

INNOCARE OPTOELECTRONICS CORPORATION

2025 Annual Shareholders' Meeting Minutes

Method for Convening the Meeting: Hybrid Shareholders' Meeting

Time: 09:00 am, May 20, 2025

Venue: 1F, The Performance Hall, Southern Taiwan Science Park Administration Building
No. 22, Nanke 3rd Rd., Xinshi Dist., Tainan City

Video conferencing Platform: "eMeeting" by Taiwan Depository & Clearing Corporation
(<https://stockservices.tdcc.com.tw>)

Countermeasures for postponing or reconvening the meeting if the Platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events: Please refer to the meeting notice for details; NA.

Total shares represented by shareholders present in person or by proxy: 24,865,837 shares (including 23,289,908 shares casted electronically and 0 shares casted by virtual meeting), accounting for 59.87% of total outstanding shares 41,531,650 shares.

Directors present: Chu-Hsiang Yang, Chairman
Jyh-Chau Wang, Director
Tien-Jen Lin, Director
Zhao-Hua Li, Director
Hung-Chi Li, Independent Director, Convener of the Audit Committee and Remuneration Committee
Yi-Hung Chou, Independent Director, Member of the Audit Committee and Remuneration Committee
Chi-Tsung Huang, Independent Director, Member of the Audit Committee and Remuneration Committee

Non-voting delegates: Chih-Sheng Lee, President
Chou-Shan Yeh, Attorney
Ya-Ling Wong, Certified Public Accountant of Deloitte & Touche

Chairman: Chu-Hsiang Yang

Recorder: Jia-xing Cheng

Commencement: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman Remarks: (Ommitted)

Reporting Items:

1. 2024 Business Report (ommitted)
2. Audit Committee Review Report (ommitted)
3. Report on Allocation of 2024 Remuneration to Board of Directors and Employees (ommitted)

Adopting Items:

(Proposed by the Board of Directors)

Proposal 1: 2024 Business Report and Financial Statements

Explanatory note:

A. 2024 Financial Statements of the Company had been duly audited by CPA Wong Ya-Ling and CPA Shao Chih-Ming of Deloitte Taiwan.

B. 2024 Business Report and Financial Statements are attached hereto as **Attachment 1 & 3**

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 24,865,837 shares were represented at the time of voting (including 23,289,908 shares casted electronically and 0 shares casted by virtual meeting)

Voting Results		% of the Represented Share Present
Votes in favor	24,855,242	99.95%
Votes against	4,751	0.01%
Invalid votes	0	0.00%
Votes abstained / Not voted	5,844	0.02%

(Proposed by the Board of Directors)

Proposal 2: 2024 Earnings Distribution Table

Explanatory note:

A. Please refer to **Attachment 4** for 2023 Earnings Distribution Table.

B. Proposed cash dividend distributed to shareholders is NT\$74,756,070 (NT\$ 1.8 per share). The distribution of cash dividends shall be accounted by dollars and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 are aggregated and recorded as other income of the Company.

C. In the event that there is change in capital of the Company affecting the outstanding shares of the Company, causing the distribution ratio shall be changed and adjusted, it is proposed that the Chairman be authorized to handle this situation.

D. It is proposed that the Chairman be authorized to decide the record date, the distribution date, and other related matters after this proposal is resolved by the shareholders meeting.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 24,865,837 shares were represented at the time of voting (including 23,289,908 shares casted electronically and 0 shares casted by virtual meeting)

Voting Results		% of the Represented Share Present
Votes in favor	24,780,420	99.65%
Votes against	79,684	0.32%
Invalid votes	0	0.00%
Votes abstained / Not voted	5,733	0.02%

Discussion Items

(Proposed by the Board of Directors)

Proposal: Amendments to the Articles of Incorporation

Explanatory note:

A. The Company will partially revise the Articles of Incorporation of the Company, pursuant to the amendment of laws and the operation plans.

B. The comparative table of the amendment is attached hereto as **Attachment 5**.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 24,865,837 shares were represented at the time of voting (including 23,289,908 shares casted electronically and 0 shares casted by virtual meeting)

Voting Results		% of the Represented Share Present
Votes in favor	24,847,085	99.92%
Votes against	10,820	0.04%
Invalid votes	0	0.00%
Votes abstained / Not voted	7,932	0.03%

Extemporary Motions: None.

Adjournment: The meeting was adjourned at 09:10 am

There was no attending shareholder raised questions in this annual shareholders' meeting.

InnoCare Optoelectronics Corporation

2024 Business Report

Report on the Company's operating results for 2024 as follows.

I. Report on Operating Results for 2024

The last year was full of changes and surprises, and the global situation can be summarized as “turbulent”. During the year, the world experienced a number of geopolitical conflicts. The Russia-Ukraine war, which has lasted for nearly three years, has yet to start peace talks, and the armed conflict between Israel and the Gaza Corridor and neighboring countries in the Middle East has yet to be fully resolved. In terms of economy, global GDP growth is sluggish, inflation in Europe and the US has cooled down but has not yet returned to the desired level, and trade frictions and rising tariff barriers are adding more headwinds to the economy. In terms of technology, the development of AI, quantum computers, and space technology has provided prosperous expectations for the future, but it has also added the governance problems for countries and enterprises, and the formulation and adjustment of relevant laws and regulations will add uncertainties to the industrial strategy.

