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Etron Technology, Inc.

Annual Report 2022

(Translation)

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V 、 The Company does not issue any overseas securities.

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Chapter 1 Letter to Shareholders

Dear Shareholders,

2022 is a year of volatility for the semiconductor industry. Under the intensifying US-China trade war and de-globalization trend, Taiwan has become one of the keys in the semiconductor supply chain. However, in the face of an array of adverse factors including the Russo-Ukrainian War, COVID-19 prevention measures, the decline in the global macro-economy, high inflation rate, and interest hikes, the semiconductor industry is challenged by inventory pressure and adjustments in the supply and demand in early 2022. In 2022, the Taiwanese semiconductor industry hit NT\$ 4.84 trillion in gross production value, with an 18.5% increase, according to the Taiwan Semiconductor Industry Association (TSIA) and Industrial Economics and Knowledge Center of the Industrial Technology Research Institute; while the IC design sector's production value grew by 1.4%, to NT\$1.23 trillion.

Operating Achievements

Our consolidated operating revenues stood at NT\$ 4.685 billion in 2022, with a consolidated net income of NT\$ 74 million after tax, and EPS of NT\$ 0.50.

Operations policy and business strategy

The Group builds its strategy “Eye-Brain-Nerve Convergence” to develop its core products that emulate the eyes, brains, and nerves of the human body, while undertaking product development and integration within the Group. In addition, it upholds the spirit of innovation and corporate sustainability in the forward research of semiconductor components and process to accumulate competitive intellectual property of new inventions. On the business front, we continue to reshape ourselves, utilizing our financial sources sparingly, and enhancing our operational efficiency. We are quality-centered and focus on the delivery of technical services to maintain long-term and stable partnerships with globally leading companies. We harness our technical and business capabilities by optimizing our product portfolio and actively developing new products and new markets, and we work with different systems integrators to create innovative products that can meet the needs of the future, while transforming ourselves from a component vendor, to software, application and system developer and finally to a secondary system provider to bring forth value-added products. We also strengthen our relationship with our strategic partners from different sectors and work with them on matters related to production capacity, technology, markets, and capital, thereby fueling our growth dynamics and securing our foothold in long-term development.

Research & Development

Based on the strategy “Eye-Brain-Nerve Convergence”, the Group established 3 major product lines:

I. Specialty Buffer Memory

Etron Technology's specialty DRAM products boast high quality, high performance, and high cost-effectiveness. These products feature ultra-high bandwidth and super-low power consumption. Apart from the commercial-use products in the consumer market, we also provide customized Known-Good-Die (KGD) solutions for industrial-use products that are used in harsh environments, and automotive-use products that require high-quality and high reliability. KOOLDRAM[®], our latest product largely extends the data-retention time under the JEDEC standards by utilizing innovative circuit design. Its to exert better overall effectiveness in high-temperature environments such as automotive equipment and KGDs.

To fulfill the high demand for miniature end devices in the AI-generation, we have also launched the world's first RPC DRAM[®] offered in WLCSP (Wafer Level Chip Scale Package). The RPC DRAM[®] has only half of the number of pins of Standard DRAM, has the smallest form factor, and supports high bandwidth for x16 DDR3 SDRAM. In addition, with the advantages of cost performance and low power consumption, this DRAM is compatible with wearable or mobile devices of AI endpoint products, and can be memory solution for of AI chip design.

In addition to emerging the needs of end point, Etron Technology focuses on innovation and in-

depth R&D on its Direct-Wide-Bus (DWB) and Reduced-Access-and-Latency (RAL) technologies. Deviating from the High-Bandwidth Memory (HBM) technology, Etron Technology is aiming to develop GDDR5 products that are compatible with bandwidths of 10GB/s to 400GB/s, so as to meet the ever-growing demands for computing power and throughput of AI+SoC, by incorporating Controller+DRAM solution. This product offered us a brand-new business model. Our product line consists of SDR, DDR, DDR2, DDR3, DDR3L, DDR4, LP DDR2, and LP DDR4, with input and output from 4 to 64bits and densities ranging from 16 Mb to 8 Gb. In particular, high-density products such as DDR2, DDR3, DDR3L, DDR4, and LP DDR4 are manufactured by 2x/1x nm advanced process mass production have been widely used in an array of emerging and booming fields, including network communications, set-top boxes, digital TVs, surveillance devices, 5G broadband communications, endpoint AI, smart homes, robots, and cloud storage.

II. High-speed USB Chips

Etron Group has the world-leading IC solutions for both USB Type-C and Thunderbolt that meets the USB4 specifications, and is the first to support the new USB4 Version 2.0 specification published by USB Implementers Forum (USB-IF) at the end of 2022, doubling the data transfer rate from 40Gbps to 80Gbps while maintaining backward compatibility, thus ensuring the optimal interoperability between devices. On the other hand, our fiber-optic cable solution - the Optically Isolated Active Cable (OIAC) - transmits data of up to 10 Gbps; it can be used in a large video conferencing room, thus satisfying the growing need for virtual conferences among companies hit by the COVID-19 pandemic. Furthermore, the recently launched new-generation 4K@60Hz capture card IC integrates multiple video and audio processing functions and innovatively utilizes USB 3.2 2-lane transmission for uncompressed image data to capture immaculate 4K 60Hz high resolution contents, further entering the professional audio and video market.

