



NETRONIX[®]
振曜科技集團

NETRONIX, INC.

2025 Annual Shareholders' Meeting

(Translation)

Meeting Handbook

Meeting Type : Physical shareholders' meeting

Time : June 13, 2025 (Friday) at 9:00 a.m.

Location : B1F, No. 945, Boai St, Jubei City, Hsinchu County
(NETRONIX's Headquarters at B1F)

-----Disclaimer-----

THIS IS A TRANSLATION OF THE MEETING HANDBOOK FOR THE 2024 ANNUAL SHAREHOLDERS' MEETING OF NETRONIX, INC. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

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NETRONIX, INC.

Meeting Procedures for 2025 Annual Meeting of Shareholders

- 1.Call the Meeting to Order
- 2.Chairman's Address
- 3.Reported matters
- 4.Acknowledged matters
- 5.Matters for Discussion
- 6.Extemporaneous Motions
- 7.Meeting Adjourned

NETRONIX, INC.

Agenda for 2025 Annual Meeting of Shareholders

Time : June 13, 2025 (Friday) at 9:00 a.m.

Location : B1F, No. 945, Boai St, Jubei City, Hsinchu County

(NETRONIX's Headquarters at B1F)

Meeting Type : Physical shareholders' meeting

Agenda :

- I. Reported matters
 - 1.To report the business of 2024
 - 2.Audit Committee's Review Report of 2024
 - 3.To report the distribution of employees' and directors' remuneration of 2024
 - 4.To report the cash dividend distribution of 2024
 - 5.To report the implementation of the 8th treasury shares cancellation
- II. Acknowledged matters
 - 1.To adopt 2024 Business Report and Financial Statements
 - 2.To adopt the proposal for distribution of 2024 earnings
- III. Matters for Discussion
 - 1.To amendment the Articles of Incorporation
 - 2.To issue common shares for cash capital increase through private placement
 - 3.To release non-competition restriction on Directors and representatives
- IV. Extemporary Motions
- V. Meeting Adjourned

1. Reported matters

Item 1

Subject: To report the business of 2024.

Descriptions: Please refer to Attachment 1 and 2 of this handbook (page 10~page 29).

Item 2

Subject: Audit Committee's Review Report of 2024.

Descriptions: Please refer to Attachment 3 of this handbook (page 30).

Item 3

Subject: To report the distribution of employees' and directors' remuneration of 2024.

Descriptions: 1.5.00% and 2.07% of the Company's earnings for 2024 (the income before the income tax less the remuneration to employees and directors) are appropriated as the remuneration to employees and directors, which are distributed in the following amount and manners:

(1) employees' remuneration is NT\$41,262,195 shall be paid in cash.

(2) directors' remuneration is NT\$17,069,722 shall be paid in cash.

2. Said amounts of remuneration to employees and directors as approved by the Board of Directors were consistent with the estimated amounts reported in the year of recognition.

Item 4

Subject: To report the cash dividend distribution of 2024.

Descriptions: 1. According to Article 19-1 of the Company's Articles of Incorporation, The Board of Directors is authorized to resolve the cash dividend to be distributed to shareholders. With respect to the motion for distribution of cash dividend, the Board of Directors has resolved on March 4, 2025 to distribute the cash dividend, amounting to NT\$602,412,279 in total, at NT\$7.0 per share. The amount of cash dividend will be truncated to the nearest dollar. Fractional amounts of less than NT\$1 is stated as the Company's other revenue.

2. In the event that the number of outstanding shares is changed due to the factors, such as repurchase of the Company's shares, or transfer of treasury stocks to employees and cancelation of shares, the payout ratio shall be adjusted by the Chairman of Board on a pro rata basis subject to the number of outstanding shares on the record date.

3. The record date for dividend distribution was set by the Chairman as April 19, 2025, and the cash dividends were distributed on May 8, 2025.

Item 5

Subject: To report the implementation of the 8th treasury shares cancellation.

Descriptions: 1.The company's 8th share repurchase, along with the resolutions of the Board of Directors and its implementation, has been reported to the annual general meetings of shareholders for the years 2020 and 2021, in accordance with Article 28-2, Paragraph 7 of the Securities and Exchange Act.

2.The implementation of the 8th treasury shares cancellation is as follows:

Repurchased Shares	Average Repurchase Cost	Shares Cancelled and Cancellation Price	Remaining Shares
1,448,000 shares	NT\$32.06 per share	1,448,000 shares / NT\$32.06 per share	0

2.Acknowledged matters

Item 1

Proposed by the Board of Directors

Subject: To adopt 2024 Business Report and Financial Statements.

Descriptions: 1.The 2024 Financial Statements have been adopted by the Board of Directors, and audited by the Certified Public Accountants, Huang, Hai-Ning and Cheng, An-Chih of KPMG.

2.The 2024 Business Report and Financial Statements have been reviewed by the Audit Committee, please refer to Attachment 1 and 2 of this handbook (page 10~page 29).

Resolution :

Item 2

Proposed by the Board of Directors

Subject: To adopt the proposal for distribution of 2024 earnings.

Descriptions: The proposal for distribution of 2024 earnings is adopted by the Board of Directors, and reviewed by the Audit Committee, please refer to Attachment 4 of this handbook (page 31).

Resolution :

3.Matters for Discussion

Item 1

Proposed by the Board of Directors

Subject: To amend the Articles of Incorporation.

Descriptions: 1.According to Article 14, Paragraph 6 of the Securities and Exchange Act, it is proposed to amend the company's Articles of Incorporation.
2.The comparison table of revised articles of the Articles of Incorporation, please refer to Attachment 5 of this handbook (page 32).

Resolution :

Item 2

Proposed by the Board of Directors

Subject: To issue common shares for cash capital increase through private placement.

Descriptions: 1.In order to cooperate with long-term operational development with introducing strategic partners, enriches working capital, strengthens the financial structure, and considers the cost of raising funds and the timeliness and convenience, the company plans to comply with the provisions of Article 43-6 of the Securities and Exchange Act, to issue common shares for cash capital increase through private placement at the appropriate time.
2.Private placement amount and number of shares: it is estimated that the total number of private placement common shares will not exceed 10,000,000 shares, with a par value of NT\$10 per share. The actual number of shares issued will not exceed the estimated number of private placement shares approved by the shareholders' meeting, and will be submitted to the shareholders' meeting. The board of directors is authorized to handle the matter according to the circumstances of the specific person and market conditions in the future.
3.The basis and rationality for the privately placed common stock pricing:
(1)The price of each private placement shall be no less than 60% of the higher of the following two reference prices before the company's pricing date:
(a)The simple arithmetic average of the closing prices of common shares calculated on one of 1, 3, and 5 business days before the pricing date, deducting the ex-rights of gratuitous allotment of shares and dividends, and adding back the stock price per share after adding back the right of ex-rights for capital reduction.

- (b)The simple arithmetic average of the closing prices of common shares 30 business days before the pricing date, deducting the ex-rights and dividends of gratuitous share allotment, and adding back the stock price per share after adding back the anti-ex-rights of capital reduction.
- (2)The actual pricing date and the actual issuance price shall be within the range of not less than the majority of the resolution of the shareholders' meeting, and the board of directors is authorized to decide based on the circumstances of the specific person and market conditions in the future.
- (3)The company has entrusted an independent expert to provide an opinion on the basis and reasonableness of the private placement pricing, please refer to Attachment 6 of this handbook (page 33~page 46).
- (4)The basis for setting the aforementioned private placement price complies with the provisions of "Directions for Public Companies Conducting Private Placements of Securities " and also considers that there are strict restrictions on the transfer time, objects and quantity of private placement common shares. Therefore, the setting of this private placement price should be reasonable.
4. Specific person selection method, the purpose, necessity and expected benefits of applicant selection:
- (1)The method of applicant selection: The targets of this issuance of common shares are limited to strategic investor who comply with the provisions of Article 43-6 of the Securities and Exchange Act and other relevant laws and regulations and relevant letters and explanations from the competent authorities, the company has not yet decided on a specific placee, and the selection of the actual placee will be submitted to the shareholders' meeting to authorize the board of directors to decide in accordance with the above mentioned laws.
- (2)The purpose, necessity and expected benefits of applicant selection: To strengthen the competitive advantage of the product market and coordinate with the company's future product planning, it is necessary to introduce strategic partners. Through strategic partner applicant, the operational competitiveness of the company's product market can be stabilized and strengthened.
5. Necessary reasons for conducting private placement
- (1)The reason for not using public offering: In order to introduce strategic partners in response to the company's long-term development and to stabilize and strengthen the company's product market operation

competitiveness, and considering that private placement targets, private placement methods are relatively quick and simple, such as issuing securities through raising, it may not be easy to obtain the required funds smoothly in the short term. It is planned to use private placement to increase cash capital and issue common stock to raise funds from specific people. By authorizing the board of directors to conduct private placement based on market conditions and in line with the company's actual needs, it will increase the company's flexibility and efficiency to raise capital. The restriction on the transfer of privately-placed securities within three years will further ensure the long-term cooperative relationship between the company and its strategic partners.

(2) Private placement quota: within the quota of no more than 10,000,000 common shares, it will be conducted in batches (up to two batches) within one year from the date of resolution of the shareholders' meeting, the actual fundraising quota is planned to be authorized by the board of directors based on the current market conditions, the actual needs of the company and handle it by contacting specific persons.

(3) Manage the use of funds from the private placement and expected benefits for each time: The funds raised each round will be used to enrich working capital, meet the company's long-term operational development needs and repayment of bank loans. The funds raised in each round are expected to reduce the company's operating risks, strengthen its financial structure, and improve future operating performance. The benefits will have a positive impact on shareholders' equity.

Number of times	Manage the use of funds for each time	expected benefits for each time
up to two batches	The funds raised each round will be used to enrich working capital, meet the company's long-term operational development needs and repayment of bank loans	expected to reduce the company's operating risks, strengthen its financial structure, and improve future operating performance. The benefits will have a positive impact on shareholders' equity.