The Company runs businesses around the world, with raw materials supplied from many different countries and products sold and customers located in various regions, and it is unavoidable for the Company to be affected by political and economic activities. Over the past year, the US dollar, Japanese yen and other currencies have fluctuated significantly against the New Taiwan Dollar, changes in the situations in the Middle East have affected shipping from time to time, and tariffs have been used as a political and economic tool by a number of countries, all of which have made it more difficult for the Company to run its business. Although the external environment is unpredictable and difficult to control, the Company’s team is still committed to providing customers with better products, technology and services in order to enhance operational performance.

The Company’s main business is the sale of X-ray flat panel detector products and the provision of related design services, mainly focusing on medical examination and industrial non-destructive detection areas, and gradually expanding the application areas with the development of products and technologies. In the past few years, the Company has continued to research and develop new technologies and lay out new products. Among them, products such as IGZO and flexible substrates have maintained the growth trend over the past few years, and have been recognized and adopted by many customers, which gradually increase the shipments and revenue share, and progress has also been made in expanding sales in emerging markets. In the field of non-destructive test, we continue to be optimistic about the growth of the demand for the intelligent manufacturing and precision manufacturing related products. Combined with our expertise in field domain and image processing accumulated in recent years, we are planning to extend our products to a full range of solutions that incorporate X-ray and other detection modes, and we anticipate sustained growth in the next few years.

The Company's products and technologies continue to receive external recognition. In 2024, the Company, together with the affiliated hospital of College of Medicine, National Cheng Kung University, won the "2024 Storm Media AI Medical Leadership Award - Judges' Special Award" for its "Dual-energy Chest X-ray Imaging AI Auxiliary Diagnostic System". Winning these awards in consecutive years is a demonstration of the Company's R&D capabilities. Such awards not only is a recognition of the achievements made by efforts of the R&D personnel, but also can improve the product and technology image and visibility of the Company, benefiting sales of the products a lot.

In order to fulfill our corporate social responsibility and to realize the positive value to the environment and the people, we continue to participate in social welfare activities. We have extended the "Early Lung Cancer Screening - X-Ray Universal Screening Tour Bus Program for Remote Townships" in 2023, and once again cooperated with the Imaging Center of the National Cheng Kung University Hospital and Tainan Fucheng Chest Disease Society in the "Free X-Ray Early Screening Tour Bus for Lung Cancer", as well as participated in the "Fucheng 400 Tainan City Friends Year-end Prayer Dinner" organized by the Tainan City Government, the Tsz Lian Social Welfare foundation, and the Taiwan Guan Gong Temple Volunteer Association; in March, we participated in the "Chiayi Chukou Environmental Education Activity"; in April, we joined with the Yi-Meng Biotech to arrange for a digital X-ray tour bus to participate in the national sangha health examination and voluntary clinics in Puli, Nantou; and in November, we participated in an edutainment public welfare activity, "How-Mei, Chiayi Coastal Forest Sand-fixed Hedge and Cleanup. The Company will continue to use its core products and technologies with mobile X-ray vehicles to promote early screening for lung cancer and continue to contribute to the promotion of public health.

II. Results of Business Plan Implementation

For the year ended December 31, 2024, the Company's net operating income was NT\$ 1,989,666 thousand, an increase of 8.3% over the previous year. This was mainly due to the release of new products from customers, the increase in overall demand, and the gradual growth of business performance in emerging markets, and the Company's in-depth cooperation with international medical brand customers also contributed to the sales. For the year ended December 31, 2024, the net profit attributable to shareholders of the Company was NT\$ 152,939 thousand, with an increase of 31.1% compared with the previous year, and the earnings per share was NT\$ 3.75, with an increase of 25% compared with the previous year.

III. Budget Execution

The Company recorded net operating revenue of NT\$ 1,989,666 thousand in 2024, an achievement rate of 99.5% compared to the original operating plan of NT\$ 2,000.5 million. The total shipments of flat panel sensor components and modules totaled 52,037 pieces, an achievement rate of 93.4% compared with the original plan of 55,675 pieces.

IV. Analysis of Financial Income and Expenditure and Profitability

Item		2023	2024
Financial structure (%)	Debts to assets ratio	43.36	41.69
	Ratio of long-term capital to property, plant, and equipment	635.85	600.65
Solvency	Current ratio (%)	218.89	255.31
	Quick ratio (%)	151.00	188.26
	Time interest earned (times)	17.75	68.98
Profitability	Return on assets (%)	5.74	6.69
	Return on shareholder equity (%)	11.10	11.46
	Operating income as a percentage of paid-in capital (%)	7.75	8.05
	Net income before tax as a percentage of paid-in capital (%)	30.55	47.76
	Profit margin (%)	6.35	7.69
	Earnings per share (NTD)	3.00	3.75

V. Status of Research and Development

With development and design of thin-film transistor-photodiode (TFT-PD) structure, detector module and testing image analysis as the core technology, the Company mainly develops X-ray flat panel detector related products based on this core technology, with the product categories covering components, modules, testing system and other different types, and they are mainly used for digital X-ray testing system in testing fields such as medical treatment and industrial manufacturing, etc. Since this type of product requires high precision, high reliability and durability, the product development and design verification often lasts for several years, so the product life cycle is generally over 5 to 7 years, and some even cost more than 10 years.

