. Assessment details:**

Defined with reference to the Certified Public Accountant Act, and No.10 Bulletin on the Norm of Professional Ethics for Certified Public Accountant

| Item | Items for evaluation | Yes | No |
|---|---|---|---|
| 1 | No replacement has occurred over the last 7 years until the last time of certification. | V | |
| 2 | No significant financial interest with clients. | V | |
| 3 | Avoid unjustified relation with clients. | V | |
| 4 | CPAs shall ensure their assistants to be honest, fair, and independent. | V | |
| 5 | No audit and certification of the financial statements of the institutions that the CPAs have been working with 2 years prior to the present profession. | V | |
| 6 | No third party may act in the name of the CPA. | V | |
| 7 | No holding of the stocks issued by the Company and its subsidiaries. | V | |
| 8 | No financing with the Company and its affiliates. | V | |
| 9 | Joint investment or sharing profits with the Company or its affiliates. | V | |
| 10 | No engagement in the routine work for regular salary payment with the Company or its subsidiaries. | V | |
| 11 | No involvement with the job functions of the Company and its affiliates in decision-making. | V | |
| 12 | No engagement in any other business that may damage the status of independence. | V | |
| 13 | No management personnel of the company have spouses or relatives within the second degree of kinship. | V | |
| 14 | No acceptance of commission from any business. | V | |
| 15 | No penalty on violation of the principle of independence has ever been imposed. | V | |

**III. Competence and performance:**

1. The audit of the Company's financial statements for each period were completed on time.
2. The periodical financial audits for the Company's investments were completed on time.
3. The Company was providing with financial and taxation advice in a timely manner.

**IV. Outcome of assessment:**

The independence and competence of the attesting CPA were assessed by the Company in accordance with Article 29 of the Corporate Governance Principles for TWSE/TPEx-listed Companies, with reference to Article 47 of the Certified Public Account Act, No.10 Bulletin on the Norm of Professional Ethics for Certified Public Accountant, and the Audit Quality Indicators (AQIs). The assessment found that CPAs Ming-Hui Huang and Ya-Ling Weng, from Deloitte Taiwan, indicated that both CPAs satisfied the Company's criteria for independence and competence, and were therefore qualified to act as the Company’s attesting CPAs.

The company has approved audit services for the fiscal years 2023 and 2024, with each year's fee of 10,805,000 New Taiwan Dollars. The services include certification of financial statements and tax reports. The decision was made by the 11th board of directors on February 23, 2023, without objection.

# Appendix

A. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

## E Ink Holdings Inc. and Subsidiaries

**Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report**

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

E INK HOLDINGS INC.

By

JOHNSON, LEE
Chairman

February 23, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

### Opinion

We have audited the accompanying consolidated financial statements of E Ink Holdings Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

### Basis for Opinion

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

### Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Authenticity of Sales Revenue - Recognition of Sales Revenue from Internet of Things Applications Products

The Group mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Group's sales revenue is affected by changes in market demand, with revenue from Internet of Things applications accounting for over 50%. Rapid changes in terminal market demand result in significant fluctuations in the revenue of Internet of Things applications products. This is of significant importance for the overall financial statements. Therefore, the authenticity of such sales revenue was identified as a key audit matter.

Our key audit procedures performed with respect to the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.

2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declarations of overseas sales, and confirmed the receipt of payments.

**Other Matter**

We have also audited only the financial statements of E Ink Holdings Inc. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

<u>*Notice to Readers*</u>

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## E INK HOLDINGS INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS (Note 4) | | | | |
| Cash and cash equivalents (Note 6) | $ 9,687,937 | 13 | $ 8,835,066 | 14 |
| Financial assets at fair value through profit or loss (Note 7) | 1,888,265 | 3 | 1,473,957 | 2 |
| Financial assets at fair value through other comprehensive income (Notes 8 and 11) | 267,502 | - | - | - |
| Financial assets at amortized cost (Notes 9, 11 and 32) | 8,266,473 | 11 | 4,945,143 | 8 |
| Contract assets (Note 23) | 15,883 | - | 27,566 | - |
| Accounts receivable (Notes 10, 23 and 31) | 2,717,486 | 4 | 4,700,178 | 7 |
| Other receivables (Note 31) | 469,887 | 1 | 263,370 | - |
| Inventories (Note 12) | 2,851,650 | 4 | 4,404,899 | 7 |
| Prepayments (Note 31) | 335,578 | - | 508,997 | 1 |
| Other current assets (Note 25) | 15,029 | - | 5,539 | - |
| Total current assets | 26,515,690 | 36 | 25,164,715 | 39 |
| NON-CURRENT ASSETS (Note 4) | | | | |
| Financial assets at fair value through profit or loss (Note 7) | 2,749,468 | 4 | 2,201,399 | 3 |
| Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31) | 22,601,622 | 30 | 16,732,386 | 26 |
| Financial assets at amortized cost (Notes 9, 11 and 32) | 2,175,413 | 3 | 1,554,668 | 2 |
| Investments accounted for using the equity method (Note 15) | 1,307,285 | 2 | 1,455,933 | 2 |
| Property, plant and equipment (Notes 16, 28 and 31) | 9,149,833 | 12 | 8,033,290 | 12 |
| Right-of-use assets (Notes 17 and 31) | 1,049,987 | 1 | 1,016,890 | 2 |
| Goodwill (Note 18) | 7,134,748 | 9 | 7,135,786 | 11 |
| Other intangible assets (Note 18) | 472,709 | 1 | 577,146 | 1 |
| Deferred tax assets (Note 25) | 1,203,325 | 2 | 1,058,383 | 2 |
| Other non-current assets (Note 31) | 96,153 | - | 195,464 | - |
| Total non-current assets | 47,940,543 | 64 | 39,961,345 | 61 |
| TOTAL | $ 74,456,233 | 100 | $ 65,126,060 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES (Note 4) | | | | |
| Short-term borrowings (Notes 19 and 32) | $ 4,350,437 | 6 | $ 4,352,270 | 7 |
| Short-term bills payable (Note 19) | 4,965,853 | 7 | 654,532 | 1 |
| Financial liabilities at fair value through profit or loss (Note 7) | 622 | - | 52,405 | - |
| Contract liabilities (Note 23) | 630,179 | 1 | 437,442 | 1 |
| Notes and accounts payable (Note 31) | 2,544,280 | 3 | 1,992,054 | 3 |
| Other payables (Notes 20, 28 and 31) | 2,753,862 | 4 | 3,334,773 | 5 |
| Current tax liabilities (Note 25) | 1,385,091 | 2 | 2,005,876 | 3 |
| Long-term borrowings-Current portion (Note 19) | - | - | 150,000 | - |
| Other current liabilities (Notes 17 and 31) | 403,519 | - | 428,789 | 1 |
| Total current liabilities | 17,033,843 | 23 | 13,408,141 | 21 |
| NON-CURRENT LIABILITIES (Note 4) | | | | |
| Long-term borrowings (Note 19) | 5,621,615 | 7 | 5,601,228 | 9 |
| Deferred tax liabilities (Note 25) | 1,178,834 | 2 | 696,631 | 1 |
| Lease liabilities (Notes 17 and 31) | 1,013,776 | 1 | 994,736 | 1 |
| Net defined benefit liabilities (Note 21) | 30,431 | - | 106,981 | - |
| Other non-current liabilities (Note 31) | 29,262 | - | 55,139 | - |
| Total non-current liabilities | 7,873,918 | 10 | 7,454,715 | 11 |
| Total liabilities | 24,907,761 | 33 | 20,862,856 | 32 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27) | | | | |
| Share capital | 11,411,033 | 15 | 11,404,047 | 18 |
| Advance receipts for share capital | 87,141 | - | - | - |
| Capital surplus | 10,878,525 | 15 | 10,748,007 | 16 |
| Retained earnings | 20,696,630 | 28 | 17,822,789 | 27 |
| Other equity | 5,834,492 | 8 | 3,712,145 | 6 |
| Total equity attributable to owners of the Company | 48,907,821 | 66 | 43,686,988 | 67 |
| NON-CONTROLLING INTERESTS (Note 22) | 640,651 | 1 | 576,216 | 1 |
| Total equity | 49,548,472 | 67 | 44,263,204 | 68 |
| TOTAL | $ 74,456,233 | 100 | $ 65,126,060 | 100 |

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

## E INK HOLDINGS INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OPERATING REVENUE (Notes 4, 23 and 31) | $ 27,119,755 | 100 | $ 30,060,509 | 100 |
| OPERATING COSTS (Notes 12, 24 and 31) | 12,663,275 | 47 | 13,830,537 | 46 |
| GROSS PROFIT | 14,456,480 | 53 | 16,229,972 | 54 |
| OPERATING EXPENSES (Notes 24 and 31) | | | | |
| Selling and marketing expenses | 886,538 | 3 | 938,261 | 3 |
| General and administrative expenses | 2,637,617 | 10 | 2,631,971 | 9 |
| Research and development expenses | 3,646,848 | 13 | 3,460,465 | 11 |
| Total operating expenses | 7,171,003 | 26 | 7,030,697 | 23 |
| INCOME FROM OPERATIONS | 7,285,477 | 27 | 9,199,275 | 31 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of loss of associates (Note 15) | (140,802) | (1) | (78,139) | - |
| Interest income (Notes 24 and 31) | 1,127,327 | 4 | 435,409 | 1 |
| Royalty income (Notes 4 and 23) | 538,923 | 2 | 1,339,362 | 4 |
| Dividend income | 535,274 | 2 | 664,612 | 2 |
| Other income (Notes 13, 24 and 31) | 136,653 | 1 | 711,417 | 2 |
| Net (gain) loss on disposal of property, plant and equipment | (10,172) | - | 22,730 | - |
| Net gain on foreign currency exchange (Note 34) | 127,398 | - | 396,748 | 1 |
| Interest expenses (Notes 16 and 31) | (278,508) | (1) | (163,176) | - |
| Other expenses | (46,194) | - | (19,070) | - |
| Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss | 548,932 | 2 | (424,642) | (1) |
| Total non-operating income and expenses | 2,538,831 | 9 | 2,885,251 | 9 |
| INCOME BEFORE INCOME TAX | 9,824,308 | 36 | 12,084,526 | 40 |
| INCOME TAX EXPENSE (Notes 4 and 25) | (1,958,082) | (7) | (2,145,181) | (7) |
| NET INCOME FOR THE YEAR | 7,866,226 | 29 | 9,939,345 | 33 |

(Continued)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 4) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 21) | $ (17,639) | - | $ (6,298) | - |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | 3,095,738 | 11 | 879,219 | 3 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25) | (390,049) | (1) | (457,645) | (1) |
| | 2,688,050 | 10 | 415,276 | 2 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (471,441) | (2) | 1,624,946 | 5 |
| Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income | 112,678 | 1 | (144,278) | - |
| Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Note 15) | 20,174 | - | 6,644 | - |
| Income tax related to items that may be reclassified subsequently to profit or loss (Note 25) | (23,258) | - | 30,504 | - |
| | (361,847) | (1) | 1,517,816 | 5 |
| Other comprehensive income for the period, net of income tax | 2,326,203 | 9 | 1,933,092 | 7 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 10,192,429 | 38 | $ 11,872,437 | 40 |
| NET INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 7,814,326 | 29 | $ 9,911,750 | 33 |
| Non-controlling interests | 51,900 | - | 27,595 | - |
| | $ 7,866,226 | 29 | $ 9,939,345 | 33 |

(Continued)

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
### (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 10,139,003 | 38 | $ 11,827,002 | 40 |
| Non-controlling interests | 53,426 | - | 45,435 | - |
| | $ 10,192,429 | 38 | $ 11,872,437 | 40 |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | $ 6.85 | | $ 8.69 | |
| Diluted | $ 6.78 | | $ 8.60 | |

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

## E INK HOLDINGS INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | | | | Retained Earnings | | | | Other Equity | | | | |
| | Shares (In Thousands) | Amount | Advance Receipts for Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at FVTOCI | Total | Non-controlling Interests | Total Equity |
| BALANCE AT JANUARY 1, 2022 | 1,140,405 | $ 11,404,047 | $ - | $ 10,407,670 | $ 2,441,853 | $ 70,678 | $ 8,487,671 | $ 11,000,202 | $ (2,360,327) | $ 4,715,574 | $ 35,167,166 | $ 530,719 | $ 35,697,885 |
| Appropriation of 2021 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 530,211 | - | (530,211) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (3,649,295) | (3,649,295) | - | - | (3,649,295) | - | (3,649,295) |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | - | - | - | 239,600 | - | - | - | - | 2,399 | - | 241,999 | - | 241,999 |
| Other changes in capital surplus | - | - | - | 7 | - | - | - | - | - | - | 7 | - | 7 |
| Net income for the year ended December 31, 2022 | - | - | - | - | - | - | 9,911,750 | 9,911,750 | - | - | 9,911,750 | 27,595 | 9,939,345 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | - | (4,842) | (4,842) | 1,606,067 | 314,027 | 1,915,252 | 17,840 | 1,933,092 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | - | 9,906,908 | 9,906,908 | 1,606,067 | 314,027 | 11,827,002 | 45,435 | 11,872,437 |
| Difference between consideration received and the carrying amount subsidiaries' net assets during actual disposals | - | - | - | - | - | - | - | - | (621) | - | (621) | - | (621) |
| Share-based payments | - | - | - | 100,730 | - | - | - | - | - | - | 100,730 | 62 | 100,792 |
| Disposal of investments in equity instruments designated as at FVTOCI | - | - | - | - | - | - | 564,974 | 564,974 | - | (564,974) | - | - | - |
| BALANCE AT DECEMBER 31, 2022 | 1,140,405 | 11,404,047 | - | 10,748,007 | 2,972,064 | 70,678 | 14,780,047 | 17,822,789 | (752,482) | 4,464,627 | 43,686,988 | 576,216 | 44,263,204 |
| Appropriation of 2022 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 1,047,188 | - | (1,047,188) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (5,131,821) | (5,131,821) | - | - | (5,131,821) | - | (5,131,821) |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | - | - | - | 5,208 | - | - | - | - | - | - | 5,208 | - | 5,208 |
| Other changes in capital surplus | - | - | - | 14 | - | - | - | - | - | - | 14 | - | 14 |
| Net income for the year ended December 31, 2023 | - | - | - | - | - | - | 7,814,326 | 7,814,326 | - | - | 7,814,326 | 51,900 | 7,866,226 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | - | (14,420) | (14,420) | (437,005) | 2,776,102 | 2,324,677 | 1,526 | 2,326,203 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | - | 7,799,906 | 7,799,906 | (437,005) | 2,776,102 | 10,139,003 | 53,426 | 10,192,429 |
| Actual acquisition of partial interests in subsidiaries | - | - | - | - | - | - | (10,994) | (10,994) | - | - | (10,994) | 10,994 | - |
| Share-based payments | - | - | - | 80,488 | - | - | - | - | - | - | 80,488 | 15 | 80,503 |
| Exercise of employee share options | 698 | 6,986 | 87,141 | 44,808 | - | - | - | - | - | - | 138,935 | - | 138,935 |
| Disposal of investments in equity instruments designated as at FVTOCI | - | - | - | - | - | - | 216,750 | 216,750 | - | (216,750) | - | - | - |
| BALANCE AT DECEMBER 31, 2023 | 1,141,103 | $ 11,411,033 | $ 87,141 | $ 10,878,525 | $ 4,019,252 | $ 70,678 | $ 16,606,700 | $ 20,696,630 | $ (1,189,487) | $ 7,023,979 | $ 48,907,821 | $ 640,651 | $ 49,548,472 |

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

# E INK HOLDINGS INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 9,824,308 | $ 12,084,526 |
| Adjustments for | | |
| Depreciation expenses | 1,197,308 | 812,775 |
| Amortization expenses | 183,468 | 203,385 |
| Expected credit loss recognized on accounts receivable | 3,482 | 2,516 |
| Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss | (548,932) | 424,642 |
| Interest expenses | 278,508 | 163,176 |
| Interest income | (1,127,327) | (435,409) |
| Dividend income | (535,274) | (664,612) |
| Compensation costs of share-based payments | 80,503 | 100,792 |
| Share of loss of associates and joint ventures accounted for using the equity method | 140,802 | 78,139 |
| Net (gain) loss on disposal of property, plant and equipment | 10,172 | (22,730) |
| Net loss on disposal of intangible assets | 272 | 96 |
| Net loss on disposal of investments | - | 996 |
| Reversal of impairment loss | (108) | (431) |
| Reversal of write-downs of inventories | (128,868) | (27,939) |
| Net unrealized loss on foreign currency exchange | 71,514 | 28,757 |
| Gain recognized in bargain purchase transaction | - | (25,131) |
| Gain on lease modification | (1) | (3,901) |
| Other revenue | (41,999) | (568,806) |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 11,541 | - |
| Contract assets | 11,580 | 11,332 |
| Accounts receivable | 1,962,764 | (1,443,434) |
| Other receivables | 23,044 | 7,489 |
| Inventories | 1,674,507 | (60,384) |
| Prepayments | 151,993 | (212,098) |
| Other current assets | 2,300 | (3,073) |
| Financial liabilities held for trading | (197,499) | (562,018) |
| Contract liabilities | 191,360 | (2,903,613) |
| Notes and accounts payable | 619,682 | (1,186,870) |
| Other payables | (449,631) | 1,170,516 |
| Other current liabilities | (24,161) | 218,137 |
| Net defined benefit liabilities | (93,755) | (4,479) |
| Cash generated from operations | 13,291,553 | 7,182,346 |
| Income tax paid | (2,665,119) | (1,151,344) |
| Net cash generated from operating activities | 10,626,434 | 6,031,002 |

(Continued)

## E INK HOLDINGS INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
### (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | $ (4,653,187) | $ (1,084,697) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 1,583,377 | 2,061,867 |
| Capital reduction and withdrawal of shares of financial assets at fair value through other comprehensive income | 5,217 | - |
| Acquisition of financial assets at amortized cost | (21,320,420) | (14,110,751) |
| Proceeds from disposal of financial assets at amortized cost | 17,159,264 | 11,802,642 |
| Acquisition of financial assets at fair value through profit or loss | (1,144,518) | (1,342,462) |
| Proceeds from sale of financial assets at fair value through profit or loss | 876,177 | 1,252,336 |
| Acquisition of associates | - | (199,770) |
| Acquisition of property, plant and equipment | (2,442,789) | (3,101,381) |
| Proceeds from disposal of property, plant and equipment | 9,171 | 80,001 |
| Acquisition of other intangible assets | (16,792) | (35,288) |
| Decrease in other non-current assets | 2,029 | 4,855 |
| Interest received | 1,043,933 | 337,878 |
| Dividends received | 568,502 | 664,612 |
| Net cash used in investing activities | (8,330,036) | (3,670,158) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | (188,042) | 424,412 |
| Increase (decrease) in short-term bills payable | 4,311,321 | (3,990,014) |
| Increase in long-term borrowings | 20,387 | 4,903,888 |
| Repayment of the principal portion of lease liabilities | (85,590) | (86,894) |
| Increase in other non-current liabilities | 16,193 | 5,290 |
| Cash dividends | (5,131,821) | (3,649,295) |
| Proceeds from treasury shares transferred to employees | 138,935 | - |
| Interest paid | (285,966) | (145,086) |
| Regain overdue dividends | 14 | 7 |
| Net cash used in financing activities | (1,204,569) | (2,537,692) |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | (238,958) | 260,679 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 852,871 | 83,831 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 8,835,066 | 8,751,235 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 9,687,937 | $ 8,835,066 |

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

# E INK HOLDINGS INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. GENERAL INFORMATION

E Ink Holdings Inc. (the "Company") was incorporated in June 1992 in the Hsinchu Science Park. The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in New Taiwan dollars, the functional currency of the Company.

### 2. AUTHORIZATION OF FINANCIAL STATEMENTS

The Group's consolidated financial statements were approved by the Company's board of directors on February 23, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies:

   - Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

     The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issued, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 14 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries, associates and joint ventures in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests.

On a disposal of the Company's entire interest in a foreign operation or a disposal involving loss of significant influence over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to the goodwill and other assets that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associates and joint ventures, profits and losses resulting from the transactions with the associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associates and the joint ventures that are not related to the Group.

Profits and losses resulting from the downstream transactions with the associates involving assets that constitutes a business are recognized in full in the Group's consolidated financial statement.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual year, that unit shall be tested for impairment before the end of the current annual year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent years.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;
c) The ability to use or sell the intangible asset;
d) How the intangible asset will generate probable future economic benefits;
e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Recognition of depreciation of those assets would cease.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;
ii) Breach of contract, such as a default;
iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes, with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income (loss) and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Group always recognizes lifetime Expected Credit Loss (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that a financial asset is in default (without taking into account any collateral held by the Group) when internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method. Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading and are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

o. Provisions

Provisions (included in other current liabilities) are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group’s obligations.

p. Revenue recognition

The Group identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Group can remain functional without any updates or technical support and the Group is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Group recognizes revenue at the point in time at which the license of patented technology transfers. If the Group is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Group recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Group does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Group fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing income

The Group enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

q. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not accounted for as separate leases, the modification that reduces the scope of the leases are remeasured to reflect the reduction in the right-of-use assets, and the difference due to partial or full termination of the leases are recognized as gain or loss. For other modifications to the lease liabilities, adjustments to the right-of-use assets are required. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

u. Share-based payment arrangements

The fair value at the grant date of share-based payments and employee share options are expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments and employee share options that are expected to vest and employee share options. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of recent developments in COVID-19 and its potential impact on the economic environment on cash flow projections, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Cash on hand | $ 666 | $ 1,726 |
| Checking accounts and demand deposits | 4,583,142 | 3,893,674 |
| Cash equivalents (investments with original maturities of less | | |

| | | |
|---|---|---|
| than 3 months) | | |
| Time deposits | 2,165,925 | 3,962,169 |
| Repurchase agreements collateralized by notes | 2,938,204 | 977,497 |
| | $ 9,687,937 | $ 8,835,066 |

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Demand deposits | 0.01%-5.39% | 0.01%-2.75% |
| Time deposits | 1.80%-5.90% | 0.25%-5.50% |
| Repurchase agreements collateralized by notes | 1.25%-5.50% | 1.00%-3.80% |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets - current | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| Foreign exchange forward contracts | $ 30,771 | $ 9,383 |
| Non-derivative financial assets | | |
| Perpetual corporate bond | 1,379,114 | 1,456,889 |
| Domestic investment - listed stocks | - | 7,685 |
| Foreign investment - listed stocks | 478,380 | - |
| | $ 1,888,265 | $ 1,473,957 |
| Financial assets - non-current | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Mutual funds | $ 621,295 | $ 578,305 |
| Perpetual bonds | 1,660,549 | 1,545,952 |
| Straight corporate bonds | 283,891 | - |
| Foreign investment - listed stocks | 30,839 | - |
| Hybrid financial assets | | |
| Convertible preferred shares | 152,894 | 77,142 |
| | $ 2,749,468 | $ 2,201,399 |
| Financial liabilities - current | | |
| Held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | $ 622 | $ 52,405 |

At the end of the reporting year, the outstanding foreign exchange forward contract not under hedge accounting was as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|---|---|---|---|
| December 31, 2023 | | | |
| Sell | USD/KRW | 2024.02-2024.05 | USD40,000/KRW52,662,850 |
| Sell | USD/RMB | 2024.02 | USD9,000/RMB64,376 |
| December 31, 2022 | | | |
| Sell | USD/KRW | 2023.01-2023.06 | USD60,000/KRW74,192,200 |
| Sell | USD/NTD | 2023.02 | USD9,000/NTD275,091 |

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Investments in debt instruments at FVTOCI | $ 267,502 | $ - |
| Non-current | | |
| Investments in equity instruments at FVTOCI | $ 19,754,781 | $ 15,495,188 |
| Investments in debt instruments at FVTOCI | 2,846,841 | 1,237,198 |
| | $ 22,601,622 | $ 16,732,386 |

a. Investments in equity instruments at FVTOCI

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Non-current | | |
| Domestic investments | | |
| Listed shares and emerging market shares | $ 11,242,056 | $ 9,513,791 |
| Unlisted shares | 24,952 | 23,169 |
| | 11,267,008 | 9,536,960 |
| Foreign investments | | |
| Listed shares | 8,140,839 | 5,573,803 |
| Unlisted shares | 346,934 | 384,425 |
| | 8,487,773 | 5,958,228 |
| | $ 19,754,781 | $ 15,495,188 |

The Group holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Foreign investments | | |
| Straight corporate bonds | | |
| 3-year | $ 267,502 | $ - |
| Coupon rates | 7.78% | - |
| Effective interest rates | 5.21%-5.25% | - |

(Continued)

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Non-current | | |
| Foreign investments | | |
| Straight corporate bonds | | |
| 4-year | $ 539,128 | $ - |
| 5-year | 334,280 | 59,770 |
| 6-year | 185,948 | - |
| 10-year | 490,446 | 465,579 |
| 10.5-year | 260,280 | 261,691 |
| 11-year | 294,137 | 245,068 |
| 30-year | 292,008 | - |
| 34.75-year | 450,614 | 205,090 |
| | $ 2,846,841 | $ 1,237,198 |
| Coupon rates | 3.10%-8.10% | 3.10%-5.75% |
| Effective interest rates | 2.00%-8.49% | 2.00%-8.49% |

(Concluded)

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Time deposits with original maturities of more than 3 months (a) | $ 7,548,013 | $ 1,886,753 |
| Pledged time deposits (b) | 718,460 | 3,058,390 |
| | $ 8,266,473 | $ 4,945,143 |
| Non-current | | |
| Time deposits with original maturities of more than 1 year (c) | $ 1,574,150 | $ 802,500 |
| Pledged time deposits (b) | 3,546 | 138,659 |
| Foreign straight corporate bonds (d) | 597,717 | 613,509 |
| | $ 2,175,413 | $ 1,554,668 |

a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 2.80%-6.44% and 3.10%-5.61% per annum, as of December 31, 2023 and 2022, respectively.

b. The market rate intervals for time deposits pledged as security were 0.01%-5.90% and 0.16%-5.56% per annum, as of December 31, 2023 and 2022, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

c. The market rate intervals for time deposits with original maturities of more than 1 year were 3.99%-5.85% and 3.99% per annum, as of December 31, 2023 and 2022, respectively.

d. The Group bought 10-year foreign corporate bonds in March 2022 and September 2021, and the coupon rates and effective rates ranged from 4.10% to 4.90% as of December 31, 2023 and 2022.

e. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

## 10. ACCOUNTS RECEIVABLE

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Accounts receivable | $ 2,678,381 | $ 4,560,871 |
| Less: Loss allowance | (12,038) | (25,534) |
| | 2,666,343 | 4,535,337 |
| Accounts receivable from related parties (Note 31) | 70,197 | 183,898 |
| Less: Loss allowance | (19,054) | (19,057) |
| | 51,143 | 164,841 |
| | $ 2,717,486 | $ 4,700,178 |

The Group recognizes impairment loss when there is actual credit loss from individual client. In addition, the Group recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and past due status.

The following table details the loss allowance for accounts receivable.

December 31, 2023

| | Not Past Due | Past Due in 1-90 Days | Past Due over 90 Days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0% | 0% | 100% | |
| Gross carrying amount | $ 2,691,433 | $ 26,069 | $ 31,076 | $ 2,748,578 |
| Less: Loss allowance | | (16) | (31,076) | (31,092) |
| Amortized cost | $ 2,691,433 | $ 26,053 | $ - | $ 2,717,486 |

December 31, 2022

| | Not Past Due | Past Due in 1-90 Days | Past Due over 90 Days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0% | 0% | 91% | |
| Gross carrying amount | $ 3,816,188 | $ 880,596 | $ 47,985 | $ 4,744,769 |
| Less: Loss allowance | - | - | (44,591) | (44,591) |

| | | | | |
|---|---|---|---|---|
| Amortized cost | $ 3,816,188 | $ 880,596 | $ 3,394 | $ 4,700,178 |

The movements of the loss allowance were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 44,591 | $ 40,835 |
| Net remeasurement of loss allowance | 16 | - |
| Amounts written off | (13,417) | - |
| Effects of foreign currency exchange differences | (98) | 3,756 |
| Balance at December 31 | $ 31,092 | $ 44,591 |

Accounts receivable of the Group were mainly concentrated in customers A, B, C, D and E. The accounts receivable from the foregoing customers, as of December 31, 2023 and 2022, respectively, were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Customer B | $ 829,318 | $ 784,573 |
| Customer A | 482,894 | 851,574 |
| Customer E | 322,244 | 402,997 |
| Customer D | 83,837 | 582,603 |
| Customer C | 60,811 | 726,951 |
| | $ 1,799,104 | $ 3,348,698 |

## 11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Group in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2023

| | At FVTOCI | At Amortized Cost |
|---|---|---|
| Carrying amount | $ 3,185,069 | $ 10,442,988 |
| Less: Allowance for impairment loss | (4,880) | (1,102) |
| Amortized cost | 3,180,189 | $ 10,441,886 |
| Adjustment to fair value | (65,846) | |
| | $ 3,114,343 | |

December 31, 2022

| | At FVTOCI | At Amortized Cost |
|---|---|---|
| Carrying amount | $ 1,417,442 | $ 6,500,607 |
| Less: Allowance for impairment loss | (1,720) | (796) |

| | | |
|---|---|---|
| Amortized cost | 1,415,722 | $ 6,499,811 |
| Adjustment to fair value | (178,524) | |
| | $ 1,237,198 | |

The Group only invests in debt instruments that meet or exceed the investment-grade standard and have low credit risk for impairment assessment, as provided by independent rating agencies. The Group continuously monitors external rating information to supervise changes in the credit risk of the invested debt instruments. Additionally, the Group reviews other information, such as the bond yield curve and significant news about the debtor, to evaluate whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investment. This evaluation is critical to ensure the Group's investments remain viable and profitable.