III. 3D Video Chips and AI Applications

We have developed a wide-angle video technology and a depth of field point cloud algorithm, and both can facilitate the development of AI edge computing and deep learning. We have mass-produced and launched our 2D/3D machine-vision sensing modules and single/dual/multiple-lens 3D vision (ThingCapture™) cameras. Both products employ our exclusive software development kit (SDK) to build machine learning (ML) models for image recognition, image navigation, and 3D holograms. The recently launched XINK new generation robot visual platform with built-in AI chips can process large amounts of data within a short timeframe and is more and exert better performance in the AI and machine learning fields. Through partnership with internationally renowned manufacturers, this product is extensively applied in medical equipment, smart IoT, automation guided vehicles, and industrial installations.

Due to the importance of information and cyber security are getting more and more attention. To protect the privacy of personal information and data on the Internet, we use Privacy Computing to provide personal privacy protection solutions. Under our solution framework, enterprises can analyze the de-identified big data and applied to the AI prediction model. These efforts enable information to be used effectively and accurately while protecting private information.

In 2022, our products and technologies were honored the R&D Achievement Award and Innovative Product Award at the Hsinchu Science Park, TISA Research Award from Taiwan Information Storage Association, and CES 2023 Innovation Awards. As of the end of 2022, Etron Technology had obtained 768 patents in Taiwan and abroad, as well as 224 pending patent applications, which demonstrates our solid R&D capability.

Future Operating Outlook

As the semiconductor industry is entering the trillion-dollar era, the Company has been following the industrial trend of heterogeneous integration. Also, it has adopted the concept of sustainability of green design and non-polluting industry and continues to develop high speed, high bandwidth, suitable density/capacity, low cost specialty DRAMs and logic chip products to provide for the emerging application markets (such as broadband communications, wireless networks, virtual reality, consumer electronics, surveillance systems, smart homes, intelligent cars and drone, AI, and machine learning), so that we can respond to the latest demand of the fast-growing industry. At the same time, we have also set foot in the business of industrial- and automotive-grade products, and are thus developing a new operating model and expanding our product lines. We will expedite our R&D, continue to optimize our product portfolios, build new customer bases in new markets, and increase market shares in targeted application markets, to ultimately ensure steady growth.

Chairman: Nicky Lu

President: Elvis Deng

Accounting Supervisor :Yu-Chia,
Cheng

Chapter 2 Company Profile

I. Date of Incorporation

The Company was founded in February 1, 1991

II. Company History

- 1991
- Worked with the Electronic Research Laboratory, Industrial Technology Research Institute (ITRI), to implement the national sub-micron program to define the 0.5-micron logic, 16Mb DRAM, and 4Mb SRAM technologies independently developed by Taiwan, and developed such technologies on a trial basis; developed Taiwan's first 4Mb DRAM in the same year.
 - Chairman Nicky Lu was awarded the Honorary Fellow of the Institute of Electrical and Electronics Engineers (IEEE).
- 1993
- Developed Taiwan's first 16Mb DRAM and 4Mb SRAM.
- 1994
- Successfully completed the national sub-micron program, enabling the Republic of China to independently manufacture 8-inch wafers and to design sub-micron products. The industry has thus begun to invest heavily in the semiconductor industry, so it has been awarded the medal of "Achievement in Sub-Micron" by the Electronic Research Laboratory, ITRI.
- 1995
- Successfully verified 256Kb×16 graphics display DRAM as Taiwan's first EDO DRAM and won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
 - Won the second place in the excellent business growth performance in Hsinchu Science Industrial Park and the third place in productivity in the design industry.
- 1996
- Ranked 10th in the comprehensive index of private manufacturing industry of large enterprises in Taiwan by China Credit Information Service Ltd. and 13th in the semiconductor manufacturing industry of the "Top 1000 Manufacturing Enterprises" by Business Weekly.
 - Chairman Lu was elected as the first director of Taiwan Semiconductor Industry Association (TSIA).
 - Chairman Lu was elected as one of the five IEEE Solid-State Circuits Society AdCom members worldwide.
- 1997
- Developed the 8Mb SGRAM, the first in the ethnic-Chinese community and the sixth in the world, and the 16Mb SGRAM, the first in the world, and began mass production.
 - Won the second place in the single-quarter evaluation of Intel memory strategic suppliers.
- 1998
- Chairman Lu won the highest honorary technological medal in the international semiconductor electronics industry: "1998 IEEE Solid-State Circuits Award" with the citation "for pioneering contributions to high speed dynamic memory design and cell technology".
 - Officially listed for trading on Taipei Exchange.
 - Passed ISO 9001 quality certification awarded by KEMA.
 - 16Mb SGRAM won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
- 1999
- Won the 7th "Industrial Technology Development Outstanding Award" from the Ministry of Economic Affairs.