Since X-ray has different penetration capacities for objects with different thickness and materials, by measuring and analyzing the difference of X-ray energy after penetrating the measured object, the internal structure of the human body and the object can be visualized and interpreted, so it is irreplaceable in the field of testing. In recent years, with development of AI technology, there has been rapid growth in both imaging analysis speed and accuracy, and it can be expected that with advance in AI assisted imaging analysis technology, the application fields and types X-ray detecting will continue to expand in the future. In addition, for the X-ray flat panel detector using thin film transistor-photodiode (TFT-PD) technology, due to its advantage of easy to large size, therefore, together with a new generation of high-frame-rate technology, it will make the large-size dynamic testing more cost-efficient than before, and the market size of such part is increasing rapidly, which is estimated to be the key factor that drives growth of the Company in the recent years.

In order to continuously build competitiveness of both technologies and products, the Company is now devoted to R&D of new generation of high-frame-rate component and process, pixel design of high-pixel fill factor, new generation of scintillator material, updating the software and firmware interfaces and increasing product lines of X-ray detector module, as well as increasing investment in research and development of equipment for non-destructive industrial testing. In the field of AI imaging analysis technology, the Company accelerates its development by making independent development and cooperating with external partners. On the other hand, in view of the diverse testing needs of industrial testing customers, the Company also plans to integrate the product lines of various optical testing modes. The expenses for research and development was NT\$ 275,035 thousand in 2024, accounting for 14% of net income from operations. In 2024, the Company had a total of 63 new domestic and foreign patents that were either approved or under application, showing the development achievements of the R&D team. In the future, we will continue to invest R&D resources, launch high-value-added products, as well as improve customer adhesion and market competitiveness. In the meantime, the Company will also regularly review the patent portfolio that it holds and patent application status of the competitors, so as to guarantee maximum benefit as much as possible in terms of patent layout and related expenditures.

Chairman:

Managerial Officer:

Chief Accountant:

Attachment 2

Audit Committee Review Report

The Board of Directors has duly submitted the 2024 business report, financial statements, and the proposal of earnings distribution. The financial statements has been duly reviewed and approved by CPAs of Deloitte Taiwan with the issuance of Independent Auditor's Report.

The Audit Committee of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above business report, financial statements, and the proposal of earnings distribution. Therefore, I issue this audit report for acknowledgment in accordance with the Securities and Exchange Act and the Company Act.

To

Annual Shareholders' Meeting of the Company in 2025

Convener of the Audit Committee
Li, Hung-Chi
Date: March 5, 2025

Independent Auditors' Report and Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
InnoCare Optoelectronics Corporation

Opinion

We have audited the accompanying financial statements of InnoCare Optoelectronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2024 is stated as follows:

Cutoff of Operating Revenue Recognition

The Company is mainly engaged in the manufacturing and sale of X-ray flat panel detectors. On the basis of the shipping terms agreed between customers and the Company, the Company recognizes operating revenue when satisfying the performance obligation by transferring control of a promised good or service to the customer. The operating revenue might not be recorded in the correct accounting period due to various shipping terms. Therefore, the cutoff of operating revenue recognition was considered a key audit matter. The main audit procedure we performed in response to the key audit matter described above included understanding and testing the design and implementation as well as the operating effectiveness of the internal controls relevant to the cutoff of operating revenue recognition, sampling from a specific period of journals of sales close to the balance sheet date, examining the delivery notices and external shipping documents, and confirmed operating revenue was recognized in the appropriate period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024 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 audits resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2025

