

Stock code: 6416

CASwell, Inc.

Meeting Agenda for 2024
Shareholders' Meeting
Meeting Handbook

June 13, 2024

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CASwell, Inc.

Meeting Agenda for 2024 Shareholders' Meeting

Meeting Methods: Physical Shareholders' Meeting

Time: 9:00 a.m, June 13, 2024

Address: Meeting Room, 12F, No. 308, Jianguo 1st Rd., Xinzhuang
Dist., New Taipei City

- I. Report on Number of Shares Represented at the Meeting
- II. Call for a Meeting
- III. Chairman's Remarks
- IV. Matters Reported
- V. Matters Ratified
- VI. Extemporaneous Motions
- VII. Adjournment

CASwell, Inc.

Meeting Agenda for 2024 Shareholders' Meeting

- I. Meeting Methods: Physical Shareholders' Meeting
- II. Chairman's Remarks
- III. Matters Reported
 - (I) Business Report for 2023
 - (II) Audit Committee's Review Report
 - (III) Report on the Distribution of Remuneration for Employees and Directors of 2023
 - (IV) Report on Cash Dividends Distribution of Earnings for 2023
- IV. Matters Ratified
 - (I) 2023 Business Report and Financial Statements
 - (II) 2023 Earnings Distribution
- V. Extemporaneous Motions
- VI. Adjournment

Matters Reported

Proposal 1: 2023 Business Report.

Notes: Please refer to Attachment I for the business report (Page 8~10) .

Proposal 2: Audit Committee's Review Report.

Notes: For the Audit Committee's Review Report, refer to Attachment II. (Page 11)

Proposal 3: 2023 Report on Remuneration Distribution to Employees and Directors.

Notes: On March 13, 2024, the Board of Directors of the Company passed a resolution that the Company's distribution of the remuneration to employees in cash for 2023 totaled NT\$12.5 million, accounting for 3.09% of the profit in the final accounts of 2023; the distribution of the bonus to Director reached NT\$4.8 million, accounting for 1.19% of the profit in the final accounts of 2023.

Proposal 4: Report on Cash Dividends Distribution of Earnings for 2023 for review.

Notes: 1. In accordance with Article 23-1 of the Articles of Incorporation, if the Company distributes dividends and bonuses in cash, or all or part of the statutory surplus reserve and capital reserve are paid in cash, the Board of Directors shall be authorized to do so in the presence of more than two-thirds of the directors and with the consent of more than half of the directors present, and report to the shareholders' meeting.

2. The Company distributed cash dividends to shareholders of NT\$205,375,688 (NT\$ 2.8 per share) from the earnings of 2023. The cash dividend is calculated rounded down to the nearest New Taiwan dollar. The fractional amounts are aggregated and recognized in the total cash dividends for distribution.
3. After the case has been approved by the resolution of the Board of Directors, the Chairman was authorized to confirm the ex-dividend date and distribution date. Afterwards, in case the Company buys back the shares or any change occurs to the share capital that the quantity of outstanding shares is impacted, thus causing any change in the ratio of allotments per share, the Chairman will be authorized to deal with related matters and announce the results.

Matters Ratified

(Proposals of the Board of Directors)

Proposal 1: 2023 Business Report and Financial Statements of the Company to be Ratified.

Notes:

1. The Company's 2023 business report and financial statements were approved by the resolutions of the Company's Audit Committee and Board of Directors. Meanwhile, the Company's financial statements have been audited and attested by CPAs Kou Hui-Chih and Chen Pei-Chi of KPMG.
2. For the business report, please refer to Attachment I; (Page 8~10) for related financial statements, please refer to Attachment III (Page 12~28) .

Resolution:

(Proposals of the Board of Directors)

Proposal 2: 2023 Earnings Distribution of the Company to be Ratified.

Notes:

1. The Company has prepared the 2023 earnings distribution statement in accordance with the Company Law and the Articles of Incorporation (Page 6) .
2. Submitted to ratify.

Resolution:

CASwell, Inc.
Earnings Distribution
2023

Unit: NTD

Item	Amount
Beginning undistributed earnings	\$ 560,355,506
Current year's net profit after tax	322,706,851
Appropriation of legal reserve	(32,270,685)
Less special reserve appropriated	(12,755,516)
Earnings available for distribution	838,036,156
Distribution items:	
Shareholder dividends - cash (NT\$2.8 per share)	(205,375,688)
Ending undistributed retained earnings	\$ 632,660,468

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

Extemporaneous Motions

Adjournment

CASwell, Inc. Business Report

We have entered the post-pandemic period in 2023. Although we expect a gradual global economic recovery, the overall environment is impacted by international inflation, rising interest rates and lower-than-expected post-pandemic economic performance in China. This has led to weak demand in global end markets and prolonged inventory adjustments in industrial supply chains. This has dampened growth momentum in several industries. In addition, ongoing conflicts such as the Russian-Ukrainian war and the Israeli-Palestinian conflict continue to have a negative impact on global economic development and social stability. As a result, consolidated net operating revenue for 2023 was NT\$4,082,437 thousand, a decrease of NT\$900,235 thousand or 18% compared to 2022, which was NT\$4,982,672 thousand. Net income after tax was NT\$322,707 thousand, a decrease of NT\$105,625 thousand or 25% compared to 2022, which was NT\$428,332 thousand. Despite the negative impact of the economic environment on sales and profitability in 2023, the Company has been actively developing and seeking new products and next-generation products, winning a record number of projects in the past three years. We hope that in the future, when the economy returns to normal, we will be able to transform ourselves and make a successful transition, bringing new growth performance to the company.

With the continuous development of digital technology and internet communications (5G), innovative applications of cloud and edge computing continue to emerge. With the proliferation of connected devices and the transmission of large amounts of data, cybersecurity issues such as ransomware attacks continue to emerge, posing a serious threat to business operations. Supply chain attacks have also recently become an emerging target, particularly affecting industries with significant capital expenditures, such as industrial infrastructure and technology applications. As a result, information security has become a key focus for governments and businesses worldwide. In addition, the rapid development of artificial intelligence (AI) technology has brought new momentum to cybersecurity. AI can help organizations improve their cybersecurity defenses, but it can also be used by attackers to launch more destructive attacks. As a result, major technology companies are actively investing in AI cybersecurity and developing various AI cybersecurity products and

services. By integrating AI with cybersecurity technology, they aim to help enterprises strengthen their cybersecurity resilience, improve corporate governance, and reduce operational risks to build a more secure and reliable network environment and provide robust protection for enterprises and organizations.

The main operation plan of the Company in 2024 is to integrate various innovative designs, technologies, experience and innovative thinking of strategic partners developed in recent years. The Company will explore the excellent R&D capabilities for software, ruggedness and hardware accumulated over the years, combining various ingenuity and innovation of R&D teams and customers' industrial experience and needs, and taking into account the development trend of science and technology, actively seek strategic partners, and carry out continuous design and development of more netcom security system platforms, cloud server systems, cloud computing and enterprise client network packet switches, software-defined wide area network (SD-WAN) and virtual/extended client equipment (vCPE/uCPE), industrial Internet control, storage and security gateways, and edge computing intelligent gateways. Based on the requirements of network traffic management, data packet storage and transmission and data security in various cloud application service fields, low latency of fog computing/edge computing, Edge AI, deep learning and intelligent computing applications, the Company helps customers to integrate software and hardware in a complete and quick manner, shortens the development time of various application platform systems, and provides comprehensive product lines with high cost performance in combination with advantageous supply chain and manufacturing resources, thus meeting the needs of customers for diversified IT/OT/CT/DT network security application products and services.