6. Rights and Obligations: The rights and obligations of this private placement of common shares are the same as the existing issued shares of the Company; however, in accordance with the provisions of the Securities and Exchange

Law, unless certain circumstances are met, the company's private placement of common shares within three years from the date of delivery, except in accordance with except for the transfer objects stipulated in Article 43-8 of the Act, the remaining assets may not be sold. Three years after the completion of this private placement of common shares from the date of delivery, the board of directors is authorized to decide based on the current situation whether to apply to the relevant regulatory authorities for the supplementary process of public offering and OTC (or listing) trading in accordance with relevant regulations

7. Objections or qualified opinions from independent Board of Directors: None
8. After this private placement and the introduction of strategic partners, there will be no major changes in management rights.
9. This private placement of common shares will be conducted in batches (up to two batches) within one year from the date of submitting the resolution to the shareholders' meeting. The main contents of the plan for private placement of common shares, including the actual number of private placement shares, the actual private placement price, and the selection of placee, pricing date, record date, project items, use and status of funds, expected results and other related matters and so on, if changes are required due to approval by the competent authority or based on operational assessment or due to objective circumstances, it is proposed to the shareholders' meeting to authorize the board of directors to handle it with full authority.
10. In addition to the scope of authorization mentioned above, it is proposed that the shareholders' meeting authorize the chairman to sign, negotiate and change all contracts and documents related to the issuance of common shares through private placement on behalf of the company, and to handle all matters necessary for the company to issue common shares through private placement.
11. The company's private placement proposal, in accordance with the provisions of Article 43-6 of the Securities and Exchange Act, should include the following matters:
 - (1) Please refer to the Market Observation Post System (URL: <https://mops.twse.com.tw>): After entering the website, investors should click on "Topic Area" / "Investment Zone" / "Private Placement Zone," then enter the market type (OTC) and company code (6143) to perform the search.
 - (2) Please refer to the company's website (URL: <http://www.netronixinc.com>): After entering the website, investors should click on "Investor Relations" /

"Shareholder Services" / "Private Placement Data" for inquiry.

Resolution :

Item 3

Proposed by the Board of Directors

Subject: To release non-competition restriction on Directors and representatives.

Descriptions: 1. According to Article 209 of the Company Act, a director who does anything for himself/herself or on behalf of another person that is within the scope of the company's business, shall explain the essential contents of such action in the shareholders' meeting and obtain the shareholder's meeting's approval.
2. List of non-competition restrictions on Directors and representatives, please refer to Attachment 7 of this handbook (page 47).

Resolution :

4.Extemporary Motions

5.Meeting Adjourned

NETRONIX, INC.

2024 Business Report

The Operating Results for the year 2024

I. The Results of Execution of the Business Plan and Budget Execution

Looking back at 2024, the global economy has gradually stabilized under the influence of high inflation and monetary policy adjustments. However, supply chain restructuring, deepening technology competition between China and the United States, continued escalation of geopolitical risks, and accelerated investment in green energy and AI technologies in the global market have made our operating environment full of challenges and opportunities.

NETRONIX's overall performance in 2024 is better than that in 2023, with consolidated net operating revenues increased by 11.46%, consolidated gross profit from operations increased by 5.14%, consolidated net operating income increased by 3.17%, consolidated profit increased by 26.08%, and net income attributable to shareholders of the parent increased by 69.81%. Looking forward to 2025, all business units of NETRONIX will be able to develop new products based on the existing resources, and the subsidiaries will also strive for breakthrough growth with steady progress.

The operating results for the year 2024 and 2023 are compared as follows (see the following table).

Unit: NT\$ billions

Item	Parent Company Only Financial Statements			Consolidated Financial Statements		
	2024	2023	YoY(%)	2024	2023	YoY(%)
Net operating revenues	50.59	34.57	46.34	74.10	66.48	11.46

The important business data in 2024 and 2023 are compared as follows (see the following table).

Unit: NT\$ billions

Item	Parent Company Only Financial Statements			Consolidated Financial Statements		
	2024	2023	YoY(%)	2024	2023	YoY(%)
Net operating revenues	50.59	34.57	46.34	74.10	66.48	11.46
Gross profit from operations	7.30	4.22	72.99	15.55	14.79	5.14
Net operating income	4.95	1.82	171.98	7.48	7.25	3.17
Profit	6.30	3.71	69.81	7.88	6.25	26.08

The Company executes its financial planning subject to the budget. The achievement rate of the budget for consolidated operating revenue is 106% in 2024.

II. Financial Position and Profitability Analysis

Financial position and profitability analysis in 2024 and 2023 are compared as follows (see the following table).

Item		Consolidated Financial Statements	
		2024	2023
Cash flow	Cash flow ratio (%)	34.34	35.88
	Cash flow adequacy ratio (%)	125.32	152.04
	Cash reinvestment ratio (%)	3.81	14.57
Profitability	Return on assets (%)	11.11	8.95
	Return on equity (%)	17.67	16.42
	Pre-tax income to paid-in capital (%)	113.33	93.85
	Profit margin (%)	10.63	9.40
	Earnings per share (NT\$)	7.33	4.31

III. Research and Development

Successful R&D technologies or products during the year 2024 (see the following table).

Product Category	Product Item
E-Paper application products	4.0" E-Badge 31.5"& 13.3" Spectra6 color Digital Signage
Computer Peripherals (Electro-acoustic components)	Ribbon Electro-acoustic components Ribbon tweeter Electro-acoustic components vibration-damping (HTV Application of high shock-absorbing materials)
Consumer Electronics (Networking products)	2.5G POE 5 Ports/ 8 Ports +SFP Switch 7" A13 POS 10.1 Narrow bezel Android A13 POS 55" Andorid POS 10.1 Window Alder Lake POS 15~43 Android 13 POS

Chairman : Hsu-Fu Tsung

President : Jun-Sheng Lin

Accounting Manager : Jiunn-Shyang Cheng

Independent Auditors' Report

To the Board of Directors of NETRONIX, INC.:

Opinion

We have audited the parent-company-only financial statements of NETRONIX, INC.(“the Company”), which comprise the balance sheets as of December 31, 2024 and 2023, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as at December 31, 2024 and 2023, and its parent-company-only financial performance and its parent-company-only 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Revenue recognition

Refer to Note 4(16) “Revenue recognition” for accounting policy and Note 6(18) “Revenue recognition” of the parent-company-only financial statements for further information.

Description of key auditor matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How our audit addressed the matter:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(7) "*Inventories*" to the parent-company-only financial statements for the accounting policy for inventory valuation, note 5 for the uncertainties of accounting estimation and assumption regarding inventory valuation, and note 6(5) "*Inventories*" for explanation of inventory valuation.

Description of key audit matter:

The Company primarily engages in R&D, production and sale of consumer electronics. As new products on the market may change consumer needs, rendering existing products obsolete, fluctuating the demand for and selling prices of related products, and risking the cost of inventories to exceed the net realizable values thereof. Therefore, valuation of inventories is considered to be one of the key audit matters.

How our audit addressed the matter:

Our audit procedures in this area included verifying the completeness of the inventory aging report, sampling to test the accuracy of both the latest valid voucher of inventory change and the net realizable values, analyzing the changes in inventory ages during different periods and obtaining understanding of the proportions of inventory write-downs or obsolescence to assess the reasonableness of loss allowances for inventories, as well as reviewing the differences between the amounts of the Company's loss allowances for inventories and the actual losses incurred in the past. In addition, we assessed whether management had disclosed the loss allowances for inventories appropriately.

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

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the 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 investment in other entities accounted for using the equity method to express an opinion on the parent-company-only 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 those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and An-Chin Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 04, 2025

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
NETRONIX, INC.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023		December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:									
1100	Cash and cash equivalents (note 6(1))	\$ 627,087	16	1,285,885	32	-	-	610,000	15
1136	Current financial assets at amortized costs (notes 6(3) and 8)	510,000	13	526,554	13	27,010	1	16,627	-
1170	Trade receivables, net (note 6(4))	927,686	23	276,318	7	496,371	13	178,209	4
1180	Receivables from related parties, net (notes 6(4) and 7)	318,879	8	61,737	2	2,571	-	24,915	1
1210	Other receivables — related parties (note 7)	9,174	-	6,869	-	434	-	403	-
1310	Inventories, net (notes 6(5) and 7)	97,797	3	35,360	1	116,309	3	104,171	3
1476	Other financial assets — current (note 6(6))	20,998	1	12,744	-	51,912	1	87,984	2
1479	Other current assets	<u>8,585</u>	<u>-</u>	<u>3,137</u>	<u>-</u>	<u>1,066</u>	<u>-</u>	<u>24,925</u>	<u>1</u>
		<u>2,520,206</u>	<u>64</u>	<u>2,208,604</u>	<u>55</u>	<u>3,743</u>	<u>-</u>	<u>12,785</u>	<u>-</u>
Non-current assets:									
1517	Non-current financial assets at fair value through other comprehensive income (note 6(2))	-	-	173,223	5	<u>129,300</u>	<u>3</u>	<u>94,272</u>	<u>3</u>
						<u>828,716</u>	<u>21</u>	<u>1,154,291</u>	<u>29</u>
1550	Investments accounted for using equity method, net (notes 6(7) and 7)	1,230,430	31	1,331,764	33	6,819	-	9,531	-
1600	Property, plant and equipment (note 6(8) and 7)	210,863	5	234,440	6	12,733	-	8,118	-
1755	Right-of-use assets (note 6(9))	4,096	-	15,862	-	390	-	3,255	-
1780	Intangible assets (note 6(10))	3,465	-	3,482	-	-	-	4,484	-
1840	Deferred income tax assets (note 6(15))	15,691	-	44,637	1				
1975	Net defined benefit assets (note 6(14))	119	-	-	-	<u>19,942</u>	<u>-</u>	<u>25,388</u>	<u>-</u>
1980	Other non-current financial assets (note 6(6))	4,737	-	4,737	-	<u>848,658</u>	<u>21</u>	<u>1,179,679</u>	<u>29</u>
1995	Other non-current assets	<u>411</u>	<u>-</u>	<u>411</u>	<u>-</u>	<u>875,069</u>	<u>22</u>	<u>875,069</u>	<u>22</u>
		<u>1,469,812</u>	<u>36</u>	<u>1,808,556</u>	<u>45</u>	<u>474,521</u>	<u>12</u>	<u>464,731</u>	<u>12</u>
Equity (note 6(7) and (16)):									
	Ordinary shares		3110		3110				
	Capital surplus		3200		3200				
	Retained earnings:								
	Legal reserve		3310		3310	557,800	14	520,560	13
	Special reserve		3320		3320	40,218	1	14,461	-
	Unappropriated retained earnings		3350		3350	<u>1,266,022</u>	<u>32</u>	<u>1,049,307</u>	<u>26</u>
						<u>1,864,040</u>	<u>47</u>	<u>1,584,328</u>	<u>39</u>
						<u>(25,841)</u>	<u>(1)</u>	<u>(40,218)</u>	<u>(1)</u>
	Other equity		3400		3400	<u>(46,429)</u>	<u>(1)</u>	<u>(46,429)</u>	<u>(1)</u>
	Treasury shares		3500		3500	<u>3,141,360</u>	<u>79</u>	<u>2,837,481</u>	<u>71</u>
	Total equity					<u><u>3,990,018</u></u>	<u><u>100</u></u>	<u><u>4,017,160</u></u>	<u><u>100</u></u>
	Total liabilities and equity								

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
NETRONIX, INC.

Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenues (notes 6(18) and 7)	\$ 5,059,142	100	3,457,097	100
5110	Operating costs (notes 6(5), (14) and 7)	4,329,358	86	3,035,771	88
	Gross profit from operations	729,784	14	421,326	12
5920	Net change in unrealized gross profit	(126)	-	871	-
	Gross profit from operations	729,658	14	422,197	12
	Operating expenses (notes 6(14) and 7):				
6100	Selling expenses	34,841	1	37,399	1
6200	Administrative expenses	112,625	2	89,598	3
6300	Research and development expenses	86,670	1	113,223	3
6450	Impairment loss (note 6(4))	384	-	51	-
	Total operating expenses	234,520	4	240,271	7
	Net operating income	495,138	10	181,926	5
	Non-operating income and expenses:				
7101	Interest income (note 7)	37,089	1	62,395	2
7110	Rent income(note 7)	11,125	-	8,106	-
7190	Other gains and losses (notes 6(20) and 7)	27,520	-	16,415	-
7510	Interest expenses (notes 6(12) and (20))	(1,364)	-	(13,919)	-
7230	Foreign currency exchange (losses) gains, net (note6(21))	96,929	2	(6,354)	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note 6(7))	100,309	2	181,451	5
	Total non-operating income and expenses	271,608	5	248,094	7
	Profit before income tax	766,746	15	430,020	12
7950	Minus:Income tax expenses (note 6(15))	136,282	3	59,067	2
	Profit	630,464	12	370,953	10
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (note 6(14))	2,393	-	4,866	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(16))	(8,578)	-	(18,817)	(1)
8330	Other comprehensive profit or loss of subsidiaries recognized using the equity method	80	-	38	-
8349	Minus : Items that may not be reclassified subsequently to income tax expenses	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss:	(6,105)	-	(13,913)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	21,118	-	(7,995)	-
8399	Income tax related to item that will be reclassified to profit or loss (note 6(15))	(273)	-	1,029	-
	Total items that may be reclassified subsequently to profit or loss	20,845	-	(6,966)	-
8300	Other comprehensive income	14,740	-	(20,879)	(1)
	Total comprehensive income	\$ 645,204	12	350,074	9
	Earnings per share (in dollars) (note 6(17))				
9750	Basic earnings per share	\$ 7.33		4.31	
9850	Diluted earnings per share	\$ 7.29		4.29	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
NETRONIX, INC.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings				Other equity interest				
			Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity
Balance at January 1, 2023	\$ 875,069	464,731	486,075	84,975	899,054	1,470,104	(35,933)	21,472	(14,461)	(46,429)	2,749,014
Net income for the period	-	-	-	-	370,953	370,953	-	-	-	-	370,953
Other comprehensive income for the period	-	-	-	-	4,878	4,878	(6,966)	(18,791)	(25,757)	-	(20,879)
Total comprehensive income for the period	-	-	-	-	375,831	375,831	(6,966)	(18,791)	(25,757)	-	350,074
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	34,485	-	(34,485)	-	-	-	-	-	-
Special reserve	-	-	-	(70,514)	70,514	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(258,177)	(258,177)	-	-	-	-	(258,177)
The impact number of equity changes in non-proportional subscriptions	-	-	-	-	(3,430)	(3,430)	-	-	-	-	(3,430)
Balance at December 31, 2023	875,069	464,731	520,560	14,461	1,049,307	1,584,328	(42,899)	2,681	(40,218)	(46,429)	2,837,481
Net income for the period	-	-	-	-	630,464	630,464	-	-	-	-	630,464
Other comprehensive income for the period	-	-	-	-	2,492	2,492	20,845	(8,597)	12,248	-	14,740
Total comprehensive income for the period	-	-	-	-	632,956	632,956	20,845	(8,597)	12,248	-	645,204
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	37,240	-	(37,240)	-	-	-	-	-	-
Special reserve	-	-	-	25,757	(25,757)	-	-	-	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(344,236)	(344,236)	-	-	-	-	(344,236)
Equity Adjustment Resulting from Organizational Restructuring	-	9,790	-	-	-	-	-	-	-	-	9,790
The impact number of equity changes in non-proportional subscriptions	-	-	-	-	(6,879)	(6,879)	-	-	-	-	(6,879)
Remeasurement at fair value through other comprehensive Income(OCI) (Note 6(2))	-	-	-	-	(2,129)	(2,129)	-	2,129	2,129	-	-
Balance at December 31, 2024	\$ 875,069	474,521	557,800	40,218	1,266,022	1,864,040	(22,054)	(3,787)	(25,841)	(46,429)	3,141,360

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
NETRONIX, INC.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 766,746	430,020
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	34,477	41,314
Amortization expense	3,406	5,041
Expected credit loss	384	51
Interest expense	1,364	13,919
Interest revenue	(37,089)	(62,395)
Dividend income	-	(1,107)
Share of profit of subsidiaries and associates accounted for using equity method	(100,309)	(181,451)
Gain on disposal of property, plant and equipment	(144)	-
Provision(reversal) for inventory devaluation loss and sluggish loss	(60,500)	58,400
Net change in unrealized gross profit	126	(871)
Total adjustments to reconcile profit	(158,285)	(127,099)
Changes in operating assets and liabilities:		
Trade receivables	(651,752)	605,880
Receivables from related parties	(257,142)	347,045
Other receivables-related parties	(2,305)	(4,851)
Inventories	(1,937)	105,642
Other financial assets	(10,670)	(3,861)
Other operating assets	(5,448)	11,322
Total changes in operating assets	(929,254)	1,061,177
Trade payables and notes payable	318,162	(303,569)
Payable from related parties	(22,344)	13,772
Other payable -related parties	31	(1,698)
Net defined benefit assets and liabilities	(2,210)	-
Other operating liabilities	27,215	(107,937)
Total changes in operating liabilities	320,854	(399,432)
Total changes in operating assets and liabilities	(608,400)	661,745
Total adjustments	(766,685)	534,646
Cash inflow generated from operations	61	964,666
Interest received	39,505	61,390
Interest paid	(1,895)	(14,094)
Dividends received	-	1,107
Income taxes paid	(139,066)	(73,408)

See accompanying notes to parent-company-only financial statements.

Net cash flows from operating activities	<u>(101,395)</u>	<u>939,661</u>
	2024	2023
Cash flows from (used in) investing activities:		
Increase (decrease) in financial assets at amortized cost	16,554	(11,814)
Acquisition of investments accounted for using equity method	265,000	-
Dividends received from investments accounted for using equity method	136,881	250,009
Acquisition of property, plant and equipment	(8,565)	(12,486)
Proceeds from disposal of property, plant and equipment	3,241	3,718
Acquisition of intangible assets	(3,389)	(2,656)
Net cash flows from (used in) investing activities	<u>409,722</u>	<u>226,771</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	-	5,170,000
Decrease in short-term borrowings	(610,000)	(5,430,000)
Payment of lease liabilities	(12,889)	(12,887)
Cash dividends paid	(344,236)	(258,177)
Net cash flows from (used in) financing activities	<u>(967,125)</u>	<u>(531,064)</u>
Net increase (decrease) in cash and cash equivalents	(658,798)	635,368
Cash and cash equivalents at beginning of period	<u>1,285,885</u>	<u>650,517</u>
Cash and cash equivalents at end of period	<u>\$ 627,087</u>	<u>1,285,885</u>

See accompanying notes to parent-company-only financial statements.

Independent Auditors’ Report

To the Board of Directors of NETRONIX, INC.:

Opinion

We have audited the consolidated financial statements of NETRONIX, INC. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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 a summary of significant accounting policies.

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, 2024 and 2023, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Account of 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Revenue recognition

Refer to Note 4(16) “Revenue from contracts with customers” and Note 6(20) “Revenue from Contracts with Customers” to the consolidated financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Group operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How our audit addressed the matter:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Group's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to note 4(8) "*Inventories*" to the consolidated financial statements for the accounting policy for inventory valuation, note 5 for the uncertainties of accounting estimation and assumption regarding inventory valuation, and note 6(5) "*Inventories*" for explanation of inventory valuation.

Description of key audit matter:

The Group primarily engages in R&D, production and sale of consumer electronics. As new products on the market may change consumer needs, rendering existing products obsolete, fluctuating the demand for and selling prices of related products, and risking the cost of inventories to exceed the net realizable values thereof. Therefore, valuation of inventories is considered to be one of the key audit matters.

How our audit addressed the matter:

Our audit procedures in this area included verifying the completeness of the inventory aging report, sampling to test the accuracy of both the latest valid voucher of inventory change and the net realizable values, analyzing the changes in inventory ages during different periods and obtaining understanding of the proportions of inventory write-downs or obsolescence to assess the reasonableness of loss allowances for inventories, as well as reviewing the differences between the amounts of the Group's loss allowances for inventories and the actual losses incurred in the past. In addition, we assessed whether management had disclosed the loss allowances for inventories appropriately.