- Chairman Lu was elected as a member of the National Academy of Engineering (NAE).
- 2001
 - Chairman Lu and Joe Ting, Senior Vice President, were awarded the "National Outstanding Science and Technology Award" by the Executive Yuan.
 - EL7300 high-performance liquid crystal display controller chip product won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park and the first "Outstanding Product Award of Flat-Panel Display Device Technology Award" from the Ministry of Economic Affairs.
 - Led the development of the world's most competitive 8Mb LP SRAM die products.
 - Won the Excellent Smart Building Award from the Ministry of Interior.
 - Led the development of 1.8V 4Mb and 8Mb low-power SRAM products for portable electronic products.
- 2002
 - Low-power SRAM product line won the 10th Taiwan Excellence Award.
 - Took the lead in the introduction of 4Mb×32 DDR DRAM with a transmission speed of 2.4GB per second and began mass production.
 - Passed the INTEL SSQA_Lite Supplier Self Quality Assessment quality system verification.
 - Took the lead in the launch of 4Mb×32 low-power SDRAM products, stepping into the portable information device market.
 - EL7301 liquid crystal display control IC won the second "Outstanding Product Award of Display Components Product Technology Award".
 - Won the Silver Medal of the 11th "National Invention Award" from the Ministry of Economic Affairs.
 - Passed ISO 9001: 2000 quality certification awarded by Underwriters Laboratories Inc.
 - The 8Mb low-power SRAM Known-Good-Die product won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
 - Won the Seagate "Partners Strengthen the Chain" award.
- 2003
 - The LCD Controller IC product line won the 11th Taiwan Excellence Award.
 - Launched the world's first 8 Mb×32 DDR memory product as the best solution to laptops and graphics cards.
 - Won the Sony's "Certificate of Green Partner".
 - Won Intel's Certified Supplier Quality Award.
 - Won the ABIT COMPUTER CORP.'s "Outstanding Partnership" award.
- 2004
 - Chairman Lu was the first ethnic-Chinese to be invited to deliver a keynote speech at International Solid-State Circuits Conference (ISSCC) hosted by the IEEE. In his speech, he stated that the heterogeneous integration generation of semiconductors was approaching. After Moore's Law, human beings would begin the application of mD-IC to work towards the integration of multiple nanodevices.
 - Selected by the Executive Yuan as a "Excellent Business Unit that Values Female Human Resources".
 - Won the MCP Award from Seagate.
 - Won the Intel's Preferred Quality Supplier Award (PQS) of the year; the news

- of the award was published in the Wall Street Journal.
- Chairman Lu was appointed as the chair of the Asia-Pacific Fabless Leadership Council of Fabless Semiconductor Association (FSA).
 - Chairman Lu was awarded the "Excellent Director and Supervisor Medal of the Industrial and Mining Organization of Republic of China".
 - Chairman Lu was awarded a fellow of the Chinese Society for Management of Technology (CSMOT) of the Republic of China.
- 2005
- Ranked among the top 500 importers and exporters by the Ministry of Economic Affairs.
 - Won the "Best Partner Award" of Powerchip Semiconductor Manufacturing Corporation.
 - Passed ISO 14001:2004 environmental management system certification.
- 2006
- Ranked among "2006 Top 100 Tech Companies in Taiwan" by the Business-Next Magazine.
 - Won Seagate's "In Appreciation of Your Valuable Contributions".
 - Chairman Lu was appointed as a director of FSA.
 - Won the "R&D Achievement Award" from the Hsinchu Science Industrial Park Administration.
- 2007
- Participated in the private placement project of TXC Corporation (5468).
 - Signed a 10-year industry-academia collaboration agreement with National Taiwan University.
 - Recognized by the Tax Collection Office of the Hsinchu City Government for honest tax payment.
 - Chairman Lu was approved by the Ministry of Economic Affairs as the Excellent Merchant of the Republic of China in 2007, and was received by the President and awarded the Golden Merchant Award by the General Chamber of Commerce of the Republic of China.
- 2008
- Passed Underwriters Laboratories Inc.'s ISO 14001 quality certification.
 - Passed the OHSAS 18001:2007 occupational safety and health management system.
 - Launched DDR and SDR product lines designed through 90 nm process.
 - Won the "Performance Achievement Award" from WD in the U.S.
 - Won the national-level "Friendly Workplace" certification mark by the Council of Labor Affairs, Executive Yuan.
- 2009
- Launched DDR and SDR DRAM product lines designed through 70 nm process.
 - Certified as a member of the U.S. Customs-Trade Partnership Against Terrorism (C-TPAT).
 - Rated grade A in the information evaluation of listed companies.
 - Chairman Lu was appointed as the chair of the board of Global Semiconductor Alliance (GSA).
- 2010
- Chairman Lu won the 2010 ERSO Award.
 - Ranked among the top 500 importers and exporters by the Bureau of Foreign Trade and won the label.
 - USB3.0 host-side controller IC chip product EJ168 was certified with the Windows Logo by Microsoft's Windows Hardware Quality Labs (WHQL) and won the "2010 Information Month Outstanding Information Application and