Notice to Readers

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

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

INNOCARE OPTOELECTRONICS CORPORATION

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 403,225	18	\$ 342,838	17
Financial assets at fair value through profit or loss (Note 7)	19,600	1	-	-
Accounts receivable (Notes 9 and 20)	139,456	6	61,135	3
Accounts receivable from related parties (Notes 20 and 28)	519,560	24	490,058	24
Other receivables (Note 9)	8,223	-	16,349	1
Other receivables from related parties (Note 28)	10,606	1	18,970	1
Inventories (Note 10)	480,620	22	543,722	26
Other current assets	12,210	1	7,822	-
Total current assets	<u>1,593,500</u>	<u>73</u>	<u>1,480,894</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	-	-	34,000	2
Investments accounted for using the equity method (Note 11)	305,326	14	277,628	13
Property, plant and equipment (Notes 12 and 28)	174,648	8	192,206	9
Right-of-use assets (Notes 13 and 28)	69,982	3	18,724	1
Intangible assets (Note 28)	11,755	1	13,843	1
Deferred tax assets (Note 22)	25,375	1	25,468	1
Prepayments for equipment (Note 12)	7,225	-	18,049	1
Other non-current assets (Note 28)	2,394	-	2,115	-
Total non-current assets	<u>596,705</u>	<u>27</u>	<u>582,033</u>	<u>28</u>
TOTAL	<u>\$ 2,190,205</u>	<u>100</u>	<u>\$ 2,062,927</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 100,000	5	\$ 170,000	8
Contract liabilities (Note 20)	5,540	-	2,859	-
Accounts payable (Note 15)	137,696	6	131,838	6
Accounts payable to related parties (Note 28)	236,374	11	217,040	10
Other payables (Notes 12 and 16)	165,063	7	158,589	8
Other payable to related parties (Note 28)	21,838	1	21,559	1
Current tax liabilities (Note 22)	18,484	1	19,140	1
Provision (Note 17)	7,174	-	16,812	1
Lease liabilities (Notes 13 and 28)	12,667	1	14,135	1
Other current liabilities (Note 16)	26,129	1	14,404	1
Total current liabilities	<u>730,965</u>	<u>33</u>	<u>766,376</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Lease liabilities (Notes 13 and 28)	57,928	3	4,960	-
Net defined benefit liabilities (Note 18)	524	-	491	-
Guarantee deposits received	17,561	1	6,351	1
Total non-current liabilities	<u>76,013</u>	<u>4</u>	<u>11,802</u>	<u>1</u>
Total liabilities	<u>806,978</u>	<u>37</u>	<u>778,178</u>	<u>38</u>
EQUITY (Notes 19, 22 and 24)				
Common stock	415,025	19	402,285	19
Capital collected in advance	21	-	104	-
Capital surplus	455,024	21	448,127	22
Retained earnings				
Legal reserve	65,954	3	54,451	2
Special reserve	25,616	1	14,339	1
Unappropriated earnings	476,577	22	391,059	19
Total retained earnings	568,147	26	459,849	22
Other equity	(54,990)	(3)	(25,616)	(1)
Total equity	<u>1,383,227</u>	<u>63</u>	<u>1,284,749</u>	<u>62</u>
TOTAL	<u>\$ 2,190,205</u>	<u>100</u>	<u>\$ 2,062,927</u>	<u>100</u>

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

INNOCARE OPTOELECTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 28)	\$ 1,800,945	100	\$ 1,648,608	100
OPERATING COSTS (Notes 10, 21 and 28)	<u>1,389,940</u>	<u>77</u>	<u>1,281,674</u>	<u>78</u>
GROSS PROFIT	411,005	23	366,934	22
UNREALIZED GAIN ON SALES	(13,187)	(1)	(11,229)	(1)
REALIZED GAIN ON SALES	<u>11,229</u>	<u>1</u>	<u>5,710</u>	<u>1</u>
NET GROSS PROFIT	<u>409,047</u>	<u>23</u>	<u>361,415</u>	<u>22</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	46,218	3	50,192	3
General and administrative expenses	99,421	5	98,695	6
Research and development expenses	<u>270,873</u>	<u>15</u>	<u>222,506</u>	<u>14</u>
Total operating expenses	<u>416,512</u>	<u>23</u>	<u>371,393</u>	<u>23</u>
OPERATING INCOME	<u>(7,465)</u>	<u>-</u>	<u>(9,978)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21, 25 and 28)				
Interest income	9,109	-	19,922	1
Other income	124,534	7	77,280	5
Other gains and losses	29,147	2	(5,910)	-
Financial cost	(2,879)	-	(7,276)	(1)
Share of profit of subsidiaries accounted for using the equity method	<u>25,030</u>	<u>1</u>	<u>46,420</u>	<u>3</u>
Total non-operating income and expenses	<u>184,941</u>	<u>10</u>	<u>130,436</u>	<u>8</u>
INCOME BEFORE INCOME TAX	177,476	10	120,458	7
INCOME TAX EXPENSE (Note 22)	<u>24,537</u>	<u>1</u>	<u>3,800</u>	<u>-</u>
NET INCOME	<u>152,939</u>	<u>9</u>	<u>116,658</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 22)				

(Continued)

INNOCARE OPTOELECTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 171	-	\$ (309)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(34,000)	(2)	(2,000)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(34)	-	62	-
	<u>(33,863)</u>	<u>(2)</u>	<u>(2,247)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>4,626</u>	<u>-</u>	<u>(9,277)</u>	<u>(1)</u>
Other comprehensive income (loss), net of income tax	<u>(29,237)</u>	<u>(2)</u>	<u>(11,524)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 123,702</u>	<u>7</u>	<u>\$ 105,134</u>	<u>6</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 3.75</u>		<u>\$ 3.00</u>	
Diluted	<u>\$ 3.64</u>		<u>\$ 2.84</u>	

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

(Concluded)

INNOCARE OPTOELECTRONICS CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Capital			Retained Earnings			Other Equity		Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2023	\$ 357,815	\$ 50	\$ 77,070	\$ 34,823	\$ 17,647	\$ 343,556	\$ (14,339)	\$ -	\$ 816,622
Appropriation of the 2022 earnings									
Legal reserve	-	-	-	19,628	-	(19,628)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(51,204)	-	-	(51,204)
Reversal of special reserve	-	-	-	-	(3,308)	3,308	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	116,658	-	-	116,658
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	(247)	(9,277)	(2,000)	(11,524)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	116,411	(9,277)	(2,000)	105,134
Employee share options	8,470	54	3,811	-	-	-	-	-	12,335
Share-based payments	-	-	22,947	-	-	(1,384)	-	-	21,563
Issuance of ordinary shares for cash	36,000	-	344,299	-	-	-	-	-	380,299
BALANCE AT DECEMBER 31, 2023	402,285	104	448,127	54,451	14,339	391,059	(23,616)	(2,000)	1,284,749
Appropriation of the 2023 earnings									
Legal reserve	-	-	-	11,503	-	(11,503)	-	-	-
Special reserve	-	-	-	-	11,277	(11,277)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(44,294)	-	-	(44,294)
Net income for the year ended December 31, 2024	-	-	-	-	-	152,939	-	-	152,939
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	137	4,626	(34,000)	(29,237)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	153,076	4,626	(34,000)	123,702
Employee share options	12,740	(83)	5,460	-	-	-	-	-	18,117
Share-based payments	-	-	1,437	-	-	(484)	-	-	953
BALANCE AT DECEMBER 31, 2024	\$ 415,025	\$ 21	\$ 455,024	\$ 65,954	\$ 25,616	\$ 476,577	\$ (18,990)	\$ (36,000)	\$ 1,383,227