The Company will continue to invest in research and development of high-performance multicore processors (Intel/AMD X86 and RISC/ARM architectures), high-bandwidth Ethernet networks (10G/25G/40G/100/200GbE), network switches, data processing units (DPU), and field-programmable gate arrays (FPGA). The company will also work with customers to develop servers and server board remote management systems (LOM/BMC) to address and prevent various network and hacker attacks. The Company will also continue to invest in and promote a new business model of system integration services and solution sales. This will enable the Company to explore new business directions and gradually increase unit sales prices and value, thereby improving profitability. Besides this, since customers have specific

requirements for the production history, test verification, customized specifications, quality certification system, maintenance service/record and global distribution management of system products, the Company continuously develops and refines information integrated platform services, test verification software suite, improves the automation degree of process verification software/process, optimizes the global delivery center and logistics management information system, fully docks with customers' internal systems, makes the test verification products more complete, and actively achieves the short, medium and long term goals of ISO-27001 and the active development of ESG policies to provide customers with better supply chain choices.

In the face of ever-changing global economic activities and geopolitical risks, the Company's management team and all employees still adhere to the original intention and uphold the spirit of hard work and dedication. They are actively developing and cultivating related industries (information security, 5G/6G mobile communications, semiconductors, electric vehicles, artificial intelligence, smart manufacturing, and smart cities) in line with the Company's sustainable business policy. They are also actively promoting measures related to corporate sustainable development (ESG) in response to the global goal of achieving net-zero carbon emissions. The Xinzhuang Operations Headquarters officially moved in during the third quarter of 2023, and the move to the Xinzhuang Global Operations Factory is expected to be completed in the second quarter of 2024. This relocation will result in increased available space and improved efficiency in collaborative operations and processes, allowing for further optimization of research, development, production and sales efficiency. The company aims to sustain its operations while treating the entire social environment with kindness and responding prudently to risks caused by geopolitical factors. It will carefully plan global production and sales models, actively develop global customers, and strive to achieve a stable growth rate in sales and profitability so that all shareholders can share in the benefits.

Chairman	Steve Chu
Manager	Reaforl Hung
Accounting Supervisor	Amber Lee

CASwell, Inc.
Audit Committee Review Report

The Board of Directors has prepared and submitted the Company's 2023 Business Report, Financial Statements and the proposed profit distribution, of which the Financial Statements have been audited and certified by the independent auditors, Kou Hui-Chih and Chen Pei-Chi of KPMG. And an audit report has been issued. The Business Report, Financial Statements and the proposed profit distribution has been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Best regards

2024 Shareholders' Meeting of CASwell, Inc.

Audit Committee of CASwell, Inc.

Convener: Jennifer Shao

March 13, 2024

Independent Auditors' Report

To the Board of Directors of CASwell, Inc.:

Opinion

We have audited the accompanying consolidated balance sheets of CASwell, Inc. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows from January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinions, the consolidated financial statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), their interpretations and announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of CASwell, Inc. as of December 31, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinions

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

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 Group for 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. Key audit matters for the company's financial statements of the current period are stated as follows:

1. Inventory valuation

Please refer to Note 4(8) for the accounting policy regarding the inventory valuation. Please refer to Note 5(1) for the uncertainties of accounting estimates and assumptions regarding the allowance for price decline in inventories. Please refer to Note 6(3) for an explanation of the inventories.

Notes on key audit matters:

The inventory amount of CASwell, Inc. has been presented in the financial statements as cost and net realizable value whichever was lower. With the rapid changes of sciences and technologies, new product launch might cause changes in consumer demands and significant fluctuations in sales of related products, so the inventory cost might exceed the realizable value. Losses of obsolete and slow-moving inventories shall be separately evaluated dependent upon inventory classification and how many days the inventories have become obsolete. The presentation of such inventories involves subjective judgment, so inventory valuation was one of our important audit matters particularly audited for the financial statements of the Group.

Audit processes:

The main audit processes we adopted for the above key audit matters included performing inventory valuation to evaluate if the Group had presented its inventories based on the predetermined policies for presenting write-downs of inventories; auditing basis of selling prices and net realizable value adopted by the management, in order to verify appropriateness of the estimated writedowns of inventories and expediency of the net realizable value; implementing the sampling procedure to verify rationality of inventory age; and analyzing the ratio of the current inventory writedowns to the balance of normal inventories, in order to evaluate if the writedowns of general inventories are appropriate.

2. Recognition and Cutoff of Revenues

For detailed accounting policies for revenue recognition, refer to Note 4(14); for details of revenues, refer to Note 6(15).

Notes on key audit matters:

The revenues of CASwell, Inc. are mainly from R&D, production and sales of equipment related to safe network communication platforms. The revenues are what investors are concerned about, so their recognition and cutoff have been listed as one of important matters to be evaluated in auditing financial statements of CASwell, Inc.

Audit processes:

Our main audit processes for the aforementioned key audit matters include testing internal control systems related to revenues; reviewing new material contracts and understanding impacts of contractual articles upon revenue recognition; additionally sampling sales transactions concluded before and after the date of the balance sheets, and evaluating if revenues were accounted at the right time.

3. Assessment of Impairment of Goodwill

For the detailed accounting policy regarding assessment of impairment of goodwill, please refer to Note 4(12) Impairments of non-financial assets; for the uncertainties of accounting estimates and assumptions regarding goodwill, please refer to Note 5(2); for relevant disclosures of goodwill, please refer to Note 6(6).

Notes on key audit matters:

The consolidated goodwill of CASwell, Inc. generated by M&A is material. According to the International Financial Reporting Standards, the management must perform annual impairment test, because this process involves hypotheses about future potential operating cash flow and weighted average cost of capital considered in estimating the value in use. As an evaluation of the results of the impairment test, the above process, which is complicated, covers many hypotheses and estimates. Hence, goodwill impairment assessment has been one of our important evaluations in auditing the financial statements of CASwell, Inc.

Audit processes:

Our main audit processes for the above key audit matters include evaluating forecast future cash flow and discount rate in hypotheses adopted by impairment models, comparing historical performances with the forecast of future cash flow, and making comparisons between the discount rate and related external data, in order to test goodwill impairment.

Other Matters

CASwell, Inc. has prepared the parent company only financial statements as of and for the years ended December 31, 2023 and 2022 on which we have issued an audit report with unqualified opinion for reference.

Responsibilities of management and governing bodies for the consolidated financial statements

To ensure that the consolidated financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, their interpretations and announcements recognized and announced by the Financial Supervisory Commission, and for maintaining necessary internal control procedures pertaining to the consolidated financial statements.

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.

The governing bodies, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements might arise from fraud or error. The misstatements may be considered material if they are individually or in the aggregate could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We apply professional judgment and discretion in our audits in accordance with auditing standards. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 ability of the Group to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the financial statements (including relevant notes), and whether the financial statements fairly present relevant transactions and events.
6. Obtain sufficient appropriate audit evidences regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group's audit and for expressing an opinion on the financial statements of the Group.

We communicate with those governing bodies 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 governing bodies 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 governing bodies, we determine the key audit matters of the consolidated financial statements of the Group for 2023. We describe these matters in our auditor's 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.

KPMG

CPA:

Securities	Tai-Cai-Zheng-6 No.
Competent	: 0930106739
Authority	Jin-Guang-Zheng-6 No.
Approval No.	0960069825
March 13, 2024	