- Product Award" as the only USB3.0 technology application product in the award. In the same year, it was officially mass-produced and launched to the market. The Company was the first domestic semiconductor company that mass-produced USB3.0 host controllers, and became the world's leading manufacturer of the official version of USB3.0 host controllers with the latest HCI 1.0 specifications.
- 2011
- Accepted the invitation of the USB Implementers Forum (USB-IF) to reveal Etron's development of technology based on the concept of " Eye-Brain-Nerve Convergence " at the Consumer Electronics Show (CES).
 - Won the "Best Quality Award" from Arcadyan Technology Corporation of the Compal and two excellent supplier awards from DRAM key customers.
 - USB3.0 host controller chip EJ168 and USB3.0 dual-channel flash memory drive controller chip EV268 passed the Super Speed USB international certification of the USB-IF. EJ168 also won the "2011 Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
 - Passed Underwriters Laboratories Inc.'s BS OHSAS quality certification.
 - Launched 2Mb×16 A/D Mux Pseudo SRAM products designed through 6X nm process.
 - The eSP 868 3D image capture and somatosensory recognition single chip won the "2021 Information Month Outstanding Information Application and Product Award".
 - Won the "Top 10 Best Operational Efficiency Award" from the Hsinchu Science Industrial Park.
 - Selected as an enterprise for offering an excellent "Employee Assistance Program (EAP)" by the Council of Labor Affairs
- 2012
- Chairman Lu won the "2011 Outstanding Evening Session Award" from the ISSCC.
 - USB3.0 single-channel flash memory drive controller chip EV166 and USB3.0 four-port host controller chip EJ188 passed the SuperSpeed USB international certification of the USB-IF as the first Taiwanese manufacturer to have passed the USB-IF xHCI 1.0 certification.
 - EJ198 USB3.0 four-port host controller chip passed the international USB-IF x HCI 1.0 certification.
 - USB3.0 host controller chip product line: Dual-port EJ168, four-port EJ188, and four-port EJ198 were certified by Microsoft's Windows 8 ahead of other suppliers.
 - Chairman Lu won the "Management of Technology Award of the Chinese Society For Management Of Technology".
 - The single-chip eSP868 for 3D image capture and somatosensory recognition won the "2012 Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park.
- 2013
- Chairman Lu was elected as the 9th Chairman of the TSIA.
 - Participated in the Intel Developer Forum to exhibit USB3.0 host controller chip, USB3.0 flash memory drive controller chip, and USB3.0 3D image capture and somatosensory recognition single chip total solution.
- 2014
- Chairman Lu was invited to discuss "Future Innovation and Prospects of the Semiconductor Industry" at the evening forum of ISSCC.
 - 3D dual image capture and in-depth recognition single-chip SoC eSP870 won

the "Best Choice Golden Award" at the Computex Taipei.

- TSIA held the World Semiconductor Council (WSC), chaired by Dr. Nicky Lu, Chairman of TSIA and Chairman of Etron Technology, which enabled Taiwan's semiconductor industry to contribute to the world's technological and human progress and greatly enhance Taiwan's image in the international community.
 - Won the Family LOHAS Award and the Health LOHAS Award of the first Work-Life Balance Award launched by the Ministry of Labor, which were the highest national honor for the Company's promotion of work-life balance.
 - Launched 3D scanning and imaging system (in both desktop and mobile forms) and 3D somatosensory game box to create new human-computer interaction experience for consumers.
 - Etron Technology delivered a speech on "The Capabilities, Approaches, and Future Applications of Three-Dimensional Image Capture" and gave an on-site demonstration at the Image Sensors Americas 2014
 - Took the lead in the introduction of the switch control IC-EJ179 that supported the USB Type-C connector with the transmission rate of as high as 10Gbps.
 - Chairman Lu served as the chair of the 2014 Asian Solid-State Circuits Conference (A-SSCC).
 - Chairman Lu was awarded the "2014 Excellent Director and Supervisor Medal of the Industrial and Mining Organization of Republic of China" by the Chinese National Federation of Industries
 - Introduced the "ThingCapture" platform and eSP870 IC to launch the "OK360™". Individuals can use the "ThingCapture" system to convert images into 3D data or use 3D printing to create a three-dimensional model. It is a brand-new "thing capturing" technology in addition to photo, photography, and 3D Video.
 - Took the lead in introduction of three IC products EJ898 (USB PD 2.0), EJ179V (USB Type-C Switch plus integrated control function), and EJ988 (the world's first integrated Type-C switch and PD2.0 multifunctional IC).
- 2015
- Demonstrated USB Type-C and Power Delivery series of IC products at Intel IDF Spring Technology Summit.
 - Chairman Lu was re-elected as the 10th Chairman of the TSIA.
 - Developed random access time from 30ns (nanoseconds) of traditional DRAM to <10ns significantly, and the ultra-high-speed DRAM design through heterogeneous integration with the bandwidth as high as 100GB/s, which was published at 2015 VLSI Symposium.
 - Complete the design of 128Mb DDR2/DDR DRAM products with 45nm process, which was put into trial production.
 - USB Type-C data switching/power transmission controller EJ988 won the "Best Choice Golden Award" at the Computex Taipei.
 - Presented "A Computer Designed Half Gb 16-Channel 819Gb/s High-bandwidth and 10ns Low-Latency DRAM for 3D Stacked Memory Device Using TSVs" at the 2015 VLSI Circuit Symposium.
 - USB Type-C E-Marker transmission line control IC-EJ901 passed the certification of the USB-IF.
 - Conducted demerger of the business groups. The high-speed interface control chip business segment and the 3D image control chip business segment were divided into 100%-owned subsidiaries eEver Technology, Inc. and eYs3D

Microelectronics, Co., respectively.