Other Matter

NETRONIX, INC. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, 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 and with the IFRSs, IASs, IFRC, 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and An-Chin Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 04, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NETRONIX, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenues (notes 6(20))	\$ 7,410,030	100	6,648,322	100
5110	Operating costs (notes 6(5) and (14))	5,854,986	79	5,169,191	78
	Gross profit from operations	<u>1,555,044</u>	<u>21</u>	<u>1,479,131</u>	<u>22</u>
	Operating expenses (notes 6(14) and 7):				
6100	Selling expenses	281,212	4	284,042	4
6200	Administrative expenses	345,807	5	279,072	4
6300	Research and development expenses	175,416	2	191,026	3
6450	Impairment loss (note 6(4))	4,869	-	285	-
	Total operating expenses	<u>807,304</u>	<u>11</u>	<u>754,425</u>	<u>11</u>
	Net operating income	<u>747,740</u>	<u>10</u>	<u>724,706</u>	<u>11</u>
	Non-operating income and expenses:				
7101	Interest income (note 6(22))	61,982	1	96,244	1
7190	Other gains and losses (notes 6(22) and 7)	16,054	-	22,763	-
7230	Foreign currency exchange (losses) gains, net (note 6(23))	180,532	2	(2,190)	-
7510	Interest expenses (notes 6(22) and 7)	(14,556)	-	(20,214)	-
	Total non-operating income and expenses	<u>244,012</u>	<u>3</u>	<u>96,603</u>	<u>1</u>
	Profit before income tax	<u>991,752</u>	<u>13</u>	<u>821,309</u>	<u>12</u>
7950	Income tax expenses (note 6(17))	<u>203,417</u>	<u>2</u>	<u>196,304</u>	<u>3</u>
	Profit	<u>788,335</u>	<u>11</u>	<u>625,005</u>	<u>9</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (note 6(18))	2,637	-	4,896	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(9,787)	-	(18,754)	-
		<u>(7,150)</u>	<u>-</u>	<u>(13,858)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	47,864	-	(17,343)	-
8399	Income tax related to item that will be reclassified to profit or loss (note 6(17))	(3,507)	-	2,859	-
	Total items that may be reclassified subsequently to profit or loss	<u>44,357</u>	<u>-</u>	<u>(14,484)</u>	<u>-</u>
8300	Other comprehensive income	<u>37,207</u>	<u>-</u>	<u>(28,342)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 825,542</u>	<u>11</u>	<u>596,663</u>	<u>9</u>
	Profit attributable to:				
8610	Owners of parent	\$ 630,464	9	370,953	5
8620	Non-controlling interests	157,871	2	254,052	4
		<u>\$ 788,335</u>	<u>11</u>	<u>625,005</u>	<u>9</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 645,204	9	350,074	5
8720	Non-controlling interests	180,338	2	246,589	4
		<u>\$ 825,542</u>	<u>11</u>	<u>596,663</u>	<u>9</u>
	Earnings per share (in NT dollars) (note 6(22))				
9750	Basic earnings per share	<u>\$ 7.33</u>		<u>4.31</u>	
9850	Diluted earnings per share	<u>\$ 7.29</u>		<u>4.29</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NETRONIX, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest													
	Unrealized													
	Exchange differences on translation of foreign financial statements				gains (losses) from financial assets measured at fair value through other comprehensive income				Treasury stock		Equity attributable to parent company shareholders		Non-controlling interests	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					Total			
Balance at January 1, 2023														
	875,069	464,731	486,075	84,975	899,054	1,470,104	(35,933)	21,472	(14,461)	(46,429)	2,749,014	897,878	3,646,892	
Net income for the period	-	-	-	-	370,953	370,953	-	-	-	-	370,953	254,052	625,005	
Other comprehensive income for the period	-	-	-	-	4,878	4,878	(6,966)	(18,791)	(25,757)	-	(20,879)	(7,463)	(28,342)	
Total comprehensive income for the period	-	-	-	-	375,831	375,831	(6,966)	(18,791)	(25,757)	-	350,074	246,589	596,663	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	34,485	-	(34,485)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(70,514)	70,514	-	-	-	-	-	-	-	-	
Cash dividends distributed to shareholder	-	-	-	-	(258,177)	(258,177)	-	-	-	-	(258,177)	(37,334)	(295,511)	
The impact of equity changes in non-proportional subscriptions	-	-	-	-	(3,430)	(3,430)	-	-	-	-	(3,430)	3,430	-	
Adjustment to fair value of net asset acquired in consolidation	-	-	-	-	-	-	-	-	-	-	-	14,696	14,696	
Balance at December 31, 2023														
Net income for the period	875,069	464,731	520,560	14,461	1,049,307	1,584,328	(42,899)	2,681	(40,218)	(46,429)	2,837,481	1,125,259	3,962,740	
Other comprehensive income for the period	-	-	-	-	630,464	630,464	-	-	-	-	630,464	157,871	788,335	
Total comprehensive income for the period	-	-	-	-	2,492	2,492	20,845	(8,597)	12,248	-	14,740	22,467	37,207	
Total comprehensive income for the period	-	-	-	-	632,956	632,956	20,845	(8,597)	12,248	-	645,204	180,338	825,542	
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	37,240	-	(37,240)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	25,757	(25,757)	-	-	-	-	-	-	-	-	
Cash dividends distributed to shareholder	-	-	-	-	(344,236)	(344,236)	-	-	-	-	(344,236)	(199,119)	(543,355)	
Equity Adjustments Arising from Organizational Restructuring	-	9,790	-	-	-	-	-	-	-	-	9,790	(9,790)	-	
The impact of equity changes in non-proportional subscriptions	-	-	-	-	(6,879)	(6,879)	-	-	-	-	(6,879)	6,879	-	
Acquisition of subsidiary in consolidation	-	-	-	-	-	-	-	-	-	-	-	711,299	711,299	
Remeasurement at fair value through other comprehensive Income(OCI) i (note6(2))	-	-	-	-	(2,129)	(2,129)	-	2,129	2,129	-	-	-	-	
Balance at December 31, 2024														
	875,069	474,521	557,800	40,218	1,266,022	1,864,040	(22,054)	(3,787)	(25,841)	(46,429)	3,141,360	1,814,866	4,956,226	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NETRONIX, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 991,752	821,309
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	141,351	132,719
Amortization expense	25,883	23,845
Expected credit loss	4,869	285
Interest expense	14,556	20,214
Interest revenue	(61,982)	(96,244)
Dividend income	-	(1,116)
Loss on disposal of property, plant and equipment	318	609
Provision for inventory devaluation loss and sluggish loss	3,669	73,734
Loss(Gain) from modifying lease contracts	409	(128)
Adjustment for other non-cash-related losses, net	114	(2,859)
Total adjustments to reconcile profit	<u>129,187</u>	<u>151,059</u>
Changes in operating assets and liabilities:		
Trade receivables and notes receivable	(1,090,585)	992,245
Receivables from related parties	-	99
Other receivables- related parties	148	(127)
Inventories	187,983	254,431
Other financial assets — current	(16,791)	(3,038)
Other operating assets	<u>(99,882)</u>	<u>91,868</u>
Total changes in operating assets	<u>(1,019,127)</u>	<u>1,335,478</u>
Trade payables and notes payable	785,071	(991,797)
Accrued Pension Liabilities	(2,394)	
Other operating liabilities	<u>79,616</u>	<u>(341,787)</u>
Total changes in operating liabilities	<u>862,293</u>	<u>(1,333,584)</u>
Total changes in operating assets and liabilities	<u>(156,834)</u>	<u>1,894</u>
Total adjustments	<u>(27,647)</u>	<u>152,953</u>
Cash inflow generated from operations	964,105	974,262
Interest received	64,200	95,679
Dividends received	-	1,116
Interest paid	(15,106)	(20,500)
Income taxes paid	<u>(272,025)</u>	<u>(158,142)</u>
Net cash flows from operating activities	<u>741,174</u>	<u>892,415</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NETRONIX, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from (used in) investing activities:		
Decrease(increase) in financial assets at amortized cost	21,093	(13,848)
Acquisition of subsidiary net cash inflow	182,713	-
Acquisition of property, plant and equipment	(67,879)	(63,802)
Proceeds from disposal of property, plant and equipment	4,577	114
Acquisition of intangible assets	(11,411)	(12,515)
Decrease (increase) in other financial assets	8,704	(10,106)
Increase in other non-current assets	(720)	(776)
Net cash flows from (used in) investing activities	<u>137,077</u>	<u>(100,933)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	920,000	5,940,000
Decrease in short-term borrowings	(1,610,000)	(6,117,139)
Increase in long term borrowings	100,000	-
Decrease in long term borrowings	(22,917)	(65,231)
Increase in refundable deposits	365	-
Payment of lease liabilities	(64,575)	(61,512)
Cash dividends paid	(543,355)	(295,511)
Net cash flows from (used in) financing activities	<u>(1,220,482)</u>	<u>(599,393)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>40,034</u>	<u>(19,698)</u>
Net (decrease) increase in cash and cash equivalents	(302,197)	172,391
Cash and cash equivalents at beginning of period	<u>2,399,837</u>	<u>2,227,446</u>
Cash and cash equivalents at end of period	<u>\$ 2,097,640</u>	<u>2,399,837</u>

See accompanying notes to consolidated financial statements.

NETRONIX, INC.
2024 Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2024. Huang, Hai-Ning and Cheng, An-Chih, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2024 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of NETRONIX, INC. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please kindly approve

To NETRONIX, INC. 2025 Annual Shareholders' Meeting

NETRONIX, INC.