CASwell, Inc. and its subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	2023.12.31		2022.12.31			Liabilities and equity	2023.12.31		2022.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (Note 6(1))	\$ 678,872	13	677,584	13	2100	Short-term borrowings (Note 6 (7))	\$ 30,835	1	39,888	1
1136 Financial assets at amortized cost - current	52,279	1	11,797	-	2120	Financial liabilities at fair value through profit or loss - current (Note 6(9))	-	-	215	-
1170 Notes receivables and accounts receivables - net (Note 6(2) and (15))	752,370	14	820,527	16	2170	Account payables	500,916	9	857,896	16
1180 Accounts receivables from related parties - net (Note 6(2), (15) and 7)	19,041	-	39,416	1	2180	Accounts payable - related parties (Note 7)	49,630	1	15,635	-
1200 Other receivables (including related parties) (Note 7)	41,554	1	100,131	2	2200	Other payables (including related parties) (Note 7)	135,172	2	190,619	4
1220 Current income tax assets	4,900	-	8,550	-	2230	Current income tax liabilities	74,658	1	116,765	2
130X Inventories (Note 6(3))	1,788,145	33	2,763,873	52	2252	Short-term provisions for warranty	5,587	-	6,127	-
1470 Other current assets (Note 8)	73,366	1	116,077	2	2280	Lease liabilities - current (Note 6(10))	45,158	1	56,729	1
Total current assets	3,410,527	63	4,537,955	86	2321	Corporate bonds due or execute the rights to sell within one year (Note 6(9))	-	-	167,395	3
Non-current assets:					2322	Long-term borrowings due within one year (Note 6(8) and 8)	1,427	-	1,404	-
1510 Financial assets at fair value through profit or loss - non-current	48,127	1	42,566	1	2399	Other current liabilities - others	136,825	3	193,911	4
1517 Financial assets at fair value through other comprehensive income - non-current	106,781	2	11,009	-		Total current liabilities	980,208	18	1,646,584	31
1600 Property, plant and equipment (Note 6(4), 7 and 8)	767,718	14	86,078	2		Non-current liabilities:				
1755 Right-of-use assets (Note 6(5))	717,331	13	90,887	2	2540	Long-term loans (Note 6(8) and 8)	321,117	6	22,447	-
1780 Intangible assets (Note 6(6))	346,997	7	350,000	6	2552	Long-term provisions for warranty	19,226	-	17,471	-
1840 Deferred tax assets (Note 6(12))	12,110	-	4,128	-	2570	Deferred tax liabilities (Note 6(12))	29,016	1	31,341	1
1900 Other non-current assets	16,940	-	176,843	3	2580	Lease liabilities - non-current (Note 6(10))	490,423	9	36,809	1
Total non-current assets	2,016,004	37	761,511	14	2670	Other non-current liabilities - others	28	-	41	-
						Total non-current liabilities	859,810	16	108,109	2
						Total liabilities	1,840,018	34	1,754,693	33
						Equity attributable to owners of the parent company (Note 6(13)):				
					3100	Share capital	733,485	14	731,889	14
					3200	Capital surplus (Note 6(9))	1,445,196	27	1,431,140	27
					3300	Retained earnings:				
					3310	Legal reserve	352,478	6	309,644	6
					3320	Special reserve	40,230	1	50,872	1
					3350	Unappropriated retained earnings	883,062	16	856,601	16
						Total retained earnings	1,275,770	23	1,217,117	23
					3400	Other equity	(52,985)	(1)	(40,230)	(1)
						Subtotal equity attributable to owners of the parent company	3,401,466	63	3,339,916	63
					36XX	Non-controlling interests	185,047	3	204,857	4
						Total equity	3,586,513	66	3,544,773	67
Total assets	\$ 5,426,531	100	5,299,466	100		Total liabilities and equity	\$ 5,426,531	100	5,299,466	100

(Please read the attached notes to consolidated financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		<u>2023</u>		<u>2022</u>	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(15) and 7)	\$ 4,082,437	100	4,982,672	100
5000	Operating costs (Note 6(3), (4), (5), (10), (11), (16), 7 and 12)	<u>3,088,923</u>	<u>76</u>	<u>3,860,631</u>	<u>77</u>
	Gross profit	<u>993,514</u>	<u>24</u>	<u>1,122,041</u>	<u>23</u>
	Operating expenses (Note 6(4), (5), (10), (11), (16), 7 and 12):				
6100	Selling and marketing expenses	144,593	4	154,349	3
6200	General and administrative expenses	220,418	5	221,708	5
6300	Research and development expenses	251,714	6	235,202	5
6450	Expected credit (reversal gain) loss (Note 6(2))	<u>(1,119)</u>	<u>-</u>	<u>8,213</u>	<u>-</u>
	Total operating expenses	<u>615,606</u>	<u>15</u>	<u>619,472</u>	<u>13</u>
	Operating Profit	<u>377,908</u>	<u>9</u>	<u>502,569</u>	<u>10</u>
	Non-operating income and expenses (Note 6(17)):				
7100	Interest income	6,640	-	2,610	-
7010	Other income	51,775	1	21,100	-
7020	Other gain and loss	(12,275)	-	55,105	1
7050	Finance costs (Note 6(9) and (10))	<u>(14,396)</u>	<u>-</u>	<u>(5,866)</u>	<u>-</u>
	Total non-operating income and expenses	<u>31,744</u>	<u>1</u>	<u>72,949</u>	<u>1</u>
7900	Net pretax profit of current period	409,652	10	575,518	11
7950	Less: Income tax expense (Note 6(12))	<u>88,374</u>	<u>2</u>	<u>122,985</u>	<u>2</u>
	Net profit of current period	<u>321,278</u>	<u>8</u>	<u>452,533</u>	<u>9</u>
8300	Other comprehensive income/(loss):				
8310	Items that may not be reclassified to profit or loss				
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	(4,570)	-	-	-
8349	Income tax relating to items that may not be reclassified	-	-	-	-
	Total of items that may not be reclassified to profit or loss	<u>(4,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from the translation of foreign operations	(8,856)	-	12,217	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total of items that may be reclassified subsequently to profit or loss	<u>(8,856)</u>	<u>-</u>	<u>12,217</u>	<u>-</u>
8300	Other comprehensive income/(loss) of current period	<u>(13,426)</u>	<u>-</u>	<u>12,217</u>	<u>-</u>
8500	Total comprehensive income/(loss) of current period	<u>\$ 307,852</u>	<u>8</u>	<u>\$ 464,750</u>	<u>9</u>
	Net profit in current period attributable to:				
8610	Owners of the parent company	\$ 322,707	8	428,332	9
8620	Non-controlling interests	<u>(1,429)</u>	<u>-</u>	<u>24,201</u>	<u>-</u>
	Net profit of current period	<u>\$ 321,278</u>	<u>8</u>	<u>\$ 452,533</u>	<u>9</u>
	Comprehensive income attributable to:				
8710	Owners of the parent company	\$ 309,952	8	438,974	9
8720	Non-controlling interests	<u>(2,100)</u>	<u>-</u>	<u>25,776</u>	<u>-</u>
	Total comprehensive income/(loss) of current period	<u>\$ 307,852</u>	<u>8</u>	<u>\$ 464,750</u>	<u>9</u>
	Earnings per share (Note 6(14))				
9750	Basic earnings per share (NT\$)	<u>\$ 4.40</u>		<u>\$ 5.85</u>	
9850	Diluted earnings per share (NT\$)	<u>\$ 4.38</u>		<u>\$ 5.73</u>	

(Please read the attached notes to consolidated financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of parent company

	Retained earnings					Other equity items		Total Equity Attributable to Owners of the Parent Company	Non-controlling interests	Total Equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropria ted retained earnings	Exchange differences arising from the translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income			
Balance as of January 1, 2022	\$ 731,889	1,431,140	287,689	30,068	617,406	(40,422)	(10,450)	3,047,320	179,081	3,226,401
Net profit of current period	-	-	-	-	428,332	-	-	428,332	24,201	452,533
Other comprehensive income/(loss) of current period	-	-	-	-	-	10,642	-	10,642	1,575	12,217
Total comprehensive income/(loss) of current period	-	-	-	-	428,332	10,642	-	438,974	25,776	464,750
Earnings appropriation and distribution:										
Appropriation of legal reserve	-	-	21,955	-	(21,955)	-	-	-	-	-
Appropriation of special reserve	-	-	-	20,804	(20,804)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(146,378)	-	-	(146,378)	-	(146,378)
Balance on December 31, 2022	731,889	1,431,140	309,644	50,872	856,601	(29,780)	(10,450)	3,339,916	204,857	3,544,773
Net profit of current period	-	-	-	-	322,707	-	-	322,707	(1,429)	321,278
Other comprehensive income/(loss) of current period	-	-	-	-	-	(8,730)	(4,025)	(12,755)	(671)	(13,426)
Total comprehensive income/(loss) of current period	-	-	-	-	322,707	(8,730)	(4,025)	309,952	(2,100)	307,852
Appropriation of legal reserve	-	-	42,834	-	(42,834)	-	-	-	-	-
Reversal of special reserve	-	-	-	(10,642)	10,642	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(264,054)	-	-	(264,054)	-	(264,054)
Conversion of convertible bonds	1,596	14,056	-	-	-	-	-	15,652	-	15,652
Increase in non-controlling interests	-	-	-	-	-	-	-	-	(17,710)	(17,710)
Balance on December 31, 2023	\$ 733,485	1,445,196	352,478	40,230	883,062	(38,510)	(14,475)	3,401,466	185,047	3,586,513