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

INNOCARE OPTOELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 177,476	\$ 120,458
Adjustments for:		
Depreciation	72,211	73,451
Amortization	4,008	2,759
Finance costs	2,879	7,276
Interest income	(9,109)	(19,922)
Share-based payments	953	21,563
Share of profits of subsidiaries accounted for using the equity method	(25,030)	(46,420)
Write-down of inventories	10,178	26,956
Unrealized gain on sales	13,187	11,229
Realized gain on sales	(11,229)	(5,710)
Gain on disposal of property, plant and equipment	(67)	-
Unrealized (gain) loss on foreign exchange	(17,580)	10,467
Net changes in operating assets and liabilities		
Accounts receivable	(74,266)	(1,120)
Accounts receivable from related parties	(2,512)	(132,095)
Other receivables	8,778	(11,801)
Other receivables from related parties	8,918	156
Inventories	52,924	(121,326)
Other current assets	(3,899)	(7,348)
Contract liabilities	2,681	2,859
Accounts payable	3,151	59,865
Accounts payable to related parties	7,795	24,488
Other payables	17,146	(39,131)
Other payables to related parties	169	2,003
Provisions	(9,638)	414
Other current liabilities	11,725	6,859
Net defined benefit liabilities	204	42
Cash generated from (used in) operating activities	241,053	(14,028)
Income tax paid	(25,134)	(23,226)
Net cash generated from (used in) operating activities	<u>215,919</u>	<u>(37,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(36,000)
Proceeds of financial assets at fair value through profit or loss	(19,600)	-
Payments for property, plant, equipment	(89,056)	(51,577)
Proceeds from disposal of property, plant and equipment	47,670	-
Payments for intangible assets	(1,920)	(14,813)
Increase in other non-current assets	(279)	-
		(Continued)

INNOCARE OPTOELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Decrease in other non-current assets	\$ -	\$ 987
Interest received	<u>8,902</u>	<u>19,482</u>
Net cash used in investing activities	<u>(54,283)</u>	<u>(81,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	100,000	-
Decrease in short-term borrowings	(170,000)	(255,000)
Increase (decrease) in guarantee deposits received	10,643	(2,836)
Repayment of the principal portion of lease liabilities	(12,946)	(13,745)
Cash dividends paid	(44,294)	(51,204)
Proceeds from issuance of ordinary shares	-	379,635
Exercise of employee share options	18,117	12,335
Interest paid	<u>(2,769)</u>	<u>(7,144)</u>
Net (used in) cash generated from financing activities	<u>(101,249)</u>	<u>62,041</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,387	(57,134)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>342,838</u>	<u>399,972</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 403,225</u>	<u>\$ 342,838</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
InnoCare Optoelectronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of InnoCare Optoelectronics Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

The key audit matter of the consolidated financial statements for the year ended December 31, 2024 is stated as follows:

Cutoff of Operating Revenue Recognition

The Group is mainly engaged in the manufacturing and sale of X-ray flat panel detectors. On the basis of the shipping terms agreed between customers and the Group, the Group recognizes operating revenue when satisfying the performance obligation by transferring control of a promised good or service to the customer. The operating revenue might not be recorded in the correct accounting period due to various shipping terms. Therefore, the cutoff of operating revenue recognition was considered a key audit matter. The main audit procedure we performed in response to the key audit matter described above included understanding and testing the design and implementation as well as the operating effectiveness of the internal controls relevant to the cutoff of operating revenue recognition, sampling from a specific period of journals of sales close to the balance sheet date, examining the delivery notices and external shipping documents, and confirmed operating revenue was recognized in the appropriate period.

Other Matter

We have also audited the parent company only financial statements of InnoCare Optoelectronics Corporation 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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2024 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 audits resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2025