- Participated in the USB Developer Days held by the USB-IF to exhibit the USB Type-C fast charge control chip.
 - Chairman Lu was invited to give a special speech on "Hsinchu Science Industrial Park Talents Achieve Technological Innovation as Global Heroes" at the 35th anniversary of the Hsinchu Science Industrial Park.
 - Launched the 3D OK363™ mobile imaging system for mobile phones as the first in the world.
 - Released the USB3.0 video and audio capture solution GamePtS, which could record the game process on-site and share it on the Internet.
 - USB Type-C E-Marker transmission line control IC-EJ901 and USB Alternate Mode Micro-Controller chipset EJ898 passed the USB Type-C™ certification of the USB-IF.
 - Launched the "eYsGlobe™" 360-degree camera.
- 2016
- USB Display Alternate Mode chipset EJ898A entered the systems Intel advised as a world-class recognized Type-C participating brand.
 - Chairman Lu was elected as a member of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA).
 - HIWIN, Etron Technology, and eYs3D Microelectronics, Co. took the lead in developing the "Industry 4.0 Robot Vision Application" to introduce IC design into industrialization so as to develop a layout in industrial IC, increase added value, and optimize manufacturing processes.
 - eYs3D Microelectronics, Co. and Etron Technology jointly launched NR/VR 3D eYsGlobe™ –a good mobile phone partner with 3D virtual reality function; successfully developed controller single chip eSP876 with the world's highest speed 3D image capture technology which was up to 60 HD 720P 3D depth maps per second and the depth recognition function.
 - Invested in eCapture Technologies and launched LyfieEye™ fundraising event on the crowdfunding platform, raising a fund reaching 200% of the target.
- 2017
- Invested in eCapture Technologies to launch LyfieEye™, the world's first 360-degree camera that supports Android phones, and officially launched it to the markets in the U.S. and Taiwan, which won the Best Choice Award and the Computex D&I Award 2017 at the Computex Taipei.
 - Etron Technology released 30nm high-bandwidth, energy-efficient specialty buffer memory products, which could be introduced to advanced driver assistance systems (ADAS) and audio-visual information platforms, supporting 4K ultra-high-quality display panels and VR photography sampling applications.
 - eYs3D Microelectronics, Co. and Etron Technology jointly released the IC+Module for Cyber6d-Vision&Sense™ for the business opportunities from new technology applications, such as VR/NR/AR, AI, robots, and smart cars .
 - Chairman Lu was awarded the Industry Contribution Award from the Semiconductor Equipment and Materials Institute (SEMI) and the President of the Republic of China at the SEMICON Taiwan Leadership Gala Dinner.
 - The highly integrated USB PD3.0 controller IC-EJ899 of eEver Technology, Inc. and Etron Technology passed Quick Charge 3.0 certification, which could double the charging speed of mobile phones.
 - Etron Technology took the lead in launching high-performance low-power memory 256Mb Mobile DDR2 and 512Mb DDR3, which specialized in

- AR/VR high-bandwidth image processing, and provide complete memory product lines for broadband communication.
- 2018
- Etron Technology, Inc. and eEver Technology, Inc. jointly launched the EJ515 USB bridge and control solution for consumers to play mobile games across different platforms.
 - Etron Technology, Inc. and eYs3D Microelectronics, Co. jointly launched the 3D-MAMEC (Multiple-Aperture Measurement+Eye+Capture) Sub-System EX8038, which adopted 3D natural light depth map vision IC/platform technology, and won the "Excellent Manufacturer Innovative Product Award" from the Hsinchu Science Industrial Park Administration.
 - Invested in eCapture Co., Limited Taiwan Branch (Hong Kong) to release the world's smallest and lightest 360° panoramic camera LyfieEye200™ with LyfieRoam™ app, which was designed for AR/VR and commercial applications and supported Android and Windows systems, and won the Computex D&I Award 2018; the fund raised for this product on the crowdfunding platform reached 141% of the target
 - Etron Technology's 3D sensing wide-angle ranging/gesture recognition module-EX8036 won the Best Choice Award at the Computex Taipei, and Etron Technology was invited to exhibit the medical applications with the 3D gesture control system adopted.
 - Etron Technology, Inc. and eYs3D Microelectronics, Co. jointly launched the world's smallest and lightest "4Kx2K Industrial 360° Eye", "3Kx1.5K Industrial 360° Eye" and "3Kx1.5K Automotive 180° Eye". The 360°/180° panoramic image capture solution was expanded from commercial applications to industrial and automotive panoramic vision applications.
 - Etron Technology exhibited the world's smallest and lightest 360° panoramic camera LyfieEye series of products at the Hsinchu 300 Expo and the IC60 Special Exhibition at the 60th anniversary of the invention of the integrated circuit.
- 2019
- Etron Technology, Inc. released the new DRAM-RPC® (Reduced Pin Count) technology required by the small form factor of artificial intelligence (AI) end points, which could minimize the system, making it easy to be applied to devices around so as to accelerate the popularization of IA in terminal devices.
 - eEver Technology, Inc. and Etron Technology's USB PD3.0 control dual-channel output 1A+1C power smart distribution transmission solution EJ899V was certified by Qualcomm QC4+ and passed the USB-IF's PD3.0 PPS compatibility test.
 - eEver Technology, Inc. and Etron Technology's USB Type-C E-Marker transmission line control IC-EJ903 passed the USB-IF's certification and Intel's and Apple's Thunderbolt™ 3 40Gbps certification.
 - Etron Technology, Inc. and eYs3D Microelectronics, Co. participated in "NEPCON Japan 2019", exhibiting 3D Depth-Map Modules & Platforms in the Taiwan Pavilion in the theme of "Automotive World 2019" and deliver a keynote speech on "3D Depth Sensing for Enhanced ADAS".
 - Etron Technology's 180°, 4K high-definition, 6-DoF IMU 3D depth map camera EX8040S won the Best Choice Award at the Computex Taipei.
 - Etron Technology was invited to showcase and deliver a speech on "Use of Sensor Fusion to Accelerate AIOT Ecosystem" in the AI Application Zone and InnoVEX Forum at the 2019 Computex.