(Please read the attached notes to consolidated financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

	Unit: NT\$ thousand	
	2023	2022
Cash flows from operating activities:		
Net pretax profit of current period	\$ 409,652	575,518
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	81,310	74,347
Amortization expenses	9,995	8,629
Expected credit (reversal gain) loss	(1,119)	8,213
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	6,454	(2,849)
Interest expenses	14,396	5,866
Interest income	(6,640)	(2,610)
Dividend income	(303)	-
Loss on disposal and scrapping of property, plant and equipment	3	74
Profit from lease modification	(43)	-
Total adjustments for reconcile profit (loss)	104,053	91,670
Changes in operating assets/liabilities:		
Net changes in operating assets:		
(Increase) decrease in notes and trades receivable (including related parties)	29,248	(38,442)
Decrease in other payables (including related parties)	58,577	35,534
Inventory (increase) decrease	975,425	(282,165)
Decrease in other current assets	42,711	139,602
Total net changes in operating assets	1,105,961	(145,471)
Net changes in operating liabilities:		
Decrease in account payable (including related parties)	(322,985)	(202,090)
Increase (decrease) in other payables (including related parties)	(55,635)	22,326
Increase in warranty provisions	1,215	2,737
Increase (decrease) in other current liabilities	(57,086)	99,736
Total net changes in operating liabilities	(434,491)	(77,291)
Total net changes in operating assets and liabilities	671,470	(222,762)
Total adjustments	775,523	(131,092)
Cash inflow generated from operations	1,185,175	444,426
Interest received	6,640	2,610
Dividends received	303	-
Interest paid	(14,014)	(3,556)
Income tax paid	(137,138)	(36,654)
Net cash inflow generated from operations	1,040,966	406,826
Cash flows from investing activities:		
Financial assets at fair value through other comprehensive gains and losses	(40,000)	(3,000)
Acquisition of financial assets at amortized cost	(40,482)	(361)
Acquisition of financial assets at fair value through profit or loss	(13,556)	(16,444)
Return of capital through profit and loss of financial assets at fair value	1,347	3,299
Acquisition of property, plant and equipment	(542,729)	(9,830)
Acquisition of intangible assets	(6,190)	(5,381)
Decrease (increase) in other non-current assets	840	(166,313)
Net cash used in investing activities	(640,770)	(198,030)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(9,053)	18,461
Repayment of corporate bonds	(151,958)	-
Raise long-term borrowings	500,000	-
Repayment of long-term loans	(201,307)	(1,355)
Repayment of lease principal	(245,582)	(56,320)
Decrease in other non-current liabilities	(13)	(27)
Cash dividends paid	(264,054)	(146,378)
Changes in non-controlling interests	(17,710)	-
Net cash outflow generated from financing activities	(389,677)	(185,619)
Effect of exchange rates on cash and cash equivalents	(9,231)	11,004
Increase in cash and cash equivalents of current period	1,288	34,181
Cash and cash equivalents at beginning of period	677,584	643,403
Cash and cash equivalents at end of period	\$ 678,872	677,584

(Please read the attached notes to consolidated financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

Independent Auditors' Report

To the Board of Directors of CASwell, Inc.:

Opinion

We have audited the balance sheets of CASwell, Inc. as at December 31, 2023 and 2022, and related statements of comprehensive income, of changes in equity and of cash flows for the period from January 1 to December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinions, the parent company only financial statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to present fairly the financial conditions of CASwell, Inc. as of December 31, 2023 and 2022, as well as the financial performance and cash flows of CASwell, Inc. from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinions

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the CASwell Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (“the Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 CASwell Inc. for 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. Key audit matters for the company’s financial statements of the current period are stated as follows:

1. Inventory valuation

Please refer to Note 4(7) to the financial statements for the accounting policy regarding the inventory valuation. Please refer to Note 5(1) to the financial statements for the uncertainties of accounting estimates and assumptions regarding the realizability of inventory assessment. Please refer to Note 6(4) to the financial statement for an explanation of the inventory valuation.

Notes on key audit matters:

The inventory amount of CASwell, Inc. has been presented in the financial statements as cost and net realizable value whichever was lower. With the rapid changes of sciences and technologies, new product launch might cause changes in consumer demands and significant fluctuations in sales of related products, so the inventory cost might exceed the realizable value. Losses of

obsolete and slow-moving inventories shall be separately evaluated dependent upon inventory classification and how many days the inventories have become obsolete. The presentation of such inventories involves subjective judgment, so inventory valuation was one of our important audit matters particularly audited for the financial statements of the CASwell Inc.

Audit processes:

The main audit processes we adopted for the above key audit matters included performing inventory valuation to evaluate if CASwell, Inc. had presented its inventories based on the predetermined policies for presenting write-downs of inventories; auditing basis of selling prices and net realizable value adopted by the management, in order to verify appropriateness of the estimated writedowns of inventories and expediency of the net realizable value; implementing the sampling procedure to verify rationality of inventory age; and analyzing the ratio of the current inventory writedowns to the balance of normal inventories, in order to evaluate if the writedowns of general inventories are appropriate.

2. Recognition and Cutoff of Revenues

For detailed accounting policies for revenue recognition, refer to Note 4(14); for details of revenues, refer to Note 6(15).

Notes on key audit matters:

The revenues of CASwell, Inc. have mainly been earned from R&D, production and sales of related equipment related to safe network communication platforms. They were recognized as investors' concerns, so recognition and cutoff of revenues were one of important items we evaluated in auditing the financial reports of CASwell, Inc.

Audit processes:

Our main audit processes for the aforementioned key audit matters include testing internal control systems related to revenues; reviewing new material contracts and understanding impacts of contractual articles upon revenue recognition; additionally sampling sales transactions concluded before and after the date of the balance sheets, and evaluating if revenues were accounted at the right time.

3. Valuation of Impairment of Investments Accounted for Using the Equity Method

For the detailed accounting policy regarding investment impairment accounted for using the equity method, refer to Note 4(8) Investment in Subsidiaries; for the uncertainties of accounting estimates and assumptions regarding investment impairment accounted for using the equity method, refer to Note 5(2); for details of the financial reports on investments accounted for using the equity method, refer to Note 6(5).

Notes on key audit matters:

The goodwill generated by merger and acquisition of CASwell, Inc. is material. The management has evaluated and tested impairment according to the international accounting standards, and estimated the future cash flows expected from the asset's cash-generating unit. Calculation of future cash flows involves several assumptions and estimates, with a high level of uncertainty, so evaluating investment impairment using equity method has been listed as a key audit matter by us in auditing the financial reports of CASwell, Inc.

Audit processes:

Our main audit processes for the above key audit matter included evaluating future cash flow forecasts and discount rate of hypotheses adopted by the impairment model, comparing historical performances with future cash flow forecasts, and comparing discount rate against related external data, so as to perform impairment test of goodwill.

Responsibilities of Management and Governing Bodies for Financial Statements

To ensure that the financial reports do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair financial reports in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintaining necessary internal control related to preparation of financial reports.

In preparing financial reports, the management is responsible for evaluating the ability of CASwell, Inc. to continue as a going concern, disclosing, as applicable, matters related to the going concern, and use the going concern basis of accounting, unless the management either intends to liquidate CASwell, Inc., ceases operations, or has no realistic alternative but to do so.

The governing bodies of CASwell, Inc. (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement in the parent company only financial statements when it exists. Misstatements might arise from fraud or error. The misstatements may be considered material if they are individually or in the aggregate could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

We apply professional judgment and discretion in our audits in accordance with auditing standards. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of CASwell, Inc.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of the 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 ability of CASwell, Inc to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause CASwell, Inc to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements fairly present relevant transactions and items.
6. Sufficient and appropriate audit evidence is obtained regarding the financial information of the investee companies accounted for using the equity method, in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the invested companies’ audit, and for expressing an opinion of on the statements of CASwell, Inc.