The Group considers historical default rates associated with each rating provided by external rating agencies, the current financial condition of debtors, and the future outlook of the industry when measuring the expected credit loss for debt instrument investments over the next 12 months or the expected credit loss over the investment's remaining period.

| Credit Rating | Description | Basis for Recognizing Expected Credit Losses (ECLs) |
|---|---|---|
| Performing | The counterparty has a low risk of default and a sufficient capability to meet contractual cash flows | 12-month ECLs |

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follow:

December 31, 2023

| | | Gross Carrying Amount | |
|---|---|---|---|
| **Credit Rating** | **Expected Loss Rate** | **At FVTOCI** | **At Amortized Cost** |
| Performing | 0.1%-0.3% | $ 3,185,069 | $ 10,442,988 |

December 31, 2022

| | | Gross Carrying Amount | |
|---|---|---|---|
| **Credit Rating** | **Expected Loss Rate** | **At FVTOCI** | **At Amortized Cost** |
| Performing | 0.06%-0.21% | $ 1,417,442 | $ 6,500,607 |

a. The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

| | Credit Rating |
|---|---|
| | **Performing (12-month ECLs)** |
| Balance at January 1, 2023 | $ 1,720 |

| | |
|---|---|
| New financial assets purchased | 2,952 |
| Change in exchange rates or others | 208 |
| Balance at December 31, 2023 | $ 4,880 |

(Continued)

| | Credit Rating |
|---|---|
| | Performing (12-month ECLs) |
| Balance at January 1, 2022 | $ - |
| New financial assets purchased | 430 |
| Change in exchange rates or others | 1,290 |
| Balance at December 31, 2022 | $ 1,720 |

(Concluded)

For the year ended December 31, 2023 and 2022, the Group's investments in foreign corporate bonds at FVTOCI increased by $1,855,019 thousand and $396,554 thousand, and correspondingly the loss allowance for investments rated as performing increased by $2,952 thousand and $430 thousand.

b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

| | Credit Rating |
|---|---|
| | Performing (12-month ECLs) |
| Balance at January 1, 2023 | $ 796 |
| Change in exchange rates or others | 306 |
| Balance at December 31, 2023 | $ 1,102 |
| Balance at January 1, 2022 | $ - |
| New Financial assets purchased | 44 |
| Change in exchange rates or others | 752 |
| Balance at December 31, 2022 | $ 796 |

For the years ended December 31, 2023 and 2022, the Group's investments in foreign corporate bonds at amortized cost increased by $0 thousand and $69,744 thousand, and correspondingly the loss allowance for investments rated as performing increased by $0 thousand and $44 thousand.

## 12. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Finished goods | $ 518,336 | $ 1,070,016 |
| Semi-finished goods | 1,255,704 | 1,006,952 |
| Work in progress | 120,607 | 568,640 |
| Raw materials | 957,003 | 1,759,291 |
| | $ 2,851,650 | $ 4,404,899 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of write-downs of inventories of $128,868 thousand and $27,939 thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

## 13. NON-CURRENT ASSETS HELD FOR SALE

In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of $40,571 thousand (RMB 8,984 thousand) and $568,806 thousand (RMB127,105 thousand) for the years ended December 31, 2023 and 2022 based on the progress the performance obligation is satisfied.

## 14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

| | | | Proportion of Ownership (%) | | |
|---|---|---|---|---|---|
| | | | December 31 | | |
| **Investor** | **Investee** | **Main Business** | **2023** | **2022** | **Remark** |
| E Ink Holdings Inc. | E Ink Technology B.V. (originally named PVI Global B.V.) | Investment | 100.00 | 100.00 | c. |
| | E Ink Corporation | Research, development and manufacture of electronic inks | - | - | c. |
| | YuanHan Materials Inc. | Manufacture and sale of chemical materials and optical films | 100.00 | 100.00 | - |
| | New Field e-Paper Co., Ltd. | Investment | 100.00 | 100.00 | - |
| | Dream Universe Ltd. | Trading | 100.00 | 100.00 | - |
| | Prime View Communications Ltd. | Trading | 100.00 | 100.00 | - |
| | Tech Smart Logistics Ltd. | Trading | - | - | b. |
| | Linfiny Corporation | Research, development and sale of electronic paper products | 23.00 | 4.00 | d. |
| | E Ink Japan Inc. | Development of electronics paper products | 100.00 | 100.00 | - |
| New Field e-Paper Co., Ltd. | E Ink Corporation | Research, development and manufacture of electronic inks | - | - | c. |
| | Tech Smart Logistics Ltd. | Trading | - | - | b. |
| YuanHan Materials Inc. | Linfiny Corporation | Research, development and sale of electronic paper products | 77.00 | 77.00 | d. |
| Linfiny Corporation | Linfiny Japan Inc. | Research, development and sale of electronic paper products | 100.00 | 100.00 | - |
| E Ink Corporation | E Ink California, LLC | Research of electronic ink | - | 100.00 | e. |
| E Ink Technology B.V. (originally named PVI Global B.V.) | PVI International Corp. | Trading | 100.00 | 100.00 | - |
| | Ruby Lustre Ltd. | Investment | 100.00 | 100.00 | - |
| | E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Investment | 100.00 | 100.00 | c. |
| | Transyork Technology Yangzhou Ltd. | Assembly and sale of display panels | 55.61 | 55.61 | - |
| Tech Smart Logistics Ltd. | E Ink Corporation | Research, development and manufacture of electronic inks | - | - | c. |
| PVI International Corp. | Transcend Optronics (Yangzhou) Co., Ltd. | Research, assembly and sale of display panels | 100.00 | 100.00 | a. |
| Ruby Lustre Ltd. | Rich Optronics (Yangzhou) Co., Ltd. | Assembly and sale of display panels | 100.00 | 100.00 | - |
| E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Hydis Technologies Co., Ltd. | Patent licensing and investment in financial instruments | 94.73 | 94.73 | - |
| | E Ink Corporation | Research, development and manufacture of electronic inks | 100.00 | 100.00 | c. |
| Transcend Optronics (Yangzhou) Co., Ltd. | Transyork Technology Yanzhou Ltd. | Assembly and sale of display panels | 44.39 | 44.39 | - |

a. Transcend Optronics (Yangzhou) Co., Ltd. increased its capital by US$70,000 thousand using its own earnings in June and November of 2022 and May of 2023.

b. Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

c. To improve the Group's strategic development and arrange a long-term operating strategy, the Company's board of directors approved an adjustment to its organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, completed the relocation of PVI Global B.V. and Dream Pacific International B.V. to the Netherlands in December 2022, and changed their names to E Ink Technology B.V. and E Ink Netherlands B.V., respectively, in July 2023.

d. In order to follow the operating plan of the Group, the Company acquired all shares of Linfiny Corporation that Sony Semiconductor Solutions held; therefore, the Group's comprehensive proportionate interest was 100% in March 2023.

e. In response to the restructuring of the group organization structure, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023.

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associates and joint ventures that are not individually material | | |
| Investments in associates | $ 1,179,563 | $ 1,339,067 |
| Investments in joint ventures | 127,722 | 116,866 |
| | $ 1,307,285 | $ 1,455,933 |

Refer to Tables 7 and 8 for the nature of activities, principal place of business and country of incorporation of the associates.

**Aggregate Information of Associates and Joint Ventures That Are Not Individually Material**

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Group's share of: | | |
| Net loss for the year | $(140,802) | $ (78,139) |
| Other comprehensive gain | 20,174 | 6,644 |
| Total comprehensive loss | $(120,628) | $ (71,495) |

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Limited (originally named Nuclera Nucleics Ltd.) to equity and participated in its cash capital increase with $55,470 thousand (US$2,000 thousand). As a result of the conversion, YuanHan Materials Inc. and E Ink Corporation jointly owned 23.29% of the shares of Nuclera Limited (originally named: Nuclera Nucleics Ltd.). In June 2022, the subsidiaries YuanHan Materials Inc. and E Ink Corporation did not participate in the cash capital increase of Nuclera Limited (originally named: Nuclera Nucleics Ltd.), resulting in a reduction of the Group's shareholding in Nuclera Limited (originally named Nuclera Nucleics Ltd.) to 21.22%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to $199,770 thousand in November 2022, and acquired 35.24% of its equity. Subsequently, Integrated Solutions Technology, Inc. converted the Group's employee stock options, leading to a change in the shareholding ratio. As of December 31, 2023, the Group had a shareholding ratio of 34.93%.

Except for some associates whose share of profit or loss and other comprehensive income were calculated based on financial statements which have not been audited, associates and joint ventures that are not individually material were calculated based on audited financial statements. Management believes that it would not cause material impact even if the calculation of the investments stated above is based on financial statements which have been audited.

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Machinery | Other Equipment | Construction in Progress and Prepayments for Equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Balance at January 1, 2022 | $ 21,656 | $ 3,486,120 | $ 6,378,519 | $ 4,637,607 | $ 1,276,575 | $ 15,800,477 |
| Additions | - | 26,246 | 140,332 | 19,415 | 3,111,915 | 3,297,908 |
| Disposals | - | (5,157) | (8,830) | (18,171) | (49,505) | (81,663) |
| Reclassifications | 382,185 | 922,375 | 972,292 | 146,513 | (2,440,037) | (16,672) |
| Effects of foreign currency exchange differences | 13,975 | 67,562 | 118,920 | 239,679 | 40,586 | 480,722 |
| Balance at December 31, 2022 | $ 417,816 | $ 4,497,146 | $ 7,601,233 | $ 5,025,043 | $ 1,939,534 | $ 19,480,772 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2022 | $ - | $ 1,932,641 | $ 5,429,862 | $ 3,163,327 | $ - | $ 10,525,830 |
| Depreciation expenses | - | 147,839 | 293,806 | 275,132 | - | 716,777 |
| Impairment losses recognized (reversed) | - | - | (431) | - | - | (431) |
| Disposals | - | (2,969) | (6,038) | (15,385) | - | (24,392) |
| Reclassifications | - | 148,996 | - | (148,996) | - | - |
| Effects of foreign currency exchange differences | - | 35,747 | 68,708 | 125,243 | - | 229,698 |
| Balance at December 31, 2022 | $ - | $ 2,262,254 | $ 5,785,907 | $ 3,399,321 | $ - | $ 11,447,482 |
| Carrying amount at December 31, 2022 | $ 417,816 | $ 2,234,892 | $ 1,815,326 | $ 1,625,722 | $ 1,939,534 | $ 8,033,290 |
| Cost | | | | | | |
| Balance at January 1, 2023 | $ 417,816 | $ 4,497,146 | $ 7,601,233 | $ 5,025,043 | $ 1,939,534 | $ 19,480,772 |
| Additions | - | 3,318 | 101,081 | 61,969 | 2,129,958 | 2,296,326 |
| Disposals | - | (5,572) | (36,692) | (175,779) | (7,420) | (225,263) |
| Reclassifications | 73,656 | 1,678,405 | 896,821 | (1,353,961) | (1,317,664) | (22,743) |
| Effects of foreign currency exchange differences | (1,132) | (52,076) | (33,048) | 4,177 | (10,816) | (92,895) |
| Balance at December 31, 2023 | $ 490,340 | $ 6,121,421 | $ 8,529,395 | $ 3,561,449 | $ 2,733,592 | $ 21,436,197 |

(Continued)

| | Land | Buildings | Machinery | Other Equipment | Construction in Progress and Prepayments for Equipment | Total |
|---|---|---|---|---|---|---|
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2023 | $ - | $ 2,262,254 | $ 5,785,907 | $ 3,399,321 | $ - | $ 11,447,482 |
| Depreciation expenses | - | 230,754 | 548,775 | 327,125 | - | 1,106,654 |
| Impairment losses recognized (reversed) | - | - | (108) | - | - | (108) |
| Disposals | - | (4,109) | (33,506) | (168,305) | - | (205,920) |
| Reclassifications | - | 859,864 | (4,819) | (855,045) | - | - |
| Effects of foreign currency exchange differences | - | (31,711) | (25,228) | (4,805) | - | (61,744) |
| Balance at December 31, 2023 | $ - | $ 3,317,052 | $ 6,271,021 | $ 2,698,291 | $ - | $ 12,286,364 |
| Carrying amount at December 31, 2023 | $ 490,340 | $ 2,804,369 | $ 2,258,374 | $ 863,158 | $ 2,733,592 | $ 9,149,833 |

(Concluded)

Information about the capitalized interest were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Capitalized interest | $ 25,698 | $ 12,647 |
| Capitalization rate intervals | 1.47%-1.80% | 0.64%-1.59% |

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20-56 years |
| Clean rooms and plumbing construction | 25-30 years |
| Employee dormitories | 20 years |
| Others | 2-20 years |
| Machinery | 1-11 years |
| Other equipment | 1-26 years |

## 17. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Land | $ 842,367 | $ 881,236 |
| Buildings | 205,052 | 133,504 |
| Other equipment | 2,568 | 2,150 |
| | $ 1,049,987 | $ 1,016,890 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Additions to right-of-use assets | $ 127,623 | $ 255,271 |
| Depreciation of right-of-use assets | | |
| Land | $ 48,561 | $ 34,903 |
| Buildings | 39,789 | 58,595 |
| Other equipment | 2,304 | 2,500 |
| | $ 90,654 | $ 95,998 |

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Current (included in other current liabilities) | $ 75,451 | $ 56,772 |
| Non-current | $ 1,013,776 | $ 994,736 |

Discount rate intervals for lease liabilities are as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Land | 0.58%-4.92% | 0.56%-4.92% |
| Buildings | 1.50%-5.10% | 0.60%-2.83% |
| Other equipment | 0.61%-2.50% | 0.60%-2.89% |

c. Material lease-in activities and terms

The Group leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Group has renewal options if the Group does not violate the lease agreements during the rental period.

The Group also leased certain land and buildings as its plants and offices, with a lease term of 2 to 20 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values, with the right of preemption to purchase upon lease expiration. The lease contracts for land and buildings in the United States contain extension options and rights of preemption to purchase, which provide more operational flexibility for the Group. These terms are not reflected in measuring lease liabilities if the options are not reasonably certain to be exercised. The subsidiary E Ink Corporation exercised its right of preemption in November 2022, acquiring the land and buildings originally leased for a price of $687,904 thousand (US$22,400 thousand) to use as the Group's R&D headquarters.

The Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using them illegally.

d. Other lease information

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $ 38,389 | $ 39,126 |
| Expenses relating to low-value asset leases | $ 436 | $ 476 |
| Total cash outflow for leases | $ 150,335 | $ 168,056 |

The Group's leases of other equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 18. GOODWILL AND OTHER INTANGIBLE ASSETS

| | Goodwill | Patents | Others | Total |
|---|---|---|---|---|
| Balance at January 1, 2022 | $ 6,531,427 | $ 550,973 | $ 132,278 | $ 7,214,678 |
| Additions | - | 32,157 | 3,131 | 35,288 |
| Amortization expenses | - | (128,561) | (74,824) | (203,385) |
| Disposal | - | (96) | - | (96) |
| Reclassifications | - | - | 28,610 | 28,610 |
| Effects of foreign currency exchange differences | 604,359 | 33,948 | (470) | 637,837 |
| Balance at December 31, 2022 | 7,135,786 | 488,421 | 88,725 | 7,712,932 |
| Additions | - | 13,754 | 3,038 | 16,792 |
| Amortization expenses | - | (123,374) | (60,094) | (183,468) |
| Disposal | - | (272) | - | (272) |
| Reclassifications | - | 40,502 | 23,807 | 64,309 |
| Effects of foreign currency exchange differences | (1,038) | (931) | (867) | (2,836) |
| Balance at December 31, 2023 | $ 7,134,748 | $ 418,100 | $ 54,609 | $ 7,607,457 |

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching and manufacturing consumer electronics and Internet of Things applications. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates per annum for the years ended December 31, 2023 and 2022, respectively. The cash flows beyond that 5-year period have been extrapolated using a steady annual growth rate. Other key assumptions included budgeted revenue and budgeted gross profit. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Discount rates per annum were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Consumer electronics | 13.91% | 12.99% |
| Internet of things applications | 14.10% | 13.19% |

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Patents | 6-20 years |
| Others | 1-5 years |

## 19. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unsecured borrowings | $ 3,670,000 | $ 1,730,000 |
| Secured borrowings (Note 32) | 680,437 | 2,622,270 |
| | $ 4,350,437 | $ 4,352,270 |
| Foreign currency included | | |
| USD (in thousands) | $ 22,160 | $ 73,342 |
| Interest rate intervals | 1.62%-5.82% | 0.82%-5.50% |

As of December 31, 2022, secured borrowings of $370,000 thousand are guaranteed by the subsidiary Hydis Technologies Co., Ltd. on behalf of the Company.

b. Short-term bills payable

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Commercial paper | $ 4,970,000 | $ 655,000 |
| Less: Discounts on bills payable | (4,147) | (468) |
| | $ 4,965,853 | $ 654,532 |
| Interest rate intervals | 1.41%-1.74% | 1.32%-1.63% |

c. Long-term borrowings

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Syndicated loans | $ 3,393,676 | $ 4,741,228 |
| Unsecured borrowings | 2,227,939 | 1,010,000 |
| Less: Listed as current portion | - | (150,000) |
| | $ 5,621,615 | $ 5,601,228 |
| Interest rate intervals | 1.30%-1.99% | 1.18%-1.90% |

Long-term unsecured borrowings will expire in October 2030, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is $6,800,000 thousand. The duration period is within 5 years from the first drawdown date (in August 2021). As of December 31, 2023 and 2022, the drawdowns were as follows:

| | Currency (In Thousands) | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Long-term borrowings | NTD | $ 3,400,000 | $ 4,750,000 |

The Group promises that during the credit period, its semi-annual reviewed current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than $15,000,000 thousand. The Group should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the six months ended June 30, 2023.

## 20. OTHER PAYABLES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Payables for salaries or bonuses | $ 1,818,111 | $ 2,224,821 |
| Payables for construction and equipment | 257,846 | 404,653 |
| Payable for professional service fees | 92,873 | 99,232 |
| Payables for labors and health insurances | 20,278 | 19,576 |
| Payables for pensions | 15,734 | 17,989 |
| Payables for utilities | 29,218 | 26,037 |
| Others | 519,802 | 542,465 |
| | $ 2,753,862 | $ 3,334,773 |

## 21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary, YuanHan Materials Inc., adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, each entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The defined benefit plan adopted by Hydis Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.
The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Present value of defined benefit obligation | $ 75,268 | $ 179,263 |
| Fair value of plan assets | (44,837) | (72,282) |
| Net defined benefit liabilities | $ 30,431 | $ 106,981 |

Movements in net defined benefit liabilities were as follows:

| | **Present Value of the Defined Benefit Obligation** | **Fair Value of the Plan Assets** | **Net Defined Benefit Liabilities** |
|---|---|---|---|
| Balance at January 1, 2022 | $ 174,168 | $ (69,811) | $ 104,357 |
| Service cost | | | |
| Current service cost | 3,368 | - | 3,368 |
| Net interest expense (income) | 799 | (369) | 430 |
| Recognized in profit or loss | 4,167 | (369) | 3,798 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (5,428) | (5,428) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | 1,512 | - | 1,512 |
| Changes in financial assumptions | (4,989) | - | (4,989) |
| Experience adjustments | 15,203 | - | 15,203 |
| Recognized in other comprehensive income or loss | 11,726 | (5,428) | 6,298 |
| Contributions from the employer | - | (8,277) | (8,277) |
| Benefits paid | (11,603) | 11,603 | - |
| Exchange differences on foreign plans | 805 | - | 805 |
| Balance at December 31, 2022 | 179,263 | (72,282) | 106,981 |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities |
|---|---|---|---|
| Service cost | | | |
| Current service cost | $ 5,906 | $ - | $ 5,906 |
| Loss (gain) on settlements | 13,672 | - | 13,672 |
| Net interest expense (income) | 3,139 | (1,052) | 2,087 |
| Recognized in profit or loss | 22,717 | (1,052) | 21,665 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (539) | (539) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | (13) | - | (13) |
| Changes in financial assumptions | 3,297 | - | 3,297 |
| Experience adjustments | 14,894 | - | 14,894 |
| Recognized in other comprehensive income or loss | 18,178 | (539) | 17,639 |
| Contributions from the employer | - | (115,420) | (115,420) |
| Liabilities extinguished on settlement | (74,484) | 74,484 | - |
| Benefits paid | (69,972) | 69,972 | - |
| Exchange differences on foreign plans | (434) | - | (434) |
| Balance at December 31, 2023 | $ 75,268 | $ (44,837) | $ 30,431 |

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company of the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Discount rates | 1.25%-4.85% | 1.375%-5.83% |
| Expected rates of salary increase | 3.50%-3.86% | 3.06%-3.50% |

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Discount rates | | |
| 0.25-1% increase | $ (2,196) | $ (5,052) |
| 0.25-1% decrease | $ 2,368 | $ 5,310 |
| Expected rates of salary increase | | |
| 0.25-1% increase | $ 2,365 | $ 5,176 |
| 0.25-1% decrease | $ (2,219) | $ (4,959) |

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expected contributions to the plans for the next year | $ 1,394 | $ 8,505 |
| Average duration of the defined benefit obligation | 8.58-10.2 years | 8.1-11.2 years |

## 22. EQUITY

a. Ordinary shares

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Number of shares authorized (in thousands) | 2,000,000 | 2,000,000 |
| Amount of shares authorized | $ 20,000,000 | $ 20,000,000 |
| Number of shares issued and fully paid (in thousands) | 1,141,103 | 1,140,405 |
| Amount of shares issued | $ 11,411,033 | $ 11,404,047 |

For the year ended December 31, 2023, the Company’s employees exercised their rights under the ESOP to purchase 698 thousand of the Company's ordinary shares at a conversion price of $74.14. The change of registration was completed before December 31, 2023.

For the three months ended December 31, 2023, the Group’s employees exercised their rights under the ESOP to purchase 208 thousand and 1,082 thousand of the Group's ordinary shares at a conversion price of $74.14 and $66.26, respectively, generating total proceeds of $87,141 thousand. The effective date for this transaction is set for March 8, 2024. It is recorded as advance receipts for shares.

b. Capital surplus

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1) | | |
| Issuance of shares | $ 9,586,395 | $ 9,531,318 |
| Conversion of bonds | 525,200 | 525,200 |
| Treasury share transactions | 260,084 | 260,084 |
| Expired employee share options | 57,448 | 57,448 |
| May only be used to offset a deficit | | |
| Changes in percentage of ownership interests in associates (2) | 254,301 | 249,093 |
| Unclaimed dividends extinguished by prescription | 95 | 81 |
| May not be used for any purpose | | |
| Employee share options | 195,002 | 124,783 |
| | $ 10,878,525 | $ 10,748,007 |

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 24 for the policies on the distribution of employees' compensation and remuneration of directors after the amendment.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should been submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

| | **For the Year Ended December 31** | |
|---|---|---|
| | **2022** | **2021** |
| Legal reserve | $ 1,047,188 | $ 530,211 |
| Cash dividends | $ 5,131,821 | $ 3,649,295 |
| Dividends per share (NT$) | $ 4.5 | $ 3.2 |

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 11, 2022; the other proposed appropriations for 2022 and 2021 were resolved by the shareholders in their meetings on June 29, 2023 and June 22, 2022, respectively.

The appropriations of earnings for 2023 were proposed by the Company's board of directors on February 23, 2024. The appropriation and dividends per share were as follows:

| | **For the Year Ended December 31, 2023** |
|---|---|
| Legal reserve | $ 800,566 |
| Cash dividends | $ 5,140,772 |
| Dividends per share (NT$) | $ 4.5 |

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

| | **For the Year Ended December 31** | |
|---|---|---|
| | **2023** | **2022** |
| Balance at January 1 and December 31 | $ 70,678 | $ 70,678 |

If a special reserve of $70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ (752,482) | $(2,360,327) |
| Recognized for the year | | |
| Exchange differences on translating the financial statements of foreign operations | (457,179) | 1,599,423 |
| Share from associates and join ventures accounted for using the equity method | 20,174 | 6,644 |
| Disposal of subsidiaries | - | (621) |
| Reclassification adjustments | | |
| Share of associates accounted for using the equity method | - | 2,399 |
| Balance at December 31 | $(1,189,487) | $ (752,482) |

2) Unrealized gain (loss) on financial assets at FVTOCI

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 4,464,627 | $ 4,715,574 |
| Recognized for the year | | |
| Unrealized gain (loss) | | |
| Equity instruments | 2,689,991 | 422,841 |
| Debt instruments | 86,111 | (108,814) |
| Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal | (216,750) | (564,974) |
| Balance at December 31 | $ 7,023,979 | $ 4,464,627 |

f. Non-controlling interests

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 576,216 | $ 530,719 |
| Share in profit for the year | 51,900 | 27,595 |
| Other comprehensive income (loss) during the year | | |
| Remeasurement of defined benefit plans | (110) | 70 |
| Unrealized gain (loss) on financial assets at FVTOCI | | |
| Equity instruments | 12,589 | (2,793) |
| Debt instruments | 3,309 | (4,960) |
| Exchange difference on translating the financial statements of foreign operations | (14,262) | 25,523 |
| Actual acquisition of partial interest in subsidiaries | 10,994 | - |
| Share-based payment | 15 | 62 |

| | | |
|---|---|---|
| Balance at December 31 | $ 640,651 | $ 576,216 |

In March 2023, the Company acquired the entire equity interest in Linfiny Corporation from Sony Semiconductor Solutions, and the Company's equity interest in Linfiny Corporation increased from 81% to 100%.