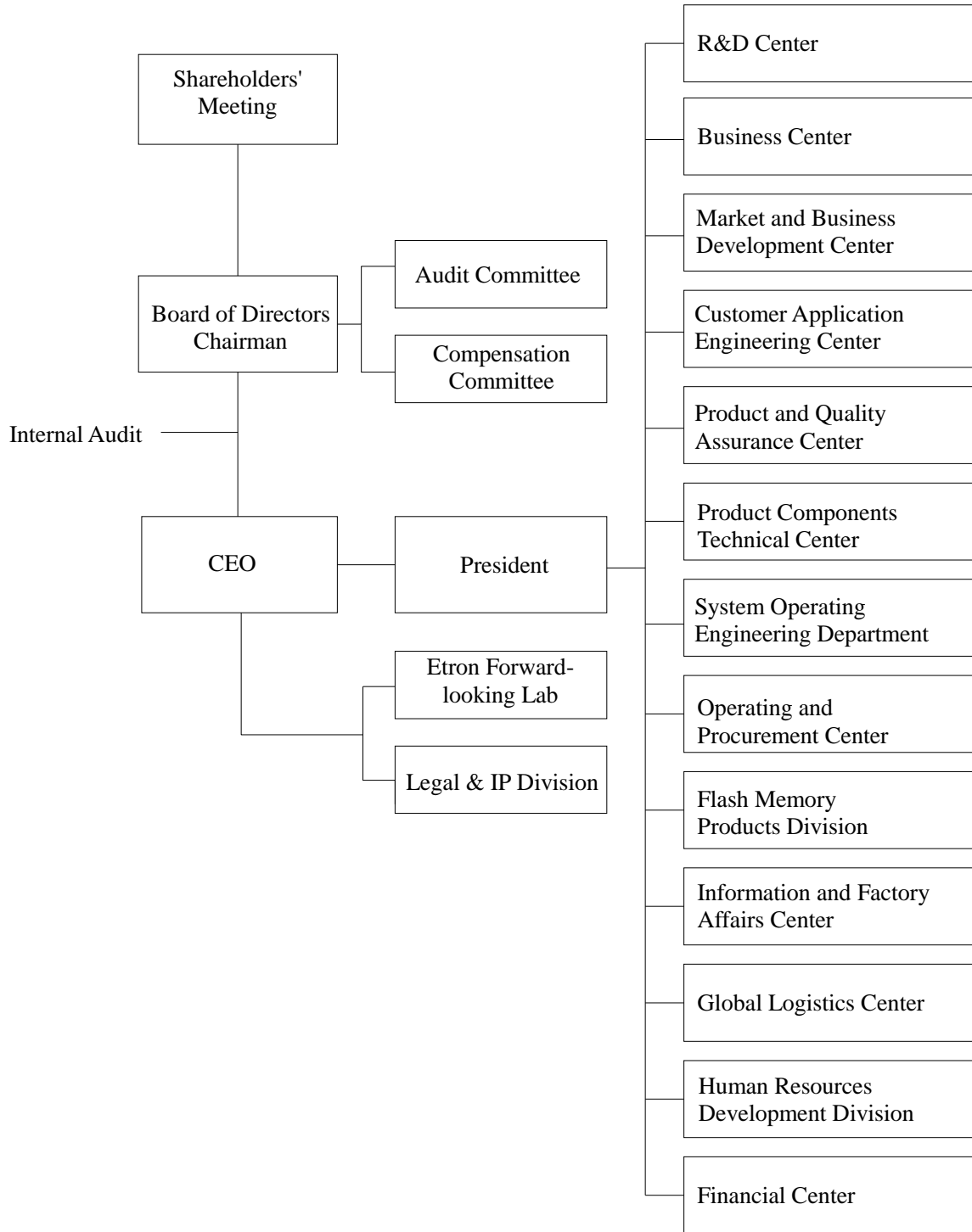
- Etron Technology released the world's first WLCSP (wafer-level die packaging) DRAM in VLSI Symposia, which was the world's smallest RPC[®] DRAM designed for AI-Edge/Wearable/FPGA.
 - The world's smallest RPC[®] DRAM of Etron Technology won the Enterprise Excellence Award at the 3rd Innovative and Smart Application Contest. eYs3D Microelectronics, Co.'s 3D, four-eye, natural light depth map visual 3D sensing sub-system EX8038 won the Innovation Excellence Award. Both were invited to exhibit said products at TAITRONICS and AIoT Taiwan. Etron Technology also delivered a keynote speech on "AIoT: Application and Opportunity for Memory" at the exhibition.
- 2020
- eYs3D Microelectronics, Co. and Etron Technology jointly released AI machine-human eSP678, eSP778, and eSP777 image processing controller ICs to meet developers' increasing demand for software and hardware development platforms that adopt AI/ML machine vision.
 - eEver Technology, Inc. and Etron Technology's USB Type-C E-Marker transmission line control IC-EJ903 passed both USB-IF's 40Gbps USB4[™] certification and Intel's Thunderbolt[™]4 certification as the only manufacturer in the world that has passed the USB4[™] and Thunderbolt[™]4 certifications.
 - BizLink, eEver Technology, Inc., and Etron Technology took the lead in launching high-quality certified USB4 Gen 3 Type-C transmission line products, which have been officially mass-produced.
 - eEver technology, Inc. and eTron Technology launched the EJ511 series of USB audio and video capture solutions, which can provide users with the most comfortable and convenient live broadcast, game and video recording experience.
 - eYs3D microelectronics, Co. published the 3D depth sensing system EX8052 with high accuracy and High C/P value, which is the first choice for new epidemic prevention technologies with contactless man-machine interface; and launched the integration scheme of 3D depth sensing technology and AR smart glasses.
- 2021
- Chairman Nicky Lu, LIN, MING-HUA and LEE, CHI-FENG were honored to be awarded with National Invention and Creation Award for their joint invention, "IMAGE DEVICE CORRESPONDING TO DEPTH INFORMATION/PANORAMIC IMAGE AND RELATED IMAGE SYSTEM THEREOF" (Patent Certificate No.: I660231)."
 - Etron Technology sponsored and co-organized the K. T. Li Technology Forum on "Semi-conductor in Taiwan, Road to the New Century," , with Chairman Nicky Lu as the forum convener and moderator.
 - eEver technology, Inc. and eTron Technology took the lead in launching the OIAC optical fiber cable and E-Marker IC solutions to active cables, such as USB Type-C of USB4 Re-driver.
 - ETron Technology launched the KOOLDRAM[™], a JEDEC-compliant product that significantly extends the retention time of DRAM data.
 - eYs3D microelectronics, Co.'s eSP777 image processing controller ICs, an innovative binocular 3D color image distortion correction chipset platform, were successfully applied to medical grade minimally invasive spinal endoscopy systems, smart follow-up trolleys, fitness magic goggles and other lifestyle applications.
- 2022
- The world's smallest 3D binocular vision module, G53, and vision SLAM module, D60i, were exhibited at CES.