Chairman of the Audit Committee: Jr-Wen Huang

March 4, 2025

NETRONIX, INC.
Earnings Distribution Table
2024

Unit : NT\$

Item	Amount
Unappropriated earnings at beginning of period	642,074,193
Plus (Less):	
Current changes in remeasurements of the defined benefit plan	2,492,554
Remeasurement at fair value through other comprehensive Income(OCI)	(2,129,226)
The impact of equity changes in non-proportional subscriptions	(6,878,633)
Net income of 2024	630,464,409
Earnings available for distribution	1,266,023,297
Less:	
Appropriation of legal reserve	(62,394,910)
Reversal of shareholders' equity reduction account - special reserve	14,377,416
Distribution Item:	
Cash dividend to common shareholders (NT\$7.0 per share)	(602,412,279)
Unappropriated earnings at end of period	615,593,524
Note 1: The amount of earnings are distributed with priority of 2024 earnings	
Note 2: The number of outstanding shares is 86,058,897(excluding 1,448,000 treasury shares).	

Chairman: Hsu-Fu Tsung President: Jun-Sheng Lin Accounting Manager: Jiunn-Shyang Cheng

NETRONIX, INC.

The Comparison Table for the Articles of Incorporation Before and After Revision

Article	Article before revision	Article after revision	Explanation
Article 19	If the Company gains profits in the year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%~20% of the remaining profit for distribution to employees as remuneration and no more than 3% of the remaining profit for distribution to directors as remuneration. The recipients of the employee remuneration paid in the form of stock or in cash shall include the Company's employees and also the employees of associates that satisfy certain criteria. The relevant regulations shall be established by the Board of Directors separately.	If the Company gains profits in the year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%~20% of the remaining profit for distribution to employees as remuneration and no more than 3% of the remaining profit for distribution to directors as remuneration. <u>From the aforementioned employee remuneration, no less than 10% should be allocated to remuneration for grassroots employees.</u> The recipients of the employee remuneration paid in the form of stock or in cash shall include the Company's employees and also the employees of associates that satisfy certain criteria. The relevant regulations shall be established by the Board of Directors separately.	Amendment in compliance with the Securities and Exchange Act regulations
Article 21	These Articles of Incorporation were resolved on May 16, 1997. The twenty-seventh amendment was made on June 10, 2022.	These Articles of Incorporation were resolved on May 16, 1997. The twenty-seventh amendment was made on June 10, 2022. <u>The twenty-eighth amendment was made on June 13, 2025.</u>	Amendment of the revision date

NETRONIX, INC.

Opinion on the Reasonableness of the Price of Private Placement Common Stock

Valuation Base Date: March 21, 2025

Valuation Report Date: March 31, 2025

EVERWELL & Co., CPAs.

Address: 10F., No. 1080, Zhongzheng Rd., Taoyuan District, Taoyuan City

Telephone: (03)3253366

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Summary of the Opinion Report

1. Name of the Appointing Party: NETRONIX, INC.
2. Valuation Subject: The equity value of privately placed common shares of NETRONIX, INC.
3. Purpose and Use of Valuation: NETRONIX, INC. intends to issue privately placed common shares. According to Article 43-6 of the Securities and Exchange Act and the "Matters to be Noted by Publicly Listed Companies for Private Placements of Securities," if the price per share of the privately placed common shares is less than 80% of the reference price, an independent expert's opinion on the pricing basis and reasonableness must be included in the meeting notice to serve as a reference for shareholders' approval. NETRONIX, INC. expects the price per share of the privately placed common shares to be below 80% of the reference price, in accordance with regulations, the company has commissioned this firm to provide an opinion on the pricing basis and reasonableness of the privately placed common shares, for this purpose only
4. Valuation Base Date: March 21, 2025.
5. Opinion Conclusion: After considering the quantifiable financial figures and objective market data, this firm has utilized the market price method and market approach—using the price-to-revenue ratio, price-to-book ratio, and price-to-earnings ratio of comparable companies. Additionally, after factoring in liquidity discounts for the privately placed securities, the estimated results show that the theoretical price per share of NETRONIX's privately placed common shares is between 54.18% and 83.56% of the provisional reference price. Therefore, it is concluded that setting the privately placed price at no less than 60% of the reference price is reasonable.

EVERWELL & Co., CPAs.

CPA: HSIAO, SHU-CHEN

March 31, 2025

Independent Expert Declarations

The CPA has been commissioned to provide an evaluation report on the reasonableness of the pricing for NETRONIX's private placement of common shares. The issuance of the opinion on the reasonableness of the private placement price is based on the "Matters to be Noted by Publicly Listed Companies for Private Placements of Securities" and in compliance with relevant laws and regulations. Additionally, it follows the "Practical Guidelines for Issuing Expert Opinions," the "Valuation Standards Bulletin" published by the Accounting Research and Development Foundation, and relevant self-regulatory standards set by professional associations. The following declarations are hereby made:

- I. The information, parameters, and data sources used by the CPA in issuing the opinion and in the execution of the procedures are deemed appropriate and reasonable, serving as the basis for the issuance of this opinion.
- II. Before accepting this case, it has been confirmed that it meets the qualifications under Article 5, Paragraph 1 of the "Guidelines for the Acquisition or Disposal of Assets by Publicly Listed Companies." In accordance with Paragraph 2, Item 1 of the same article, this firm has carefully assessed its professional competence and practical experience.
- III. In the execution of this case, appropriate procedures have been properly planned and implemented to form a conclusion and issue the opinion. The procedures carried out, data collected, and conclusions drawn are thoroughly documented in the working papers for this case.
- IV. There's no contingent fee in this case.
- V. There is no situation where the opinion conclusion was predetermined in advance for this case.
- VI. There is no relationship or substantial relationship between the CPA and the parties to the transaction as provided for in Article 5, Paragraph 1, Item 2 and Item 3 of the "Guidelines for the Acquisition or Disposal of Assets by Public Companies" and we hereby declare that the following circumstances do not exist:
 - (I) The CPA or her spouse is currently employed by the party to the transaction to perform regular work and is paid a fixed salary or serves as a director or supervisor.
 - (II) The CPA or her spouse has served as a director, supervisor, manager, or employee with a significant impact on the transaction, and has been dismissed or resigned for less than two years.
 - (III) The entity where the CPA or her spouse works and the party to the transaction are related parties to each other.
 - (IV) A person who is a spouse or a relative within the second degree of kinship with a director, supervisor, manager or employee who has a significant impact on the transaction.
 - (V) The CPA or her spouse has a significant investment or financial interest relationship with the parties to the transaction.

For the private placement of common stock of NETRONIX, the opinion on the reasonableness of the private placement price proposed by this accountant maintained the spirit of independence.

EVERWELL & Co., CPAs.

CPA: HSIAO, SHU-CHEN

March 31, 2025

Private Placement of Common Shares by NETRONIX

Independent Expert Report on the Reasonableness of the Pricing

I. Description of Appointment

- (I) Appointing Party
NETRONIX, INC. (hereinafter referred to as " NETRONIX ").
- (II) Valuation Expert
CPA HSIAO, SHU-CHEN of EVERWELL & Co., CPAs., located at 10th Floor, No. 1080, Zhongzheng Road, Taoyuan District, Taoyuan City.
- (III) Valuation Subject
The equity value of NETRONIX's privately placed common shares.
- (IV) Purpose and Use of Valuation
NETRONIX intends to issue privately placed common shares. According to Article 43-6 of the Securities and Exchange Act and the "Matters to be Noted by Publicly Listed Companies for Private Placements of Securities," if the price per share of the privately placed common shares is less than 80% of the reference price, an independent expert's opinion on the pricing basis and reasonableness must be included in the meeting notice to serve as a reference for shareholders' approval. Since NETRONIX expects the price per share of the privately placed common shares to be below 80% of the reference price, in accordance with regulations, the company has commissioned this firm to provide an opinion on the pricing basis and reasonableness of the privately placed common shares, for this purpose only.
- (V) Valuation Base Date
March 21, 2025
- (VI) Private Placement Information for this Case
 1. Type of Privately Placed Securities: Common Stock.
 2. Private Placement Target: Limited to strategic investors who meet the requirements set forth in Article 43-6 of the Securities and Exchange Act and relevant regulations and interpretations by the competent authority.
 3. Number of Shares for Private Placement: Limited to no more than 10,000,000 common shares, to be issued in multiple tranches (up to a maximum of two tranches) within one year from the date of the shareholders' meeting resolution. The actual fundraising amount will be authorized by the Board of Directors to be determined based on market conditions, the company's actual needs, and negotiations with specific individuals at the time.

4. The rights and obligations of the privately placed common shares in this case are the same as those of the common shares already issued by NETRONIX. Additionally, these shares cannot be sold within three years from the date of delivery, except to the transferees specified under Article 43-8 of the Securities and Exchange Act.

(VII) Valuation Standards

According to International Financial Reporting Standard (IFRS) 13 "Fair Value Measurement," fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This definition is closer to the concept of market value as defined in valuation standards.

(VIII) Premise of Value

These are assumptions made based on the most likely transaction scenarios. According to the purpose of the valuation, this opinion is issued under the assumption of going concern, and the valuation procedures are executed accordingly.

(IX) Valuation Process Execution

The valuation process executed by the CPA follows the procedures outlined in Article 4 of Valuation Standard Bulletin No. 4, as follows:

1. Assess the acceptance of the valuation case.
2. Sign the engagement letter.
3. Obtain and analyze information.
4. Evaluate the value.
5. Prepare the valuation working papers.
6. Issue the valuation report.
7. Safekeep the valuation working paper files.

(X) Data Sources

The primary sources of information for this evaluation are as follows:

1. The official website of NETRONIX, INC.
2. The Market Observation Post System (MOPS).
3. Taiwan Stock Exchange Corporation (TWSE).
4. Taipei Exchange (TPEX).
5. Other relevant sources used in this evaluation are specified in the respective sections where the information is cited.

(XI) Assumptions and Limitations of the Evaluation

Please refer to Appendix I.

II. Profile of the Target Company

(I) Company Background

NETRONIX was founded in June 1997. The company primarily engages in the research, development, and manufacturing of computer networking devices, POS systems, e-books, and security-related products. Its current core offerings include network equipment, industrial computers, POS systems, e-book devices, e-paper applications, Internet of Things (IoT) products, and computer peripherals such as electroacoustic components and fiber optic products.