Because the above transactions did not change the Company's control over these subsidiaries, they were treated as equity transactions by the Company.

| | **Linfiny Corporation** |
|---|---|
| Consideration paid | $ - |
| The carrying amount of the subsidiary's net assets should be transferred from noncontrolling interests based on the relative changes in equity | 10,994 |
| Equity trading differences | $(10,994) |
| Adjustment to equity trading differences | |
| Retained earnings | $(10,994) |

## 23. REVENUE

a. Revenue from contracts with customers

| | **For the Year Ended December 31** | |
|---|---|---|
| **Type of Revenue/Category by Product** | **2023** | **2022** |
| Revenue from sale of goods | | |
| Internet of Things applications | $ 14,751,332 | $ 17,779,401 |
| Consumer electronics | 12,346,280 | 12,259,076 |
| Others | 22,143 | 22,032 |
| | $ 27,119,755 | $ 30,060,509 |
| Royalty income | $ 538,923 | $ 1,339,362 |

b. Contract balances

| | **December 31, 2023** | **December 31, 2022** | **January 1, 2022** |
|---|---|---|---|
| Accounts receivable (Note 10) | $ 2,717,486 | $ 4,700,178 | $ 3,247,721 |
| Contract assets - current | | | |
| Royalty | $ 15,883 | $ 27,566 | $ 35,045 |
| Contract liabilities - current | | | |
| Royalty | $ 70,799 | $ 316,235 | $ 710,595 |
| Sale of goods | 559,380 | 121,207 | 2,548,518 |
| | $ 630,179 | $ 437,442 | $ 3,259,113 |

The changes in the balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities was as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| Type of Revenue | 2023 | 2022 |
| Royalty income | $ 298,748 | $ 703,095 |
| Revenue from sale of goods | 121,198 | 2,548,308 |
| | $ 419,966 | $ 3,251,403 |

## 24. NET INCOME

a. Interest income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Bank deposits | $ 373,148 | $ 109,295 |
| Financial assets at amortized cost | 447,294 | 101,711 |
| Financial assets at FVTPL | 212,722 | 193,813 |
| Others | 94,163 | 30,590 |
| | $ 1,127,327 | $ 435,409 |

b. Other income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Rental income | $ 6,579 | $ 13,005 |
| Gain on lease modification | 1 | 3,901 |
| Government grants | 41,999 | 568,806 |
| Gain recognized in bargain purchase transaction | - | 25,131 |
| Others | 88,074 | 100,574 |
| | $ 136,653 | $ 711,417 |

c. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Property, plant and equipment | $ 1,106,654 | $ 716,777 |
| Other intangible assets | 183,468 | 203,385 |
| Rights-of-use assets | 90,654 | 95,998 |
| | $ 1,380,776 | $ 1,016,160 |

(Continued)

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| An analysis of depreciation by function | | |
| Operating costs | $ 642,106 | $ 312,262 |
| Operating expenses | 555,202 | 500,513 |
| | $ 1,197,308 | $ 812,775 |
| An analysis of amortization by function | | |
| Operating costs | $ 8,451 | $ 4,994 |
| Operating expenses | 175,017 | 198,391 |
| | $ 183,468 | $ 203,385 |

(Concluded)

d. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Post-employment benefits (Note 21) | | |
| Defined contribution plans | $ 130,266 | $ 106,883 |
| Defined benefit plans | 21,665 | 3,798 |
| | 151,931 | 110,681 |
| Share-based payments | | |
| Equity-settled | 80,503 | 100,792 |
| Other employee benefits | 5,683,269 | 5,832,219 |
| Total employee benefits expense | $ 5,915,703 | $ 6,043,692 |
| An analysis of employee benefits expense by function | | |
| Operating costs | $ 1,605,684 | $ 1,910,670 |
| Operating expenses | 4,310,019 | 4,133,022 |
| | $ 5,915,703 | $ 6,043,692 |

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at the rates of no less than 1% and no higher than 10% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and 2023, respectively, were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Employees' compensation | $ 88,990 | $ 111,550 |
| Remuneration of directors | $ 35,900 | $ 40,000 |

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Current tax | | |
| In respect of the current year | $ 1,903,345 | $ 2,472,086 |
| Income tax on unappropriated earnings | 202,237 | 56,130 |
| Adjustments for the prior years | (62,670) | (136,819) |
| | 2,042,912 | 2,391,397 |
| Deferred tax | | |
| In respect of the current year | (76,301) | (251,028) |
| Adjustments for the prior years | (8,529) | 4,812 |
| | (84,830) | (246,216) |
| Income tax expense recognized in profit or loss | $ 1,958,082 | $ 2,145,181 |

A reconciliation of accounting profit and income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Income before income tax | $ 9,824,308 | $ 12,084,526 |
| Income tax expense calculated at the statutory rate (20%) | $ 1,964,862 | $ 2,416,905 |
| Nondeductible expenses in determining taxable income | 24,141 | 13,436 |
| Tax-exempt income | (205,608) | (472,450) |
| Income tax on unappropriated earnings | 202,237 | 56,130 |
| Unrecognized loss carryforwards, deductible temporary differences and investment credits | (192,121) | 91,985 |
| Offshore withholding tax | 41,154 | 60,487 |
| Loss carryforwards | - | (35,337) |
| Effect of different tax rates of group entities operating in other jurisdictions | 183,258 | 120,032 |
| Adjustments for the prior years | (71,199) | (132,007) |
| Others | 11,358 | 26,000 |
| Income tax expense recognized in profit or loss | $ 1,958,082 | $ 2,145,181 |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax | | |
| In respect of the current year | | |
| Fair value changes of financial assets at FVTOCI | | |
| Equity instruments | $(393,158) | $(459,171) |
| Debt instruments | (23,258) | 30,504 |
| Remeasurement of defined benefits plans | 3,109 | 1,526 |
| | $(413,307) | $(427,141) |

c. Current tax assets and liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax assets (included in other current assets) | | |
| Prepaid income tax | $ 35 | $ 479 |
| Tax refund receivable | 14,165 | - |
| | $ 14,200 | $ 479 |
| Current tax liabilities | | |
| Income tax payable | $ 1,385,091 | $ 2,005,876 |

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|---|---|---|---|---|
| Deferred tax assets | | | | | |
| Temporary differences | | | | | |
| Property, plant and equipment | $ 140,223 | $ 36,921 | $ - | $ (578) | $ 176,566 |
| Other payables | 141,798 | (37,241) | - | 409 | 104,966 |
| Inventories | 197,845 | (24,741) | - | (29) | 173,075 |
| Accounts receivable | 190,524 | (119,364) | - | (66) | 71,094 |
| Deferred revenue | 241,039 | (101,969) | - | (448) | 138,622 |
| Defined benefit plans | 24,178 | - | 3,109 | - | 27,287 |
| Prepayments | 17,639 | - | - | - | 17,639 |
| Others | 7,645 | 19,804 | - | (346) | 27,103 |
| | 960,891 | (226,590) | 3,109 | (1,058) | 736,352 |
| Loss carryforwards | 41,077 | (27,570) | - | 131 | 13,638 |
| Investment credits | 56,415 | 430,581 | - | (6,661) | 453,335 |
| | $ 1,058,383 | $ 149,421 | $ 3,109 | $ (7,588) | $ 1,203,325 |
| Deferred tax liabilities | | | | | |
| Temporary differences | | | | | |
| Financial instruments | $ 599,178 | $ 82,301 | $ 416,416 | $ 2,769 | $ 1,100,664 |

| | | | | | |
|---|---|---|---|---|---|
| Contract liabilities | 63,191 | (10,139) | - | (1,573) | 51,479 |
| Others | 34,262 | (7,571) | - | - | 26,691 |
| | $ 696,631 | $ 64,591 | $ 416,416 | $ 1,196 | $ 1,178,834 |

For the year ended December 31, 2022

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|---|---|---|---|---|
| Deferred tax assets | | | | | |
| Temporary differences | | | | | |
| Property, plant and equipment | $ 117,803 | $ 10,885 | $ - | $ 11,535 | $ 140,223 |
| Other payables | 86,340 | 44,847 | - | 10,611 | 141,798 |
| Inventories | 246,036 | (53,101) | - | 4,910 | 197,845 |
| Accounts receivable | 46,958 | 143,099 | - | 467 | 190,524 |
| Deferred revenue | 103,047 | 135,377 | - | 2,615 | 241,039 |
| Defined benefit plans | 22,652 | - | 1,526 | - | 24,178 |
| Prepayments | 17,639 | - | - | - | 17,639 |
| Others | 19,161 | (54,815) | 47,426 | (4,127) | 7,645 |
| | 659,636 | 226,292 | 48,952 | 26,011 | 960,891 |
| Loss carryforwards | 47,274 | (9,085) | - | 2,888 | 41,077 |
| Investment credits | 97,883 | (42,727) | - | 1,259 | 56,415 |
| | $ 804,793 | $ 174,480 | $ 48,952 | $ 30,158 | $ 1,058,383 |
| Deferred tax liabilities | | | | | |
| Temporary differences | | | | | |
| Financial instruments | $ 216,953 | $ (87,983) | $ 476,093 | $ (5,885) | $ 599,178 |
| Contract liabilities | 62,864 | (2,320) | - | 2,647 | 63,191 |
| Others | 15,695 | 18,567 | - | - | 34,262 |
| | $ 295,512 | $ (71,736) | $ 476,093 | $ (3,238) | $ 696,631 |

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Loss carryforwards | | |
| Expire in 2026 | $ 10,179 | $ 10,180 |
| Expire in 2027 | 172,815 | 176,271 |
| Expire in 2028 | 121,076 | 121,081 |
| Expire in 2029 | 135,254 | 135,258 |
| Expire in 2030 | 80,393 | 80,397 |
| Expire in 2032 | 2,260 | 3,112 |
| | $ 521,977 | $ 526,299 |
| Deductible temporary differences | $ 509,847 | $ 495,715 |

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

| Unused Amount | Expiry Year |
|---|---|
| $ 43,795 | 2024 |
| 43,795 | 2025 |
| 26,975 | 2026 |
| 172,815 | 2027 |
| 121,076 | 2028 |
| 135,254 | 2029 |
| 80,392 | 2030 |
| 2,260 | 2032 |
| $ 626,362 | |

g. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $22,887,254 thousand and $18,703,329 thousand, respectively.

h. Income tax assessments

Income tax assessments of the Group were as follows:

| Company | Latest Assessment Year |
|---|---|
| The Company | 2021 |
| YuanHan Materials Inc. | 2019 |
| New Field e-Paper Co., Ltd. | 2021 |
| Linfiny Corporation | 2021 |

i. Pillar Two income tax legislation

In December 2023, the governments of certain countries where subsidiaries are incorporated, including the Netherlands, South Korea, and Japan, enacted the Pillar Two income tax legislation, effective from January 1, 2024, January 1, 2024, and April 1, 2024, respectively. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

## 26. EARNINGS PER SHARE

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Basic earnings per share ($) | $ 6.85 | $ 8.69 |
| Diluted earnings per share ($) | $ 6.78 | $ 8.60 |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

**Net Income for the Year**

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Net income attributable to owners of the Company | $ 7,814,326 | $ 9,911,750 |

**Number of Shares**

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share | 1,140,795 | 1,140,405 |
| Effect of potentially dilutive ordinary shares (in thousands) | | |
| Employees' compensation | 532 | 770 |
| Share-based payment arrangements | 12,063 | 11,509 |
| Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share | 1,153,390 | 1,152,684 |

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

| Share Options Grant Period | Percentage Exercisable (%) (Cumulative) |
|---|---|
| Over 2 years | 40 |
| Over 3 years | 70 |
| Over 4 years | 100 |

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| Employee Share Options | Unit | Weighted Average Exercise Price ($) | Unit | Weighted Average Exercise Price ($) |
| Balance at January 1 | 19,525 | $69.0-$77.2 | 19,895 | $69.0-$77.2 |
| Options forfeited | (270) | | - | |
| Options granted | (1,989) | | (370) | |
| Balance at December 31 | 17,266 | | 19,525 | |

The Company used the Black-Scholes-Merton option evaluation model. The inputs to the models were as follows:

| | August 2022 | October 2022 |
|---|---|---|
| Grant date share price (NT$) | $77.2 | $69 |
| Exercise price (NT$) | $77.2 | $69 |
| Expected volatility | 40.50%-43.77% | 40.28%-42.73% |
| Expected life | 2-4 years | 2-4 years |
| Expected dividend yield | 3.77% | 3.77% |
| Risk-free interest rate | 0.760%-0.765% | 0.760%-0.765% |
| Weighted-average fair value of options granted (NT$) | $14.7-$19.8 | $13.2-$17.2 |

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price per share was adjusted from $77.2 to $74.14 and from $69 to $66.26, effective July 6, 2023, which serves as the ex-dividend date.

Compensation costs recognized were $80,503 thousand and $100,792 thousand for the years ended December 31, 2023 and 2022, respectively.

## 28. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Group entered into the following non-cash investing activities:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Acquisition of property, plant and equipment | | |
| Increase in property, plant and equipment | $ 2,296,326 | $ 3,297,908 |
| Increase (decrease) in payables for construction and equipment (included in other payables) | 146,463 | (196,527) |
| Net cash paid | $ 2,442,789 | $ 3,101,381 |

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

## 30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivate financial assets | | | | |
| Foreign exchange forward contracts | $ - | $ 30,771 | $ - | $ 30,771 |
| Non-derivative financial assets | | | | |
| Mutual funds | 445,076 | - | 176,219 | 621,295 |
| Perpetual bonds | - | 3,039,663 | - | 3,039,663 |
| Straight corporate bonds | - | 283,891 | - | 283,891 |
| Foreign listed stocks | 509,219 | - | - | 509,219 |
| Hybrid financial assets | | | | |
| Convertible preferred shares | - | - | 152,894 | 152,894 |
| | $ 954,295 | $ 3,354,325 | $ 329,113 | $ 4,637,733 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic and overseas listed shares and emerging market shares | $ 19,382,895 | $ - | $ - | $ 19,382,895 |
| Domestic and overseas unlisted shares | - | - | 371,886 | 371,886 |
| Investment in debt instruments | | | | |
| Overseas straight corporate bonds | - | 3,114,343 | - | 3,114,343 |
| | $ 19,382,895 | $ 3,114,343 | $ 371,886 | $ 22,869,124 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | | | | |
| Foreign exchange forward contracts | $ - | $ 622 | $ - | $ 622 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivate financial assets | | | | |
| Foreign exchange forward contracts | $ - | $ 9,383 | $ - | $ 9,383 |
| Non-derivative financial assets | | | | |
| Mutual funds | 326,827 | - | 251,478 | 578,305 |
| Perpetual bonds | - | 3,002,841 | - | 3,002,841 |
| Domestic listed stocks | 7,685 | - | - | 7,685 |
| Hybrid financial assets | | | | |
| Convertible preferred shares | | | | |
| Convertible bonds | | | | |
| Structured deposits | - | - | 77,142 | 77,142 |
| | $ 334,512 | $ 3,012,224 | $ 328,620 | $ 3,675,356 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic and overseas listed shares and emerging market shares | $ 15,087,594 | $ - | $ - | $ 15,087,594 |
| Domestic and overseas unlisted shares | - | - | 407,594 | 407,594 |
| Investment in debt instruments | | | | |
| Overseas straight corporate bonds | - | 1,237,198 | - | 1,237,198 |
| | $ 15,087,594 | $ 1,237,198 | $ 407,594 | $ 16,732,386 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | | | | |
| Foreign exchange forward contracts | $ - | $ 52,405 | $ - | $ 52,405 |

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 736,214 | $ 986,537 |
| Recognized in profit or loss | 444,690 | 65,095 |
| Recognized in other comprehensive income (loss) (recognized in unrealized gain (loss) on financial assets at FVTOCI) | (29,248) | 129,265 |
| Purchased | 121,976 | - |
| Reclassification (Note 1) | 95,490 | 320,095 |
| Disposal | (182,864) | (529,831) |
| Transfer out (Note 2) | (478,380) | (250,850) |
| Exchange differences on translating the financial statements of foreign operations | (6,879) | 15,903 |

| | | |
|---|---|---|
| Balance at December 31 | $ 700,999 | $ 736,214 |

Note 1: In November 2021, June 2022, and December 2022, the Group invested in the real estate income trust capital offshore access fund SPC issued by Blackstone and Millennium and made prepayments for investments. The actual investments were completed in January 2022, September 2022, and February 2023 and were reclassified as financial assets at fair value through profit or loss.

Note 2: The overseas and domestic unlisted shares owned by the Group have been trading on the public market and emerging stock market since December 2023 and February 2022, respectively, and have been transferred from Level 3 to Level 1 fair value measurement. The Group transferred its convertible bonds to equity and reclassified the bonds as investments accounted for using the equity method.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

Non-derivatives - the fair value of perpetual bonds and straight corporate bonds was determined by quoted market prices provided by the third party.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group was discount for lack of marketability, which was 9%-20% and 14%-20% as of December 31, 2023 and 2022, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased $3,980 thousand and $4,543 thousand, respectively.

b) The fair value of convertible preferred shares was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 60.47% and 62.76% as of December 31, 2023 and 2022, respectively.

c) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets | | |
| FVTPL | $ 4,637,733 | $ 3,675,356 |
| Amortized cost (Note 1) | 23,317,196 | 20,298,425 |
| FVTOCI | | |
| Equity instruments | 19,754,781 | 15,495,188 |
| Debt instruments | 3,114,343 | 1,237,198 |

Financial liabilities

| | | |
|---|---|---|
| FVTPL | 622 | 52,405 |
| Amortized cost (Note 2) | 20,236,047 | 16,084,857 |

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, other payables and long-term borrowings (include current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign-currency-denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting years are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD) and Renminbi (RMB) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD and RMB against USD, pre-tax income would increase (decrease) as follows:

| | **NTD to USD** | | **RMB to USD** | |
|---|---|---|---|---|
| | **For the Year Ended December 31** | | **For the Year Ended December 31** | |
| | **2023** | **2022** | **2023** | **2022** |
| Profit or loss | $(46,463) | $(15,781) | $(32,490) | $(30,980) |

b) Interest rate risk

The carrying amount of the Group's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Fair value interest rate risk | | |
| Financial assets | $ 15,546,015 | $ 11,439,477 |
| Financial liabilities | $ 14,937,905 | $ 10,758,030 |
| Lease liabilities | $ 1,089,227 | $ 1,051,508 |
| Cash flow interest rate risk | | |
| Financial assets | $ 4,583,142 | $ 3,893,674 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting years. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets and financial liabilities will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the years ended December 31, 2023 and 2022, would increase $22,916 thousand and $19,468 thousand, respectively, which was attributable to the Group's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt investments. Equity investments are held for strategic rather than for trading purposes, and the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risk of mutual funds, debt investments and equity securities at the end of the reporting years.

If prices in mutual funds, debt investments and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2023 and 2022, would have increased/decreased by $230,348 thousand and $183,299 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2023 and 2022, would have increased/decreased by $1,143,456 thousand and $836,619 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group's sensitivity to price risk are mainly resulting from the increased investment in equity securities and debt investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group's unutilized bank borrowing facilities were $22,427,021 thousand and $13,311,670 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2023

| | **On Demand or Less than 1 Month** | **1-3 Months** | **3 Months to 1 Year** | **1-5 Years** | **5+ Years** |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | $ 8,260 | $ 16,250 | $ 70,248 | $ 350,367 | $ 941,778 |
| Fixed interest rate liabilities | 5,106,333 | 3,846,892 | 428,315 | 5,170,081 | 558,976 |
| | $ 5,114,593 | $ 3,864,412 | $ 498,563 | $ 5,520,448 | $ 1,500,754 |

Additional information about the maturity analysis for lease liabilities was as follows:

| | **Less than 1 Year** | **1-5 Years** | **5-10 Years** | **10-15 Years** | **15-20 Years** | **20+ Years** |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 95,028 | $ 350,367 | $ 256,008 | $ 233,050 | $ 213,089 | $ 239,631 |

December 31, 2022

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | $ 7,498 | $ 14,076 | $ 54,890 | $ 259,910 | $ 967,854 |
| Fixed interest rate liabilities | 3,483,023 | 1,552,538 | 159,962 | 6,641,268 | - |
| | $ 3,490,521 | $ 1,566,614 | $ 214,852 | $ 6,901,178 | $ 967,854 |

Additional information about the maturity analysis for lease liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 76,464 | $ 259,910 | $ 235,038 | $ 230,994 | $ 238,228 | $ 263,594 |

## 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

| Related Party Name | Related Party Category |
|---|---|
| NTX Electronics Yangzhou Co., Ltd. | Associate |
| Yuen Foong Yu Biotech Co., Ltd. | Associate |
| Integrated Solutions Technology, Inc. | Associate |
| Nuclera Limited (originally named Nuclera Nucleics Ltd.) | Associate |
| Nuclera Corporation (originally named Nuclera Nucleics Corporation) | Associate |
| PL Germany GmbH | Associate |
| YFY Inc. | Investors with significant influence over the Group |
| Arizon RFID Technology Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Japan Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| Yuen Foong Shop Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Paper Enterprise (Nanjing) Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Paper Mfg. (Yangzhou) Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Packaging Inc. | Subsidiary of investor with significant influence over the Group |
| Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the Group |

(Continued)

| Related Party Name | Related Party Category |
|---|---|
| YFY Corporate Advisory & Services Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Development Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Investment Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| Chung Hwa Pulp Corporation | Subsidiary of investor with significant influence over the Group |
| Livebricks Inc. | Subsidiary of investor with significant influence over the Group |
| Sustainable Carbohydrate Innovation Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| YFY Jupiter US, Inc. | Subsidiary of investor with significant influence over the Group |
| YFY Global Investment B.V. | Subsidiary of investor with significant influence over the Group |
| Jupiter Prestige Group North America Inc. | Subsidiary of investor with significant influence over the Group |
| Syntax Communication (H.K.) Limited | Subsidiary of investor with significant influence over the Group |
| China Color Printing Co., Ltd. | Subsidiary of investor with significant influence over the Group |
| Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch | Subsidiary of investor with significant influence over the Group |
| Yuen Foong Yu Biotech (Kunshan) Co., Ltd. | Substantive related party |
| Yuen Foong Paper Co., Ltd. | Substantive related party |
| SinoPac Securities Corp | Substantive related party |
| SinoPac Financial Holdings Company Limited | Substantive related party |
| Hsin Yi Enterprise Co., Ltd. | Substantive related party |
| TGKW Management Limited | Substantive related party |
| Shen’s Art Printing Co., Ltd. | Substantive related party |
| Hsin Fan Precision Electronics (Yangzhou) Co., Ltd. | Substantive related party |

(Concluded)

b. Sales of goods

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associate | $ 47,165 | $ 47,554 |

The sales price and collection terms are based on the agreements with the related parties.

c. Purchases of goods

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associate | $ 1,132,722 | $ 868,068 |
| Investor and its subsidiaries with significant influence over the Group | 12,464 | 21,912 |
| Substantive related party | 1,139 | 1,374 |
| | $ 1,146,507 | $ 891,354 |

The purchase price and payment terms are based on the agreements with the related parties.

d. Manufacturing costs

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Substantive related party | $ 46,679 | $ 68,236 |
| Others | 14,126 | 52 |
| | $ 60,805 | $ 68,288 |

e. Operating expenses

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Substantive related party | $ 36,802 | $ 33,879 |
| Associate | 16,226 | 13,467 |
| Investor and its subsidiaries with significant influence over the Group | 5,341 | 5,557 |
| | $ 58,369 | $ 52,903 |

f. Non-operating income - other income

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associate | | |
| Nuclera Corporation | $ 23,464 | $ 25,018 |
| Others | 7,862 | 6,635 |
| Others | 16 | 106 |
| | $ 31,342 | $ 31,759 |

g. Non-operating income - interest income

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associate | $ 2,099 | $ 20,797 |
| Subsidiary of investor with significant influence over the Group | 90 | 17 |
| | $ 2,189 | $ 20,814 |

h. Receivable from related parties

| Line Items | Related Party Category | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts receivables | Associate | $ 62,836 | $ 176,481 |
| | Less: Loss allowance | (19,054) | (19,057) |
| | | 43,782 | 157,424 |
| | Subsidiary of investor with significant influence over the Group | 7,361 | 7,362 |
| | Substantive related party | - | 55 |
| | | $ 51,143 | $ 164,841 |
| Other receivables | Associate | $ 10,747 | $ 10,749 |
| | Less: Loss allowance | (9,769) | (9,769) |
| | Effects of exchange rate changes | (978) | (980) |
| | | $ - | $ - |

The outstanding accounts receivable from related parties were unsecured.

i. Payable to related parties (included in notes and accounts payable and other payables)

| Related Party Category | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associate | $ 49,839 | $ 35,873 |
| Investor and its subsidiaries with significant influence over the Group | 10,207 | 24,560 |
| Substantive related party | 4,780 | 8,565 |
| | $ 64,826 | $ 68,998 |

The outstanding accounts payable to related parties were unsecured.

j. Repayments and refundable deposits (included in other non-current assets)

| Related Party Category/Name | December 31 2023 | December 31 2022 |
|---|---|---|
| Substantive related party | | |
| Yuen Foong Yu Biotech (Kunshan) Co., Ltd. | $ 48,901 | $ 49,737 |
| Subsidiary of investor with significant influence over the Group | 5,820 | 5,787 |
| Associate | 37 | - |
| | $ 54,758 | $ 55,524 |

k. Construction in progress and prepayments for equipment (included in property, plant and equipment)

| Related Party Category | December 31 2023 | December 31 2022 |
|---|---|---|
| Investor and its subsidiaries with significant influence over the Group | $ 28,364 | $ 8,218 |

l. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group and renewed the contract after the expiration in February 2021. The lease term is 2 years. In addition, the Group leased land from a subsidiary of an investor with significant influence over the Group in August 2022. The lease term is 20 years. The related amounts were as follows:

| Related Party Category/Name | For the Year Ended December 31 2023 | For the Year Ended December 31 2022 |
|---|---|---|
| Acquisition of right-of-use assets | | |
| Subsidiary of investor with significant influence over the Group | $ 5,186 | $ 252,607 |

| Line Item | December 31 2023 | December 31 2022 |
|---|---|---|
| Right-of-use assets | $ 241,507 | $ 248,296 |
| Lease liabilities | | |
| Current (included in other current liabilities) | $ 6,198 | $ 3,582 |
| Non-current | 241,100 | 247,320 |
| | $ 247,298 | $ 250,902 |

| Line Item | For the Year Ended December 31 2023 | For the Year Ended December 31 2022 |
|---|---|---|
| Interest expenses | $ 12,194 | $ 4,643 |

The lease contract between the Group and the related party was determined by reference to the market conditions and payment terms that were similar to those with the third parties.

m. Guarantee deposits received (included in other non-current liabilities)

| Related Party Category | December 31 2023 | December 31 2022 |
|---|---|---|
| Associate | $ 921 | $ 894 |
| Substantive related party | 65 | 66 |
| | $ 986 | $ 960 |

n. Acquisition of financial assets

For the year ended December 31, 2023

| Related Party Category | Line Item | Number of Shares (In Thousands) | Underlying Assets | Purchase Price |
|---|---|---|---|---|
| Substantive related party | Financial assets at fair value through other comprehensive income - non-current | 25,324 | Stock | $379,859 |

o. Compensation of key management personnel

| | For the Year Ended December 31 2023 | For the Year Ended December 31 2022 |
|---|---|---|
| Short-term employee benefits | $ 242,548 | $ 163,036 |
| Post-employment benefits | 1,721 | 1,523 |
| Share-based payments | 12,470 | 18,417 |
| | $ 256,739 | $ 182,976 |

The remuneration of directors and key executives were determined by the remuneration committee based on the performance of individuals and market trends.

## 32. ASSETS PLEDGED AS COLLATERAL

The following demand deposits and time deposits included in financial asset at amortized cost were provided as collateral for short-term borrowings, line of credit for derivative instrument trading, tariff guarantee for imported inventories, lease deposits of plants and land, and deposits for provisional attachment:

| | December 31 2023 | December 31 2022 |
|---|---|---|
| Current | $ 718,460 | $ 3,058,390 |
| Non-current | 3,546 | 138,659 |
| | $ 722,006 | $ 3,197,049 |

## 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit of the Group for purchase of machinery amounted to $219,915 thousand and $360,600 thousand as of December 31, 2023 and 2022, respectively.

b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $21,437,000 thousand and $13,820,000 thousand as of December 31, 2023 and 2022, respectively.

c. Guaranteed notes issued for syndicated loans were all $6,800,000 thousand as of December 31, 2023 and 2022.

d. The board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved in March 2020 for an investment plan for the next three to five years. The content of the investment plan includes the construction of R&D buildings, capacity expansion and fundamental operating expenses, with expected investment amount from US$50,000 thousand to US$55,000 thousand. The source of funds is from the parent company's capital increase via cash and the subsidiary's proprietary funds. All investments have been completed as of December 31, 2023.

e. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT$2.643 billion. As of December 31, 2023, the progress of implementation was approximately 54%.

f. In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic-Technological Development Area Management Committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area it owns to develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount will not exceed US$61,000 thousand. As of December 31, 2023, the subsidiary Transcend Optronics (Yangzhou) Co., Ltd. has completed the capital increase of US$61,000 thousand from retained earnings.

g. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis. Further, on November 3, 2023, the Company resolved the project to construct a new production line and factory facilities, and the total amount of the overall construction and equipment is expected to be NT$4.095 billion. As of December 31, 2023, the progress of implementation was approximately 1%.

## 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 315,877 | 30.705 (USD:NTD) | $ 9,699,033 |
| USD | 238,560 | 7.0827 (USD:RMB) | 7,324,985 |
| Non-monetary items | | | |
| FVTPL | | | |
| USD | 98,995 | 1,284.191 (USD:KRW) | 3,039,663 |
| FVTOCI | | | |
| USD | 71,893 | 1,284.191 (USD:KRW) | 2,207,501 |
| EUR | 131,273 | 33.98 (EUR:NTD) | 4,460,665 |
| Foreign currency liabilities | | | |
| Monetary items | | | |
| USD | 164,556 | 30.705 (USD:NTD) | 5,052,692 |
| USD | 131,273 | 7.0827 (USD:RMB) | 4,075,997 |

December 31, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 285,363 | 30.71 (USD:NTD) | $ 8,763,498 |
| USD | 327,813 | 6.9646 (USD:RMB) | 10,067,137 |
| USD | 61,375 | 1,249.898 (USD:KRW) | 1,884,826 |
| Non-monetary items | | | |
| FVTPL | | | |
| USD | 97,780 | 1,249.898 (USD:KRW) | 3,002,841 |
| FVTOCI | | | |
| USD | 33,868 | 1,249.898 (USD:KRW) | 1,040,110 |
| EUR | 105,733 | 32.72 (EUR:NTD) | 3,459,592 |
| Foreign currency liabilities | | | |

| | | | |
|---|---|---|---|
| Monetary items | | | |
| USD | 233,977 | 30.71 (USD:NTD) | 7,185,434 |
| USD | 226,935 | 6.9646 (USD:RMB) | 6,969,174 |

The Group's net realized and unrealized gains on foreign currency exchange were $127,398 thousand and $396,748 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency of each entity in the Group.

## 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

c. Information on investments in mainland China (Table 8)

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income and limit on the amount of investment in the mainland China area.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the end of year balance, the interest rate range and total current year interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

## 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the breakdown by region. The Group's reportable segments were classified into the ROC, Asia and America according to their geographic locations.