- ETron Technology, together with several semiconductor companies, signed an industry-academic partnership with Chang Gung University to offer memory education program to cultivate advanced memory R&D talents for the next generation.
- DeCloak intelligence Co. developed a technological epidemic prevention app, "Epidemic Prevention Assistant," and made it available to the public for free download to serve as a back-up for the government and people to prevent epidemics and fulfill their social responsibility.
- Leopard Imaging is a global leader in high-definition embedded cameras and AI camera solutions. Cooperated with Leopard Imaging, eYs3D Microelectronics, Co. has developed three cameras that give computer vision advantages to autonomous mobile unmanned vehicles that are used outdoors and in great areas such as large manufacturing spaces. The three cameras that have passed the IP67 international protection level certification are equipped with a development kit compatible with embedded platforms.
- eEver Technology, Inc. took the lead in catering to the new USB4 Version 2.0 standard, increasing its transmission rate from 40Gbps to 80Gbps. Specifically, the USB Type-C E-Marker controller IC-EJ903 of eEver Technology, Inc. was honored with the Excellent Manufacturer Innovative Product Award by HSP.
- DeCloakFace—"Facial image confusion and de-identification AI authentication system" developed by DeCloak Intelligences Co.—was honored the CES 2023 Innovation Awards. Its technology of Differential Privacy and Searchable Encryption were honored the 19th "TISA Research Award from Taiwan Information Storage Association" in 2022.
- The RPC DRAM®/KOOLDRAM® of Etron Technology, Inc. was honored the 2022 Hsinchu Science Park R&D Achievement Award.

Chapter 3 Corporate Governance

I. Organizational System

(I) Organizational Chart



(II) Divisions in Charge

Division	Introduction to Division
Etron Forward-looking Lab	Be responsible for the research and development of forward-looking technologies and products.
Legal & IP Division	Corporate legal affairs, contracts patents and other intellectual property (IP) management.
R&D Center	Be responsible for the research and development of forward-looking technologies, as well as memory IC circuit design, simulation, and layout.
Business Center	Be responsible for the global sales strategies, product sale, and customer services of and for memory ICs.
Market and Business Development Center	Be responsible for the market planning and analysis of products, jointly develop the product technology development of advanced processes with customers, and plan the development of new products, follow up the progress, and coordinate and solve technical problems.
Customer Application Engineering Center	Make coordination in meeting and resolving client's technical requirements, as well as product application issues and complaints.
Product and Quality Assurance Center	Be responsible for quality inspection, and establishment of ISO quality system to ensure the quality of products, documents and processes.
Product Components Technical Center	Be responsible for the improvement of components, software, hardware, wafer process, masks, trial production, and yield, product feature analysis, as well as the research and development of testing software, hardware and other related technologies.
System Operating Engineering Department	Be responsible for product feature analysis, the research and development of testing software, hardware, and other related technologies, as well as the application engineering of system chips.
Operating and Procurement Center	Be responsible for operating management, production planning, outsourcing strategies, and warehousing management; general procurement, wafer procurement businesses.
Flash Memory Products Division	Be responsible for chip IC design, firmware design, and the research and development of other related technologies, as well as chip sales strategies, product sale, customer services, and product applications, for Flash systems.
Information and Factory Affairs Center	Be responsible for computerized system planning, programming, and management of network information security, factory affairs, general affairs, environmental safety and health, etc.
Global Logistics Center	Be responsible for the administrative operating of businesses, and coordination in production and sale.
Human Resources Development Division	Be responsible for making coordination in human resources, and the short-, mid- and long-term planning for talents development to assist various divisions in achieving the Company's overall operating goals.
Financial Center	Be responsible for the preparation of and analysis on accounting data, financial scheduling and funds management, etc.; the convening of Shareholders' Meetings, the issuance of new shares, as well as Shareholders' equity and other shareholders' affairs related operations. Preparation of and control over budgets, analysis on business performance and related financial competitiveness, public relations marketing, investment relations.