Notice to Readers

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

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

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 774,981	33	\$ 671,658	30
Financial assets at fair value through profit or loss (Note 7)	19,600	1	-	-
Notes receivable (Notes 9 and 20)	5,697	-	25,100	1
Accounts receivable (Notes 9 and 20)	693,085	29	598,814	26
Accounts receivable from related parties (Notes 20 and 28)	4,368	-	1,530	-
Other receivables (Note 9)	11,325	1	30,167	1
Other receivables from related parties (Note 28)	730	-	241	-
Current tax assets (Note 22)	2,846	-	9,025	1
Inventories (Note 10)	527,288	22	597,380	26
Other current assets	<u>32,593</u>	<u>1</u>	<u>21,722</u>	<u>1</u>
Total current assets	<u>2,072,513</u>	<u>87</u>	<u>1,955,637</u>	<u>86</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Note 7)	474	-	476	-
Financial assets at fair value through other comprehensive income (Note 8)	-	-	34,000	1
Property, plant and equipment (Notes 12 and 28)	176,190	8	195,807	9
Right-of-use assets (Notes 13 and 28)	73,597	3	20,440	1
Intangible assets (Note 28)	11,755	1	13,843	1
Deferred tax assets (Note 22)	25,375	1	25,468	1
Prepayments for equipment (Note 12)	7,225	-	18,049	1
Other non-current assets (Note 28)	<u>5,093</u>	<u>-</u>	<u>4,740</u>	<u>-</u>
Total non-current assets	<u>299,709</u>	<u>13</u>	<u>312,823</u>	<u>14</u>
TOTAL	<u>\$ 2,372,222</u>	<u>100</u>	<u>\$ 2,268,460</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 100,000	4	\$ 170,000	7
Contract liabilities (Note 20)	5,709	-	10,421	-
Accounts payable (Note 15)	218,123	9	249,833	11
Accounts payable to related parties (Note 28)	203,266	9	187,597	8
Other payables (Notes 12 and 16)	191,638	8	184,600	8
Other payables to related parties (Note 28)	17,977	1	18,337	1
Current tax liabilities (Note 22)	23,286	1	24,446	1
Provisions (Note 17)	7,174	-	16,812	1
Lease liabilities (Notes 13 and 28)	14,452	1	15,695	1
Other current liabilities (Note 16)	<u>30,141</u>	<u>1</u>	<u>15,709</u>	<u>1</u>
Total current liabilities	<u>811,766</u>	<u>34</u>	<u>893,450</u>	<u>39</u>
NON-CURRENT LIABILITIES				
Lease liabilities (Notes 13 and 28)	59,597	3	4,960	-
Net defined benefit liabilities (Note 18)	524	-	491	-
Guarantee deposits received	<u>117,108</u>	<u>5</u>	<u>84,810</u>	<u>4</u>
Total non-current liabilities	<u>177,229</u>	<u>8</u>	<u>90,261</u>	<u>4</u>
Total liabilities	<u>988,995</u>	<u>42</u>	<u>983,711</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 19, 22 and 24)				
Common stock	<u>415,025</u>	<u>17</u>	<u>402,285</u>	<u>18</u>
Capital collected in advance	<u>21</u>	<u>-</u>	<u>104</u>	<u>-</u>
Capital surplus	<u>455,024</u>	<u>19</u>	<u>448,127</u>	<u>20</u>
Retained earnings				
Legal reserve	65,954	3	54,451	2
Special reserve	25,616	1	14,339	1
Unappropriated earnings	<u>476,577</u>	<u>20</u>	<u>391,059</u>	<u>17</u>
Total retained earnings	<u>568,147</u>	<u>24</u>	<u>459,849</u>	<u>20</u>
Other equity	<u>(54,990)</u>	<u>(2)</u>	<u>(25,616)</u>	<u>(1)</u>
Total equity	<u>1,383,227</u>	<u>58</u>	<u>1,284,749</u>	<u>57</u>
TOTAL	<u>\$ 2,372,222</u>	<u>100</u>	<u>\$ 2,268,460</u>	<u>100</u>

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

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 28)	\$ 1,989,666	100	\$ 1,837,116	100
OPERATING COSTS (Notes 10, 21 and 28)	<u>1,437,382</u>	<u>72</u>	<u>1,334,447</u>	<u>72</u>
GROSS PROFIT	<u>552,284</u>	<u>28</u>	<u>502,669</u>	<u>28</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	134,790	7	133,509	7
General and administrative expenses	109,037	5	109,713	6
Research and development expenses	<u>275,035</u>	<u>14</u>	<u>228,278</u>	<u>13</u>
Total operating expenses	<u>518,862</u>	<u>26</u>	<u>471,500</u>	<u>26</u>
OPERATING INCOME	<u>33,422</u>	<u>2</u>	<u>31,169</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21, 25 and 28)				
Interest income	10,393	-	21,897	1
Other income	131,447	7	84,344	4
Other gains and losses	25,874	1	(7,179)	-
Finance cost	<u>(2,916)</u>	<u>-</u>	<u>(7,337)</u>	<u>-</u>
Total non-operating income and expenses	<u>164,798</u>	<u>8</u>	<u>91,725</u>	<u>5</u>
INCOME BEFORE INCOME TAX	198,220	10	122,894	7
INCOME TAX EXPENSE (Note 22)	<u>45,281</u>	<u>2</u>	<u>6,236</u>	<u>1</u>
NET INCOME	<u>152,939</u>	<u>8</u>	<u>116,658</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	171	-	(309)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(34,000)	(2)	(2,000)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(34)</u>	<u>-</u>	<u>62</u>	<u>-</u>
	<u>(33,863)</u>	<u>(2)</u>	<u>(2,247)</u>	<u>-</u>

(Continued)