The profit or loss from the Group's operating segments is primarily measured by the segment profit or loss, which is used for the basis for assessment of performance. In addition, there are no significant differences between the accounting standards applied by the segments and the summary of material accounting policy information as disclosed in Note 4.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from operation by reportable segment:

| | Segment Revenue | | Segment Profit (Loss) | |
|---|---|---|---|---|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| ROC | $ 21,258,897 | $ 25,509,963 | $ 4,467,795 | $ 6,838,289 |
| Asia | 16,715,495 | 20,620,869 | 2,932,201 | 2,683,383 |
| America | 5,888,193 | 4,303,491 | 477,867 | 267,586 |
| Adjustment and eliminations | (16,742,830) | (20,373,814) | - | - |
| | $ 27,119,755 | $ 30,060,509 | 7,877,863 | 9,789,258 |
| Administration cost and remunerations to directors | | | (592,386) | (589,983) |
| Interest income | | | 1,127,327 | 435,409 |
| Royalty income | | | 538,923 | 1,339,362 |
| Dividend income | | | 535,274 | 664,612 |
| Interest expenses | | | (278,508) | (163,176) |
| Net gain on foreign currency exchange | | | 127,398 | 396,748 |
| Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL | | | 548,932 | (424,642) |

| | | |
|---|---|---|
| Other non-operating income and expenses, net | (60,515) | 636,938 |
| Income before tax | $ 9,824,308 | $12,084,526 |

Segment profit (loss) represented the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, interest income, royalty income, dividend income, net gain on foreign currency exchange, net gain (loss) on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, and income tax expense, etc.

b. Revenue from major products

| Category by Product | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Internet of things applications | $ 14,751,332 | $ 17,779,401 |
| Consumer electronic | 12,346,280 | 12,259,076 |
| Others | 22,143 | 22,032 |
| | $ 27,119,755 | $ 30,060,509 |

c. Geographical information

The Group operates in three principal geographical areas - ROC, Asia and America.

The Group's information about its non-current assets by location of assets was detailed below.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| ROC | $ 6,096,976 | $ 5,630,011 |
| Asia | 1,800,601 | 1,429,462 |
| America | 10,005,853 | 9,899,102 |
| | $ 17,903,430 | $ 16,958,575 |

Non-current assets include property, plant and equipment, right-of-use assets, goodwill, other intangible assets and other non-current assets and exclude non-current assets classified as financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortized cost, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

Customers who contributed 10% or more to the Group's revenue, mainly from monitors, were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Customer B | $ 5,006,940 | $ 4,987,377 |
| Customer A | 4,774,197 | 3,764,798 |
| Customer C | 489,841 | 3,466,924 |
| | $ 10,270,978 | $ 12,219,099 |

TABLE 1

## E INK HOLDINGS INC. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance (Note 1) | Ending Balance (Note 1) | Amount Actually Drawn (Note 1) | Interest Rate Intervals (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrowing Company (Note 2) | Aggregate Financing Limit (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | E Ink Holdings Inc. | YuanHan Materials Inc. | Other receivables | Yes | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | 1.8 | Short-term financing | $ - | Working capital | $ - | - | $ - | $ 4,890,782 | $ 19,563,128 |
| 1 | E Ink Technology B.V. (originally named PVI Global B.V.) | YuanHan Materials Inc. | Other receivables | Yes | 648,500<br>(US$ 20,000 thousand) | - | - | 4.2 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| | | New Field e-Paper Co., Ltd | Other receivables | Yes | 460,575<br>(US$ 15,000 thousand) | 460,575<br>(US$ 15,000 thousand) | 460,575<br>(US$ 15,000 thousand) | 6.5 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| | | E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Other receivables | Yes | 128,961<br>(US$ 4,200 thousand) | 128,961<br>(US$ 4,200 thousand) | 128,961<br>(US$ 4,200 thousand) | 6.5 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| 2 | New Field e-Paper Co., Ltd | YuanHan Materials Inc. | Other receivables | Yes | 162,125<br>(US$ 5,000 thousand) | - | - | 2.0 | Short-term financing | - | Working capital | - | - | - | 188,976 | 755,904 |
| | | Prime View Communications Ltd. | Other receivables | Yes | 129,700<br>(US$ 4,000 thousand) | - | - | 4.2 | Short-term financing | - | Working capital | - | - | - | 188,976 | 755,904 |
| 3 | YuanHan Materials Inc. | Prime View Communications Ltd. | Other receivables | Yes | 129,700<br>(US$ 4,000 thousand) | 122,820<br>(US$ 4,000 thousand) | 122,820<br>(US$ 4,000 thousand) | 6.0 | Short-term financing | - | Working capital | - | - | - | 993,622 | 3,974,488 |

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.705 on December 31, 2023, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., New Field e-Paper Co., Ltd., YuanHan Materials Inc. and E Ink Technology B.V. (originally named PVI Global B.V.) shall not exceed 40% of the financing company's net equity per its latest financial statements.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Endorsement/Guarantee Provider | Endorsed/Guaranteed Party | | Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1) | Maximum Balance for the Year (Note 2) | Ending Balance (Note 2) | Amount Actually Drawn (Note 2) | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%) | Maximum Endorsement/ Guarantee Amount Allowable (Note 3) | Endorsement/ Guarantee Provided by Parent Company | Endorsement/ Guarantee Provided by Subsidiary | Endorsement/ Guarantee to Subsidiary in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | E Ink Holdings Inc. | E Ink Corporation | Subsidiary | $ 12,226,955 | $ 1,070,025 (US$ 33,000 thousand) | $ 1,013,265 (US$ 33,000 thousand) | $ - | $ - | 2.07 | $ 48,907,821 | Yes | No | No |
| | | YuanHan Materials Inc. | Subsidiary | 12,226,955 | 1,850,000 | 600,000 | - | - | 1.23 | 48,907,821 | Yes | No | No |
| | | Linfiny Corporation | Subsidiary | 12,226,955 | 250,000 | 250,000 | 40,000 | - | 0.51 | 48,907,821 | Yes | No | No |
| | | New Field e-Paper Co., Ltd. | Subsidiary | 12,226,955 | 200,000 | 200,000 | - | - | 0.41 | 48,907,821 | Yes | No | No |

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US$1=$30.705 on December 31, 2023, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

TABLE 3

# E INK HOLDINGS INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| E Ink Holdings Inc. | Ordinary shares | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 129,616,218 | $ 2,553,439 | 1.05 | $ 2,553,439 | |
| | YFY Inc. | Investor with significant influence over the Company | Financial assets at FVTOCI - non-current | 7,814,000 | 254,736 | 0.47 | 254,736 | |
| | Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the Company | Financial assets at FVTOCI - non-current | 336,002 | 14,246 | 0.13 | 14,246 | |
| | Yuanta Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 678,497 | 18,727 | 0.01 | 18,727 | |
| | Mega Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 8,461,908 | 331,707 | 0.06 | 331,707 | |
| | Taiwan Cement Corporation | - | Financial assets at FVTOCI - non-current | 5,031,386 | 175,344 | 0.06 | 175,344 | |
| | Asia Electronic Material Co., Ltd. | - | Financial assets at FVTOCI - non-current | 3,855,000 | 82,690 | 3.93 | 82,690 | |
| | Taiflex Sciehtific Co., Ltd. | - | Financial assets at FVTOCI - non-current | 5,936,000 | 291,161 | 2.84 | 291,161 | |
| | IGNIS INNOVATION INC. | - | Financial assets at FVTPL - non-current | 387,597 | - | 0.18 | - | |
| | Soken Chemical & Engineering Co., Ltd. | - | Financial assets at FVTPL - non-current | 48,000 | 25,188 | 0.58 | 25,188 | |
| | Preferred shares | | | | | | | |
| | Fubon Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 4,675,000 | 285,643 | 0.03 | 285,643 | |
| | Cathay Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 2,354,000 | 140,298 | 0.01 | 140,298 | |
| | Taishin Financial Holding Co., Ltd. (E) | - | Financial assets at FVTOCI - non-current | 2,293,000 | 117,172 | 0.02 | 117,172 | |
| | Convertible preferred shares | | | | | | | |
| | MICAREO INC. | - | Financial assets at FVTPL - non-current | 6,000,000 | - | 14.69 | - | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mutual funds | | | | | | | |
| | Yuanta Japan Leaders Equity Fund - TWD (A) | - | Financial assets at FVTPL - non-current | 10,193,680 | 101,529 | - | 101,529 | |
| New Field e-Paper Co., Ltd. | Ordinary shares | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 30,382,959 | 598,544 | 0.25 | 598,544 | |
| | Taiflex Sciehtific Co., Ltd. | - | Financial assets at FVTOCI - non-current | 2,085,000 | 102,269 | 1.00 | 102,269 | |
| | SES-imagotag | - | Financial assets at FVTOCI - non-current | 60,000 | 276,869 | 0.38 | 276,869 | |
| | PRICER AB | - | Financial assets at FVTOCI - non-current | 824,824 | 19,816 | 0.50 | 19,816 | |
| | Straight corporate bonds | | | | | | | |
| | HSBC Holding plc, 7.336% | - | Financial assets at FVTOCI - non-current | 4,710,000 | 149,992 | - | 149,992 | |
| | HSBC Holding plc, 7.39% | - | Financial assets at FVTOCI - non-current | 5,650,000 | 185,948 | - | 185,948 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| YuanHan Materials Inc. | <u>Ordinary shares</u> | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 233,009,777 | $ 4,590,293 | 1.88 | $ 4,590,293 | |
| | YFY Inc. | Investor with significant influence over the parent company | Financial assets at FVTOCI - non-current | 16,000 | 522 | 0.00 | 522 | |
| | Netronix Inc. | - | Financial assets at FVTOCI - non-current | 5,309,198 | 475,704 | 6.07 | 475,704 | |
| | SES-imagotag | - | Financial assets at FVTOCI - non-current | 906,666 | 4,183,796 | 5.68 | 4,183,796 | |
| | Fitipower Integrated Technology Inc. | - | Financial assets at FVTOCI - non-current | 968,906 | 249,493 | 0.80 | 249,493 | |
| | Formolight Technologies, Inc. | - | Financial assets at FVTOCI - non-current | 2,227,500 | 13,178 | 10.93 | 13,178 | |
| | Ecrowd Media Inc. | - | Financial assets at FVTOCI - non-current | 1,309,701 | 11,774 | 6.46 | 11,774 | |
| | Mega Financial Holding Company Ltd. | - | Financial assets at FVTOCI - non-current | 4,804,380 | 188,332 | 0.03 | 188,332 | |
| | Yuanta Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 139,044 | 3,838 | 0.00 | 3,838 | |
| | Daxin Materials Corporation | - | Financial assets at FVTOCI - non-current | 1,138,000 | 113,003 | 1.11 | 113,003 | |
| | Zenitron Corporation. | - | Financial assets at FVTOCI - non-current | 4,249,000 | 145,316 | 1.86 | 145,316 | |
| | Ushine Photonics Corporation | - | Financial assets at FVTOCI - non-current | 3,596,602 | 179,830 | 13.89 | 179,830 | |
| | Taiwan Cement Corporation | - | Financial assets at FVTOCI - non-current | 1,249,000 | 43,528 | 0.02 | 43,528 | |
| | Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the parent company | Financial assets at FVTOCI - non-current | 688 | 29 | 0.00 | 29 | |
| | <u>Preferred shares</u> | | | | | | | |
| | Fubon Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 4,684,000 | 286,192 | 0.03 | 286,192 | |
| | <u>Convertible preferred shares</u> | | | | | | | |
| | SigmaSense, LLC | - | Financial assets at FVTPL - non-current | 72,916 | 152,893 | 1.60 | 152,893 | |
| | <u>Straight corporate bonds</u> | | | | | | | |
| | FS KKR Capital Corp | - | Financial assets at FVTOCI - non-current | 2,000,000 | 60,899 | - | 60,899 | |
| | NOMURA Holdings Inc. | - | Financial assets at FVTOCI - non-current | 1,950,000 | 53,023 | - | 53,023 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Swiss Re Group | - | Financial assets at FVTOCI - non-current | 9,950,000 | 300,993 | - | 300,993 | |
| | Mutual funds | | | | | | | |
| | Blackstone REITS | - | Financial assets at FVTPL - non-current | 30 | 1,196 | - | 1,196 | |
| | Millennium | - | Financial assets at FVTPL - non-current | 4,721,397 | 175,023 | - | 175,023 | |
| Transcend Optronics (Yangzhou) Co., Ltd. | Ordinary shares | | | | | | | |
| | Dke Co., Ltd. | - | Financial assets at FVTOCI - non-current | 1,255,500 | RMB 25,508 thousand | 2.73 | RMB 25,508 thousand | |
| | Hanshow Technology Corporation | - | Financial assets at FVTOCI - non-current | 2,880,000 | RMB 54,518 thousand | 0.76 | RMB 54,518 thousand | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Hydis Technologies Co., Ltd. | Ordinary shares | | | | | | | |
| | SOLUM CO., LTD. | - | Financial assets at FVTOCI - non-current | 527,432 | KRW14,398,894 thousand | 1.08 | KRW14,398,894 thousand | |
| | Hana Financial Group Inc. | - | Financial assets at FVTOCI - non-current | 1,239,279 | KRW53,784,709 thousand | 0.43 | KRW53,784,709 thousand | |
| | KT&G Corporation | - | Financial assets at FVTOCI - non-current | 355,202 | KRW30,867,054 thousand | 0.31 | KRW30,867,054 thousand | |
| | LG Uplus Corp | - | Financial assets at FVTOCI - non-current | 664,380 | KRW 6,796,607 thousand | 0.15 | KRW 6,796,607 thousand | |
| | SAMSUNG CARD CO., LTD. | - | Financial assets at FVTOCI - non-current | 549,455 | KRW17,774,869 thousand | 0.51 | KRW17,774,869 thousand | |
| | SK Telecom Co., Ltd. | - | Financial assets at FVTOCI - non-current | 395,491 | KRW19,814,099 thousand | 0.18 | KRW19,814,099 thousand | |
| | HD Hyundai Co., Ltd. | - | Financial assets at FVTOCI - non-current | 148,464 | KRW 9,397,771 thousand | 0.21 | KRW 9,397,771 thousand | |
| | DS Dansuk Co., Ltd. | - | Financial assets at FVTPL - current | 78,045 | KRW19,974,206 thousand | 1.33 | KRW19,974,206 thousand | |
| | Soken Chemical & Engineering Co Ltd | - | Financial assets at FVTPL - non-current | 10,700 | KRW 235,934 thousand | 0.13 | KRW 235,934 thousand | |
| | Mutual funds | | | | | | | |
| | Term Liquidity Fund | - | Financial assets at FVTPL - non-current | 95,558 | KRW14,344,423 thousand | - | KRW14,344,423 thousand | |
| | Perpetual bonds | | | | | | | |
| | JP Morgan Chase & Co., 4.625% | - | Financial assets at FVTPL - current | 29,800,000 | KRW38,385,696 thousand | - | KRW38,385,696 thousand | |
| | Citigroup Inc. | - | Financial assets at FVTPL - current | 14,810,000 | KRW19,197,586 thousand | - | KRW19,197,586 thousand | |
| | JP Morgan Chase & Co., 4.6% | - | Financial assets at FVTPL - non-current | 18,700,000 | KRW23,212,411 thousand | - | KRW23,212,411 thousand | |
| | Bank of America | - | Financial assets at FVTPL - non-current | 37,900,000 | KRW46,121,864 thousand | - | KRW46,121,864 thousand | |
| | Straight corporate bonds | | | | | | | |
| | Standard Chartered plc, 7.776% | - | Financial assets at FVTOCI - current | 8,500,00 | KRW11,169,234 thousand | - | KRW11,169,234 thousand | |
| | NOMURA Holdings, Inc. | - | Financial assets at FVTOCI - non-current | 16,000,000 | KRW18,264,093 thousand | - | KRW18,264,093 thousand | |
| | Barclays PLC, 4.836% | - | Financial assets at FVTOCI - non-current | 8,490,000 | KRW10,688,076 thousand | - | KRW10,688,076 thousand | |
| | Standard Chartered plc, 4.3% | - | Financial assets at FVTOCI - non-current | 8,800,000 | KRW10,867,666 thousand | - | KRW10,867,666 thousand | |
| | Swiss Re Group | - | Financial assets at FVTOCI - non-current | 4,900,000 | KRW 6,247,228 thousand | - | KRW 6,247,228 thousand | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Societe Generale | - | Financial assets at FVTOCI - non-current | 8,900,000 | KRW12,192,464 thousand | - | KRW12,192,464 thousand | |
| | Barclays PLC, 7.325% | - | Financial assets at FVTOCI - non-current | 8,500,000 | KRW11,328,153 thousand | - | KRW11,328,153 thousand | |
| | Standard Chartered plc, 7.767% | - | Financial assets at FVTOCI - non-current | 8,200,000 | KRW11,414,697 thousand | - | KRW11,414,697 thousand | |
| | Toronto-Dominion Bank | - | Financial assets at FVTPL - non-current | 8,800,000 | KRW11,853,555 thousand | - | KRW11,853,555 thousand | |
| | Fubon hyundai life | - | Financial assets at amortized cost - non-current | 2,200,000 | KRW21,959,960 thousand | - | KRW21,959,960 thousand | |
| | Hanwha General Insurance | - | Financial assets at amortized cost - non-current | 300,000 | KRW 2,997,000 thousand | - | KRW 2,997,000 thousand | |
| Dream Universe Ltd. | Straight corporate bonds | | | | | | | |
| | HSBC Holding plc, 7.336% | - | Financial assets at FVTOCI - non-current | 3,700,000 | US$ 3,837 thousand | | US$ 3,837 thousand | |
| | HSBC Holding plc, 8.113% | - | Financial assets at FVTOCI - non-current | 1,080,000 | US$ 1,243 thousand | | US$ 1,243 thousand | |

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

**TABLE 4**

## E INK HOLDINGS INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Other Adjustments | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Units | Amount | Units | Amount | Units | Prices | Carrying Amount | Gain on Disposal | | Units | Amount |
| Hydis Technologies Co., Ltd. | <u>Ordinary shares</u><br>Hana Financial Group Inc. | Financial assets at FVTOCI - non-current | - | - | 455,121 | KRW 19,137,838 thousand | 888,158 | KRW 35,471,176 thousand | 104,000 | KRW 5,448,000 thousand | KRW 4,373,200 thousand | KRW 1,074,800 thousand (Note 1) | KRW 3,548,895 thousand (Note 2) | 1,239,279 | KRW 53,784,709 thousand |
| | SK Telecom Co., Ltd. | Financial assets at FVTOCI - non-current | - | - | - | - | 395,491 | KRW 19,983,852 thousand | - | - | - | - | KRW (169,753) thousand (Note 2) | 395,491 | KRW 19,814,099 thousand |
| | <u>Perpetual bonds</u><br>BARCLAYS | Financial assets at FVTPL - current | - | - | 8,900,000 | KRW 10,993,612 thousand | 5,900,000 | KRW 7,681,583 thousand | 14,800,000 | KRW 19,624,800 thousand | KRW 19,610,000 thousand | - | KRW 949,605 thousand (Note 3) | - | - |

Note 1: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 2: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 3: Recognized in net gain on financial assets and liabilities at FVTPL.

## E INK HOLDINGS INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total (Note 1) | |
| E Ink Holdings Inc. | E Ink Corporation | Subsidiary | Purchase | $ 5,427,367 | 55 | By agreements | $ - | - | $ (696,168) | (19) | |
| | YuanHan Materials Inc. | Subsidiary | Sale | (193,338) | (1) | By agreements | - | - | 15,538 | 1 | |
| | YuanHan Materials Inc. | Subsidiary | Purchase | 737,214 | 7 | By agreements | - | - | (197,338) | (6) | |
| | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Purchase | 1,367,366 | 14 | By agreements | - | - | (2,557,282) | (71) | |
| | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | Sale | (592,410) | (3) | By agreements | - | - | 139,082 | 7 | |
| | NTX Electronics Yangzhou Co., Ltd. | Associate | Purchase | 1,001,451 | 10 | By agreements | - | - | (20,282) | (1) | |
| YuanHan Materials Inc. | E Ink Holdings Inc. | Parent company | Sale | (737,214) | (54) | By agreements | - | - | 197,338 | 100 | |
| | E Ink Holdings Inc. | Parent company | Purchase | 193,338 | 26 | By agreements | - | - | (15,538) | (100) | |
| Transcend Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | Sale | (1,367,366) | (57) | By agreements | - | - | 2,557,282 | 100 | |
| Rich Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | Purchase | 592,410 | 100 | By agreements | - | - | (139,082) | (100) | |
| E Ink Corporation | E Ink Holdings Inc. | Parent company | Sale | (5,427,367) | (99) | By agreements | - | - | 696,168 | 98 | |
| | E Ink California, LLC | Subsidiary | Purchase | 369,248 | 12 | By agreements | - | - | - | - | (Note 3) |
| E Ink California, LLC | E Ink Corporation | Parent company | Sale | (369,248) | (100) | By agreements | - | - | - | - | (Note 3) |

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd.

Note 3: In response to the Group's organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023.

**TABLE 6**

## E INK HOLDINGS INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate (Times) | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| E Ink Holdings Inc. | YuanHan Materials Inc. | Subsidiary | $ 1,017,307 | (Note 2) | $ - | - | $ 10,403 | $ - |
| | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | 1,921,027 | (Note 1) | 53,054 | Collected | 737,611 | - |
| | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | 139,082 | 1.71 | 67,659 | Collected | 67,659 | - |
| Transcend Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | 2,557,360 | (Note 1) | 48,886 | Collected | 536,124 | - |
| E Ink Corporation | E Ink Holdings Inc. | Parent company | 697,754 | 5.41 | 247,025 | Collected | 364,561 | - |
| YuanHan Materials Inc. | E Ink Holdings Inc. | Parent company | 197,338 | 4.27 | - | - | 183,625 | - |

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from financing provided.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Business and Product | Original Investment Amount | | Balance as of December 31, 2023 | | | Net Income (Loss) of Investee | Share of Profit (Loss) of Investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares (In Thousands) | Percentage of Ownership (%) | Carrying Amount | | | |
| E Ink Holdings Inc. | E Ink Technology B.V. (originally named PVI Global B.V.) | Eindhoven | Investment | $ 12,510,056 | $ 12,510,056 | 437,536,259 | 100.00 | $ 35,013,523 | $ 4,083,950 | $ 4,083,950 | (Note 1) |
| | New Field e-Paper Co., Ltd. | Taoyuan, Taiwan | Investment | 2,488,349 | 2,488,349 | 177,217,132 | 100.00 | 1,889,760 | 46,314 | 46,314 | (Note 1) |
| | YuanHan Materials Inc. | Taipei, Taiwan | Manufacture and sale of chemical materials and optical films | 6,420,230 | 6,420,230 | 183,819,268 | 100.00 | 9,876,448 | 503,416 | 506,651 | (Note 1) |
| | Dream Universe Ltd. | Mauritius | Trading | 128,710 | 128,710 | 4,050,000 | 100.00 | 418,411 | 20,132 | 20,132 | (Note 1) |
| | Prime View Communications Ltd. | Hong Kong | Trading | 18,988 | 18,988 | 3,570,000 | 100.00 | (99,546) | (31,090) | (31,090) | (Note 1) |
| | Enttek Co., Ltd. | Taichung, Taiwan | Manufacture and sale of consumer audio-visual systems | 34,547 | 34,547 | 2,203,161 | 47.07 | - | - | - | Under liquidation |
| | Linfiny Corporation | Taoyuan, Taiwan | Research, development and sale of electronic paper products | 16,800 | 16,800 | 339,828 | 23.00 | (5,549) | 2,484 | 6,977 | (Note 1) |
| | Plastic Logic HK Limited | Hong Kong | Research, development and manufacture of electronic paper display panels | 6,597 | 6,597 | 223,655 | 2.40 | - | - | - | |
| | E Ink Japan Inc. | Tokyo, Japan | Development of electronic ink products | 15,065 | 15,065 | 200 | 100.00 | 14,100 | (2,231) | (2,231) | (Note 1) |
| | Integrated Solutions Technology, Inc. | Taipei, Taiwan | Technical services and trading business of integrated circuits and electronic circuit application design, etc. | 148,743 | 148,743 | 9,896,402 | 26.01 | 135,465 | 6,394 | 1,679 | |
| YuanHan Materials Inc. | Linfiny Corporation | Taoyuan, Taiwan | Research, development and sale of electronic paper products | 323,400 | 323,400 | 1,137,686 | 77.00 | 11,375 | 2,484 | 1,913 | (Note 1) |
| | Yuen Foong Yu Biotech Co., Ltd. | Taipei, Taiwan | Cultivation, processing and sale of agriculture and restaurant management | 36,000 | 36,000 | 3,600,000 | 36.00 | - | - | - | |
| | Kyoritsu Optronics Co., Ltd., | Taipei, Taiwan | Technology development, transfer and licensing of flat panels | 18,860 | 18,860 | 1,050,000 | 25.65 | - | - | - | |
| | Nuclera Limited (originally named Nuclera Nucleics Ltd.) | Cambridge, UK | Protein, gene synthesis and digital microfluidics | 306,491 | 306,491 | 461,365 | 6.24 | 259,606 | (530,383) | (46,513) | |
| | Integrated Solutions Technology, Inc. | Taipei, Taiwan | Technical services and trading business of integrated circuits and electronic circuit application design, etc. | 51,027 | 51,027 | 3,395,000 | 8.92 | 46,472 | 6,394 | 576 | |
| Linfiny Corporation | Linfiny Japan Inc. | Tokyo, Japan | Research, development and sale of electronic paper products | 11,088 | 11,088 | 4,000 | 100.00 | 23,458 | 18 | 18 | (Note 1) |
| E Ink Corporation | E Ink California, LLC | California, USA | Research of electronic inks | - | US$ 29,100 thousand | - | - | - | US$ 2,638 thousand | US$ 1,615 thousand | (Notes 1 and 2) |
| | Nuclera Limited (originally named Nuclera Nucleics Ltd.) | Cambridge, UK | Protein, gene synthesis and digital microfluidics | US$ 25,691 thousand | US$ 25,691 thousand | 1,107,094 | 14.98 | US$ 24,035 thousand | US$ (17,024) thousand | US$ (3,524) thousand | |
| E Ink Technology B.V. (originally named PVI Global B.V.) | PVI International Corp. | British Virgin Islands | Trading | US$ 169,300 thousand | US$ 169,300 thousand | 169,300,000 | 100.00 | US$ 324,743 thousand | US$ 76,448 thousand | US$ 76,448 thousand | (Note 1) |
| | E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Eindhoven | Investment | US$ 330,123 thousand | US$ 330,123 thousand | 355,123,083 | 100.00 | US$ 739,117 thousand | US$ 51,659 thousand | US$ 51,659 thousand | (Note 1) |
| | Ruby Lustre Ltd. | British Virgin Islands | Investment | US$ 30,000 thousand | US$ 30,000 thousand | 30,000,000 | 100.00 | US$ 35,002 thousand | US$ 2,800 thousand | US$ 2,800 thousand | (Note 1) |
| | North Diamond International Co., Ltd. | British Virgin Islands | Investment | US$ $1,750 thousand | US$ $1,750 thousand | 1,750,000 | 35.00 | - | - | - | |
| | Rock Pearl International Corp. | British Virgin Islands | Investment | US$ 1,540 thousand | US$ 1,540 thousand | 1,540,000 | 35.00 | - | - | - | |
| E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Hydis Technologies Co., Ltd. | South Korea | Patent licensing and investment in financial instruments | US$ 27,612 thousand | US$ 27,612 thousand | 3,783,265 | 94.73 | US$ 375,050 thousand | US$ 34,978 thousand | US$ 33,134 thousand | (Note 1) |
| | E Ink Corporation | Boston, USA | Research, development and manufacture of electronic inks | US$ 329,123 thousand | US$ 329,123 thousand | 2,282 | 100.00 | US$ 364,737 thousand | US$ 18,535 thousand | US$ 18,535 thousand | (Note 1) |
| Hydis Technologies Co., Ltd. | Plastic Logic HK Limited | Hong Kong | Research, development and manufacture of electronic paper display panels | KRW 2,942,500 thousand | KRW 2,942,500 thousand | 2,500,000 | 26.79 | - | - | - | |

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: In response to the Group’s organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023. Refer to Note 14.

**TABLE 8**

# E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company | Main Business and Product | Paid-in Capital (Note 1) | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1) | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1) | Net Income (Loss) of Investee (Note 2) | Direct or Indirect Percentage of Ownership (%) | Share of Profit (Loss) of Investee (Notes 2 and 3) | Carrying Amount as of December 31, 2023 (Note 1) | Accumulated Repatriation of Investment Income as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| Transcend Optronics (Yangzhou) Co., Ltd. | Research and development, assembly and sale of display panels | $ 7,347,707 (US$ 239,300 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | $ 3,618,431 (US$ 117,845 thousand) | $ - | $ - | $ 3,618,431 (US$ 117,845 thousand) | $ 2,335,348 (US$ 74,959 thousand) | 100.00 | $ 2,381,737 (US$ 76,448 thousand) | $ 9,964,509 (US$ 324,524 thousand) | $ - |
| Rich Optronics (Yangzhou) Co., Ltd. | Assembly and sale of display panels | 921,150 (US$ 30,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | 921,150 (US$ 30,000 thousand) | - | - | 921,150 (US$ 30,000 thousand) | 87,234 (US$ 2,800 thousand) | 100.00 | 87,234 (US$ 2,800 thousand) | 1,074,736 (US$ 35,002 thousand) | - |
| Transyork Technology Yangzhou Ltd. | Assembly and sale of display panels | 1,133,966 (US$ 36,931 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | - | - | - | - | 26,388 (US$ 847 thousand) | 100.00 | 26,388 (US$ 847 thousand) | 886,146 (US$ 28,860 thousand) | - |
| Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation) | Manufacture and sale of LED products | - | The Company indirectly owns the investee through an investment company registered in a third region | 42,680 (US$ 1,390 thousand) | - | - | 42,680 (US$ 1,390 thousand) | - | 100.00 | - | - | - |
| Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation) | Assembly of LCD backlight board display modules | 153,525 (US$ 5,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | 53,734 (US$ 1,750 thousand) | - | - | 53,734 (US$ 1,750 thousand) | - | 35.00 | - | - | - |
| NTX Electronics Yangzhou Co., Ltd. | Manufacture and sale of flat panels | 173,408 (RMB 40,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | - | - | - | - | 26,828 (RMB 6,035 thousand) | 49.00 | 13,146 (RMB 2,957 thousand) | 127,722 (RMB 29,461 thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1) | Investment Amount Authorized by Investment Commission, MOEA (Note 1) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|
| $ 4,635,995 (US$ 150,985 thousand) | $ 11,180,765 (US$ 364,135 thousand) | $ 35,306,424 |

(Continued)

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.705 and RMB1=NT$4.33521 on December 31, 2023.