We communicate with those governing bodies 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 governing bodies 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 governing bodies, we determine the key audit matters of the parent company only financial statements of CASwell Inc. for 2023. We describe these matters in our auditor’s 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.

KPMG

CPA:

Securities	Tai-Cai-Zheng-6 No.
Competent	0930106739
Authority	Jin-Guang-Zheng-6
Approval No.	No.0960069825
March 13, 2024	

CASwell, Inc.
Balance Sheets
December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		2023.12.31		2022.12.31		Liabilities and equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 431,815	9	383,558	8	2120	Financial liabilities at fair value through profit or loss - current (Note 6(9))	\$ -	-	215	-
1170	Notes receivables and accounts receivables - net (Note 6(2) and (15))	508,746	10	431,880	9	2170	Account payables	409,569	8	648,533	14
1180	Accounts receivables from related parties - net (Note 6(2), (15) and 7)	76,325	2	131,941	3	2180	Accounts payable - related parties (Note 7)	36,922	1	11,361	-
1200	Other receivables (including related parties) (Note 6(3) and 7)	60,145	1	113,646	3	2200	Other payables (including related parties) (Note 7)	101,673	2	133,811	3
1220	Current income tax assets	4,294	-	7,325	-	2230	Current income tax liabilities	38,014	1	69,899	2
130X	Inventories (Note 6(4))	1,339,674	27	2,220,269	48	2252	Short-term provisions for warranty	4,473	-	4,992	-
1470	Other current assets (Note 8)	59,537	1	66,164	2	2280	Lease liabilities - current (Note 6(10))	17,565	-	22,042	-
	Total current assets	<u>2,480,536</u>	<u>50</u>	<u>3,354,783</u>	<u>73</u>	2321	Corporate bonds with maturity or execution of right of sale within one year or one operating cycle (Note 6(9))	-	-	167,395	4
Non-current assets:						2399	Other current liabilities - others	72,034	2	149,194	3
1510	Financial assets at fair value through profit or loss - non-current	48,127	1	42,566	1		Total current liabilities	<u>680,250</u>	<u>14</u>	<u>1,207,442</u>	<u>26</u>
1517	Financial assets at fair value through other comprehensive income - non-current	47,813	1	11,000	-		Non-current liabilities:				
1550	Investment accounted for using the equity method (Note 6(5))	916,130	19	961,029	20	2540	Long-term loans (Note 6(8))	300,000	6	-	-
1600	Property, plant and equipment (Note 6(6) and 8)	712,840	15	33,467	1	2552	Long-term provisions for warranty (Note 6(12))	15,779	-	13,959	-
1755	Right-of-use assets (Note 6(7))	678,041	14	34,058	1	2580	Lease liabilities - non-current (Note 6(10))	477,182	10	12,128	-
1780	Intangible Assets	5,269	-	1,510	-	2570	Deferred tax liabilities (Note 6(12))	28,864	1	32,293	1
1840	Deferred tax assets (Note 6(12))	6,929	-	-	-	2670	Other non-current liabilities - others	28	-	42	-
1900	Other non-current assets	7,884	-	167,367	4		Total non-current liabilities	<u>821,853</u>	<u>17</u>	<u>58,422</u>	<u>1</u>
	Total non-current assets	<u>2,423,033</u>	<u>50</u>	<u>1,250,997</u>	<u>27</u>		Total liabilities	<u>1,502,103</u>	<u>31</u>	<u>1,265,864</u>	<u>27</u>
Total assets		<u>\$ 4,903,569</u>	<u>100</u>	<u>4,605,780</u>	<u>100</u>		Equity (Note 6(13)):				
						3100	Share capital	733,485	15	731,889	16
						3200	Capital surplus (Note 6(9))	1,445,196	29	1,431,140	31
						3300	Retained earnings:				
						3310	Legal reserve	352,478	7	309,644	7
						3320	Special reserve	40,230	1	50,872	1
						3350	Unappropriated retained earnings	883,062	18	856,601	19
							Total retained earnings	<u>1,275,770</u>	<u>26</u>	<u>1,217,117</u>	<u>27</u>
						3400	Other equity	(52,985)	(1)	(40,230)	(1)
							Total equity	<u>3,401,466</u>	<u>69</u>	<u>3,339,916</u>	<u>73</u>
							Total liabilities and equity	<u>\$ 4,903,569</u>	<u>100</u>	<u>4,605,780</u>	<u>100</u>

(Please read the attached notes to parent company only financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc.
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(15) and 7)	\$ 3,120,065	100	3,465,397	100
5000	Operating costs (Note 6(4), (6), (7), (10), (11), (16), 7 and 12)	2,383,990	77	2,710,253	78
	Gross profit	736,075	23	755,144	22
	Operating expenses (Note 6(6), (7), (10), (11), (16) and 12):				
6100	Selling and marketing expenses	93,463	3	101,635	3
6200	General and administrative expenses	62,982	2	59,728	2
6300	Research and development expenses	196,271	6	185,311	5
	Total operating expenses	352,716	11	346,674	10
	Net operating income	383,359	12	408,470	12
	Non-operating income and expenses (Note 6(17)):				
7100	Interest income	3,552	-	1,403	-
7010	Other income	37,304	1	12,442	-
7020	Other gain and loss	(11,474)	-	28,632	1
7050	Finance costs (Note 6(9)(10))	(9,838)	-	(2,895)	-
7070	Share of profit or loss of subsidiaries accounted for using the equity method	(15,654)	(1)	68,053	2
	Total non-operating income and expenses	3,890	-	107,635	3
7900	Net pretax profit of current period	387,249	12	516,105	15
7950	Less: Income tax expense (Note 6(12))	64,542	2	87,773	3
8200	Net profit of current period	322,707	10	428,332	12
8300	Other comprehensive income/(loss):				
8310	Items that may not be reclassified to profit or loss				
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	(4,025)	-	-	-
8349	Less: Income tax relating to items that may not be reclassified	-	-	-	-
	Total of items that may not be reclassified to profit or loss	(4,025)	-	-	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising from the translation of foreign operations	(8,730)	-	10,642	-
8399	Less: Income tax relating to items that may be reclassified	-	-	-	-
	Total of items that may be reclassified subsequently to profit or loss	(8,730)	-	10,642	-
8300	Other comprehensive income/(loss) of current period	(12,755)	-	10,642	-
8500	Total comprehensive income/(loss) of current period	<u>\$ 309,952</u>	<u>10</u>	<u>438,974</u>	<u>12</u>
	Earnings per share (Note 6(14))				
9750	Basic earnings per share (NT\$)	<u>\$ 4.40</u>		<u>5.85</u>	
9850	Diluted earnings per share (NT\$)	<u>\$ 4.38</u>		<u>5.73</u>	

(Please read the attached notes to parent company only financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc.
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Retained earnings				Other equity items		Total Equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising from the translation of foreign operations		Unrealized gain (loss) on financial assets at fair value through other comprehensive income
Balance as of January 1, 2022	\$ 731,889	1,431,140	287,689	30,068	617,406	(40,422)	(10,450)	3,047,320
Net profit of current period	-	-	-	-	428,332	-	-	428,332
Other comprehensive income/(loss) of current period	-	-	-	-	-	10,642	-	10,642
Total comprehensive income/(loss) of current period	-	-	-	-	428,332	10,642	-	438,974
Earnings appropriation and distribution:								
Appropriation of legal reserve	-	-	21,955	-	(21,955)	-	-	-
Appropriation of special reserve	-	-	-	20,804	(20,804)	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(146,378)	-	-	(146,378)
Balance on December 31, 2022	731,889	1,431,140	309,644	50,872	856,601	(29,780)	(10,450)	3,339,916
Net profit of current period	-	-	-	-	322,707	-	-	322,707
Other comprehensive income/(loss) of current period	-	-	-	-	-	(8,730)	(4,025)	(12,755)
Total comprehensive income/(loss) of current period	-	-	-	-	322,707	(8,730)	(4,025)	309,952
Earnings appropriation and distribution:								
Appropriation of legal reserve	-	-	42,834	-	(42,834)	-	-	-
Reversal of special reserve	-	-	-	(10,642)	10,642	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(264,054)	-	-	(264,054)
Corporate bond conversion into ordinary shares	1,596	14,056	-	-	-	-	-	15,652
Balance on December 31, 2023	\$ 733,485	1,445,196	352,478	40,230	883,062	(38,510)	(14,475)	3,401,466