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 4,626	-	\$ (9,277)	-
Other comprehensive income (loss), net of income tax	(29,237)	(2)	(11,524)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 123,702	6	\$ 105,134	6
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 152,939	8	\$ 116,658	6
Non-controlling interests	-	-	-	-
	<u>\$ 152,939</u>	<u>8</u>	<u>\$ 116,658</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 123,702	6	\$ 105,134	6
Non-controlling interests	-	-	-	-
	<u>\$ 123,702</u>	<u>6</u>	<u>\$ 105,134</u>	<u>6</u>
EARNINGS PER SHARE (Note 23)				
Basic	\$ 3.75		\$ 3.00	
Diluted	\$ 3.64		\$ 2.84	

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

(Concluded)

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Capital			Retained Earnings			Other Equity		Total Equity
	Common Stock	Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2023	\$ 357,815	\$ 50	\$ 77,070	\$ 34,823	\$ 17,647	\$ 343,556	\$ (14,339)	\$ -	\$ 816,622
Appropriation of 2022 earnings									
Legal reserve	-	-	-	19,628	-	(19,628)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(51,204)	-	-	(51,204)
Reversal of special reserve	-	-	-	-	(3,308)	3,308	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	116,658	-	-	116,658
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	(247)	(9,277)	(2,000)	(11,524)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	116,411	(9,277)	(2,000)	105,134
Employee share options	8,470	54	3,811	-	-	-	-	-	12,335
Share-based payments	-	-	22,947	-	-	(1,384)	-	-	21,563
Issuance of ordinary shares for cash	36,000	-	344,299	-	-	-	-	-	380,299
BALANCE AT DECEMBER 31, 2023	402,285	104	448,127	54,451	14,339	391,059	(23,616)	(2,000)	1,284,749
Appropriation of 2023 earning									
Legal reserve	-	-	-	11,503	-	(11,503)	-	-	-
Special reserve	-	-	-	-	11,277	(11,277)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(44,294)	-	-	(44,294)
Net income for the year ended December 31, 2024	-	-	-	-	-	152,939	-	-	152,939
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	137	4,626	(34,000)	(29,237)
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	153,076	4,626	(34,000)	123,702
Employee share options	12,740	(83)	5,460	-	-	-	-	-	18,117
Share-based payments	-	-	1,437	-	-	(484)	-	-	953
Issuance of ordinary shares for cash	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2024	\$ 415,025	\$ 21	\$ 455,024	\$ 65,954	\$ 25,616	\$ 476,577	\$ (18,990)	\$ (36,000)	\$ 1,383,227

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

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 198,220	\$ 122,894
Adjustments for:		
Depreciation	75,385	77,648
Amortization	4,008	2,759
Net gain on fair value changes of financial assets at fair value through profit or loss	(18)	(11)
Finance costs	2,916	7,337
Interest income	(10,393)	(21,897)
Share-based payments	953	21,563
Gain on disposal of property, plant and equipment	(173)	-
Write-down of inventories	10,206	23,933
Unrealized loss on foreign exchange	6,736	1,017
Net changes in operating assets and liabilities		
Notes receivable	20,481	(25,619)
Accounts receivable	(76,220)	(7,046)
Accounts receivable from related parties	(1,583)	26,722
Other receivables	19,336	(15,637)
Other receivables from related parties	56	3,795
Inventories	59,551	(118,064)
Other current assets	(10,985)	(6,693)
Contract liabilities	(4,712)	(2,932)
Accounts payable	(43,549)	63,745
Accounts payable to related parties	3,946	21,329
Other payables	16,330	(35,010)
Other payables to related parties	(434)	252
Provisions	(9,638)	414
Other current liabilities	14,069	4,960
Net defined benefit liabilities	204	42
Cash generated from operations	274,692	145,501
Income tax paid	(39,761)	(36,304)
Net cash generated from operating activities	<u>234,931</u>	<u>109,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(36,000)
Purchase of financial assets at fair value through profit or loss	(19,802)	(202)
Proceeds from sale of financial assets at fair value through profit or loss	246	-
Payments for property, plant, equipment	(89,056)	(46,982)
Proceeds from disposal of property, plant and equipment	48,734	1,034
Payments for intangible assets	(1,920)	(14,813)
Increase in other non-current assets	(422)	-

(Continued)

INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Decrease in other non-current assets	\$ -	\$ 988
Interest received	<u>10,186</u>	<u>21,457</u>
Net cash used in investing activities	<u>(52,034)</u>	<u>(74,518)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	100,000	-
Decrease in short-term borrowings	(170,000)	(255,000)
Increase in guarantee deposits received	26,882	14,133
Repayment of the principal portion of lease liabilities	(14,964)	(15,837)
Cash dividends paid	(44,294)	(51,204)
Proceeds from issuance of ordinary shares	-	379,635
Exercise of employee share options	18,117	12,335
Interest paid	<u>(2,801)</u>	<u>(7,198)</u>
Net cash (used in) generated from financing activities	<u>(87,060)</u>	<u>76,864</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE	<u>7,486</u>	<u>(17,258)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,323	94,285
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>671,658</u>	<u>577,373</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 774,981</u>	<u>\$ 671,658</u>

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

(Concluded)

Attachment 4**InnoCare Optoelectronics Corporation
2024 Earnings Distribution Table**

Unit: NT\$

Item	Amount	Remark
Unappropriated retained earnings of previous years	323,985,435	
Add : Net income after tax of 2024	<u>152,939,168</u>	
Add : Actuarial losses of defined benefit plans	136,962	
Deduct : Share-based payment	(484,268)	
Deduct : Legal reserve	(15,259,186)	
Deduct : Special reserve (Note 1)	(29,373,943)	
Unappropriated retained earnings as of December 31, 2024	431,944,168	
Distribution item (Note 2)		
Cash dividends of common stock	(74,756,070)	NT\$1.8 per share
Unappropriated retained earnings	357,188,098	

Note 1: The Company shall set aside a special reserve from the net deduction from shareholders' equity (including exchange differences from the translation of financial statements of foreign operations and Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income) for the current fiscal year.