Note 2: The amounts are translated at the average exchange rate of US$1=NT$31.155 and RMB1=NT$4.44536 for the year ended December 31, 2023.

Note 3: The amounts were calculated based on audited financial statements of the corresponding year.

Note 4: Refer to Tables 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

**TABLE 9**

## E INK HOLDINGS INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No | Company Name | Related Party | Relationship | Transaction Details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets |
| 0 | E Ink Holdings Inc. | E Ink Corporation | Subsidiary | Accounts payable to related parties | $ 696,168 | By agreements | 0.9 |
| | | E Ink Corporation | Subsidiary | Cost of goods sold | 5,427,367 | By agreements | 20.0 |
| | | YuanHan Materials Inc. | Subsidiary | Other receivables from related parties | 1,001,768 | By agreements | 1.3 |
| | | YuanHan Materials Inc. | Subsidiary | Cost of goods sold | 737,214 | By agreements | 2.7 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Accounts receivable from related parties | 1,921,027 | By agreements | 2.6 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Accounts payable to related parties | 2,557,282 | By agreements | 3.4 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Cost of goods sold | 1,367,366 | By agreements | 5.0 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Manufacturing expenses | 985,409 | By agreements | 3.6 |
| | | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | Sales revenue | 592,410 | By agreements | 2.2 |

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of $500 million or more are disclosed in this table.

TABLE 10

# E INK HOLDINGS INC.

## INFORMATION ON MAJOR SHAREHOLDERS
## DECEMBER 31, 2023

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| YFY Inc. | 133,472,904 | 11.68 |
| S.C. Ho | 80,434,300 | 7.04 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

B. Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

# E Ink Holdings Inc.

## Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders
E Ink Holdings Inc.

**Opinion**

We have audited the accompanying financial statements of E Ink Holdings Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

**Basis for Opinion**

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

**Key Audit Matter**

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter for the Company's financial statements for the year ended December 31, 2023 is stated as follows:

Authenticity of Sales Revenue - Recognition of Sales Revenue from Internet of Things Applications Products

The Company mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Company's sales revenue is affected by changes in market demand, with revenue from Internet of Things applications accounting for over 50%. Rapid changes in terminal market demand result in significant fluctuations in the revenue of Internet of Things applications products. This is of significant importance for the overall financial statements. Therefore, the authenticity of such sales revenue was identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.

2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declaration of overseas sales, and confirmed the receipt of payments.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the financial statements for the year ended December 31, 2023, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

<u>*Notice to Readers*</u>

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# E INK HOLDINGS INC.

**BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS (Note 4) | | | | |
| Cash and cash equivalents (Note 6) | $ 3,605,756 | 5 | $ 1,665,566 | 3 |
| Financial assets measured at amortized cost (Notes 9 and 27) | 3,508,315 | 5 | 480,041 | 1 |
| Accounts receivable (Notes 10 and 18) | 1,365,187 | 2 | 3,104,845 | 5 |
| Accounts receivable from related parties (Notes 10, 18 and 26) | 2,092,042 | 3 | 3,313,437 | 5 |
| Other receivables from related parties (Note 26) | 1,003,482 | 2 | 35,233 | - |
| Inventories (Note 11) | 2,341,921 | 3 | 3,540,804 | 6 |
| Prepayments | 157,221 | - | 164,758 | - |
| Other current assets (Note 7) | 76,526 | - | 51,304 | - |
| Total current assets | 14,150,450 | 20 | 12,355,988 | 20 |
| NON-CURRENT ASSETS (Note 4) | | | | |
| Financial assets at fair value through profit or loss (Note 7) | 126,717 | - | - | - |
| Financial assets at fair value through other comprehensive income (Notes 8 and 26) | 4,265,163 | 6 | 3,564,049 | 6 |
| Investments accounted for using the equity method (Note 12) | 47,347,707 | 66 | 41,690,952 | 66 |
| Property, plant and equipment (Notes 13, 23 and 26) | 4,249,215 | 6 | 3,583,886 | 6 |
| Right-of-use assets (Notes 14 and 26) | 844,935 | 1 | 883,386 | 1 |
| Other intangible assets | 162,025 | - | 179,410 | - |
| Deferred tax assets (Note 20) | 392,627 | 1 | 677,658 | 1 |
| Other non-current assets (Note 26) | 16,752 | - | 12,836 | - |
| Total non-current assets | 57,405,141 | 80 | 50,592,177 | 80 |
| TOTAL | $ 71,555,591 | 100 | $ 62,948,165 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES (Note 4) | | | | |
| Short-term borrowings (Note 15) | $ 3,270,000 | 5 | $ 1,800,000 | 3 |
| Short-term bills payable (Note 15) | 4,226,224 | 6 | 349,835 | 1 |
| Contract liabilities (Note 18) | 473,083 | 1 | 189,850 | - |
| Notes and accounts payable | 1,498,047 | 2 | 1,291,869 | 2 |
| Accounts payable to related parties (Note 26) | 3,576,990 | 5 | 5,078,557 | 8 |
| Other payables (Notes 23 and 26) | 1,459,197 | 2 | 1,574,768 | 2 |
| Current tax liabilities (Note 20) | 836,351 | 1 | 1,436,470 | 2 |
| Current portion of long-term borrowings (Note 15) | - | - | 150,000 | - |
| Receipts in advance (Note 26) | 401,503 | 1 | 1,018,818 | 2 |
| Other current liabilities (Notes 14 and 26) | 326,708 | - | 321,241 | 1 |
| Total current liabilities | 16,068,103 | 23 | 13,211,408 | 21 |
| NON-CURRENT LIABILITIES (Note 4) | | | | |
| Long-term borrowings (Note 15) | 5,621,615 | 8 | 5,001,228 | 8 |
| Lease liabilities (Notes 14 and 26) | 837,851 | 1 | 871,393 | 2 |
| Net defined benefit liabilities (Note 16) | 5,271 | - | 90,154 | - |
| Other non-current liabilities (Notes 12, 20 and 26) | 114,930 | - | 86,994 | - |
| Total non-current liabilities | 6,579,667 | 9 | 6,049,769 | 10 |
| Total liabilities | 22,647,770 | 32 | 19,261,177 | 31 |
| EQUITY (Notes 17 and 22) | | | | |
| Share capital | 11,411,033 | 16 | 11,404,047 | 18 |
| Advance receipts for share capital | 87,141 | - | - | - |
| Capital surplus | 10,878,525 | 15 | 10,748,007 | 17 |
| Retained earnings | 20,696,630 | 29 | 17,822,789 | 28 |
| Other equity | 5,834,492 | 8 | 3,712,145 | 6 |
| Total equity | 48,907,821 | 68 | 43,686,988 | 69 |
| TOTAL | $ 71,555,591 | 100 | $ 62,948,165 | 100 |

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

# E INK HOLDINGS INC.

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OPERATING REVENUE (Notes 4, 18 and 26) | $ 19,815,440 | 100 | $ 23,302,339 | 100 |
| OPERATING COSTS (Notes 11, 19 and 26) | 13,375,649 | 67 | 14,643,703 | 63 |
| GROSS PROFIT | 6,439,791 | 33 | 8,658,636 | 37 |
| OPERATING EXPENSES (Notes 19 and 26) | | | | |
| Selling and marketing expenses | 492,608 | 3 | 464,410 | 2 |
| General and administrative expenses | 1,033,968 | 5 | 1,055,458 | 5 |
| Research and development expenses | 1,362,779 | 7 | 1,222,423 | 5 |
| Total operating expenses | 2,889,355 | 15 | 2,742,291 | 12 |
| INCOME FROM OPERATIONS | 3,550,436 | 18 | 5,916,345 | 25 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income (Note 19) | 210,869 | 1 | 28,904 | - |
| Royalty income (Notes 4 and 18) | 211,190 | 1 | 230,546 | 1 |
| Dividend income | 141,597 | 1 | 199,043 | 1 |
| Other income (Note 26) | 83,726 | - | 109,940 | - |
| Net loss on disposal of property, plant and equipment | (1,263) | - | (2,797) | - |
| Net gain on foreign currency exchange (Note 29) | 49,274 | - | 220,592 | 1 |
| Share of profit of subsidiaries and associates accounted for using the equity method | 4,632,382 | 23 | 4,377,363 | 19 |
| Interest expenses (Note 13) | (150,976) | (1) | (99,685) | - |
| Other expenses | (20,685) | - | (155) | - |
| Net loss on fair value change of financial assets and liabilities at fair value through profit or loss | (58,552) | - | (754) | - |
| Total non-operating income and expenses | 5,097,562 | 25 | 5,062,997 | 22 |
| INCOME BEFORE INCOME TAX | 8,647,998 | 43 | 10,979,342 | 47 |
| INCOME TAX EXPENSE (Notes 4 and 20) | (833,672) | (4) | (1,067,592) | (4) |
| NET INCOME FOR THE YEAR | 7,814,326 | 39 | 9,911,750 | 43 |

(Continued)

# E INK HOLDINGS INC.

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 4) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 16) | $ (15,546) | - | $ (7,632) | - |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | 692,668 | 4 | (424,056) | (2) |
| Share of other comprehensive income of subsidiaries and associates accounted for using the equity method | 2,459,774 | 12 | 1,199,409 | 5 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20) | (375,214) | (2) | (458,536) | (2) |
| | 2,761,682 | 14 | 309,185 | 1 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method | (437,005) | (2) | 1,606,067 | 7 |
| Other comprehensive income for the year, net of income tax | 2,324,677 | 12 | 1,915,252 | 8 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 10,139,003 | 51 | $ 11,827,002 | 51 |
| EARNINGS PER SHARE (Note 21) | | | | |
| Basic | $ 6.85 | | $ 8.69 | |
| Diluted | $ 6.78 | | $ 8.60 | |

The accompanying notes are an integral part of the financial statements. (Concluded)

## E INK HOLDINGS INC.

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDEDDECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | Share Capital | | | | Retained Earnings | | | | Other Equity | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares (In Thousands) | Amount | Advance Receipts for Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at FVTOCI | Total |
| BALANCE AT JANUARY 1, 2022 | 1,140,405 | $ 11,404,047 | $ - | $ 10,407,670 | $ 2,441,853 | $ 70,678 | $ 8,487,671 | $ 11,000,202 | $ (2,360,327) | $ 4,715,574 | $ 35,167,166 |
| Appropriation of 2021 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 530,211 | - | (530,211) | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (3,649,295) | (3,649,295) | - | - | (3,649,295) |
| Changes in capital surplus from investments in associates for using the equity method | - | - | - | 239,600 | - | - | - | - | 2,399 | - | 241,999 |
| Other changes in capital surplus | - | - | - | 7 | - | - | - | - | - | - | 7 |
| Net income for the year ended December 31, 2022 | - | - | - | - | - | - | 9,911,750 | 9,911,750 | - | - | 9,911,750 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | - | (4,842) | (4,842) | 1,606,067 | 314,027 | 1,915,252 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | - | 9,906,908 | 9,906,908 | 1,606,067 | 314,027 | 11,827,002 |
| Difference between consideration and carrying amount resulting from disposal of subsidiaries | - | - | - | - | - | - | - | - | (621) | - | (621) |
| Share-based payments | - | - | - | 100,730 | - | - | - | - | - | - | 100,730 |
| Disposal of investments in equity instruments designated as at FVTOCI | - | - | - | - | - | - | 564,974 | 564,974 | - | (564,974) | - |
| BALANCE AT DECEMBER 31, 2022 | 1,140,405 | 11,404,047 | - | 10,748,007 | 2,972,064 | 70,678 | 14,780,047 | 17,822,789 | (752,482) | 4,464,627 | 43,686,988 |
| Appropriation of 2022 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | - | 1,047,188 | - | (1,047,188) | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | (5,131,821) | (5,131,821) | - | - | (5,131,821) |
| Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method | - | - | - | 5,208 | - | - | - | - | - | - | 5,208 |
| Other changes in capital surplus | - | - | - | 14 | - | - | - | - | - | - | 14 |
| Net income for the year ended December 31, 2023 | - | - | - | - | - | - | 7,814,326 | 7,814,326 | - | - | 7,814,326 |
| Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax | - | - | - | - | - | - | (14,420) | (14,420) | (437,005) | 2,776,102 | 2,324,677 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | - | 7,799,906 | 7,799,906 | (437,005) | 2,776,102 | 10,139,003 |
| Actual acquisition of partial interests in subsidiaries | - | - | - | - | - | - | (10,994) | (10,994) | - | - | (10,994) |
| Share-based payments | - | - | - | 80,488 | - | - | - | - | - | - | 80,488 |
| Exercise of employee share options | 698 | 6,986 | 87,141 | 44,808 | - | - | - | - | - | - | 138,935 |
| Disposal of investments in equity instruments at FVTOCI | - | - | - | - | - | - | 216,750 | 216,750 | - | (216,750) | - |
| BALANCE AT DECEMBER 31, 2023 | 1,141,103 | $ 11,411,033 | $ 87,141 | $ 10,878,525 | $ 4,019,252 | $ 70,678 | $ 16,606,700 | $ 20,696,630 | $ (1,189,487) | $ 7,023,979 | $ 48,907,821 |

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

# E INK HOLDINGS INC.

## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 8,647,998 | $ 10,979,342 |
| Adjustments for | | |
| Depreciation expenses | 599,653 | 380,592 |
| Amortization expenses | 51,236 | 53,897 |
| Expected credit loss recognized on accounts receivable | 16 | - |
| Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss | 58,552 | 754 |
| Interest expenses | 150,976 | 99,685 |
| Interest income | (210,869) | (28,904) |
| Dividend income | (141,597) | (199,043) |
| Compensation costs of share-based payments | 50,335 | 66,061 |
| Share of profit of subsidiaries and associates accounted for using the equity method | (4,632,382) | (4,377,363) |
| Net loss on disposal of property, plant and equipment | 1,263 | 2,797 |
| Net loss on disposal of intangible assets | 272 | 96 |
| Net loss on disposal of investments | - | 59 |
| Reversal of write-downs of inventories | (94,314) | (137,101) |
| Net unrealized loss on foreign currency exchange | 48,423 | 154,540 |
| Gain recognized in bargain purchase transaction | - | (18,712) |
| Gain on lease modifications | (1) | (3,901) |
| Royalty income | (211,190) | (230,546) |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 1,687,933 | (1,330,669) |
| Accounts receivable from related parties | 1,094,958 | 2,577,161 |
| Inventories | 1,293,197 | (72,102) |
| Prepayments | 27,514 | (123,838) |
| Other current assets | 44,413 | (54,373) |
| Financial liability held for trading | (39,868) | (1,012) |
| Contract liabilities | 494,423 | (2,199,900) |
| Notes and accounts payable | 255,240 | (1,213,046) |
| Accounts payable to related parties | (1,442,241) | (1,758,795) |
| Other payables | (82,180) | 642,881 |
| Receipts in advance | (617,315) | 631,479 |
| Other current liabilities | 72,852 | 251,250 |
| Net defined benefit liabilities | (100,429) | (7,514) |
| Cash generated from operations | 7,006,868 | 4,083,775 |
| Income tax paid | (1,151,316) | (148,626) |
| Net cash generated from operating activities | 5,855,552 | 3,935,149 |

(Continued)

# E INK HOLDINGS INC.

**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | $ (178,365) | $ (323,848) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 169,919 | 1,105,482 |
| Acquisition of financial assets at amortized cost | (3,577,357) | (494,371) |
| Proceeds from disposal of financial assets at amortized cost | 480,041 | 34,665 |
| Acquisition of financial assets at fair value through profit or loss | (281,871) | (6,725) |
| Proceeds from sale of financial assets at fair value through profit or loss | 144,163 | - |
| Acquisition of long-term equity investment using the equity method | - | (148,743) |
| Acquisition of subsidiaries | - | (1,002,512) |
| Acquisition of property, plant and equipment | (1,270,088) | (1,727,400) |
| Increase in refundable deposits | (3,831) | (5,111) |
| Increase in other receivables from related parties | (1,000,000) | - |
| Acquisition of other intangible assets | (14,601) | (13,354) |
| Interest received | 165,201 | 26,585 |
| Dividends received | 820,932 | 1,696,859 |
| Net cash used in investing activities | (4,545,857) | (858,473) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 1,470,000 | (412,550) |
| Increase (decrease) in short-term bills payable | 3,876,389 | (3,949,763) |
| Increase in long-term borrowings | 470,387 | 4,303,888 |
| Repayment of the principal portion of lease liabilities | (43,901) | (28,860) |
| Increase (decrease) in other non-current liabilities | (1,294) | 634 |
| Cash dividends | (5,131,821) | (3,649,295) |
| Exercise of employee share options | 138,935 | - |
| Interest paid | (148,214) | (95,683) |
| Return of overdue uncollected dividends | 14 | 7 |
| Net cash generated from (used in) financing activities | 630,495 | (3,831,622) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,940,190 | (754,946) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 1,665,566 | 2,420,512 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 3,605,756 | $ 1,665,566 |

The accompanying notes are an integral part of the financial statements. (Concluded)

## 1. GENERAL INFORMATION

E Ink Holdings Inc. (the "Company") was incorporated in June 1992 in the Hsinchu Science Park. The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

## 2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on February 23, 2024.

## 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

   - Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

     The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company's exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

| New, Amended or Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16“Lease Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1“Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1“Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7“Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issued, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net income for the year, other comprehensive income (loss) for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit (loss) of subsidiaries and associates accounted for using the equity method, and the share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, finished goods, semi-finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income or loss of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss for the year.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in subsequent years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized in profit or loss for the year. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income or loss in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income or loss of the associate. The Company also recognizes the changes in the Company’s share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss for the year.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates accounted for using the equity method and investments accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income or loss and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime Expected Credit Loss (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that a financial asset is in default (without taking into account any collateral held by the Company) when internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income or loss is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are carried at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Provisions

Provisions (included in other current liabilities) are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

m. Revenue recognition

The Company identifies the contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Licensing revenue

If the patented technology licensed by the Company can remain functional without any updates or technical support and the Company is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Company recognizes revenue at the point in time at which the license of patented technology transfers. If the Company is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Company recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Company does not have a present right to payment of the royalties is recorded as contract assets and reclassified to accounts receivable after the Company fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing revenue

The Company enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

q. Share-based payment arrangements

The fair value at the grant date of share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash that are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss, such that the cumulative expenses reflect the revised estimate with a corresponding adjustment to capital surplus - employee share options.

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting year and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of recent developments in COVID-19 and its potential impact on the economic environment on cash flow projections, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Cash on hand | $ 318 | $ 1,375 |
| Checking accounts and demand deposits | 1,382,433 | 1,264,191 |
| Cash equivalents (investments with original maturities of less than 3 months) | | |
| Time deposits | 245,640 | - |
| Repurchase agreements collateralized by notes | 1,977,365 | 400,000 |
| | $ 3,605,756 | $ 1,665,566 |

The market rate intervals of demand deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Demand deposits | 0.445%-0.73% | 0.16%-0.45% |
| Time deposits | 5.4%-5.6% | - |
| Repurchase agreements collateralized by notes | 1.25%-5.5% | 1.10% |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets - current (included in other current assets) | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Domestic investment - listed stocks | $ - | $ 7,685 |
| Derivative financial assets (not under hedge accounting) | | |
| Foreign exchange forward contracts | - | 7 |
| | $ - | $ 7,692 |

(Continued)

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets - non-current | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Mutual funds | $ 101,529 | $ - |
| Foreign investment - listed stocks | 25,188 | - |
| | $ 126,717 | $ - |

(Concluded)

At the end of the reporting period, the outstanding foreign exchange forward contract not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|---|---|---|---|
| December 31, 2022 | | | |
| Sell | USD/NTD | 2023.02 | USD9,000/NTD275,091 |

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Investments in equity instruments - non-current | | |
| Domestic investments | | |
| Listed shares | $ 4,265,163 | $ 3,564,049 |

The Company holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Time deposits with original maturities of more than 3 months (a) | $ 3,473,442 | $ 445,295 |
| Pledged time deposits (b) | 34,873 | 34,746 |
| | $ 3,508,315 | $ 480,041 |

a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 5.16%-5.75% and 4.18%-5.11% per annum, as of December 31, 2023 and 2022, respectively.

b. The market rate intervals for time deposits pledged as security were 0.55%-1.57% and 0.16%-1.19% per annum, as of December 31, 2023 and 2022, respectively. Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. ACCOUNTS RECEIVABLE

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Accounts receivable | $ 1,366,093 | $ 3,105,735 |
| Less: Loss allowance | (906) | (890) |
| | 1,365,187 | 3,104,845 |
| Accounts receivable from related parties (Note 26) | 2,111,096 | 3,332,494 |
| Less: Loss allowance | (19,054) | (19,057) |
| | 2,092,042 | 3,313,437 |
| | $ 3,457,229 | $ 6,418,282 |

The Company recognizes impairment loss when there is actual credit loss from individual client. In addition, the Company recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and past due status.

The following table detailed the loss allowance for accounts receivable:

December 31, 2023

| | Not Past Due | Past Due in 1-90 Days | Past Due over 90 Days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0% | 0.01% | 100% | |
| Gross carrying amount | $ 3,306,653 | $ 150,592 | $ 19,944 | $ 3,477,189 |
| Less: Loss allowance | - | (16) | (19,944) | (19,960) |
| Amortized cost | $ 3,306,653 | $ 150,576 | $ - | $ 3,457,229 |

December 31, 2022

| | Not Past Due | Past Due in 1-90 Days | Past Due over 90 Days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0% | 0% | 84% | |
| Gross carrying amount | $ 5,223,967 | $ 1,190,636 | $ 23,626 | $ 6,438,229 |
| Less: Loss allowance | - | - | (19,947) | (19,947) |
| Amortized cost | $ 5,223,967 | $ 1,190,636 | $ 3,679 | $ 6,418,282 |

The movements of the loss allowance were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 19,947 | $ 17,979 |
| Net remeasurement of loss allowance | 16 | - |
| Effect of foreign currency exchange differences | (3) | 1,968 |
| Balance at December 31 | $ 19,960 | $ 19,947 |

Accounts receivable of the Company were mainly concentrated in customers A, C, D, F, G and H. The accounts receivable from the foregoing customers, as of December 31, 2023 and 2022, respectively, were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Customer A | $ 479,236 | $ 851,574 |
| Customer H | 240,994 | 134,439 |
| Customer G | 238,622 | 148,636 |
| Customer F | 88,520 | 209,633 |
| Customer D | 83,837 | 582,603 |
| Customer C | 60,811 | 726,951 |
| | $ 1,192,020 | $ 2,653,836 |

## 11. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Finished goods | $ 545,856 | $ 1,092,956 |
| Semi-finished goods | 1,064,596 | 887,488 |
| Work in progress | 118,112 | 440,108 |
| Raw materials | 613,357 | 1,120,252 |
| | $ 2,341,921 | $ 3,540,804 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of write-downs of inventories of $94,314 thousand and $137,101 thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Investments in subsidiaries | $ 47,212,242 | $ 41,532,390 |
| Investments in associates | 135,465 | 158,562 |
| | $ 47,347,707 | $ 41,690,952 |

a. Investment in subsidiaries

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unlisted companies | | |
| E Ink Technology B.V. (originally named PVI Global B.V.) | $ 35,013,523 | $ 31,050,242 |
| YuanHan Materials Inc. | 9,876,448 | 8,427,740 |
| New Field e-Paper Co., Ltd. | 1,889,760 | 1,644,329 |
| Dream Universe Ltd. | 418,411 | 393,099 |
| E Ink Japan Inc. | 14,110 | 16,980 |
| Linfiny Corporation (Note 1) | - | - |
| Prime View Communications Ltd. (Note 2) | - | - |
| | $ 47,212,242 | $ 41,532,390 |

Note 1: As of December 31, 2023 and 2022, the investment in Linfiny Corporation was recorded as other non-current liabilities due to the credit balance of $5,548 thousand and $1,273 thousand, respectively.

Note 2: As of December 31, 2023 and 2022, the investment in Prime View Communications Ltd. was recorded as other non-current liabilities due to the credit balance of $99,546 thousand and $68,926 thousand, respectively.

| | Proportion of Ownership and Voting Rights | |
|---|---|---|
| | December 31 | |
| Name of subsidiary | 2023 | 2022 |
| E Ink Technology B.V. (originally named PVI Global B.V.) (Note 1) | 100% | 100% |
| YuanHan Materials Inc. | 100% | 100% |
| New Field e-Paper Co., Ltd. | 100% | 100% |
| Dream Universe Ltd. | 100% | 100% |
| E Ink Japan Inc. | 100% | 100% |
| E Ink Corporation (Note 1) | - | - |
| Tech Smart Logistics Ltd. (Note 2) | - | - |
| Linfiny Corporation (Note 3) | 23% | 4% |
| Prime View Communications Ltd. | 100% | 100% |

Refer to Note 30 for the details of investment in subsidiaries indirectly held by the Company.

Note 1: To improve the Group's strategic development and arrange a long-term operating strategy, the Company's board of directors approved an adjustment to its organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, completed the relocation of PVI Global B.V. and Dream Pacific International B.V. to the Netherlands in December 2022, and changed their names to E Ink Technology B.V. and E Ink Netherlands B.V., respectively, in July 2023.

Note 2: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 3: In order to follow the operating plan of the Group, the Company acquired all shares of Linfiny Corporation that Sony Semiconductor Solutions held; therefore, the Company's comprehensive proportionate interest was 23% in March 2023.

These subsidiaries are included in the consolidated financial statements of the Company as of December 31, 2023 and 2022.

b. Investments in associates

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Associates that are not individually material | $ 135,465 | $ 158,562 |

Aggregate information of associates that are not individually material

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Company's share of | | |
| Net gain (loss) for the year | $ 1,679 | $ (9,943) |
| Other comprehensive loss | (43) | 1 |
| Total comprehensive loss for the year | $ 1,636 | $ (9,942) |

In order to strengthen the layout and development of the e-paper ecosystem, the Company participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to $148,743 thousand in November 2022, and jointly acquired 35.24% of its equity with its subsidiary YuanHan Materials Inc. Due to the change in shareholding ratio resulting from the conversion of employee share options as of December 31, 2023 and 2022, the Company and its subsidiary currently has a combined comprehensive shareholding ratio of 34.93% and 35.19%, respectively.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments except for some associates, the other were based on the audited financial statements of subsidiaries and associates for the corresponding year.