(Please read the attached notes to parent company only financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc.
Statements of Cash Flow
From January 1 to December 31, 2023 and 2022

	Unit: NT\$ thousand	
	2023	2022
Cash flows from operating activities:		
Net pretax profit of current period	\$ 387,249	516,105
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	39,666	35,012
Amortization expenses	2,431	1,248
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	6,454	(2,849)
Interest expenses	9,838	2,895
Interest income	(3,552)	(1,403)
Dividend income	(303)	-
Share of profit or loss of subsidiaries accounted for using the equity method	15,654	(68,053)
Profit from lease modification	(43)	-
Unrealized Profit on Sales	(7,613)	(3,505)
Total adjustments for reconcile profit (loss)	62,532	(36,655)
Changes in operating assets/liabilities:		
Net changes in operating assets:		
(Increase) decrease in notes and trades receivable (including related parties)	(21,250)	79,165
Decrease in other payables (including related parties)	53,508	30,667
Inventory (Increase) Decrease	880,595	(208,248)
Decrease in other current assets	6,627	117,792
Total net changes in operating assets	919,480	19,376
Net changes in operating liabilities:		
Decrease in notes and account payable (including related parties)	(213,403)	(209,408)
Increase (decrease) in other payables (including related parties)	(38,588)	21,381
Increase in warranty provisions	1,301	2,669
Increase (decrease) in other current liabilities	(77,160)	56,877
Total net changes in operating liabilities	(327,850)	(128,481)
Total net changes in operating assets and liabilities	591,630	(109,105)
Total adjustments	654,162	(145,760)
Cash inflow generated from operations	1,041,411	370,345
Interest received	3,545	1,403
Dividends received	27,593	-
Interest paid	(3,193)	(381)
Income tax paid	(103,754)	(19,848)
Net cash inflow generated from operations	965,602	351,519
Cash flows from investing activities:		
Financial assets at fair value through other comprehensive gains and losses	(40,000)	(3,000)
Acquisition of financial assets at fair value through profit or loss	(13,556)	(16,444)
Return of capital through profit and loss of financial assets at fair value	1,347	3,299
Acquisition of property, plant and equipment	(537,084)	(5,833)
Acquisition of intangible assets	(6,190)	(1,616)
Decrease (increase) in other non-current assets	419	(163,224)
Net cash used in investing activities	(595,064)	(186,818)
Cash flows from financing activities:		
Repayment of corporate bonds	(151,958)	-
Raise long-term borrowings	500,000	-
Repayment of long-term loans	(200,000)	-
Repayment of lease principal	(206,255)	(21,728)
Decrease in other non-current liabilities	(14)	(25)
Cash dividends paid	(264,054)	(146,378)
Net cash outflow generated from financing activities	(322,281)	(168,131)
Increase (decrease) in cash and cash equivalents of current period	48,257	(3,430)
Cash and cash equivalents at beginning of period	383,558	386,988
Cash and cash equivalents at end of period	\$ 431,815	383,558

(Please read the attached notes to parent company only financial statements carefully)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc.

Rules of Procedure for Shareholders' Meetings

Revised by the Board of Directors on February 25, 2013

Approved by the Shareholders' Meeting on April 9, 2013

- Article 1 Unless otherwise required by laws, the shareholders' meeting of the Company shall be convened in accordance with the Rules of Procedure for the shareholders' meetings.
- Article 2 The shareholders as set forth in the Rules mean the shareholders and the proxies entrusted by them to attend the shareholders' meetings on behalf of them.
- Article 3 The shareholders attending the shareholders' meetings are required to wear an attendance card and to submit such cards in lieu of sign-in. The number of shares represented by the shareholders attending the shareholders' meetings shall be calculated in accordance with the number of attendance cards submitted by the shareholders.
- Article 4 The chairman shall call the meeting to order at the time scheduled for the meeting. In the event that only shareholders representing less than half of the total issued shares attend a shareholders' meeting, the chairman may announce adjournment, but a meeting shall not be adjourned for more than twice, and the cumulative time of adjournment shall not be longer than one hour. If two adjournments are still insufficient for shareholders representing more than 1/3 of the total issued shares to attend the meeting and constitute a quorum, a tentative resolution shall be passed in accordance with Article 175 of the Company Act. In the event that the total number of shares represented by the shareholders present in a shareholders' meeting constitutes a majority of the total issued shares before the end of the meeting, the chairman shall bring a tentative resolution so adopted into the shareholders' meeting a new to be duly resolved according to Article 174 of the Company Act.
- Article 5 In the event that the shareholders' meeting is convened by the Board of Directors and the agenda shall be worked out by the Board of Directors, the shareholders' meeting shall duly be convened based on the predetermined agenda, which shall not be changed unless duly approved by a resolution of the shareholders' meeting. The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. The chairman shall not announce adjournment of the meeting until the

agenda in the two preceding paragraphs is completed (including occasional (extemporaneous) motions) unless duly resolved in the meeting. Once a meeting is adjourned by a resolution, the shareholders shall not additionally elect a chairman to proceed with the meeting in the place where the meeting would have been convened or another place. However, in the event that the chairman announces adjournment of the meeting against the rules of procedure for the shareholders' meetings, one of the shareholders shall be elected as chairman with the consent of the shareholders present representing a majority of voting rights to reconvene the meeting.

Article 6 During the process of the meeting, the chairman may announce a recess at an appropriate time at discretion. When the matters discussed at a meeting cannot be addressed, a resolution shall be passed by the shareholders to adjourn or reconvene the meeting within five days without giving a notice or making a public announcement.

Article 7 Before the shareholders present speak, they shall first fill in notes for speaking, where the subjects of their speaking, shareholder accounts and account name shall be indicated. The chairman shall determine the order of precedence for the shareholders to speak at the meeting. The shareholders who have submitted the notes for speaking but have not spoken at the meeting shall be deemed to have not spoken. In the event of any inconsistency between the content of any shareholder's speech and that recorded on the note, the former shall prevail. While a shareholder is speaking, no other shareholder shall interrupt the speaking shareholder unless permitted by the chairman and such speaking shareholder, and the chairman shall stop any such interruptions.

Article 8 For each proposal, each shareholder shall not speak for more than twice and five minutes each time unless agreed upon by the chairman. If any shareholder present speaks against provisions of the preceding paragraph, beyond the subject discussed, or against the order of precedence for speaking, the chairman may stop or suspend the shareholder's speech. Other shareholders may also request the chairman to do so.

Article 9 Where the chairman believes that a proposal has been discussed in the meeting up to the level for voting, the chairman may announce discontinuance of the discussion process and bring that proposal to a vote.

Article 10 Except as otherwise provided under the Company Act and/or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of a majority of the votes of the shareholders present.

If, in the course of voting, no objection is made after the chairman's inquiry, the proposal shall be deemed to have been adopted with the same effect as if it has been adopted through voting.

The shareholders may attend a shareholders' meeting by proxy. Except for trusts or service agents approved by competent securities authorities, any person simultaneously entrusted by two and more shareholders shall not represent more than 3% of the voting rights in total issued shares, otherwise, the votes casted shall be disregarded.

Article 11 The number of shareholders present in a shareholders' meeting and their voting shall be duly calculated based on the shares they hold, and a shareholder shall have the right to cast one vote for each share held.