Note 2: The retained earnings of 2024 are distributed first, in accordance with the Articles of Incorporation of the Company and the resolution of shareholders meeting.

Chairman:

Managerial Officer:

Chief Accountant:

Attachment 5

Comparative table for Amendment to Articles of Incorporation

Article No.	The Current Article	The Amended Article	Reasons for Amendment
Article 7	The registered capital of the Company shall be NTD 500,000,000 , divided into 50,000,000 shares with a par value of ten New Taiwan Dollars, to authorize Board of Directors at their discretion to issue separately. Item 2(Omitted hereunder)	The registered capital of the Company shall be NTD <u>800,000,000</u> , divided into <u>80,000,000</u> shares with a par value of ten New Taiwan Dollars, to authorize Board of Directors at their discretion to issue separately. Item 2(Omitted hereunder)	Cooperate with the revision of operation plan
Article 21	The Company shall have five to seven directors for a term of three years. They are to be selected among people of legal capacity during shareholders' meetings and may be re-elected to serve consecutive terms. If the representative of an institutional shareholder is elected as director, the said institutional shareholder may re-assign the director at any time so as to fulfill the unexposed term of the predecessor. Among of the number of directors above, at least two of which shall be independent directors, and not less than one- fourth of the total number of directors. In case a candidate nomination system is adopted, the shareholders' meeting shall elect the directors from among the nominees listed in the roster of director candidates. The professional qualification, shareholding and part-time job restrictions, nomination methods and other matters that shall be followed of independent directors shall be subject to applicable requirements of the competent securities authority. The candidate nomination system as required by Article 192-1 of the Company Act is adopted for the selection of directors. Shareholders are to select from the list of candidate directors. The Company shall have directors covered by liability insurance for their legitimate liabilities of compensation within their term in office and scope of duties.	The Company shall have five to seven directors for a term of three years. They are to be selected among people of legal capacity during shareholders' meetings and may be re-elected to serve consecutive terms. If the representative of an institutional shareholder is elected as director, the said institutional shareholder may re-assign the director at any time so as to fulfill the unexposed term of the predecessor. Among of the number of directors above, at least <u>three</u> of which shall be independent directors, and not less than one-third of the total number of directors. In case a candidate nomination system is adopted, the shareholders' meeting shall elect the directors from among the nominees listed in the roster of director candidates. The professional ualification, shareholding and part-time job restrictions, nomination methods and other matters that shall be followed of independent directors shall be subject to applicable requirements of the competent securities authority. The candidate nomination system as required by Article 192-1 of the Company Act is adopted for the selection of directors. Shareholders are to select from the list of candidate directors. The Company shall have directors covered by liability insurance for their legitimate liabilities of compensation within their term in office and scope of duties.	To comply with the amendment of the regulations.
Article 32	In cases of profits for the year, the Company shall set aside no less than 5% as the remuneration to its employees and no higher than 1% as that to directors. In	In cases of profits for the year, the Company shall set aside no less than 5% <u> of which no less than 3% will be used as employee remuneration distribution for</u>	To comply with the amendment of the regulations.

Article No.	The Current Article	The Amended Article	Reasons for Amendment
	<p>cases of accumulated deficits, on the other hand, the Company shall first retain the value sufficient to offset the deficits. When the remuneration to employees is assigned in stock or in cash and that to directors in cash, it shall be enforced by the Audit Committee with affirmative votes from at least one-half of the directors and approval by a majority of attending directors that account for two-thirds of all directors during a Board of Director's meeting and be reported during the shareholders' meeting.</p> <p>Those entitled to the remuneration to employees assigned by the Company include the employees of a controlled or affiliated company who meet the criteria set by the Board of Directors or its authorized people.</p>	<p>grassroots employees; and the directors' compensation shall not be higher than 0.1% of the current year pre-tax income before deducting the distributable employees' and directors' compensation of the Company. However, the Company's accumulated losses shall have been covered. The company shall, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash and have the profit distributable as director's compensation in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Those entitled to the remuneration to employees assigned by the Company include the employees of a controlled or affiliated company who meet the criteria set by the Board of Directors or its authorized people.</p>	
Article 36	<p>This Articles of Incorporation was prepared on March 20, 2019. The first amendment was on September 1, 2019.... (Omitted hereunder.). <u>The ninth amendment was on May 24, 2024.</u></p>	<p>This Articles of Incorporation was prepared on March 20, 2019. The first amendment was on September 1, 2019.... (Omitted hereunder.). <u>The tenth amendment was on May 20, 2025.</u></p>	Clarify the Articles of Incorporation revision history.