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Buildings | Machinery | Other Equipment | Construction in Progress and Prepayments for Equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at January 1, 2022 | $ 1,483,150 | $ 3,998,449 | $ 1,579,789 | $ 861,997 | $ 7,923,385 |
| Additions | 26,247 | 140,258 | 18,906 | 1,522,108 | 1,707,519 |
| Disposals | (3,880) | (698) | (11,021) | - | (15,599) |
| Reclassifications | 36,391 | 652,882 | 296,176 | (999,078) | (13,629) |
| Balance at December 31, 2022 | $ 1,541,908 | $ 4,790,891 | $ 1,883,850 | $ 1,385,027 | $ 9,601,676 |
| Accumulated depreciation and impairment | | | | | |
| Balance at January 1, 2022 | $ 900,086 | $ 3,710,875 | $ 1,076,442 | $ - | $ 5,687,403 |
| Depreciation expenses | 44,176 | 139,503 | 159,510 | - | 343,189 |
| Disposals | (1,980) | (698) | (10,124) | - | (12,802) |
| Balance at December 31, 2022 | $ 942,282 | $ 3,849,680 | $ 1,225,828 | $ - | $ 6,017,790 |
| Carrying amount at December 31, 2022 | $ 599,626 | $ 941,211 | $ 658,022 | $ 1,385,027 | $ 3,583,886 |

(Continued)

| | Buildings | Machinery | Other Equipment | Construction in Progress and Prepayments for Equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at January 1, 2023 | $ 1,541,908 | $ 4,790,891 | $ 1,883,850 | $ 1,385,027 | $ 9,601,676 |
| Additions | 3,318 | 101,173 | 70,759 | 1,059,652 | 1,234,902 |
| Disposals | (4,250) | (304) | (14,206) | - | (18,760) |
| Reclassifications | 941 | 487,384 | 169,396 | (677,243) | (19,522) |
| Balance at December 31, 2023 | $ 1,541,917 | $ 5,379,144 | $ 2,109,799 | $ 1,767,436 | $ 10,798,296 |
| Accumulated depreciation and impairment | | | | | |
| Balance at January 1, 2023 | $ 942,282 | $ 3,849,680 | $ 1,225,828 | $ - | $ 6,017,790 |
| Depreciation expenses | 50,594 | 279,663 | 218,531 | - | 548,788 |
| Disposals | (2,987) | (304) | (14,206) | - | (17,497) |
| Balance at December 31, 2023 | $ 989,889 | $ 4,129,039 | $ 1,430,153 | $ - | $ 6,549,081 |
| Carrying amount at December 31, 2023 | $ 552,028 | $ 1,250,105 | $ 679,646 | $ 1,767,436 | $ 4,249,215 |

(Concluded)

Information about the capitalized interest is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Capitalized interest | $ 25,698 | $ 12,647 |
| Capitalization rate intervals | 1.47%-1.80% | 0.64%-1.59% |

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 33-56 years |
| Clean rooms and plumbing construction | 25-30 years |
| Others | 2-14 years |
| Machinery | 1-11 years |
| Other equipment | 1-26 years |

## 14. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Land | $ 842,367 | $ 881,236 |
| Other equipment | 2,568 | 2,150 |
| | $ 844,935 | $ 883,386 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Additions to right-of-use assets | $ 15,346 | $ 255,271 |
| Depreciation of right-of-use assets | | |
| Land | $ 48,561 | $ 34,903 |
| Other equipment | 2,304 | 2,500 |
| | $ 50,865 | $ 37,403 |

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during years ended December 31, 2023 and 2022.

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Current (included in other current liabilities) | $ 34,725 | $ 32,676 |
| Non-current | $ 837,851 | $ 871,393 |

Discount rate intervals for lease liabilities are as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Land | 0.58%-4.92% | 0.56%-4.92% |
| Other equipment | 0.61%-1.50% | 0.60%-0.61% |

c. Material lease-in activities and terms

The Company leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Company has renewal options if the Company does not violate the lease agreements during the rental period.

The Company also leased certain land for its plants and offices, with a lease term of 5 to 20 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values, with the right of preemption to purchase upon lease expiration.

The Company is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $ 13,543 | $ 4,281 |
| Total cash outflow for leases | $ 79,658 | $ 49,889 |

The Company leases other equipment which qualifies as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 15. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unsecured borrowings | $ 3,270,000 | $ 1,430,000 |
| Secured borrowings | - | 370,000 |
| | $ 3,270,000 | $ 1,800,000 |
| Interest rate intervals | 1.62%-1.83% | 0.82%-1.80% |

Secured borrowings are endorsed and guaranteed by the subsidiaries of Hydis Technologies Co., Ltd. for the Company.

b. Short-term bills payable

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Commercial paper | $ 4,230,000 | $ 350,000 |
| Less: Discounts on bills payable | (3,776) | (165) |
| | $ 4,226,224 | $ 349,835 |
| Interest rate intervals | 1.42%-1.58% | 1.32%-1.63% |

c. Long-term borrowing

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Syndicated loans | $ 3,393,676 | $ 4,141,228 |
| Unsecured borrowings | 2,227,939 | 1,010,000 |
| Less: Current portion | - | (150,000) |
| | $ 5,621,615 | $ 5,001,228 |
| Interest rate intervals | 1.30%-1.99% | 1.18%-1.80% |

Long-term unsecured borrowings will expire in October 2030, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Company entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is $6,800,000 thousand. The duration period is within 5 years from the first drawdown date (August 2021). As of December 31, 2023, and December 31, 2022, the drawdowns were as follows:

| | Currency (In Thousands) | December 31 2023 | December 31 2022 |
|---|---|---|---|
| Long-term borrowings | NTD | $ 3,400,000 | $ 4,150,000 |

During the credit period, the Company's financial statements should be reviewed on a semi-annual basis, where the consolidated current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than $15,000,000 thousand. The Group should meet certain financial ratios based on the audited consolidated annual financial statements and reviewed consolidated financial statements for the second quarter.

## 16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

| | December 31 2023 | December 31 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 50,108 | $ 162,436 |
| Fair value of plan assets | (44,837) | (72,282) |
| Net defined benefit liabilities | $ 5,271 | $ 90,154 |

Movements in net defined benefit liabilities were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities |
|---|---|---|---|
| Balance at January 1, 2022 | $ 159,847 | $ (69,811) | $ 90,036 |
| Service cost | | | |
| Current service cost | 333 | - | 333 |
| Net interest expense (income) | 799 | (369) | 430 |
| Recognized in profit or loss | 1,132 | (369) | 763 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (5,428) | (5,428) |
| Actuarial (gain) loss | | | |
| Changes in demographic assumptions | 1,512 | - | 1,512 |
| Changes in financial assumptions | (2,533) | - | (2,533) |
| Experience adjustments | 14,081 | - | 14,081 |
| Recognized in other comprehensive income (loss) | 13,060 | (5,428) | 7,632 |
| Contributions from the employer | - | (8,277) | (8,277) |
| Benefits paid | (11,603) | 11,603 | - |
| Balance at December 31, 2022 | 162,436 | (72,282) | 90,154 |
| Current service cost | 138 | - | 138 |
| Loss on settlements | 13,672 | - | 13,672 |
| Net interest expense (income) | 2,233 | (1,052) | 1,181 |
| Recognized in profit or loss | 16,043 | (1,052) | 14,991 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (539) | (539) |
| Actuarial loss | | | |
| Changes in financial assumptions | 1,436 | - | 1,436 |
| Experience adjustments | 14,649 | - | 14,649 |
| Recognized in other comprehensive income (loss) | 16,085 | (539) | 15,546 |
| Contributions from the employer | - | (115,420) | (115,420) |
| Liabilities extinguished on settlement | (74,484) | 74,484 | - |
| Benefits paid | (69,972) | 69,972 | - |
| Balance at December 31, 2023 | $ 50,108 | $ (44,837) | $ 5,271 |

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Discount rates | 1.25% | 1.375% |
| Expected rates of salary increase | 3.50% | 3.50% |

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Discount rates | | |
| 0.25% increase | $ (874) | $ (4,185) |
| 0.25% decrease | $ 907 | $ 4,352 |
| Expected rates of salary increase | | |
| 0.25% increase | $ 874 | $ 4,189 |
| 0.25% decrease | $ (848) | $ (4,052) |

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Expected contributions to the plans for the next year | $ 742 | $ 8,505 |
| Average duration of the defined benefit obligation | 10.2 years | 11.2 years |

## 17. EQUITY

a. Ordinary shares

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Number of shares authorized (in thousands) | 2,000,000 | 2,000,000 |
| Amount of shares authorized | $ 20,000,000 | $ 20,000,000 |
| Number of shares issued and fully paid (in thousands) | 1,141,103 | 1,140,405 |
| Amount of shares issued | $ 11,411,033 | $ 11,404,047 |

For the year ended December 31, 2023, the Company’s employees exercised their rights under the ESOP to purchase 698 thousand of the Company's ordinary shares at a conversion price of $74.14. The change of registration was completed before December 31, 2023.

For the three months ended December 31, 2023, the Company’s employees exercised their rights under the ESOP to purchase 208 thousand and 1,082 thousand of the Group's ordinary shares at a conversion price of $74.14 and $66.26 respectively, generating total proceeds of $87,141 thousand. The effective date for this transaction is set for March 8, 2024. It is recorded as advance receipts for shares.

b. Capital surplus

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1) | | |
| Issuance of shares | $ 9,586,395 | $ 9,531,318 |
| Conversion of bonds | 525,200 | 525,200 |
| Treasury share transactions | 260,084 | 260,084 |
| Expired employee share options | 57,448 | 57,448 |
| May only be used to offset a deficit | | |
| Changes in percentage of ownership interests in associates (2) | 254,301 | 249,093 |
| Unclaimed dividends extinguished by prescription | 95 | 81 |
| May not be used for any purpose | | |
| Employee share options | 195,002 | 124,783 |
| | $ 10,878,525 | $ 10,748,007 |

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company’s amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors after the amendment, refer to Note 19.

The Company’s Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should been submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Legal reserve | $ 1,047,188 | $ 530,211 |
| Cash dividends | $ 5,131,821 | $ 3,649,295 |
| Dividends per share (NT$) | $ 4.5 | $ 3.2 |

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 11, 2022; the other proposed appropriations for 2022 and 2021 were resolved by the shareholders in their meetings on June 29, 2023 and June 22, 2022, respectively.

The appropriations of earnings for 2023 were proposed by the Company's board of directors on February 23, 2024. The appropriation and dividends per share were as follows:

| | For the Year Ended December 31, 2023 |
|---|---|
| Legal reserve | $ 800,566 |
| Cash dividends | $ 5,140,772 |
| Dividends per share (NT$) | $ 4.5 |

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 and December 31 | $ 70,678 | $ 70,678 |

If a special reserve of $70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Balance at January 1 | $ (752,482) | $ (2,360,327) |
| Recognized for the year | | |
| Share from subsidiaries and associates accounted for using the equity method | (437,005) | 1,606,067 |
| Disposal of subsidiaries | - | (621) |
| Reclassification adjustment | | |
| Changes in associates accounted for using the equity method | - | 2,399 |
| Balance at December 31 | $ (1,189,487) | $ (752,482) |

2) Unrealized gain (loss) on financial assets at FVTOCI

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Balance at January 1 | $ 4,464,627 | $ 4,715,574 |
| Recognized for the year | | |
| Unrealized gain (loss) on equity instruments | 692,668 | (424,056) |
| Share from subsidiaries and associates accounted for using the equity method | 2,083,434 | 738,083 |
| Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal | | |
| The Company | 1,066 | (392,281) |
| Share from subsidiaries and associates accounted for using the equity method | (217,816) | (172,693) |
| Balance at December 31 | $ 7,023,979 | $ 4,464,627 |

## 18. REVENUE

a. Revenue from contracts with customers

| Type of Revenue/Category by Product | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Revenue from sale of goods | | |
| Internet of Things applications | $ 13,413,970 | $ 15,902,675 |
| Consumer electronics | 5,574,121 | 6,283,940 |
| Others | 827,349 | 1,115,724 |
| | $ 19,815,440 | $ 23,302,339 |
| Royalty income | $ 211,190 | $ 230,546 |

b. Contract balances

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Accounts receivable (Note 10) | $ 1,365,187 | $ 3,104,845 | $ 1,799,879 |
| Accounts receivable - related party (Note 10) | $ 2,092,042 | $ 3,313,437 | $ 5,940,295 |
| Contract liabilities - current | | | |
| Royalty | $ 68,300 | $ 79,171 | $ 80,580 |
| Sale of goods | 404,783 | 110,679 | 2,539,716 |
| | $ 473,083 | $ 189,850 | $ 2,620,296 |

The changes in the balances of contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities is as follows:

| Type of Revenue | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Royalty income | $ 67,267 | $ 80,580 |
| Revenue from sale of goods | 110,679 | 2,539,716 |
| | $ 177,946 | $ 2,620,296 |

## 19. NET INCOME

a. Interest income

| | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Bank deposits | $ 118,768 | $ 25,637 |
| Financial assets at amortized cost | 91,954 | 3,207 |
| Others | 147 | 60 |
| | $ 210,869 | $ 28,904 |

b. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Property, plant and equipment | $ 548,788 | $ 343,189 |
| Other intangible assets | 51,236 | 53,897 |
| Right-of-use assets | 50,865 | 37,403 |
| | $ 650,889 | $ 434,489 |
| An analysis of depreciation by function | | |
| Operating costs | $ 437,117 | $ 218,685 |
| Operating expenses | 162,536 | 161,907 |
| | $ 599,653 | $ 380,592 |
| An analysis of amortization by function | | |
| Operating costs | $ 52 | $ 52 |
| Operating expenses | 51,184 | 53,845 |
| | $ 51,236 | $ 53,897 |

c. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Post-employment benefits (Note 16) | | |
| Defined contribution plans | $ 71,316 | $ 57,859 |
| Defined benefit plans | 14,991 | 763 |
| | 86,307 | 58,622 |
| Share-based payments | | |
| Equity-settled | 50,335 | 66,061 |
| Other employee benefits | 2,277,377 | 2,174,685 |
| Total employee benefits expense | $ 2,414,019 | $ 2,299,368 |
| An analysis of employee benefits expense by function | | |
| Operating costs | $ 713,093 | $ 687,360 |
| Operating expenses | 1,700,926 | 1,612,008 |
| | $ 2,414,019 | $ 2,299,368 |

d. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and 2023, respectively, were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Employees' compensation | $ 88,900 | $ 111,550 |
| Remuneration of directors | $ 35,900 | $ 40,000 |

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Current tax | | |
| In respect of the current year | $ 494,145 | $ 1,374,192 |
| Income tax on unappropriated earnings | 202,237 | 56,130 |
| Adjustments for the prior years | (145,185) | (88,883) |
| | 551,197 | 1,341,439 |
| Deferred tax | | |
| In respect of the current year | 290,443 | (280,291) |
| Adjustments for the prior years | (7,968) | 6,444 |
| | 282,672 | (273,847) |
| Income tax expense recognized in profit or loss | $ 833,672 | $ 1,067,592 |

A reconciliation of accounting profit and income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Income before income tax | $ 8,647,998 | $ 10,979,342 |
| Income tax expense calculated at the statutory rate | $ 1,729,600 | $ 2,195,868 |
| Nondeductible expenses in determining taxable income | 9,193 | 9,267 |
| Tax-exempt income | (950,963) | (1,111,234) |
| Income tax on unappropriated earnings | 202,237 | 56,130 |
| Unrecognized deductible temporary differences | (3,242) | - |
| Adjustments for the prior years | (153,153) | (82,439) |
| Income tax expense recognized in profit or loss | $ 833,672 | $ 1,067,592 |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax | | |
| In respect of the current year | | |
| Remeasurement on defined benefit plan | $ 3,109 | $ 1,526 |
| Share of the other comprehensive income (loss) of subsidiaries and associates | (378,323) | (460,062) |
| | $ (375,214) | $ (458,536) |

c. Current tax assets and liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax liabilities | | |
| Income tax payable | $ 836,351 | $ 1,436,470 |

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities (included in other non-current liabilities) were as follows:

For the year ended December 31, 2023

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income (Loss) | Closing Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Temporary differences | | | | |
| Inventories | $ 224,885 | $ (56,818) | $ - | $ 168,067 |
| Accounts receivable | 172,996 | (109,832) | - | 63,164 |
| Property, plant and equipment | 13,839 | (1,675) | - | 12,164 |

(Continued)

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income (Loss) | Closing Balance |
|---|---|---|---|---|
| Prepayments | $ 17,639 | $ - | $ - | $ 17,639 |
| Defined benefit plans | 24,178 | - | 3,109 | 27,287 |
| Deferred revenue | 204,472 | (122,899) | - | 81,573 |
| Others | 19,649 | 3,084 | - | 22,733 |
| | $ 677,658 | $ (288,140) | $ 3,109 | $ 392,627 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Other | $ 15,047 | $ (5,665) | $ - | $ 9,382 |

(Concluded)

For the year ended December 31, 2022

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income (Loss) | Closing Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Temporary differences | | | | |
| Inventories | $ 204,885 | $ 20,000 | $ - | $ 224,885 |
| Accounts receivable | 29,892 | 143,104 | - | 172,996 |
| Property, plant and equipment | 16,070 | (2,231) | - | 13,839 |
| Prepayments | 17,639 | - | - | 17,639 |
| Defined benefit plans | 22,652 | - | 1,526 | 24,178 |
| Deferred revenue | 78,265 | 126,207 | - | 204,472 |
| Others | 26,757 | (7,108) | - | 19,649 |
| | $ 396,160 | $ 279,972 | $ 1,526 | $ 677,658 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Other | $ 8,922 | $ 6,125 | $ - | $ 15,047 |

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $22,872,397 thousand and $18,688,491 thousand, respectively.

f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Basic earnings per share ($) | $ 6.85 | $ 8.69 |
| Diluted earnings per share ($) | $ 6.78 | $ 8.60 |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net income for the year | $ 7,814,326 | $ 9,911,750 |

**Number of Shares**

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share | 1,140,795 | 1,140,405 |
| Effect of potentially dilutive ordinary shares (in thousands) | | |
| Employees' compensation | 532 | 770 |
| Share-based payment arrangements | 12,063 | 11,509 |
| Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share | 1,153,390 | 1,152,684 |

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

| Share Options Grant Period | Percentage Exercisable (%) (Cumulative) |
|---|---|
| Over 2 years | 40 |
| Over 3 years | 70 |
| Over 4 years | 100 |

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| Employee Share Options | Unit | Weighted Average Exercise Price ($) | Unit | Weighted Average Exercise Price ($) |
| Balance at January 1 | 19,525 | $ 69-77.2 | 19,895 | $ 69-77.2 |
| Options forfeited | (270) | | - | |
| Options granted | (1,989) | | (370) | |
| Balance at December 31 | 17,266 | | 19,525 | |

The Company used the Black-Scholes-Merton option evaluation model. The inputs to the models were as follows:

| | August 2021 | October 2021 |
|---|---|---|
| Grant date share price (NT$) | $77.2 | $69 |
| Exercise price (NT$) | $77.2 | $69 |
| Expected volatility | 40.50%-43.77% | 40.28%-42.73% |
| Expected life | 2-4 years | 2-4 years |
| Expected dividend yield | 3.77% | 3.77% |
| Risk-free interest rate | 0.760%-0.765% | 0.760%-0.765% |
| Weighted-average fair value of options granted (NT$) | $14.7-$19.8 | $13.2-$17.2 |

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price per share was adjusted from $77.2 to $74.14 and from $69 to $66.26, effective July 6, 2023, which serves as the ex-dividend date.

Compensation costs recognized were $50,335 thousand and $66,061 thousand for the years ended December 31, 2023 and 2022, respectively.

## 23. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing activities:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Acquisition of property, plant and equipment | | |
| Increase in property, plant and equipment | $ 1,234,902 | $ 1,707,519 |
| Decrease in payables for construction and equipment (included in other payables) | 35,186 | 19,881 |
| Net cash paid | $ 1,270,088 | $ 1,727,400 |

## 24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the future.

The Company's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Company expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

## 25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Non-derivative financial assets | | | | |
| Mutual funds | $ 101,529 | $ - | $ - | $ 101,529 |
| Foreign listed stocks | 25,188 | - | - | 25,188 |
| | $ 126,717 | $ - | $ - | $ 126,717 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed stocks | $ 4,265,163 | $ - | $ - | $ 4,265,163 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | | | | |
| Foreign exchange forward contracts | $ - | $ 7 | $ - | $ 7 |
| Non-derivative financial assets | | | | |
| Domestic listed stocks | 7,685 | - | - | 7,685 |
| | $ 7,685 | $ 7 | $ - | $ 7,692 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed stocks | $ 3,564,049 | $ - | $ - | $ 3,564,049 |

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

b. Categories of financial instruments

| | December 31 2023 | December 31 2022 |
|---|---|---|
| Financial assets | | |
| FVTPL | $ 126,717 | $ 7,692 |
| Amortized cost (Note 1) | 11,650,730 | 8,641,789 |
| Equity instruments at FVTOCI | 4,265,163 | 3,564,049 |
| Financial liabilities | | |
| Amortized cost (Note 2) | 19,652,073 | 15,246,257 |

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) (included in other current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including due within one year).

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign-currency-denominated sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting years are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD).

The following details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD against USD, pre-tax income for the years ended December 31, 2023 and 2022 would increase by $34,691 thousand and $10,644 thousand, respectively. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax income.

b) Interest rate risk

The carrying amount of the Company's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

| | **December 31** | |
|---|---|---|
| | **2023** | **2022** |
| Fair value interest rate risk | | |
| Financial assets | $ 5,731,320 | $ 880,041 |
| Financial liabilities | $ 13,117,839 | $ 7,301,063 |
| Lease liabilities | $ 872,576 | $ 904,069 |
| Cash flow interest rate risk | | |
| Financial assets | $ 1,382,433 | $ 1,264,191 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting years. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting years was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Company's pre-tax cash inflows for the years ended December 31, 2023 and 2022 would increase $6,912 thousand and $6,321 thousand, respectively, which was attributable to the Company's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, and the Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risk of equity securities at the end of the reporting years.

If the price in mutual funds and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $6,336 thousand and $384 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $213,258 thousand and $178,202 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Company's sensitivity to investments in equity securities mainly resulted from the increased investment in equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets;

b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company's unutilized bank borrowing facilities were $20,962,791 thousand and $12,632,410 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | $ 5,039 | $ 10,077 | $ 41,081 | $ 203,031 | $ 903,263 |
| Fixed interest rate liabilities | 4,205,697 | 2,914,964 | 428,315 | 5,170,081 | 558,976 |
| | $ 4,210,736 | $ 2,925,041 | $ 469,396 | $ 5,373,112 | $ 1,462,239 |

Additional information about the maturity analysis for lease liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 56,197 | $ 203,031 | $ 217,493 | $ 233,050 | $ 213,089 | $ 239,631 |

December 31, 2022

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | $ 4,900 | $ 9,101 | $ 40,875 | $ 214,304 | $ 948,534 |
| Fixed interest rate liabilities | 1,827,505 | 333,126 | 159,962 | 6,041,268 | - |
| | $ 1,832,405 | $ 342,227 | $ 200,837 | $ 6,255,572 | $ 948,534 |

Additional information about the maturity analysis for lease liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 54,876 | $ 214,304 | $ 215,719 | $ 230,993 | $ 238,228 | $ 263,594 |

## 26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

| Related Party Name | Related party Category |
|---|---|
| YuanHan Materials Inc. | Subsidiary |
| New Field e-Paper Co., Ltd. | Subsidiary |
| Linfiny Corporation | Subsidiary |
| Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary |
| Transyork Technology Yangzhou Ltd. | Subsidiary |
| Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary |
| E Ink Technology B.V. (originally named PVI GlobalB.V.) | Subsidiary |
| Prime View Communications Ltd. | Subsidiary |
| Hydis Technologies Co., Ltd. | Subsidiary |
| E Ink Japan Inc. | Subsidiary |
| E Ink Corporation | Subsidiary |
| E Ink California, LLC | Subsidiary |
| E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Subsidiary |
| YFY Inc. | Investor with significant influence over the Company |
| Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the Company |
| YFY Corporate Advisory & Services Co., Ltd. | Subsidiary of investor with significant influence over the Company |
| YFY Development Co., Ltd. | Subsidiary of investor with significant influence over the Company |
| YFY Packaging Inc. | Subsidiary of investor with significant influence over the Company |
| Chung Hwa Pulp Corporation | Subsidiary of investor with significant influence over the Company |
| China Color Printing Co., Ltd. | Subsidiary of investor with significant influence over the Company |
| Yuen Foong Shop Co., Ltd. | Subsidiary of investor with significant influence over the Company |
| Livebricks Inc. | Subsidiary of investor with significant influence over the Company |
| SinoPac Financial Holdings Company Limited | Substantive related party |
| TGKW Management Limited | Substantive related party |
| Hsin Yi Enterprise Co., Ltd. | Substantive related party |
| Yuen Foong Paper Co., Ltd. | Substantive related party |
| Shen’s Art Printing Co., Ltd. | Substantive related party |
| SinoPac Securities Corp. | Substantive related party |
| Plastic Logic HK Limited | Associate |
| PL Germany GmbH | Associate |
| NTX Electronics Yangzhou Co., Ltd. | Associate |
| Yuen Foong Yu Biotech Co., Ltd. | Associate |

(Continued)

| Related Party Name | Related party Category |
|---|---|
| Nuclera Corporation (originally named Nuclera Nucleics Corporation) | Associate |
| North Diamond International Co. | Associate |
| Integrated Solutions Technology, Inc. | Associate |

(Concluded)

b. Sales of goods

| Related Party Category/Name | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | $ 819,896 | $ 2,061,951 |
| Associate | 47,165 | 44,817 |
| | $ 867,061 | $ 2,106,768 |

The sales price and collection terms were based on the agreements with the related parties.

c. Purchases of goods

| Related Party Category/Name | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | | |
| E Ink Corporation | $ 5,427,367 | $ 4,708,602 |
| Transcend Optronics (Yangzhou) Co., Ltd. | 1,367,366 | 2,358,050 |
| Others | 737,745 | 1,209,713 |
| | 7,532,478 | 8,276,365 |
| Associate | 1,080,991 | 816,207 |
| Others | 1,267 | 1,445 |
| | $ 8,614,736 | $ 9,094,017 |

The purchase price and payment terms were based on the agreements with the related parties.

d. Manufacturing cost (included in operating costs)

| Related Party Category | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | $ 990,024 | $ 1,679,830 |
| Subsidiary of investor with significant influence over the Company | 14,102 | 4,758 |
| Others | 8 | 24 |
| | $ 1,004,134 | $ 1,683,612 |

e. Operating expenses

| Related Party Category | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | $ 177,208 | $ 139,024 |
| Substantive related party | 18,615 | 15,399 |
| Associate | 13,473 | 10,909 |
| Subsidiary of investor with significant influence over the Company | 2,497 | 2,795 |
| | $ 211,793 | $ 168,127 |

f. Non-operating income - other income

| Related Party Category | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | | |
| Linfiny Corporation | $ 25,500 | $ 36,000 |
| Others | 4,780 | 4,652 |
| | $ 30,280 | $ 40,652 |

g. Receivables from related parties

| Line Items | Related Party Category/Name | December 31 2023 | 2022 |
|---|---|---|---|
| Accounts receivable from related parties | Subsidiary | | |
| | Transcend Optronics (Yangzhou) Co., Ltd. | $ 1,921,027 | $ 2,584,910 |
| | Others | 167,142 | 624,211 |
| | | 2,088,169 | 3,209,121 |
| | Associate | 22,927 | 123,373 |
| | Less: Loss allowance | (19,054) | (19,057) |
| | | 3,873 | 104,316 |
| | | $ 2,092,042 | $ 3,313,437 |
| Other receivables from related parties | Subsidiary | $ 2,792 | $ 35,233 |
| | Associate | 10,747 | 10,749 |
| | Less: Loss allowance | (9,769) | (9,769) |
| | Effects of foreign currency exchange differences | (978) | (980) |
| | | $ 2,792 | $ 35,233 |

The outstanding receivables from related parties were unsecured.

h. Payables to related parties

| Line Items | Related Party Category/Name | December 31 2023 | December 31 2022 |
|---|---|---|---|
| Accounts payable to related parties | Subsidiary | | |
| | Transcend Optronics (Yangzhou) Co., Ltd. | $ 2,557,282 | $ 4,125,081 |
| | E Ink Corporation | 696,168 | 764,959 |
| | Others | 289,424 | 162,897 |
| | | 3,542,874 | 5,052,937 |
| | Associate | 34,055 | 22,071 |
| | Subsidiary of investor with significant influence over the Company | 61 | 3,549 |
| | | $ 3,576,990 | $ 5,078,557 |
| Other payables to related parties (included in other payables) | Subsidiary | $ 19,484 | $ 4,280 |
| | Investor with significant influence over the Company | 5,677 | - |
| | Others | 1,395 | 5,741 |
| | | $ 26,556 | $ 10,021 |

The outstanding payables to related parties were unsecured.

i. Receipts in advance

| Related Party Category/Name | December 31 2023 | December 31 2022 |
|---|---|---|
| Subsidiary - Transcend Optronics (Yangzhou) Co., Ltd. | $ 401,503 | $ 1,018,818 |

j. Refundable deposits (included in other non-current assets)

| Related Party Category/Name | December 31 2023 | December 31 2022 |
|---|---|---|
| Subsidiary | $ 740 | $ 740 |
| Subsidiary of investor with significant influence over the Company | | |
| Chung Hwa Pulp Corporation | 3,162 | 3,129 |
| | $ 3,902 | $ 3,869 |

| Line Item/Related Party Name | For the Year Ended December 31 2023 | For the Year Ended December 31 2022 |
|---|---|---|
| Interest revenue | | |
| Chung Hwa Pulp Corporation | $ 90 | $ 7 |

k. Acquisition of financial assets

For the year ended December 31, 2023

| Related Party Category | Line Item | Number of Shares (In Thousands) | Underlying Assets | Purchase Price |
|---|---|---|---|---|
| Substantive related party | Financial assets at fair value through other comprehensive income - non-current | 6,357 | Stock | $95,356 |

l. Acquisition of property, plant and equipment

| | Purchase Price | |
|---|---|---|
| | For the Year Ended December 31 | |
| Related Party Category | 2023 | 2022 |
| Subsidiary | $ 7,615 | $ 1,065 |

m. Construction in process and prepayments for equipment (included in property, plant and equipment)

| | December 31 | |
|---|---|---|
| Related Party Category | 2023 | 2022 |
| Subsidiary of investor with significant influence over the Company | $ 28,364 | $ 8,218 |

n. Lease arrangements

The Company leased land from a subsidiary of an investor with significant influence over the Company in August 2022. The lease term is 20 years. The related amounts were as follows:

| | December 31 | |
|---|---|---|
| Line Item | 2023 | 2022 |
| Right-of-use assets | $ 238,617 | $ 252,607 |
| Lease liabilities | | |
| Current (included in other current liabilities) | $ 3,986 | $ 3,384 |
| Non-current | 240,690 | 247,320 |
| | $ 244,676 | $ 250,704 |

| | For the Year Ended December 31 | |
|---|---|---|
| Line Item | 2023 | 2022 |
| Interest expenses | $ 12,143 | $ 4,631 |

The lease contract between the Company and the related party were determined by reference to the market conditions and payment terms that were similar to those with the third parties.

o. Guarantee deposits received (included in other non-current liabilities)

| Related Party Category | December 31 2023 | 2022 |
|---|---|---|
| Substantive related party | $ 3 | $ 3 |

p. Loans to related parties (included in other receivables from related parties)

| Related Party Category/Name | December 31 2023 | 2022 |
|---|---|---|
| Subsidiary - YuanHan Materials Inc. | $ 1,000,000 | $ - |
| Interest receivable | | |
| Subsidiary - YuanHan Materials Inc. | $ 690 | $ - |
| Interest revenue | | |
| Subsidiary - YuanHan Materials Inc. | $ 690 | $ - |

q. Endorsements and guarantees provided by related parties

| Related Party Category/Name | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Subsidiary | | |
| E Ink Corporation | $ 1,013,265 | $ 1,013,430 |
| YuanHan Materials Inc. | 600,000 | 1,850,000 |
| Linfiny Corporation | 250,000 | 250,000 |
| New Field e-Paper Co., Ltd. | 200,000 | 200,000 |
| | $ 2,063,265 | $ 3,313,430 |

r. Compensation of key management personnel

| | For the Year Ended December 31 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 229,442 | $ 154,209 |
| Post-employment benefits | 1,721 | 1,523 |
| Share-based payments | 12,470 | 18,417 |
| | $ 243,633 | $ 174,149 |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL

The time deposits (included in financial assets measured at amortized cost) amounted to $34,873 thousand and $34,746 thousand as of December 31, 2023 and 2022, respectively, were provided as collateral for lease deposits of plants and land and tariff guarantee for imported inventories.