In 2025, the company's business strategy remains focused on diversified product development, particularly in color e-book readers. Due to their advantages of being free from blue light and energy-efficient, these devices are gradually entering the education sector, offering new growth opportunities for NETRONIX. Meanwhile, color e-paper technology has begun to be adopted in corporate applications such as digital signage and retail labeling, further driving market demand. Beyond e-book readers, NETRONIX is also expanding its e-paper technology into color electronic billboards. These products are mainly used in outdoor and retail environments and are characterized by low power consumption and eye comfort, making them suitable for displaying dynamic information over extended periods—such as in mall promotions and digital notices.

Furthermore, the company's global production capacity layout is expected to be a significant competitive advantage in the future. NETRONIX currently operates four major manufacturing bases in China, Taiwan, Vietnam, and the western United States, allowing for flexible supply chain adjustments in response to geopolitical and market changes. NETRONIX was officially listed on the Taipei Exchange (TPEX) in January 2002.

(II) Financial Information

A summary of NETRONIX's financial status is provided below:

Unit: NT\$ thousands

Item \ Year	February 28, 2025	December 31, 2024	December 31, 2023
Total assets	7,581,949	7,836,942	6,555,468
Total liabilities	2,539,537	2,880,716	2,592,728
Total equity	5,042,412	4,956,226	3,962,740
Common Stock	875,069	875,069	875,069
Operating revenue	970,623	7,410,030	6,648,322
Gross profit	223,395	1,555,044	1,479,131
Profit (loss) from operations	95,783	747,740	724,706
Profit before income tax	99,574	991,752	821,309
Profit for the year	83,927	788,335	625,005
Net Asset Value per Share (NT\$)	37.08	36.50	32.97
Earnings per share (NT\$)	0.56	7.33	4.31

Source of Information: The 2024 financial statements of NETRONIX, audited and certified by independent accountants; the preliminary 2025 financial statements as of February.

III. Valuation Method

(I) Explanation of Equity Valuation Methods

The valuation approach adopted in determining the value of the subject is based on the logic and principles employed by the appraisers when assessing the value of the subject. According to Article 23 of Valuation Guidelines No. 4, appraisers should use their professional judgment, considering the nature of the valuation case and all commonly used valuation methods, to adopt one or more methods that best reflect the value of the subject. According to Article 17 of Valuation Guidelines No. 11, the commonly used valuation methods for business valuation include the following three approaches: the Income Approach, the Market Approach, and the Asset Approach.

1. Income Approach

The Income Approach is based on the future income generated by the subject of the valuation. Through the process of capitalization or discounting, the future income is converted into the value of the subject.

When using the Income Approach, the appraiser should define the income stream and apply the appropriate capitalization rate or discount rate corresponding to that income stream.

2. Market Approach

The Market Approach is based on the transaction prices of comparable subjects. It considers the differences between the subject being valued and the comparable subjects, using appropriate multiples to estimate the value of the subject. Common specific methods used under the Market Approach include:

(1)Comparable Company Method: This method refers to the valuation of companies engaged in the same or similar business activities, using the transaction prices of their stocks traded on active markets, the implied value multiples derived from those prices, and related transaction information to determine the value of the subject being valued. This specific valuation method is typically applied in the valuation of businesses.

(2)Comparable Transaction Method: This method refers to the use of transaction prices of identical or similar assets, the implied value multiples derived from those prices, and related transaction information to determine the value of the subject being valued. This specific valuation method is typically applied in the valuation of businesses, individual assets, or individual liabilities.

3. Asset Approach

(1)The Asset Approach involves assessing the total value of the individual assets and liabilities covered by the subject being valued, in order to reflect the overall value of the business.

The Asset Approach estimates the consideration required to reorganize or acquire the subject being valued under the assumption of continuing operations. However, if the valuation of the subject does not assume continued operations, the overall liquidation value of the business should be assessed.

When using the Asset Approach, the valuation should be based on the subject's balance sheet, taking into account off-balance-sheet assets and liabilities, in order to assess the overall value of the business.

- (2) When using the Asset Approach, the appraiser should treat individual assets (or asset groups), individual liabilities (or liability groups), or asset and liability groups as separate valuation subjects. For each of these individual valuation subjects, an appropriate valuation method, such as the Market Approach, Income Approach, Cost Approach, or other methods, should be applied based on the nature of the subject being valued.

(II) Selection of Valuation Methods

Each of the valuation methods mentioned above has its theoretical foundation. While the Income Approach is considered more scientifically sound in theory, in practice it relies heavily on estimates of future cash flows (or income streams), which involves many assumptions and a high level of uncertainty. The future income and the duration of future income cannot be reasonably predicted, and the discount rate and risk associated with income cannot be accurately estimated. Thus, it is difficult to assess the optimal equity value for shareholders. Therefore, this report does not adopt the Income Approach for the valuation. The Asset Approach is typically used in business liquidation or in accounting treatments related to business mergers. This method involves re-evaluating the fair value of each asset and liability item, and subtracting liabilities from assets to determine the value of shareholders' equity. Given the nature of this case, the Asset Approach is also not suitable for this valuation.

In summary, since NETRONIX is a TPEX listed company with market prices available for reference, and after evaluating the applicability of the various valuation methods mentioned above, this report adopts the Market Approach, including the Price-to-Sales (P/S) ratio, Price-to-Book (P/B) ratio, and Price-to-Earnings (P/E) ratio, to assess the value of NETRONIX's equity based on quantifiable financial figures and market data. Detailed calculations and explanations follow.

IV. Calculation of the Equity Value of the Subject

(I) Market Price Method

Under the assumption of an efficient market, the price of a stock traded on the public market best reflects its value. Since NETRONIX's shares are listed on the Taipei Exchange (TPEX), the reference for the value per share of NETRONIX is based on the average closing prices over the 30, 60, and 90 business days prior to the valuation date of March 21, 2025.

Item	Average Closing Price (NTD per Share)
The previous 30 business days	131.90
The previous 60 business days	125.43
The previous 90 business days	123.08
Valuation Range	123.08~131.90

Source of Information: Taipei Exchange (TPEX) and calculations compiled in this report.

(II) Market Approach

NETRONIX's main business is the research and development, as well as the manufacturing of computer networking and POS systems, E-BOOKs, security control-related products, and computer peripherals, including electroacoustic components and fiber optic products. In addition to referring to the peer list suggested by the management team, this report also takes into account factors such as business nature and product applications to comprehensively select six companies — E Ink (8069), Kinpo (2312), Qisda (2352), MERRY (2439), GEMTEK (4906), and POSIFLEX (8114) — as comparable companies for the Market Approach in this report.

The recent financial information of the comparable peers is as follows:

Year 2023

Unit: NT\$ thousands

Item	E Ink	Kinpo	Qisda	MERRY	GEMTEK	POSIFLEX
Total assets	74,456,233	116,695,355	188,423,637	32,611,193	21,970,128	14,863,733
Total liabilities	24,907,761	82,140,679	124,330,065	19,128,870	8,774,537	8,533,871
Total equity	49,548,472	34,554,676	64,093,572	13,482,323	13,195,591	6,329,862
Operating revenue	27,119,755	159,757,214	203,594,781	36,690,383	26,136,349	9,865,732
Gross profit	14,456,480	9,820,798	33,075,903	4,741,967	2,771,157	3,760,116
Profit from operations	7,285,477	3,000,122	5,011,172	1,137,923	463,625	1,136,370
Profit for the year	7,866,226	828,615	4,516,079	1,417,897	545,545	730,153
Total comprehensive income for the year	10,192,429	3,312,233	6,493,985	1,247,907	(65,891)	720,250
Earnings per share (NT\$)	6.85	0.51	1.51	6.16	1.55	5.55

Source of Information: The Market Observation Post System (MOPS)

Year 2024

Unit: NT\$ thousands

Item	E Ink	Kinpo	Qisda	MERRY	GEMTEK	POSIFLEX
Total assets	91,151,744	116,928,663	206,404,525	39,119,921	21,623,190	17,644,765
Total liabilities	33,409,913	79,337,469	140,043,757	19,926,554	8,546,572	9,792,427
Total equity	57,741,831	37,591,194	66,360,768	19,193,367	13,076,618	7,852,338
Operating revenue	32,163,133	164,405,392	201,666,199	43,855,354	25,633,886	13,888,925
Gross profit	15,964,672	10,282,651	33,181,419	5,848,683	3,039,247	6,247,357
Profit from operations	7,618,784	4,349,832	4,519,775	1,861,972	582,044	2,566,007
Profit for the year	8,922,463	2,394,634	2,814,198	2,440,157	634,258	1,927,113
Total comprehensive income for the year	13,087,892	3,351,309	3,208,498	2,894,853	(218,281)	2,200,193
Earnings per share (NT\$)	7.75	1.11	1.11	9.26	1.56	12.55

Source of Information: The Market Observation Post System (MOPS).

Using the market value multiples of comparable domestic companies in the same industry, including the Price-to-Sales (P/S) ratio, Price-to-Book (P/B) ratio, and Price-to-Earnings (P/E) ratio, the theoretical value per share of NETRONIX is estimated. The market value multiples of the peer companies are summarized as follows:

Comparable Companies - Market Value Multiple	Price-to-Sales (P/S) Ratio	Price-to-Book (P/B) Ratio	Price-to-Earnings (P/E) Ratio
E Ink (8069)	10.03*	5.65	36.25
Kinpo (2312)	0.23	1.64	23.25
Qisda (2352)	0.33	1.87	31.05
MERRY (2439)	0.66	1.59	12.19
GEMTEK (4906)	0.56	1.12	21.34
POSIFLEX (8114)	1.75	5.37	25.38
Average	0.71	2.87	24.91
Median	0.56	1.76	24.32
Financial Figures of NETRONIX (NTD)	86.10	36.5	6.11(註 6)
Theoretical Value per Share of NETRONIX (NTD)	61.13	104.76	152.20
Theoretical Value Range per Share of NETRONIX (NTD)	61.13~152.20		

Source of Information: Taiwan Stock Exchange Corporation (TWSE), Taipei Exchange (TPEX), The Market Observation Post System (MOPS), and Calculations compiled in this report.

Note 1: The stock price is based on the closing prices over a period of business days prior to the valuation date of March 21, 2025, for the comparable companies.