Article 12 The shareholders' meeting shall be held in the city or county where the Company is located or at any other place that is convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 13 If a shareholders' meeting is convened by the Board of Directors of the Company (the "Board" or "Board of Directors"), the chairman shall preside at such meeting. If the chairman is on leave or unable to exercise his powers and duties for any reason, the Vice chairman shall preside at such meeting. The chairman shall designate a managing director to preside as the chairman if the Vice chairman is on leave or unable to exercise his powers and duties for any reason. If no managing director of the Company is appointed, the chairman shall designate a director to preside as the chairman. If the chairman fails to designate a chairman for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting. If a shareholders' meeting is convened by anyone other than the Board of Directors, the convener shall act as the chairman. Where there are more than two conveners, one of such conveners shall be elected from among themselves the chair the shareholder's meeting.

Article 14 The Company shall appoint attorney (s)-at-law, certified public accountant (s) or relevant personnel to attend a shareholders' meeting. Staff at an shareholders' meeting shall wear ID badges or arm badges.

Article 15 The Company shall record the whole meeting process and keep the records for at least one year.

- Article 16 In the event that a proposal has amendments or substitutes, the order of voting shall be determined by the chairman. When one among such amendments or substitutes is approved, the remained ones shall be deemed to have been vetoed and no further voting shall be required.
- Article 17 In the event that a juristic (corporate) person is entrusted to attend a shareholders' meeting, that juristic (corporate) person may appoint only one representative to attend the meeting. If a shareholder who is a juristic person appoints two or more representatives to attend a shareholders' meeting, only one representative may speak on any given proposal.
- Article 18 After a shareholder speaks, the chairman shall answer either by himself or herself or through a designee.
- Article 19 Staff such as supervisor and vote counter shall be appointed by the chairman. The supervisor shall be a shareholder. The voting results shall be announced at the meeting and recorded in writing.
- Article 20 The chairman may direct staff or inspectors or security personnel to assist in maintaining the order of each shareholder's meeting.
- In maintaining the order of the meeting, such personnel shall wear identification certificates useful for identification.
- If any shareholder present willfully disrupts the order of the meeting in words or by acts, which constitute personal attack, and fails to control himself or herself when stopped by the chairman, the chairman shall ask the staff mentioned in the preceding clause to ask such shareholder to leave the meeting, in order to maintain the order of the meeting, ensure smooth completion of the meeting, and safeguard a majority of shareholders' equity.
- Article 21 In the event of a major disaster such as an air raid alarm, an earthquake or a fire, the meeting shall be announced as ended or suspended. The personnel shall be evacuated from the premises. One hour after the situation has been resolved, the chairman shall announce the new meeting time.
- Article 22 Matters not specified in the Rules shall be governed by the Company Act, the Company's Articles of Incorporation.
- Article 23 These rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

Articles of Association of CASwell, Inc.

Amended by the Shareholders' Meeting on June 16, 2022

Chapter I General

Article 1 The Company is organized according to the Company Act under the name of CASwell, Inc.

English name: CASWELL,INC.

Article 2 The business to be operated by the Company is as follows:

CC01080 Electronic Parts and Components Manufacturing

CC01110 Computers and Computing Peripheral Equipment Manufacturing

CC01120 Data Storage Media Manufacturing and Duplicating.

E605010 Computing Equipment Installation Construction

F113050 Wholesale of Computing and Business Machinery Equipment

F118010 Information Software Wholesale Industry

F119010 Electronic Materials Wholesale Industry

F401010 International Trade

I501010 Product Design Services

I301010 Information Software Services

I301020 Data Processing Services

I301030 Digital Information Supply Services

IG02010 Research Development Service

ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

Article 3 The Company may provide endorsements and guarantees for the purpose of its business. Unless otherwise stipulated by laws, the total amount of foreign investments [shall not be limited to 40% of the paid-in capital] as specified in Article 13 of the Company Act.

Article 4 The Company is headquartered in New Taipei, and when necessary, it may establish branches home and abroad upon resolution of the Board of Directors.

Article 5 Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Act, other relevant laws and regulations.

Chapter II Share

Article 6 The Company's total capital shall be set at NT\$1 billion, divided into 100 million shares with each share having a par value of NT\$10. The Board of Directors is authorized to issue the unissued shares in separate installments as required.

The capital amount of NT\$12 million in the preceding paragraph shall be reserved for issuance of employee stock warrants with each share having a par value of NT\$10 which may be issued in installments according to the resolution of the Board of Directors.

Article 6-1 The shares purchased by the Company may be transferred to employees of the Company's affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

The stock warrants of the Company may be issued to employees of the Company's affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

The Company may issue restricted stock awards to employees of its affiliates who meet certain conditions under terms and conditions determined by the Board of Directors.

When the Company issues new shares by increasing capital in cash, employees of the Company's affiliates who meet certain conditions shall be eligible for subscribing to such shares under terms and conditions determined by the Board of Directors.

Article 7 The Company may issue shares, which shall be registered or kept by a central securities depository.

Other negotiable securities, if any, shall also be issued according to the foregoing provision.

Article 8 Unless otherwise stipulated by laws or competent securities authorities, related affairs shall be handled in accordance with the Company Act and Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9 No registration of share transfer shall be made within sixty days (60) prior to a general shareholders' meeting, or within thirty days (30) prior to an extraordinary shareholders' meeting, or within five (5) days prior to the day on which dividend, bonus or other benefits are scheduled to be paid by the Company.

Chapter III Shareholders' Meetings

- Article 10 Shareholders' meetings are divided into general and extraordinary shareholders' meetings. The general shareholders' meetings are convened once a year and lawfully held by the Board of Directors within six months after the end of each fiscal year. The extraordinary meetings shall be duly convened when necessary. The shareholders' meeting of the Company may be held by video conference or other means announced by the central competent authority.
- For relevant regulations such as the conditions, operating procedures and other matters for video conference, and if there are other regulations by the securities authority, such regulations shall prevail.
- Article 10-1 The shareholder holding one percent of the total issued and outstanding shares may submit a proposal in writing to be discussed at the annual meeting, provided that only one matter may be included in such proposal. Any proposal that includes more than one matter shall be disregarded and excluded from the meeting agenda. The relevant process shall comply with the Company Act, all applicable laws and regulations.
- Article 10-2 When the Company convenes a shareholders' meeting, the shareholders may exercise the voting rights in writing or electronically.
- Article 11 Where a shareholder meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. If the chairman is on leave or unable to exercise his powers and duties for any reason, the Chairman shall appoint one director to preside at the meeting. If the Chairman appoints no agent, the directors shall elect one among themselves to chair the meeting; if the meeting is convened by anyone with the authority to convene other than the Board of Directors, the convener shall be the chairman; if there are more than two persons with the authority to convene, the chairman of the meeting shall be appointed from among them.
- Article 12 When a shareholder is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a proxy to attend the meeting on his/her behalf by providing a power of attorney in accordance with Article 177 of the Company Act. The proxy process is governed by Article 177 of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" prescribed by the competent authority.
- Article 13 Unless otherwise provided by laws or regulations, each shareholder of the Company shall have one vote for each share.

Article 14 Unless otherwise provided for in the Company Act, resolutions shall be adopted by a majority of votes at a meeting attended by shareholders who represent a majority of the total issued shares.

Article 15 All resolutions passed at a shareholders' meeting shall be recorded in the written minutes, which shall be signed or affixed with seal by the chairman and served to all shareholders within twenty days after the meeting. The minutes shall record essential content and results of the discussions, kept in the Company together with the attendance book and the proxies. The term for keeping the minutes, attendance book and proxies shall be determined according to the Company Act.

The preceding minutes may be distributed electronically or by making public announcements.

Article 15-1 If the Company intends to revoke a public issuance plan, it shall present it to be resolved at a shareholders' meeting before making a request to the competent authority. This clause may not be changed during the emerging period and after the Company goes public.

Chapter IV Directors

Article 16 The Company has 7 to 9 directors, whose term of office shall be 3 years. The directors of the Company shall be elected and appointed using the candidate nomination system stated in Clause 1, Article 192 of the Company Act and from the candidates of directors nominated at the shareholders' meeting. They may be eligible for reelection.

Among the designated number of directors as mentioned above, there shall be at least three independent directors.

The restrictions on professional qualifications, shareholding and concurrent positions held, manners of nomination and election of independent directors, and other related matters shall comply with the Company Act, Securities Exchange Act, other related laws and regulations. The directors shall comply with the rules of the competent securities authorities concerning their total shareholding ratio.