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit of the Company for purchase of machinery amounted to $219,915 thousand and $360,600 thousand as of December 31, 2023 and 2022, respectively.

b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were $19,077,000 thousand and $19,008,690 thousand as of December 31, 2023 and 2022, respectively.

c. Guaranteed notes issued for syndicated loans were both $6,800,000 thousand as of December 31, 2023 and 2022.

d. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT$2.643 billion. As of December 31, 2023, the progress of implementation was approximately 54%.

e. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis. Further, on November 3, 2023, the Company resolved the project to construct a new production line and factory facilities, and the total amount of the overall construction and equipment is expected to be NT$4.095 billion. As of December 31, 2023, the progress of implementation was approximately 1%.

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 270,257 | 30.705 | $ 8,298,241 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| USD | 1,153,947 | 30705 | 35,431,934 |
| Foreign currency liabilities | | | |
| Monetary items | | | |
| USD | 157,274 | 30.705 | 4,829,098 |

December 31, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Foreign currency assets | | | |
| Monetary items | | | |
| USD | $ 249,268 | 30.71 | $ 7,655,020 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| USD | 1,023,880 | 30.71 | 31,443,341 |
| Foreign currency liabilities | | | |
| Monetary items | | | |
| USD | 214,607 | 30.71 | 6,590,581 |

The Company's net realized and unrealized gains on foreign currency exchange were $49,274 thousand and $220,592 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency.

## 30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates) (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

c. Information on investments in mainland China (Table 8)

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income and limit on the amount of investment in the mainland China area.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

## 31. SEGMENT INFORMATION

The Company has disclosed related segment information in accordance with IFRS 8 in the consolidated financial statements.

## E INK HOLDINGS INC. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance (Note 1) | Ending Balance (Note 1) | Amount Actually Drawn (Note 1) | Interest Rate Intervals (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrowing Company (Note 2) | Aggregate Financing Limit (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | E Ink Holdings Inc. | YuanHan Materials Inc. | Other receivables | Yes | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | 1.8 | Short-term financing | $ - | Working capital | $ - | - | $ - | $ 4,890,782 | $ 19,563,128 |
| 1 | E Ink Technology B.V. (originally named PVI Global B.V.) | YuanHan Materials Inc. | Other receivables | Yes | 648,500<br>(US$ 20,000 thousand) | - | - | 4.2 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| | | New Field e-Paper Co., Ltd. | Other receivables | Yes | 460,575<br>(US$ 15,000 thousand) | 460,575<br>(US$ 15,000 thousand) | 460,575<br>(US$ 15,000 thousand) | 6.5 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| | | E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Other receivables | Yes | 128,961<br>(US$ 4,200 thousand) | 128,961<br>(US$ 4,200 thousand) | 128,961<br>(US$ 4,200 thousand) | 6.5 | Short-term financing | - | Working capital | - | - | - | 3,501,353<br>(US$ 114,032 thousand) | 14,005,410<br>(US$ 456,128 thousand) |
| 2 | New Field e-Paper Co., Ltd. | YuanHan Materials Inc. | Other receivables | Yes | 162,125<br>(US$ 5,000 thousand) | - | - | 2.0 | Short-term financing | - | Working capital | - | - | - | 188,976 | 755,904 |
| | | Prime View Communications Ltd. | Other receivables | Yes | 129,700<br>(US$ 4,000 thousand) | - | - | 4.2 | Short-term financing | - | Working capital | - | - | - | 188,976 | 755,904 |
| 3 | YuanHan Materials Inc. | Prime View Communications Ltd. | Other receivables | Yes | 129,700<br>(US$ 4,000 thousand) | 122,820<br>(US$ 4,000 thousand) | 122,820<br>(US$ 4,000 thousand) | 6.0 | Short-term financing | - | Working capital | - | - | - | 993,622 | 3,974,488 |

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.705 on December 31, 2023, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., New Field e-Paper Co., Ltd., YuanHan Materials Inc. and E Ink Technology B.V. (originally named PVI Global B.V.) shall not exceed 40% of the financing company’s net equity per its latest financial statements.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. | Endorsement/Guarantee Provider | Endorsed/Guaranteed Party | | Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1) | Maximum Balance for the Year (Note 2) | Ending Balance (Note 2) | Amount Actually Drawn (Note 2) | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%) | Maximum Endorsement/ Guarantee Amount Allowable (Note 3) | Endorsement/ Guarantee Provided by Parent Company | Endorsement/ Guarantee Provided by Subsidiary | Endorsement/ Guarantee to Subsidiary in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | E Ink Holdings Inc. | E Ink Corporation | Subsidiary | $ 12,226,955 | $ 1,070,025 (US$ 33,000 thousand) | $ 1,013,265 (US$ 33,000 thousand) | $ - | $ - | 2.07 | $ 48,907,821 | Yes | No | No |
| | | YuanHan Materials Inc. | Subsidiary | 12,226,955 | 1,850,000 | 600,000 | - | - | 1.23 | 48,907,821 | Yes | No | No |
| | | Linfiny Corporation | Subsidiary | 12,226,955 | 250,000 | 250,000 | 40,000 | - | 0.51 | 48,907,821 | Yes | No | No |
| | | New Field e-Paper Co., Ltd. | Subsidiary | 12,226,955 | 200,000 | 200,000 | - | - | 0.41 | 48,907,821 | Yes | No | No |

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US$1=$30.705 on December 31, 2023, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

TABLE 3

# E INK HOLDINGS INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| E Ink Holdings Inc. | Ordinary shares | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 129,616,218 | $ 2,553,439 | 1.05 | $ 2,553,439 | |
| | YFY Inc. | Investor with significant influence over the Company | Financial assets at FVTOCI - non-current | 7,814,000 | 254,736 | 0.47 | 254,736 | |
| | Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the Company | Financial assets at FVTOCI - non-current | 336,002 | 14,246 | 0.13 | 14,246 | |
| | Yuanta Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 678,497 | 18,727 | 0.01 | 18,727 | |
| | Mega Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 8,461,908 | 331,707 | 0.06 | 331,707 | |
| | Taiwan Cement Corporation | - | Financial assets at FVTOCI - non-current | 5,031,386 | 175,344 | 0.06 | 175,344 | |
| | Asia Electronic Material Co., Ltd. | - | Financial assets at FVTOCI - non-current | 3,855,000 | 82,690 | 3.93 | 82,690 | |
| | Taiflex Sciehtific Co., Ltd. | - | Financial assets at FVTOCI - non-current | 5,936,000 | 291,161 | 2.84 | 291,161 | |
| | IGNIS INNOVATION INC. | - | Financial assets at FVTPL - non-current | 387,597 | - | 0.18 | - | |
| | Soken Chemical & Engineering Co., Ltd. | - | Financial assets at FVTPL - non-current | 48,000 | 25,188 | 0.58 | 25,188 | |
| | Preferred shares | | | | | | | |
| | Fubon Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 4,675,000 | 285,643 | 0.03 | 285,643 | |
| | Cathay Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 2,354,000 | 140,298 | 0.01 | 140,298 | |
| | Taishin Financial Holding Co., Ltd. (E) | - | Financial assets at FVTOCI - non-current | 2,293,000 | 117,172 | 0.02 | 117,172 | |
| | Convertible preferred shares | | | | | | | |
| | MICAREO INC. | - | Financial assets at FVTPL - non-current | 6,000,000 | - | 14.69 | - | |
| | Mutual funds | | | | | | | |
| | Yuanta Japan Leaders Equity Fund-TWD (A) | - | Financial assets at FVTPL - non-current | 10,193,680 | 101,529 | - | 101,529 | |
| New Field e-Paper Co., Ltd. | Ordinary shares | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 30,382,959 | 598,544 | 0.25 | 598,544 | |
| | Taiflex Sciehtific Co., Ltd. | - | Financial assets at FVTOCI - non-current | 2,085,000 | 102,269 | 1.00 | 102,269 | |
| | SES-imagotag | - | Financial assets at FVTOCI - non-current | 60,000 | 276,869 | 0.38 | 276,869 | |
| | PRICER AB | - | Financial assets at FVTOCI - non-current | 824,824 | 19,816 | 0.50 | 19,816 | |
| | Straight corporate bonds | | | | | | | |
| | HSBC Holding plc, 7.336% | - | Financial assets at FVTOCI - non-current | 4,710,000 | 149,992 | - | 149,992 | |
| | HSBC Holding plc, 7.39% | - | Financial assets at FVTOCI - non-current | 5,650,000 | 185,948 | - | 185,948 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| YuanHan Materials Inc. | Ordinary shares | | | | | | | |
| | SinoPac Financial Holding Company Limited | Substantive related party | Financial assets at FVTOCI - non-current | 233,009,777 | $ 4,590,293 | 1.88 | $ 4,590,293 | |
| | YFY Inc. | Investor with significant influence over the parent company | Financial assets at FVTOCI - non-current | 16,000 | 522 | 0.00 | 522 | |
| | Netronix Inc. | - | Financial assets at FVTOCI - non-current | 5,309,198 | 475,704 | 6.07 | 475,704 | |
| | SES-imagotag | - | Financial assets at FVTOCI - non-current | 906,666 | 4,183,796 | 5.68 | 4,183,796 | |
| | Fitipower Integrated Technology Inc. | - | Financial assets at FVTOCI - non-current | 968,906 | 249,493 | 0.80 | 249,493 | |
| | Formolight Technologies, Inc. | - | Financial assets at FVTOCI - non-current | 2,227,500 | 13,178 | 10.93 | 13,178 | |
| | Ecrowd Media Inc. | - | Financial assets at FVTOCI - non-current | 1,309,701 | 11,774 | 6.46 | 11,774 | |
| | Mega Financial Holding Company Ltd. | - | Financial assets at FVTOCI - non-current | 4,804,380 | 188,332 | 0.03 | 188,332 | |
| | Yuanta Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - non-current | 139,044 | 3,838 | 0.00 | 3,838 | |
| | Daxin Materials Corporation | - | Financial assets at FVTOCI - non-current | 1,138,000 | 113,003 | 1.11 | 113,003 | |
| | Zenitron Corporation. | - | Financial assets at FVTOCI - non-current | 4,249,000 | 145,316 | 1.86 | 145,316 | |
| | Ushine Photonics Corporation | - | Financial assets at FVTOCI - non-current | 3,596,602 | 179,830 | 13.89 | 179,830 | |
| | Taiwan Cement Corporation | - | Financial assets at FVTOCI - non-current | 1,249,000 | 43,528 | 0.02 | 43,528 | |
| | Yuen Foong Yu Consumer Products Co., Ltd. | Subsidiary of investor with significant influence over the parent company | Financial assets at FVTOCI - non-current | 688 | 29 | 0.00 | 29 | |
| | Preferred shares | | | | | | | |
| | Fubon Financial Holding Co., Ltd. (A) | - | Financial assets at FVTOCI - non-current | 4,684,000 | 286,192 | 0.03 | 286,192 | |
| | Convertible preferred shares | | | | | | | |
| | SigmaSense, LLC | - | Financial assets at FVTPL - non-current | 72,916 | 152,893 | 1.60 | 152,893 | |
| | Straight corporate bonds | | | | | | | |
| | FS KKR Capital Corp | - | Financial assets at FVTOCI - non-current | 2,000,000 | 60,899 | - | 60,899 | |
| | NOMURA Holdings Inc. | - | Financial assets at FVTOCI - non-current | 1,950,000 | 53,023 | - | 53,023 | |
| | Swiss Re Group | - | Financial assets at FVTOCI - non-current | 9,950,000 | 300,993 | - | 300,993 | |
| | Mutual funds | | | | | | | |
| | Blackstone REITS | - | Financial assets at FVTPL - non-current | 30 | 1,196 | - | 1,196 | |
| | Millennium | - | Financial assets at FVTPL - non-current | 4,721,397 | 175,023 | - | 175,023 | |
| Transcend Optronics (Yangzhou) Co., Ltd. | Ordinary shares | | | | | | | |
| | Dke Co., Ltd. | - | Financial assets at FVTOCI - non-current | 1,255,500 | CNY 25,508 thousand | 2.73 | CNY 25,508 thousand | |
| | Hanshow Technology Corporation | - | Financial assets at FVTOCI - non-current | 2,880,000 | CNY 54,518 thousand | 0.76 | CNY 54,518 thousand | |
| Hydis Technologies Co., Ltd. | Ordinary shares | | | | | | | |
| | SOLUM CO., LTD. | - | Financial assets at FVTOCI - non-current | 527,432 | KRW 14,398,894 thousand | 1.08 | KRW 14,398,894 thousand | |
| | Hana Financial Group Inc. | - | Financial assets at FVTOCI - non-current | 1,239,279 | KRW 53,784,709 thousand | 0.43 | KRW 53,784,709 thousand | |
| | KT&G Corporation | - | Financial assets at FVTOCI - non-current | 355,202 | KRW 30,867,054 thousand | 0.31 | KRW 30,867,054 thousand | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | LG Uplus Corp | - | Financial assets at FVTOCI - non-current | 664,380 | KRW 6,796,607 thousand | 0.15 | KRW 6,796,607 thousand | |
| | SAMSUNG CARD CO., LTD. | - | Financial assets at FVTOCI - non-current | 549,455 | KRW 17,774,869 thousand | 0.51 | KRW 17,774,869 thousand | |
| | SK Telecom Co., Ltd. | - | Financial assets at FVTOCI - non-current | 395,491 | KRW 19,814,099 thousand | 0.18 | KRW 19,814,099 thousand | |
| | HD Hyundai Co., Ltd. | - | Financial assets at FVTOCI - non-current | 148,464 | KRW 9,397,771 thousand | 0.21 | KRW 9,397,771 thousand | |
| | DS Dansuk Co., Ltd. | - | Financial assets at FVTPL - current | 78,045 | KRW 19,974,206 thousand | 1.33 | KRW 19,974,206 thousand | |
| | Soken Chemical & Engineering Co., Ltd. | - | Financial assets at FVTPL - non-current | 10,700 | KRW 235,934 thousand | 0.13 | KRW 235,934 thousand | |
| | Mutual funds | | | | | | | |
| | Term Liquidity Fund | - | Financial assets at FVTPL - non-current | 95,558 | KRW 14,344,423 thousand | - | KRW 14,344,423 thousand | |
| | Perpetual bonds | | | | | | | |
| | JP Morgan Chase & Co., 4.625% | - | Financial assets at FVTPL - current | 29,800,000 | KRW 38,385,696 thousand | - | KRW 38,385,696 thousand | |
| | Citigroup Inc. | - | Financial assets at FVTPL - current | 14,810,000 | KRW 19,197,586 thousand | - | KRW 19,197,586 thousand | |
| | JP Morgan Chase & Co., 4.6% | - | Financial assets at FVTPL - non-current | 18,700,000 | KRW 23,212,411 thousand | - | KRW 23,212,411 thousand | |
| | Bank of America | - | Financial assets at FVTPL - non-current | 37,900,000 | KRW 46,121,864 thousand | - | KRW 46,121,864 thousand | |
| | Straight corporate bonds | | | | | | | |
| | Standard Chartered plc, 7.776% | - | Financial assets at FVTOCI - current | 8,500,00 | KRW 11,169,234 thousand | - | KRW 11,169,234 thousand | |
| | NOMURA Holdings, Inc. | - | Financial assets at FVTOCI - non-current | 16,000,000 | KRW 18,264,093 thousand | - | KRW 18,264,093 thousand | |
| | Barclays PLC, 4.836% | - | Financial assets at FVTOCI - non-current | 8,490,000 | KRW 10,688,076 thousand | - | KRW 10,688,076 thousand | |
| | Standard Chartered plc, 4.3% | - | Financial assets at FVTOCI - non-current | 8,800,000 | KRW 10,867,666 thousand | - | KRW 10,867,666 thousand | |
| | Swiss Re Group | - | Financial assets at FVTOCI - non-current | 4,900,000 | KRW 6,247,228 thousand | - | KRW 6,247,228 thousand | |
| | Societe Generale | - | Financial assets at FVTOCI - non-current | 8,900,000 | KRW 12,192,464 thousand | - | KRW 12,192,464 thousand | |
| | Barclays PLC, 7.325% | - | Financial assets at FVTOCI - non-current | 8,500,000 | KRW 11,328,153 thousand | - | KRW 11,328,153 thousand | |
| | Standard Chartered plc, 7.767% | - | Financial assets at FVTOCI - non-current | 8,200,000 | KRW 11,414,697 thousand | - | KRW 11,414,697 thousand | |
| | Toronto-Dominion Bank | - | Financial assets at FVTPL - non-current | 8,800,000 | KRW 11,853,555 thousand | - | KRW 11,853,555 thousand | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Fubon hyundai life | - | Financial assets at amortized cost - non-current | 2,200,000 | KRW 21,959,960 thousand | - | KRW 21,959,960 thousand | |
| | Hanwha General Insurance | - | Financial assets at amortized cost - non-current | 300,000 | KRW 2,997,000 thousand | - | KRW 2,997,000 thousand | |
| Dream Universe Ltd. | <u>Straight corporate bonds</u> | | | | | | | |
| | HSBC Holding plc, 7.336% | - | Financial assets at FVTOCI - non-current | 3,700,000 | US$ 3,837 thousand | - | US$ 3,837 thousand | |
| | HSBC Holding plc, 8.113% | - | Financial assets at FVTOCI - non-current | 1,080,000 | US$ 1,243 thousand | - | US$ 1,243 thousand | |

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

# E INK HOLDINGS INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Other Adjustments | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Units | Amount | Units | Amount | Units | Prices | Carrying Amount | Gain on Disposal | | Units | Amount |
| Hydis Technologies Co., Ltd. | Ordinary shares | | | | | | | | | | | | | | |
| | Hana Financial Group Inc. | Financial assets at FVTOCI - non-current | - | - | 455,121 | KRW 19,137,838 thousand | 888,158 | KRW 35,471,176 thousand | 104,000 | KRW 5,448,000 thousand | KRW 4,373,200 thousand | KRW 1,074,800 thousand (Note 1) | KRW 3,548,895 thousand (Note 2) | 1,239,279 | KRW 53,784,709 thousand |
| | SK Telecom Co., Ltd. | Financial assets at FVTOCI - non-current | - | - | - | - | 395,491 | KRW 19,983,852 thousand | - | - | - | - | KRW (169,753) thousand (Note 2) | 395,491 | KRW 19,814,099 thousand |
| | Perpetual bonds | | | | | | | | | | | | | | |
| | BARCLAYS | Financial assets at FVTPL - current | - | - | 8,900,000 | KRW 10,993,612 thousand | 5,900,000 | KRW 7,681,583 thousand | 14,800,000 | KRW 19,624,800 thousand | KRW 19,610,000 thousand | - | KRW 949,605 thousand (Note 3) | - | - |

Note 1: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 2: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 3: Recognized in net gain on financial assets and liabilities at FVTPL.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total (Note 1) | |
| E Ink Holdings Inc. | E Ink Corporation | Subsidiary | Purchase | $ 5,427,367 | 55 | By agreements | $ - | - | $ (696,168) | (19) | |
| | YuanHan Materials Inc. | Subsidiary | Sale | (193,338) | (1) | By agreements | - | - | 15,538 | 1 | |
| | YuanHan Materials Inc. | Subsidiary | Purchase | 737,214 | 7 | By agreements | - | - | (197,338) | (6) | |
| | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Purchase | 1,367,366 | 14 | By agreements | - | - | (2,557,282) | (71) | |
| | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | Sale | (592,410) | (3) | By agreements | - | - | 139,082 | 7 | |
| | NTX Electronics Yangzhou Co., Ltd. | Associate | Purchase | 1,001,451 | 10 | By agreements | - | - | (20,282) | (1) | |
| YuanHan Materials Inc. | E Ink Holdings Inc. | Parent company | Sale | (737,214) | (54) | By agreements | - | - | 197,338 | 100 | |
| | E Ink Holdings Inc. | Parent company | Purchase | 193,338 | 26 | By agreements | - | - | (15,538) | (100) | |
| Transcend Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | Sale | (1,367,366) | (57) | By agreements | - | - | 2,557,282 | 100 | |
| Rich Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | Purchase | 592,410 | 100 | By agreements | - | - | (139,082) | (100) | |
| E Ink Corporation | E Ink Holdings Inc. | Parent company | Sale | (5,427,367) | (99) | By agreements | - | - | 696,168 | 98 | |
| | E Ink California, LLC | Subsidiary | Purchase | 369,248 | 12 | By agreements | - | - | - | - | (Note 2) |
| E Ink California, LLC | E Ink Corporation | Parent company | Sale | (369,248) | (100) | By agreements | - | - | - | - | (Note 2) |

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: In response to the Company's organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Company. The merger date was October 1, 2023.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate (Times) | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| E Ink Holdings Inc. | YuanHan Materials Inc. | Subsidiary | $ 1,017,307 | (Note 2) | $ - | - | $ 10,403 | $ - |
| | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | 1,921,027 | (Note 1) | 53,054 | Collected | 737,611 | - |
| | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | 139,082 | 1.71 | 67,659 | Collected | 67,659 | - |
| Transcend Optronics (Yangzhou) Co., Ltd. | E Ink Holdings Inc. | Parent company | 2,557,360 | (Note 1) | 48,886 | Collected | 536,124 | - |
| E Ink Corporation | E Ink Holdings Inc. | Parent company | 697,754 | 5.41 | 247,025 | Collected | 364,561 | - |
| YuanHan Materials Inc. | E Ink Holdings Inc. | Parent company | 197,338 | 4.27 | - | - | 183,625 | - |

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from financing provided.

TABLE 7

# E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company | Location | Main Business and Product | Original Investment Amount | | Balance as of December 31, 2023 | | | Net Income (Loss) of Investee | Share of Profit (Loss) of Investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares (In Thousands) | Percentage of Ownership (%) | Carrying Amount | | | |
| E Ink Holdings Inc. | E Ink Technology B.V. (originally named PVI Global B.V.) | Eindhoven | Investment | $ 12,510,056 | $ 12,510,056 | 437,536,259 | 100.00 | $ 35,013,523 | $ 4,083,950 | $ 4,083,950 | (Note 1) |
| | New Field e-Paper Co., Ltd. | Taoyuan, Taiwan | Investment | 2,488,349 | 2,488,349 | 177,217,132 | 100.00 | 1,889,760 | 46,314 | 46,314 | (Note 1) |
| | YuanHan Materials Inc. | Taipei, Taiwan | Manufacture and sale of chemical materials and optical films | 6,420,230 | 6,420,230 | 183,819,268 | 100.00 | 9,876,448 | 503,416 | 506,651 | (Note 1) |
| | Dream Universe Ltd. | Mauritius | Trading | 128,710 | 128,710 | 4,050,000 | 100.00 | 418,411 | 20,132 | 20,132 | (Note 1) |
| | Prime View Communications Ltd. | Hong Kong | Trading | 18,988 | 18,988 | 3,570,000 | 100.00 | (99,546) | (31,090) | (31,090) | (Note 1) |
| | Enttek Co., Ltd. | Taichung, Taiwan | Manufacture and sale of consumer audio-visual systems | 34,547 | 34,547 | 2,203,161 | 47.07 | - | - | - | Under liquidation |
| | Linfiny Corporation | Taoyuan, Taiwan | Research, development and sale of electronic paper products | 16,800 | 16,800 | 339,828 | 23.00 | (5,549) | 2,484 | 6,977 | (Note 1) |
| | Plastic Logic HK Limited | Hong Kong | Research, development and manufacture of electronic paper display panels | 6,597 | 6,597 | 223,655 | 2.40 | - | - | - | |
| | E Ink Japan Inc. | Tokyo, Japan | Development of electronic ink products | 15,065 | 15,065 | 200 | 100.00 | 14,100 | (2,231) | (2,231) | (Note 1) |
| | Integrated Solutions Technology, Inc. | Taipei, Taiwan | Technical services and trading business of integrated circuits and electronic circuit application design, etc. | 148,743 | 148,743 | 9,896,402 | 26.01 | 135,465 | 6,394 | 1,679 | |
| YuanHan Materials Inc. | Linfiny Corporation | Taoyuan, Taiwan | Research, development and sale of electronic paper products | 323,400 | 323,400 | 1,137,686 | 77.00 | 11,375 | 2,484 | 1,913 | (Note 1) |
| | Yuen Foong Yu Biotech Co., Ltd. | Taipei, Taiwan | Cultivation, processing and sale of agriculture and restaurant management | 36,000 | 36,000 | 3,600,000 | 36.00 | - | - | - | |
| | Kyoritsu Optronics Co., Ltd., | Taipei, Taiwan | Technology development, transfer and licensing of flat panels | 18,860 | 18,860 | 1,050,000 | 25.65 | - | - | - | |
| | Nuclera Limited (originally named Nuclera Nucleics Ltd.) | Cambridge, UK | Protein, gene synthesis and digital microfluidics | 306,491 | 306,491 | 461,365 | 6.24 | 259,606 | (530,383) | (46,513) | |
| | Integrated Solutions Technology, Inc. | Taipei, Taiwan | Technical services and trading business of integrated circuits and electronic circuit application design, etc. | 51,027 | 51,027 | 3,395,000 | 8.92 | 46,472 | 6,394 | 576 | |
| Linfiny Corporation | Linfiny Japan Inc. | Tokyo, Japan | Research, development and sale of electronic paper products | 11,088 | 11,088 | 4,000 | 100.00 | 23,458 | 18 | 18 | (Note 1) |
| E Ink Corporation | E Ink California, LLC | California, USA | Research of electronic inks | - | US$ 29,100 thousand | - | - | - | US$ 2,638 thousand | US$ 1,615 thousand | (Notes 1 and 2) |
| | Nuclera Limited (originally named Nuclera Nucleics Ltd.) | Cambridge, UK | Protein, gene synthesis and digital microfluidics | US$ 25,691 thousand | US$ 25,691 thousand | 1,107,094 | 14.98 | US$ 24,035 thousand | US$ (17,024) thousand | US$ (3,524) thousand | |
| E Ink Technology B.V. (originally named PVI Global B.V.) | PVI International Corp. | British Virgin Islands | Trading | US$ 169,300 thousand | US$ 169,300 thousand | 169,300,000 | 100.00 | US$ 324,743 thousand | US$ 76,448 thousand | US$ 76,448 thousand | (Note 1) |
| | E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Eindhoven | Investment | US$ 330,123 thousand | US$ 330,123 thousand | 355,123,083 | 100.00 | US$ 739,117 thousand | US$ 51,659 thousand | US$ 51,659 thousand | (Note 1) |
| | Ruby Lustre Ltd. | British Virgin Islands | Investment | US$ 30,000 thousand | US$ 30,000 thousand | 30,000,000 | 100.00 | US$ 35,002 thousand | US$ 2,800 thousand | US$ 2,800 thousand | (Note 1) |
| | North Diamond International Co., Ltd. | British Virgin Islands | Investment | US$ $1,750 thousand | US$ $1,750 thousand | 1,750,000 | 35.00 | - | - | - | |
| | Rock Pearl International Corp. | British Virgin Islands | Investment | US$ 1,540 thousand | US$ 1,540 thousand | 1,540,000 | 35.00 | - | - | - | |
| E Ink Netherlands B.V. (originally named Dream Pacific International B.V.) | Hydis Technologies Co., Ltd. | South Korea | Patent licensing and investment in financial instruments | US$ 27,612 thousand | US$ 27,612 thousand | 3,783,265 | 94.73 | US$ 375,050 thousand | US$ 34,978 thousand | US$ 33,134 thousand | (Note 1) |
| | E Ink Corporation | Boston, USA | Research, development and manufacture of electronic inks | US$ 329,123 thousand | US$ 329,123 thousand | 2,282 | 100.00 | US$ 364,737 thousand | US$ 18,535 thousand | US$ 18,535 thousand | (Note 1) |
| Hydis Technologies Co., Ltd. | Plastic Logic HK Limited | Hong Kong | Research, development and manufacture of electronic paper display panels | KRW 2,942,500 thousand | KRW 2,942,500 thousand | 2,500,000 | 26.79 | - | - | - | |

Note: In response to the Company's organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Company. The merger date was October 1, 2023, refer to Note 12.