Note 2: Revenue is based on the operating income as shown in the consolidated financial statements of each comparable company for the year 2024.

Note 3: Book value per share is based on the financial data shown for each comparable company on the Public Information Observatory.

Note 4: Earnings per share (EPS) is based on the financial data shown for each comparable company on the Public Information Observatory.

Note 5: *Represents outliers, excluded from statistical calculations for the sample.

Note 6: When estimating the theoretical value per share using the P/E ratio method, non-recurring other income should be excluded, as such short-term profits do not represent the company's future performance. Therefore, earnings per share is recalculated excluding foreign exchange gains to assess the company's recurring profitability. The basic EPS for NETRONIX is 7.33 NTD, and after excluding foreign exchange gains, the adjusted EPS is 6.11 NTD.

(III) Summary of Equity Valuation

The valuation methods mentioned above are based on both theoretical and practical foundations. To avoid bias in the valuation process, appropriate weights are assigned based on the professional judgment of the accountant, and the objective stock value is calculated using a weighted average method. Additionally, considering that after the completion of the private placement, the shares acquired by strategic investors cannot be transferred within three years, the liquidity of these shares is restricted. According to the Public Information Observatory, the discount for private placement securities in Taiwan listed companies usually ranges from 10% to 30%. It is inferred that the market generally accepts a liquidity discount of about 10% to 30% for private placement shares or securities with poor liquidity. Furthermore, regulations regarding the private placement of securities for public companies stipulate that the price per share of common stock in a private placement cannot be lower than 80% of the reference price. This report adopts a 20% liquidity discount rate. The reasonable range for the price of NETRONIX's common stock is as follows:

Unit: NT\$

Valuation Methods	Market Price Method	Market Approach
Theoretical Price Range	123.08~131.90	61.13~152.20
Weight	1/2	1/2
Theoretical Private Placement Price Range	92.11~142.05	
Liquidity Discount	20%	
Private Placement Price Range After Adjusting for Liquidity Discount	73.69~113.64	
Tentative Reference Price Based on the Valuation Date (March 21, 2025)	136	
Range of the Private Placement Price as a Percentage of the Tentative Reference Price After Adjusting for Liquidity Discount	54.18%~83.56%	

V. Opinion Conclusion

After considering quantifiable financial figures and objective market data, the accountant has applied the Market Price Method, Market Approach—Comparable Companies Method with Price-to-Sales, Price-to-Book, and Price-to-Earnings ratios, and also taken into account the liquidity discount for private placement securities. Based on the evaluation results, the theoretical price per share for NETRONIX's private placement common stock is between 54.18% and 83.56% of the tentative reference price. Therefore, it is concluded that setting the private placement price at no less than 60% of the reference price is reasonable.

Appendix I: Assumptions and Limitations of the Valuation

- I. Due to the significant impact of both internal and external factors on a company's value assessment, the information disclosed in this report is crucial and closely related to the value conclusion. This report has not withheld any necessary information.
- II. Corporate valuation is based on the data obtained and certain assumptions set forth in the report. Therefore, different valuers may arrive at different results. The accountant has used generally accepted valuation methods and processes to express an opinion on the equity value of NETRONIX's private placement common stock. However, the accountant does not provide any guarantees regarding the transaction price.
- III. The primary business of the accountant is not to provide legal services. Therefore, any legal disputes that may affect the valuation cannot be assessed from the perspective of a professional lawyer.
- IV. This report is intended solely for internal use by NETRONIX and for use in documents required by relevant laws and regulations. It may not be provided to any third party for use without the prior consent of the accountant, nor may it be used for any other purposes. The accountant does not bear any responsibility to third parties. This report is only related to the aforementioned items and should not be construed as pertaining to the overall financial statements of the target company.
- V. The accountant assumes that there are no significant changes in the political and economic environment, interest rates, exchange rates, or relevant regulations affecting NETRONIX, and that the industry development proceeds as expected. The impact of any unforeseen changes on the equity value of NETRONIX has not been considered. The accountant has only assessed the reasonableness of the transaction price from the perspective of an independent third party and has not participated in the design or planning of the transaction structure. The evaluation reference date used in this report is March 21, 2025. Apart from the aforementioned, this report does not consider any changes that may occur after the date. If the actual transaction details differ from those outlined in this document, the conclusions of this report will be subject to change. After the issuance of this report, if the actual situation changes, this office will not update the report unless a re-evaluation is commissioned.
- VI. The accountant, in accordance with Article 7 of the Valuation Guidelines No. 11 "Valuation of Enterprises" issued by the Accounting Research and Development Foundation of the Republic of China, has obtained sufficient and appropriate financial and non-financial information for NETRONIX and has confirmed the reliability and appropriateness of its sources. The sources of the information relied upon are disclosed in the valuation report. However, within the scope of the engagement, the accountant has not performed audit procedures on the aforementioned information in accordance with auditing standards, nor has the accountant performed assurance procedures under Assurance Standard No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China. Therefore, no assurance is provided regarding the accuracy or appropriateness of the information.
- VII. The CPA assumes that as of the valuation reference date, NETRONIX has no significant unresolved matters, lawsuits (including tax and other legal disputes), or contingent liabilities that could affect the equity value of NETRONIX.

Appendix II: Expert Resume

Name: HSIAO, SHU-CHEN

Current Position: Certified Public Accountant, EVERWELL & CO., CPAs.

Arbitrator, Chinese Arbitration Association, Taipei

Vice Chairman, Taoyuan City Tax Agent Association

Education: Department of Accounting, Tamkang University

Master of Business Administration, Tamkang University

Experience: Audit Service Manager, KPMG Certificated Public Accountants

Head of Internal Audit, Grand Pacific Investment & Development Co., Ltd.

Chailease Finance Co., Ltd.

Project Vice Manager, Audit Team, Chailease business (Chairman's Office)

Certified Public Accountant, ENRICH CERTIFIED PUBLIC ACCOUNTANTS

Certified Public Accountant, PAC & CO., CPAs.

Certified Public Accountant, Golden Bridge CPA Firm

Lecturer, Department of International Business, Vanung University

Licenses and Certifications: Passed the CPA Examination

Arbitrator, Chinese Arbitration Association

Internal Auditor, Republic of China

Certified Internal Auditor (CIA)

Passed the Futures Trader Qualification Test

Pass the professional test for trust business personnel

Passed the life insurance agent qualification test

Certificate of Lecturer of Colleges and Universities issued by the Ministry of Education

NETRONIX, INC.**List of non-competition restrictions on Director and representatives**

Title	Name	Positions at other companies
Chairman	Transal Electronic Co., Ltd. Representative: Hsu-Fu, Tsung	Chairman, Taiwan Biomaterial Company Limited
Independent Director	Jr-Wen Huang	Director and President, Wanin Capital Corporation Supervisor, Viridis Capital Corporation

NETRONIX, INC.

Articles of Incorporation

Section One – General Provisions

Article 1

The Company shall be incorporated as a company limited by shares under the Company Act of the Republic of China, and its name shall be 振曜科技股份有限公司 in the Chinese language, and NETRONIX, INC. in the English language.

Article 2

The scope of business of the Corporation shall be as follows :

- 1.CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing.
- 2.CC01040 Lighting Facilities Manufacturing.
- 3.CC01060 Wired Communication Equipment and Apparatus Manufacturing.
- 4.CC01070 Telecommunication Equipment and Apparatus Manufacturing.
- 5.CC01080 Electronic Parts and Components Manufacturing.
- 6.CC01100 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
- 7.CC01110 Computers and Computing Peripheral Equipments Manufacturing.
- 8.CC01120 Data Storage Media Manufacturing and Duplicating.
- 9.CC01990 Electrical Machinery, Supplies Manufacturing.
- 10.CE01010 Precision Instruments Manufacturing.
- 11.CF01011 Medical Materials and Equipment Manufacturing.
- 12.F108031 Wholesale of Drugs, Medical Goods.
- 13.F113020 Wholesale of Household Appliance.
- 14.F113030 Wholesale of Precision Instruments.
- 15.F113050 Wholesale of Computing and Business Machinery Equipment.
- 16.F113070 Wholesale of Telecom Instruments.
- 17.F118010 Wholesale of Computer Software.
- 18.F119010 Wholesale of Electronic Materials.
- 19.F208031 Retail sale of Medical Equipments.
- 20.F213010 Retail Sale of Household Appliance.
- 21.F213030 Retail sale of Computing and Business Machinery Equipment.
- 22.F213040 Retail Sale of Precision Instruments.
- 23.F213060 Retail Sale of Telecom Instruments.
- 24.F218010 Retail Sale of Computer Software.
- 25.F219010 Retail Sale of Electronic Materials.
- 26.F401010 International Trade.
- 27.I301010 Software Design Services.
- 28.I301020 Data Processing Services.
- 29.I301030 Digital Information Supply Services.
- 30.I599990 Other Designing.
- 31.JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops.
- 32.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1

The Company may provide endorsement and guarantee to other companies.

Article 3

The head office of the Corporation shall be located in Hsinchu County, Taiwan. The Board of Directors may decide to establish branch offices within or outside the territory of the Republic of China.

Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 5

The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act.

Section Two – Capital Stock

Article 6

The total capital stock of the Corporation shall be in the amount of 1,500,000,000 New Taiwan Dollars, divided into 150,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments. A total of 100,000,000 New Taiwan Dollars among the above total capital stock should be reserved for issuing employee stock options.

Article 6-1

Subject to approval of more than two-third of the shareholders present at a shareholders' meeting attended by shareholders representing a majority of the total issued shares, the Company may transfer the repurchased shares to employees at the price lower than the average actual share repurchase price, or issue the employee stock warrants at the subscription price less than the market price.

Article 6-2

Where the Company proposes to transfer any treasury shares purchased in accordance with the laws, the transferees shall include the employees of subordinate companies that meet certain qualification(s). Where the Company issues any employee stock options, the employees who are qualified to subscribe to such employee stock options shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any new shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

Where the Company issues any employee restricted shares, the employees who are qualified to subscribe to such shares shall include employees of subordinate companies that meet certain qualification(s).