The Company's directors shall be elected by cumulative voting. Each share is entitled to the number of votes equivalent to the number of directors to be elected. A director shall be elected in a centralized manner, or several persons may be elected together, among whom the one with the most votes shall be appointed as director.

The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected shall be calculated separately.

When it is necessary to amend the Company's method for electing directors, in addition to the provisions of Article 172 of the Company Act, a comparison table for the amendment of the method shall be listed in the reasons for convening the shareholders' meeting.

The Board of Directors shall establish various functional committees, each of which shall formulate rules and regulations for exercising their powers. Such rules and regulations shall be implemented after they are approved by the Board of Directors.

Article 16-1 If a director's tenure has expired and it is too late for re-election, it shall be extended until the re-elected director takes office.

Article 17 The directors shall organize a Board meeting, where over two-thirds of the directors shall attend, elect one from among them to be the chairman with the consent of a majority of them, and a vice chairman in the same manner. The chairman shall act on behalf of the Company externally.

Article 17-1 In case that the vacancies in the office of directors reach one-third of the Board or if all independent directors have been removed, the Board of Directors shall convene an extraordinary shareholders' meeting within sixty days to elect new directors to fill the vacancies. A director elected to fill such vacancy shall hold office for the remained term of the director whose office was vacant. When the number of directors falls below 5 or the number of independent directors falls below that prescribed in the Company's Articles of Association due to removal for any reason, a by-election to fill the vacancy shall be held at the next shareholders' meeting, and the elected directors shall hold office for the remained term of the vacant office.

Article 17-2 Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office. Upon the chairman's leave, absence or unavailability for performance of duties, the proxy shall act at the meeting in accordance with Article 208 of the Company Act.

Where a director is unable to attend a Board of Directors meeting for any reason, the director may issue a power attorney, stating therein the scope of authority with reference to the matters for convening the meeting, and appoint

another director to serve as his or her proxy. However, a proxy may only accept the appointment of one director only. The proxy shall act according to Article 205 of the Company Act.

To convene a Board of Directors meeting, a seven-day notice shall be served to all directors, expressly indicating the subject (s) of the meeting. In case of an emergency, a Board of Directors meeting may be convened any time.

Such notices mentioned in the preceding paragraph may be served in writing or by means of facsimile or email.

If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person.

Article 18 The Company shall set up an Audit Committee in accordance with the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The members of the Audit Committee or the Audit Committee shall be responsible for performing the duties under the Company Act, the securities exchange law, and other laws and regulations as supervisors.

Article 19 The directors shall be paid by the Company for holding their offices in the Company. Their remuneration shall be determined by the Board of Directors based on the degree of their participation in and contributions to the business operations of the Company, as well as industry standards home and abroad.

Article 19-1 The Company may purchase and maintain liability insurances for directors and managers with respect to their liabilities lawfully arising from exercising their duties. The amount and other details of the insurances shall be determined by the Board of Directors.

Article 20 The resolutions adopted at a shareholders' meeting shall be made into minutes, which shall be signed by or affixed with seal by the chairman of the meetings and distributed to all shareholders within 20 days after the meeting. Such minutes shall be produced and distributed electronically.

The minutes shall record essential content and results of the subject (s) discussed at the meeting, kept in the Company together with the attendance book of the directors present and power attorneys of those attending the meeting by proxy, which shall be kept for a period as stipulated in Article 207 of the Company Act.

Chapter V Manager

Article 21 The Company may appoint managers, whose appointment, removal and remuneration shall be governed by Article 29 of the Company Act.

Chapter VI Accounting

Article 22 At the end of each fiscal year, the Board of Directors shall prepare following statements, which shall be submitted to the Audit Committee for auditing no later than 30 days prior to the date of the annual general shareholders' meeting, and then presented for approval at the meeting.

(I) Business Report

(II) Financial statements

(III) Statements on earnings distribution or loss appropriation

Article 23 If the Company makes profits (i.e., net profits before tax after deduction of the portion set aside for employee remuneration) within a fiscal year, 2~15% of the profits shall be reserved as the employee remuneration, and no more than 2% shall be reserved as director remuneration. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The employee remuneration mentioned above may be paid in the form of shares or in cash. It shall also be paid to employees of the Company's affiliates who meet certain conditions. The terms of payment shall be decided by the Board of Directors. The above remuneration to the directors shall be in cash.

The preceding remunerations to employees and directors shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting. The terms of payment shall be decided by the Board of Directors.

Article 23-1 In case there are profits after tax in the final settlement of the current year, the Company should first offset the accumulated loss and retain 10% as legal surplus reserve in accordance with the law; however, when the legal surplus reserve exceeds the paid-in capital of the Company, it is not subject to this limitation. Certain amount should be further allocated as special reserve or the special reserve should be reversed in accordance with applicable laws and regulations or as requested by the competent authority. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan is proposed by the BOD and approved by the shareholders' meeting.

If the Company distributes dividends and bonuses in cash, or all or part of the statutory surplus reserve and capital reserve stated in the first paragraph of

Article 241 of the Company Act are paid in cash, the board of directors shall be authorized to do so in the presence of more than two-thirds of the directors and with the consent of more than half of the directors present, and report to the shareholders' meeting in accordance with Article 240, paragraph 5, of the Company Act.

The dividend distribution to the shareholders of the Company can be distributed in cash or shares, in which the amount shall not less than 10% of the retained earnings the after tax of the current year, and the proportion of shareholders' cash dividends shall not be less than 10% of the total dividends of the shareholders. The Company is in a growing industry. The type and proportion of this retained earnings distribution is based on the Company's future capital demand and long-term operating plan. The BOD may draw up a distribution proposal according to the current operating conditions and taking into account shareholders' equity, balanced dividend policy and capital demand plan, and submit it to the shareholders' meeting for resolution and adjustment.

If there is no loss and the Company has no earnings to be distributed or has financial, business or operational considerations, part or all of the reserve may be distributed according to the law or the competent authority's requirements.

Chapter VII Supplementary Provisions

Article 24 Any matters unmentioned under the Articles of Incorporation shall be subject to the Company Act, related rules and regulations.

Article 25 The Articles of Association were formulated on April 11, 2007.

The first amendment was made on January 2, 2008.

The second amendment was made on January 28, 2008.

The third amendment was made on April 1, 2008.

The fourth amendment was made on April 15, 2009.

The fifth amendment was made on June 10, 2010.

The sixth amendment was made on May 24, 2011.

The seventh amendment was made on April 9, 2013.

The eighth amendment was made on June 11, 2014.

The ninth amendment was made on April 20, 2016.

The tenth amendment was made on April 20, 2017.

The eleventh amendment was made on June 5, 2019.

The twelfth amendment was made on June 16, 2022.

The Articles of Incorporation shall enter into force from their approval by the resolution of the shareholders' meeting, so shall the amendments.

CASwell, Inc.
Other Supplementary Information

Description on Handling Shareholders' Proposals at the 2024 Regular Shareholders' Meeting:

- I. Pursuant to Article 172-1 of the Company Act, a shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal at a regular shareholders meeting.
- II. The Company, in accordance with the law, announced on the MOPS that it would accept proposals raised from April 3, 2024 to April 15, 2024 (registered mail is subject to arrival) by shareholders for this regular shareholders meeting. During the period, the Company did not receive any shareholder proposals.

[Annex IV]

CASwell, Inc.
Shareholding of Directors

Date: April 15, 2024

Position	Name	Number of Shares Held
Chairman	Ennoconn Corporation Legal Representative: Steve Chu	20,000,000
Directors	Ennoconn Corporation Legal Representative: Aven Lou	20,000,000
Directors	Ennoconn Corporation Legal Representative: Nelson Tsay	20,000,000
Directors	Reaforl Hung	115,446
Independent Director	Jennifer Shao	0
Independent Director	Wen-Chang Fang	0
Independent Director	Luke Teng	0
Total		20,115,446

Note:

1. 73,348,460 ordinary shares were issued as of April 15, 2024.
2. 5,867,876 shares were statutory shares held by all directors.