## E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company | Main Business and Product | Paid-in Capital (Note 1) | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1) | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1) | Net Income (Loss) of Investee (Note 2) | Direct or Indirect Percentage of Ownership (%) | Share of Profit (Loss) of Investee (Notes 2 and 3) | Carrying Amount as of December 31, 2023 (Note 1) | Accumulated Repatriation of Investment Income as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| Transcend Optronics (Yangzhou) Co., Ltd. | Research and development, assembly and sale of display panels | $ 7,347,707<br>(US$ 239,300 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | $ 3,618,431<br>(US$ 117,845 thousand) | $ - | $ - | $ 3,618,431<br>(US$ 117,845 thousand) | $ 2,335,348<br>(US$ 74,959 thousand) | 100.00 | $ 2,381,737<br>(US$ 76,448 thousand) | $ 9,964,509<br>(US$ 324,524 thousand) | $ - |
| Rich Optronics (Yangzhou) Co., Ltd. | Assembly and sale of display panels | 921,150<br>(US$ 30,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | 921,150<br>(US$ 30,000 thousand) | - | - | 921,150<br>(US$ 30,000 thousand) | 87,234<br>(US$ 2,800 thousand) | 100.00 | 87,234<br>(US$ 2,800 thousand) | 1,074,736<br>(US$ 35,002 thousand) | - |
| Transyork Technology Yangzhou Ltd. | Assembly and sale of display panels | 1,133,966<br>(US$ 36,931 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | - | - | - | - | 26,388<br>(US$ 847 thousand) | 100.00 | 26,388<br>(US$ 847 thousand) | 886,146<br>(US$ 28,860 thousand) | - |
| Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation) | Manufacture and sale of LED products | - | The Company indirectly owns the investee through an investment company registered in a third region | 42,680<br>(US$ 1,390 thousand) | - | - | 42,680<br>(US$ 1,390 thousand) | - | 100.00 | - | - | - |
| Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation) | Assembly of LCD backlight board display modules | 153,525<br>(US$ 5,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | 53,734<br>(US$ 1,750 thousand) | - | - | 53,734<br>(US$ 1,750 thousand) | - | 35.00 | - | - | - |
| NTX Electronics Yangzhou Co., Ltd. | Manufacture and sale of flat panels | 173,408<br>(CNY 40,000 thousand) | The Company indirectly owns the investee through an investment company registered in a third region | - | - | - | - | 26,828<br>(CNY 6,035 thousand) | 49.00 | 13,146<br>(CNY 2,957 thousand) | 127,722<br>(CNY 29,461 thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1) | Investment Amount Authorized by Investment Commission, MOEA (Note 1) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|
| $ 4,635,995<br>(US$ 150,985 thousand) | $ 11,180,765<br>(US$ 364,135 thousand) | $ 35,306,424 |

Note 1: The amounts are translated at the exchange rate of US$1=NT$30.705 and CNY1＝NT$4.33521 on December 31, 2023.

Note 2: The amounts are translated at the average exchange rate of US$1＝NT$31.155 and CNY1＝NT$4.44536 for the year ended December 31, 2023.

Note 3: The amounts were calculated based on audited financial statements of the corresponding year.

Note 4: Refer to Tables 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

# E INK HOLDINGS INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No | Company Name | Related Party | Relationship | Transaction Details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets |
| 0 | E Ink Holdings Inc. | E Ink Corporation | Subsidiary | Accounts payable to related parties | $ 696,168 | By agreements | 0.9 |
| | | E Ink Corporation | Subsidiary | Cost of goods sold | 5,427,367 | By agreements | 20.0 |
| | | YuanHan Materials Inc. | Subsidiary | Other receivables from related parties | 1,001,768 | By agreements | 1.3 |
| | | YuanHan Materials Inc. | Subsidiary | Cost of goods sold | 737,214 | By agreements | 2.7 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Accounts receivable from related parties | 1,921,027 | By agreements | 2.6 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Accounts payable to related parties | 2,557,282 | By agreements | 3.4 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Cost of goods sold | 1,367,366 | By agreements | 5.0 |
| | | Transcend Optronics (Yangzhou) Co., Ltd. | Subsidiary | Manufacturing expenses | 985,409 | By agreements | 3.6 |
| | | Rich Optronics (Yangzhou) Co., Ltd. | Subsidiary | Sales revenue | 592,410 | By agreements | 2.2 |

Note: Transactions amounts of $500 million or more are disclosed in this table.

**TABLE 10**

# E INK HOLDINGS INC.

**INFORMATION ON MAJOR SHAREHOLDERS**
**DECEMBER 31, 2023**

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| YFY Inc. | 133,472,904 | 11.68 |
| S.C. Ho | 80,434,300 | 7.04 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

# E INK HOLDINGS INC.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

# E INK HOLDINGS INC.

## STATEMENT OF CASH AND CASH EQUIVALENTS
## DECEMBER 31, 2023
## (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Item | Period | Rate | Amount |
|---|---|---|---|
| Cash on hand (Note 1) | | | $ 318 |
| Cash in banks | | | |
| Checking accounts | | | 374 |
| Demand deposits (Note 1) | | 0.445%-0.73% | 1,382,059 |
| | | | 1,382,433 |
| Cash equivalents | | | |
| Time deposits with original maturities of less than 3 months (Note 2) | 2023.12.27-2024.02.05 | 5.4%-5.6% | 245,640 |
| Repurchase agreement collateralized by notes (Note 3) | 2023.12.13-2024.01.26 | 1.25%-5.5% | 1,977,365 |
| | | | 2,223,005 |
| | | | $ 3,605,756 |

Note 1: Including US$26,333 thousand, JPY372,256 thousand and KRW91,986 thousand, which are translated at the exchange rate of US$1=NT$30.705, JPY1=NT$0.2172 and KRW1=NT$0.0239, respectively.

Note 2: Including US$8,000 thousand, which is translated at the exchange rate of US$1=NT30.705.

Note 3: Including US$53,000 thousand, which is translated at the exchange rate of US$1=NT30.705.

# E INK HOLDINGS INC.

## STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST
## DECEMBER 31, 2023
## (In Thousands of New Taiwan Dollars)

| Bank Name | Contract Period | Interest Rate (%) | Amount | Loan Commitments |
|---|---|---|---|---|
| Time deposits with original maturities of more than 3 months (Note) | | | | |
| Sumitomo Mitsui Bank time deposits | 2023/06/30-2024/04/12 | 5.64-5.75 | $ 1,959,218 | $ - |
| CTBC Bank time deposits | 2023/11/13-2024/04/12 | 5.40-5.52 | 154,513 | - |
| Yuanta Commercial Bank time deposits | 2023/11/10-2024/02/20 | 5.55 | 61,805 | - |
| Taishin International Bank time deposits | 2023/12/27-2024/04/12 | 5.38 | 185,415 | - |
| Mega International Commercial Bank time deposits | 2023/12/04-2024/03/08 | 5.50 | 46,354 | - |
| Taiwan Cooperative Bank time deposits | 2023/11/06-2024/02/20 | 5.61 | 46,354 | - |
| Credit Agricole Corporate and Investment Bank time deposits | 2023/11/06-2024/02/20 | 5.53 | 309,025 | - |
| Citibank Taiwan time deposits | 2023/11/17-2024/02/20 | 5.16 | 61,805 | - |
| KGI Commercial Bank time deposits | 2023/11/06-2024/02/20 | 5.65 | 154,513 | - |
| ANZ Bank time deposits | 2023/11/06-2024/04/12 | 5.68-5.70 | 494,440 | - |
| | | | 3,473,442 | - |
| Pledged time deposits | | | | |
| Bank SinoPac pledged time deposits | 2023/03/10-2024/07/22 | 0.55-1.57 | 34,873 | - |
| | | | $ 3,508,315 | $ - |

Note: Including US$112,400 thousand, which is translated at the exchange rate range of US$1=NT30.705 - NT30.902.

# E INK HOLDINGS INC.

**STATEMENT OF ACCOUNTS RECEIVABLE**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Client Name | Amount |
|---|---|
| Client A | $ 479,236 |
| Client H | 240,994 |
| Client G | 238,622 |
| Client F | 88,520 |
| Client D | 83,837 |
| Client C | 60,811 |
| Others (Note) | 174,073 |
| | 1,366,093 |
| Less: Loss allowance | (906) |
| | $ 1,365,187 |

Note: The amount of individual client included in others does not exceed 5% of the account balance.

# E INK HOLDINGS INC.

**STATEMENT OF INVENTORIES**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount | |
|---|---|---|
| | Cost | Net Realizable Value |
| Finished goods | $ 683,008 | $ 1,103,139 |
| Semi-finished goods | 1,171,505 | 2,119,228 |
| Work in progress | 124,167 | 119,828 |
| Raw materials | 994,632 | 970,773 |
| | 2,973,312 | $ 4,312,968 |
| Less: Allowance for write-downs and obsolescence of inventories (Note) | 631,391 | |
| | $ 2,341,921 | |

Note: Including allowance for obsolete inventories.

# E INK HOLDINGS INC.

**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Except Unit Price)**

| Type and Name of Marketable Securities | Balance, January 1, 2023 | | Increase in 2023 | | Decrease in 2023 (Note 2) | | Unrealized Gain (Loss) on Financial Assets (Note 1) | Fair Value on December 31, 2023 (Note 3) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | Shares | Percentage of Ownership (%) | Unit Price (NT$) | Amount |
| Ordinary shares | | | | | | | | | | | |
| SinoPac Financial Holding Company Limited | 120,717,685 | $ 2,022,021 | 8,898,533 | $ 95,356 | - | $ - | $ 436,062 | 129,616,218 | 1.05 | 19.70 | $ 2,553,439 |
| YFY Inc. | 7,814,000 | 191,052 | - | - | - | - | 63,684 | 7,814,000 | 0.47 | 32.60 | 254,736 |
| Yuen Fong Yu Consumer Products Co., Ltd. | 336,002 | 11,743 | - | - | - | - | 2,503 | 336,002 | 0.13 | 42.40 | 14,246 |
| Mega Financial Holding Company Limited | 8,394,750 | 254,781 | 67,158 | - | - | - | 76,926 | 8,461,908 | 0.06 | 39.20 | 331,707 |
| Yuanta Financial Holding Company Limited | 668,470 | 14,505 | 10,027 | - | - | - | 4,222 | 678,497 | 0.01 | 27.60 | 18,727 |
| Getac Technology Corporation | 175,000 | 7,726 | - | - | (175,000) | (10,500) | 2,774 | - | - | - | - |
| Taiwan Cement Corporation | 6,344,386 | 213,489 | - | - | (1,313,000) | (48,091) | 9,946 | 5,031,386 | 0.07 | 34.85 | 175,344 |
| Fubon Financial Holding Company Limited (a) | 4,675,000 | 282,370 | - | - | - | - | 3,273 | 4,675,000 | 0.03 | 61.10 | 285,643 |
| Cathay Financial Holding Company Limited (a) | 2,354,000 | 133,237 | - | - | - | - | 7,061 | 2,354,000 | 0.01 | 49.60 | 140,298 |
| Taishin Financial Holding Company Limited (e) | 2,293,000 | 118,318 | - | - | - | - | (1,146) | 2,293,000 | 0.02 | 51.10 | 117,172 |
| Asia Electronic Material Co., Ltd. | 2,406,000 | 35,489 | 1,449,000 | 22,184 | - | - | 25,017 | 3,855,000 | 3.93 | 21.45 | 82,690 |
| Taiflex Scientific Co., Ltd. | 4,497,000 | 185,276 | 1,439,000 | 60,825 | - | - | 45,060 | 5,936,000 | 2.84 | 49.05 | 291,161 |
| LITE-ON Technology | 1,474,000 | 94,042 | - | - | (1,474,000) | (111,328) | 17,286 | - | - | - | - |
| | | $ 3,564,049 | | $ 178,365 | | $ (169,919) | $ 692,668 | | | | $ 4,265,163 |

Note 1: Included in unrealized gain (loss) on financial assets at FVTOCI.

Note 2: Including unrealized gain (loss) on financial assets at FVTOCI transferred to retained earnings due to disposal of $(1,066) thousand.

Note 3: Calculated based on the closing price on December 31, 2023.

# E INK HOLDINGS INC.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Investee Company | Balance, January 1, 2023 | | Decrease in 2023 (Note 1) | | Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method (Note 3) | Equity Adjustments (Note 4) | Balance, December 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | Shares | Percentage of Ownership (%) | Amount |
| Investment in subsidiaries | | | | | | | | | |
| E Ink Technology B.V. (originally named PVI Global B.V.) | 437,536,259 | $ 31,050,242 | - | $ - | $ 4,083,950 | $ (120,669) | 437,536,259 | 100.00 | $ 35,013,523 |
| YuanHan Materials Inc. | 183,819,268 | 8,427,740 | - | (654,594) | 506,651 | 1,596,651 | 183,819,268 | 100.00 | 9,876,448 |
| New Field e-Paper Co., Ltd. | 177,217,132 | 1,644,329 | - | - | 46,314 | 199,117 | 177,217,132 | 100.00 | 1,889,760 |
| Dream Universe Ltd. | 4,050,000 | 393,099 | - | - | 20,132 | 5,180 | 4,050,000 | 100.00 | 418,411 |
| E Ink Japan Inc. | 200 | 16,980 | - | - | (2,231) | (649) | 200 | 100.00 | 14,100 |
| Entte K Co., Ltd. (under liquidation) | 2,203,161 | - | - | - | - | - | 2,203,161 | 47.07 | - |
| | | 41,532,390 | | (654,594) | 4,654,816 | 1,679,630 | | | 47,212,242 |
| Investment in associate | | | | | | | | | |
| Plastic Logic HK Limited | 223,655 | - | - | - | - | - | 223,655 | 2.40 | - |
| Integrated Solutions Technology, Inc. | 9,896,402 | 158,562 | - | (24,741) | 1,679 | (35) | 9,896,402 | 26.01 | 135,465 |
| | | 158,562 | - | (24,741) | 1,679 | (35) | | | 135,465 |
| | | | | | 4,656,495 | 1,679,595 | | | 47,347,707 |
| | | | | (654,594) | | | | | |
| | | 41,690,952 | | (679,335) | | | | | |
| Investment accounted for using the equity method | | | | | | | | | |
| Linfiny Corporation (Note 2) | 1,680,000 | (1,273) | (1,340,172) | (10,994) | 6,977 | (258) | 339,828 | 23.00 | (5,548) |
| Prime View Communications Ltd. (Note 2) | 3,570,000 | (68,926) | - | - | (31,090) | 470 | 3,570,000 | 100.00 | (99,546) |
| | | (70,199) | | (10,994) | (24,113) | 212 | | | (105,094) |
| | | $ 41,620,753 | | $ (690,329) | $ 4,632,382 | $ 1,679,807 | | | $ 47,242,613 |

Note 1: Except for the cash dividends distributed by YuanHan Materials Inc. and Integrated Solutions Technology, Inc., the remaining amount was attributed to the acquisition of all shares of Linfiny Corporation that Sony Semiconductor Solutions held, in order to follow the operating plan of the Group, and Linfiny Corporation reducing its capital by eliminating the number of shares to offset a deficit.

Note 2: Linfiny Corporation and Prime View Communication Ltd. are currently experiencing operating losses, which has resulted in the credit balance.

Note 3: Except for the financial statements of some associates that are not audited, the others were based on the audited financial statements of subsidiaries and associates for the corresponding year.

Note 4: Including recognition of adjustments that have not been recognized based on exchange differences on translating the financial statements of foreign operations, remeasurement of defined plans, and unrealized gain (loss) on financial assets at FVTOCI, etc.

# E INK HOLDINGS INC.

## STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 2023
## (In Thousands of New Taiwan Dollars)

| Item | Land | Other Equipment | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1, 2023 | $ 971,795 | $ 6,570 | $ 978,365 |
| Additions | 12,458 | 2,888 | 15,346 |
| Disposals | (9,048) | (2,585) | (11,633) |
| Balance at December 31, 2023 | $ 975,205 | $ 6,873 | $ 982,078 |
| Accumulated depreciation | | | |
| Balance at January 1, 2023 | $ 90,559 | $ 4,420 | $ 94,979 |
| Depreciation expenses | 48,561 | 2,304 | 50,865 |
| Disposals | (6,282) | (2,419) | (8,701) |
| Balance at December 31, 2023 | $ 132,838 | $ 4,305 | $ 137,143 |
| Carrying amounts at December 31, 2023 | $ 842,367 | $ 2,568 | $ 844,935 |

# E INK HOLDINGS INC.

**STATEMENT OF SHORT-TERM BORROWINGS**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Type of Loan and Creditor | Contract Period | Interest Rate (%) | Amount | Loan Commitments |
|---|---|---|---|---|
| Short-term unsecured borrowings | | | | |
| Citibank Taiwan | 2023.09-2024.05 | 1.62-1.68 | $ 700,000 | $ 859,740 |
| DBS Bank | 2023.12-2024.03 | 1.75 | 600,000 | 800,000 |
| Shin Kong Bank | 2023.11-2024.01 | 1.75-1.78 | 400,000 | 400,000 |
| Yuanta Commercial Bank | 2023.12-2024.03 | 1.80-1.83 | 350,000 | 700,000 |
| EnTie Commercial Bank | 2023.12-2024.01 | 1.78 | 300,000 | 300,000 |
| Taishin International Bank | 2023.12-2024.02 | 1.78-1.80 | 270,000 | 800,000 |
| Hua Nan Commercial Bank | 2023.12-2024.01 | 1.75 | 200,000 | 500,000 |
| HSBC Bank | 2023.12-2024.03 | 1.79 | 200,000 | 614,100 |
| Bank of Taiwan | 2023.12-2024.03 | 1.76 | 150,000 | 400,000 |
| Shanghai Commercial and Savings Bank | 2023.12-2024.06 | 1.80 | 100,000 | 200,000 |
| | | | $ 3,270,000 | $ 5,573,840 |

# E INK HOLDINGS INC.

**STATEMENT OF SHORT-TERM BILLS PAYABLE**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| | | | Amount of Commercial Principal | | | |
|---|---|---|---|---|---|---|
| Guarantee Agency | Issuance Period | Discount Rate (%) | Amount of Issuance | Unamortized Discounts in Short-term Bills Payable | Carrying Amount | Mortgage or Guarantee |
| Mega Bills Finance | 2023.12-2024.02 | 1.58 | $ 2,000,000 | $ 2,467 | $ 1,997,533 | - |
| Ta Ching Bills Finance | 2023.12-2024.01 | 1.55-1.58 | 1,780,000 | 1,111 | 1,778,889 | - |
| Taiwan Finance | 2023.12-2024.01 | 1.47 | 200,000 | 121 | 199,879 | - |
| China Bills Finance | 2023.12-2024.01 | 1.42 | 150,000 | 64 | 149,936 | - |
| Dah Chung Bills Finance | 2023.12-2024.01 | 1.56 | 100,000 | 13 | 99,987 | - |
| | | | $ 4,230,000 | $ 3,776 | $ 4,226,224 | |

# E INK HOLDINGS INC.

**STATEMENT OF NOTES AND ACCOUNTS PAYABLE**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Vendor Name | Amount |
|---|---|
| Vendor A | $ 260,728 |
| Vendor B | 197,258 |
| Vendor C | 174,010 |
| Vendor D | 109,187 |
| Others (Note) | 756,864 |
| | $ 1,498,047 |

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

# E INK HOLDINGS INC.

**STATEMENT OF LONG-TERM LOANS**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Creditor | Contract Period | Repayment Method | Interest Rate (%) | Borrowing Amount Current | Borrowing Amount Non-current | Borrowing Amount Total | Guarantee and Pledge |
|---|---|---|---|---|---|---|---|
| Syndicated loans | | | | | | | |
| Mega Bank | 2023.10-2024.01 (Note) | Principal repayable on maturity, interest payable on a monthly basis | 1.99 | $ - | $ 3,400,000 | $ 3,400,000 | - |
| Less: Arrangement fees of syndicated bank loans | | | | - | (6,324) | (6,324) | - |
| | | | | - | 3,393,676 | 3,393,676 | |
| Credit loans | | | | | | | |
| Mega Bank | 2020.12-2028.11 | Principal repayable on maturity, interest payable on a monthly basis | 1.40-1.70 | - | 660,000 | 660,000 | - |
| Bank of Taiwan | 2023.11-2029.11 | Principal repayable on maturity, interest payable on a monthly basis | 1.45 | - | 450,000 | 450,000 | - |
| CTBC Bank | 2020.08-2028.08 | Principal repayable on maturity, interest payable on a monthly basis | 1.42-1.52 | - | 361,666 | 361,666 | - |
| Taishin Bank | 2021.12-2026.12 | Principal repayable on maturity, interest payable on a monthly basis | 1.40 | - | 200,000 | 200,000 | - |
| Hua Nan Bank | 2023.08-2028.08 | Principal repayable on maturity, interest payable on a monthly basis | 1.43 | - | 200,000 | 200,000 | - |
| Far Eastern Bank | 2023.10-2028.09 | Principal repayable on maturity, interest payable on a monthly basis | 1.99 | - | 179,000 | 179,000 | - |
| Taiwan Cooperative Bank | 2023.11-2030.10 | Principal repayable on maturity, interest payable on a monthly basis | 1.70 | - | 100,000 | 100,000 | - |
| KGI Bank | 2020.08-2025.05 | Principal repayable on maturity, interest payable on a monthly basis | 1.30 | - | 77,273 | 77,273 | - |
| | | | | - | 2,227,939 | 2,227,939 | |
| | | | | $ - | $ 5,621,615 | $ 5,621,615 | |

Note: The amount of the syndicated loans contract will be used cyclically during the period.

# E INK HOLDINGS INC.

## STATEMENT OF LEASE LIABILITIES
## DECEMBER 31, 2023
## (In Thousands of New Taiwan Dollars)

| Item | Lease Term | Discount Rate (%) | Amount |
|---|---|---|---|
| Land | 2012.11-2042.08 | 0.58-5.26 | $ 869,992 |
| Other equipment | 2021.04-2026.04 | 0.61-1.50 | 2,584 |
| | | | 872,576 |
| Less: Current portion | | | (34,725) |
| Non-current portion | | | $ 837,851 |

# E INK HOLDINGS INC.

**STATEMENT OF OPERATING REVENUE**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Shipping Units (In Thousands) | Amount |
|---|---|---|
| Revenue from sale of goods | | |
| Consumer electronics | 20,900 | $ 14,343,004 |
| Internet of Things applications | 4,122 | 6,246,684 |
| Others | 842 | 619,714 |
| | | 21,209,402 |
| Other operating revenue | | 207,847 |
| Less: Sales returns and discounts | | (1,601,809) |
| Operating revenue, net | | $ 19,815,440 |

# E INK HOLDINGS INC.

## STATEMENT OF OPERATING COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2023
## (In Thousands of New Taiwan Dollars)

| Item | Amount |
|---|---|
| Raw materials balance, beginning of year | $ 1,572,732 |
| Add: Raw materials purchased | 9,948,473 |
| Less: Sales of raw materials | (2,244,378) |
| Transferred to other accounts | (476,473) |
| Raw materials, end of year | (994,632) |
| Usage of direct raw materials | 7,805,722 |
| Direct labor | 144,114 |
| Manufacturing expenses | 1,401,350 |
| Manufacturing cost | 9,351,186 |
| Add: Work in progress and semi-finished goods balance, beginning of year | 1,398,408 |
| Less: Sales of semi-finished goods | (1,499,120) |
| Transferred to other accounts | (143,881) |
| Work in progress and semi-finished goods balance, end of year | (1,295,672) |
| Cost of finished goods | 7,810,921 |
| Add: Finished goods balance, beginning of year | 1,295,369 |
| Less: Transferred to other accounts | (108,939) |
| Finished goods balance, end of year | (683,008) |
| Cost of finished goods sold | 8,314,343 |
| Add: Cost of raw materials sold | 2,244,378 |
| Cost of semi-finished goods sold | 1,499,120 |
| Loss on idle capacity | 1,091,580 |
| Loss on scrapped inventories | 320,185 |
| Inventory loss | 357 |
| Reversal of inventories | (94,314) |
| Total operating costs | $ 13,375,649 |

# E INK HOLDINGS INC.

**STATEMENT OF OPERATING EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Selling and Marketing Expenses | General and Administrative Expenses | Research and Development Expenses | Total |
|---|---|---|---|---|
| Employee benefits expense | $ 344,548 | $ 660,763 | $ 695,615 | $ 1,700,926 |
| Professional service fee | 64,801 | 37,607 | 140,500 | 242,908 |
| Material expense | 9,237 | 15,455 | 323,738 | 348,430 |
| Others (Note) | 74,022 | 320,143 | 202,926 | 597,091 |
| | $ 492,608 | $ 1,033,968 | $ 1,362,779 | $ 2,889,355 |

Note: All amounts do not exceed 5% of the account balance.

# E INK HOLDINGS INC.

## STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefits expense | | | | | | |
| Salaries | $ 599,599 | $ 1,474,817 | $ 2,074,416 | $ 593,576 | $ 1,418,855 | $ 2,012,431 |
| Labor and health insurance | 53,907 | 89,056 | 142,963 | 42,455 | 69,824 | 112,279 |
| Pension | 23,509 | 62,798 | 86,307 | 16,948 | 41,674 | 58,622 |
| Remuneration of directors | - | 36,864 | 36,864 | - | 41,080 | 41,080 |
| Others | 36,078 | 37,391 | 73,469 | 34,381 | 40,575 | 74,956 |
| | $ 713,093 | $ 1,700,926 | $ 2,414,019 | $ 687,360 | $ 1,612,008 | $ 2,299,368 |
| Depreciation | $ 437,117 | $ 162,546 | $ 599,653 | $ 218,685 | $ 161,907 | $ 380,592 |
| Amortization | $ 52 | $ 51,184 | $ 51,236 | $ 52 | $ 53,845 | $ 53,897 |

Note 1: For the years ended December 31, 2023 and 2022, the Company had 1,418 and 1,289 employees on average, respectively, among which were 4 and 6 non-employee directors, respectively.

Note 2: a. For the years ended December 31, 2023 and 2022, the average employee benefits were $1,681 thousand and $1,760 thousand, respectively.

b. For the years ended December 31, 2023 and 2022, the average employee salaries were $1,467 thousand and $1,569 thousand, respectively.

c. The change in average employee salaries was adjusted by (6.5%).

Note 3: The Company did not have supervisors for the years ended December 31, 2023 and 2022. Therefore, there was no remuneration to supervisors.

Note 4: a. Directors

According to the Company’s Articles of Association, the board of directors is authorized to negotiate their remuneration according to their degree of participation and contribution to the Company's operations, with reference to the remuneration standards of domestic and foreign peers. If the Company is profitable, remuneration for directors shall be paid in cash. The amount and ratio for the payment of remuneration shall be determined by the board of directors subject to the attendance of more than 2/3 of directors and the consent of more than half of the directors present, and reported to the shareholders' meeting.

b. Management personnel and employees

According to the Company's salary structure, the remuneration policies of management personnel and employees are composed of fixed remuneration (base salary, meal allowance, duty allowance) and floating remuneration (performance bonus, share compensation), etc. The Company pays the remuneration based on the authority and responsibility and the contribution to the Company. Apart from the overall operation performance and the future development of industry, the payment of remuneration is also subject to the personal performance and contribution. The salary adjustment of managers shall be reviewed by the salary and compensation committee every year and submitted to the board of directors for approval.

Where the Company made a profit in the fiscal year, refer to Note 19(d) for further regulations in the Articles of Incorporation.

In conclusion, the remuneration policies for directors, management personnel, and employees had considered the operation performance of the year and future risk, to achieve the balance between corporate sustainability and risk management.

**E Ink Holdings Inc.**

**2023 Annual Report**

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Chairman Johnson Lee

## E INK HOLDINGS INC.

# 2023 Annual Report

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