The Board of Directors is authorized to adopt the regulations governing the employees of subordinate companies that meet certain conditions as referred to in the preceding four paragraphs.

Article 7

The stock certificates of the Company shall be nominal and issued after being signed or sealed by the directors representing the Company, and certified by the bank which is competent to certify shares under the laws. The Company may issue shares without printing physical stock certificates, and shall register these issued shares with a securities depository organization.

Article 7-1

The Company's shareholders service shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies," as amended from time to time.

Article 8

Registration for the transfer of stocks in the roster of shareholders shall be suspended 60 days before any annual general meeting, 30 days before any special shareholders' meeting, or 5 days before the record date for determination of the shareholders entitled to dividends, bonuses or any other profits distribution by the Company.

Section Three – Shareholders' Meeting

Article 9

The shareholders' meetings of the Company consist of the annual general meeting and special

shareholders' meeting. The annual general shall be convened once a year by the Board of Directors pursuant to laws within six months after the close of each fiscal year. The special shareholders' meeting shall be convened pursuant to related laws whenever necessary.

Article 10

Any shareholder who is unable to attend a shareholders' meeting in person may appoint another shareholder to attend the meeting on behalf of him/her/it by personally presenting a power of attorney in the format printed by the Company and indicating the scope of power. The rules governing shareholders' attendance by proxy shall follow Article 177 of the Company Act, and also the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 11

Except as otherwise provided by other laws or regulations, each share is entitled to one voting right.

Article 12

Except as otherwise provided by other laws or regulations, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

When convening a shareholders' meeting, the Company may include the electronic means as one of the approaches to exercise voting rights. The shareholders who exercise their voting power in the electronic means shall be deemed to have attended the meeting in person. Other related matters shall be governed by the relevant laws and regulations.

Section Four – Directors and Audit Committee

Article 13

The Company shall have five to eleven Directors, to be elected who are competent persons at Shareholders' meeting. The tenure of office of Directors will be three years and they will be eligible for re-election.

Of all said directors, there shall be at least 3 independent directors constituting at least one-fifth of the total directors.

The directors shall be elected from the list of candidates at a shareholders' meeting via a candidate nomination system.

The professional qualification, shareholdings, restrictions on concurrent positions, determination of independence, nomination and election of independent directors, and other requirements to be met, shall comply with the related requirements posed by the securities competent authority.

The directors' total shareholdings shall be governed by the requirements posed by the securities competent authority.

The Company may take out the liability insurance for the directors of each term against the damages to be borne by them within the scope of their job duties pursuant to laws, in order to protect the whole shareholders' interests and rights and mitigate the Company's business risk.

Article 13-1

In compliance with Articles 14-4 of the Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors.

The number of members, term of office, authority and parliamentary rules of the Audit Committee shall be governed by the articles of association of the Audit Committee established in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies separately.

Article 14

The Board of Directors shall consist of the Company's directors. The Chairman shall be elected among and from the directors by a majority of the directors attending a meeting of the Board of Directors at which at least two-third of directors are present. The same shall apply to the election of the Vice Chairman. The Chairman shall represent the Company externally.

Article 15

If the Chairman is unable to perform duties due to leave of absence or any reason, a proxy shall be appointed in accordance with Article 208 of the Company Act.

Article 15-1

If a director cannot attend the meeting for some reason, he or she may appoint another director to attend the meeting on behalf of him/her, by issuing a power of attorney specifying the scope of authority with reference to the subjects to be discussed at the meeting

Article 15-2

The organization of a Board of Directors meeting shall be governed by Article 204 of the Company Act, provided that the meeting may be convened at any time, in the case of emergencies. The organization of the meeting referred to in the preceding paragraph may be notified in writing or via email or fax.

Article 16

Remuneration must be paid to all of the Company's directors for their performance of their job duties, irrelevant with profit or loss retained by the Company. The Board of Directors is authorized to decide the remuneration subject to the level and value of the Company's engagement in and contribution to the Company's operation, at the rate generally adopted by the peers in the same industry.

Section Five – Management of the Company

Article 17

The Company shall employ several managers, and the appointment and dismissal of, and remuneration to, whom shall be carried out pursuant to Article 29 of the Company Act.

Section Six – Financial Reports

Article 18

After the end of each fiscal year, the Board shall prepare and submit the following documents: (1) business report, (2) financial statements, (3) proposal for allocation of earnings or recovery of loss to the shareholders in accordance with applicable laws at the ordinary meeting of shareholders for their acceptance.

Article 19

If the Company gains profits in the year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside 5%~20% of the remaining profit for distribution to employees as remuneration and no more than 3% of the remaining profit for distribution to directors as remuneration.

The recipients of the employee remuneration paid in the form of stock or in cash shall include the Company's employees and also the employees of associates that satisfy certain criteria. The relevant regulations shall be established by the Board of Directors separately.

Article 19-1

When allocating the earnings retained upon the final accounting of each fiscal year, if any, the Company shall first pay taxes, make up any losses from past years, and then make contribution of 10% of the balance to the legal reserve, unless the legal reserve reaches the Company total paid-in capital, and also make provision of special reserves subject to business needs and pursuant to laws. If there is a surplus, the balance and the accumulated undistributed earnings, beginning shall be allocated subject to the earnings distribution plan proposed by the Board of Directors. Where the same shall be distributed in the form of issuance of new shares based on the earnings distribution plan proposed by the Board of Directors, such matter shall be first submitted to the Shareholders' Meeting for resolution before distribution. Where the same is distributed in cash, the distribution shall be subject to a resolution upon approval of a majority of directors present at a Board of Directors meeting attended by more than two-third of the whole directors, and reported to a shareholders' meeting, in accordance with Paragraph

5, Article 240 of the Company Act.

Article 19-2

The Company is entering into the stable operation and growth stage. If the retained earnings available for distribution of the current year reaches 5% of the paid-in capital of the Company, no less than 10% of the retained earnings available for distribution of the current year shall be distributed as dividend. If the retained earnings available for distribution of the current year does not reach 5% of the paid-in capital of the Company, the Company may distribute no dividend. The total cash dividend as distributed shall be no less than 10% of the total dividends as distributed.

Article 19-3

The Company may distribute the legal reserve and capital surplus to be distributed under Article 241 of the Company Act, in cash, in whole or in part, per the resolution adopted by a majority of the directors present at the meeting of Board of Directors attended by more than two-third of the whole directors, and report the distribution to a shareholders' meeting.

Section Seven – Supplementary Provisions

Article 20

For matters not provided for in the Articles of Incorporation, it shall be handled in accordance with the Company Act of the Republic of China.

Article 21

These Articles of Incorporation were resolved on May 16, 1997.

The first amendment was made on September 27, 1997.

The second amendment was made on December 22, 1998.

The third amendment was made on July 23, 1999.

The fourth amendment was made on November 30, 1999.

The fifth amendment was made on December 22, 1999.

The sixth amendment was made on May 06, 2000.

The seventh amendment was made on May 11, 2001.

The eighth amendment was made on May 13, 2002.

The ninth amendment was made on May 13, 2002.

The tenth amendment was made on June 03, 2003.

The eleventh amendment was made on June 14, 2005.

The twelfth amendment was made on June 14, 2006.

The thirteenth amendment was made on June 14, 2006.

The fourteenth amendment was made on June 15, 2007.

The fifteenth amendment was made on November 07, 2007.

The sixteenth amendment was made on November 07, 2007.

The seventeenth amendment was made on June 13, 2008.

The eighteenth amendment was made on June 16, 2009.

The nineteenth amendment was made on June 15, 2010.

The twentieth amendment was made on June 18, 2012.

The twenty-first amendment was made on June 18, 2014.

The twenty-second amendment was made on June 15, 2015.

The twenty-third amendment was made on June 13, 2016.

The twenty-fourth amendment was made on June 15, 2018.

The twenty-fifth amendment was made on June 15, 2020.

The twenty-sixth amendment was made on August 26, 2021.

The twenty-seventh amendment was made on June 10, 2022.

NETRONIX, INC.
Rules of Procedure for Shareholders' Meetings

Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules of procedures for this Corporation's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders' meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders' meeting or before 15 days before the date of a special shareholders' meeting. This Corporation shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. In addition, before 15 days before the date of the shareholders' meeting, this Corporation shall also have prepared the shareholder's meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any

extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders' meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to this Corporation before five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders' meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 This Corporation shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for

attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders or their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and

account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders' meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means

under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of this Corporation.

Article 16 On the day of a shareholders' meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.

NETRONIX, INC.
Shareholdings of Directors

1.As of April 15, 2025, the shareholder registration record date for 2025 Annual Shareholders' Meeting, total common shares outstanding is 87,506,897 shares.

2.According to Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares to be held by all of the Company's directors is 8,750,689 shares (10% of the total issued shares).

Because the Company elects more than two independent directors, the share ownership ratio of the whole directors, other than independent directors, calculated in the manner referred to in the preceding paragraph is reduced as 80%. Therefore, the minimum number of shares to be held by the whole directors (exclusive of independent directors) should be 7,000,551 shares.

3.The company has established the audit committee, and therefore the minimum shareholding requirements for supervisors do not apply.

4.As of April 15, 2025, the shareholder registration record date for 2024 Annual Shareholders' Meeting, the actual collective shareholdings of directors were shown as below:

Title	Name	Shareholding (shares)	Shareholding (%)
Chairman	Transal Electronic Co., Ltd. Representative: Hsu-Fu Tsung	112,871	0.13
Director	Chun-Ter Lu	7,023,882	8.03
Director	Rong-Jye Lu	522,683	0.60
Director	Hung-Yang Liu	830,000	0.95
Director	Chia-Chen Ko	2,598,044	2.97
Director	Shao-Lun Lu	36,000	0.04
Subtotal		11,123,480	12.71
Independent Director	Chih-Bin Wang	2,010	0.00
Independent Director	Hung-Hui Wu	0	0.00
Independent Director	Jr-Wen Huang	0	0.00
Independent Director	Yen-Fen Lo	0	0.00
Subtotal		2,010	0.00