II. Information on the Directors, President, Vice Presidents, Associate Vice Presidents, and Heads of Divisions and Branch Units

(I) Directors

April 29, 2023; Unit: shares, %

Position	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date Elected (or Taking Office)	Term	Date First Elected	Shareholding When Elected		Current Shares Held		Current Shareholding of Spouse & Minor Child(ren)		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Other Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman	R.O.C.	Nicky Lu	Male B	2021.7.2	Three years	1991.2.1	14,613,757	5.46	13,603,865	4.78	11,948,391	4.20	200,000	0.07	Master/PhD in Electrical Engineering, Stanford University, USA Bachelor's Degree in Electrical Engineering, National Taiwan University Manager, IBM Technology Headquarters/R&D Center, USA Member of National Academy of Engineering (NAE), USA IEEE Fellow The Highest Honor Medal for IEEE Solid State and Integrated Circuit Technology The Honor Medal of the Executive Yuan for National Outstanding Science and Technology Director/Co-founder/First Chairman, Global Unichip Corp. Co-founder, Ardentec President, Chinese Management Association Outstanding Alumni, National Taiwan University Outstanding Alumni/Chair Professor, National Chiao Tung University Director-general, World Semiconductor Council (WSC) Chairman of the Board, Global Semiconductor Alliance (GSA) Director-general, Taiwan Semiconductor Industry Association (TSIA) Director Representative, East China Science & Technology	CEO, Etron Technology Director Representative/CEO, eEver Technology Inc. Founder/Director Representative/CEO, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director/CEO, DeCloak Intelligences Co. President, AI on Chip Taiwan Alliance (AITA) Standing Director, Taiwan Semiconductor Industry Association (TSIA) Director, Global Semiconductor Alliance (GSA); Chairman, Asia Pacific Leadership Council Standing Director, The Allied Association for Science Park Industries Member of Technical Committee, VLSI Symposia Vice Chairman, Monte Jade Science & Technology Association of Taiwan Director, Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) Advisor, T-Era Architecture Technology, Inc. Advisor, TAT Technology, Inc. Advisor, T-Era Architecture Technology Corp. Advisor, TAT Technology Corp. Advisor, Invention And Collaboration Laboratory Pte. Ltd.	None	None	None	Note 3

Position	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date Elected (or Taking Office)	Term	Date First Elected	Shareholding When Elected		Current Shares Held		Current Shareholding of Spouse & Minor Child(ren)		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Other Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Director	R.O.C.	Elvis Deng	Male	2021.7.2	Three years	2015.6.24	587,490	0.22	1,141,736	0.40	0	0.00	0	0.00	Master of Business, National Taiwan University Bachelor of Engineering, National Chiao Tung University Electronics Research and Service Organization, Industrial Technology Research Institute Director, Vanguard International Semiconductor-America Co-founder/Vice President, Ardentec Technology Marketing and Business Vice President, COO, President/Other Positions, CSMC CEO/Executive Director, CR Micro	President, Etron Technology Director, Etron Technology America, Inc. Director, Anzon Technology, Inc. Chairman/President, eEver Technology Chairman, eYs3D Microelectronics Director, eCapture Ltd. Co. Director, eCapture Co., Limited Director, Insignis Technology, Inc. Director, Insignis Technology Corporation Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director, Great Team Backend Foundry, Inc. Supervisor, DeCloak Intelligences Co. Director, AiYs3D Technology, Inc. Director/President, Invention and Collaboration Laboratory Pte. Ltd. Independent Director, Episil Technology Inc.	None	None	None	None
			C																	
Director	R.O.C.	Chiu Chiang Investment Co., Ltd.	N/A	2021.7.2	Three years	1995.4.17	735,027	0.27	771,691	0.27	0	0.00	0	0.00	N/A	N/A	N/A			None
		Representative: Shyh-Yi, Chen	Male A				0	0.00	0	0.00	0	0.00	0	0.00	Bachelor in Enterprise Management, California State University, USA Bachelor, National Taiwan University YAMAHA MOTORS CORP USA President, Hong Tai Electric Industrial Co., Ltd.	Chairman, Hong Tai Electric Industrial Co., Ltd. Chairman, Xinfu Investment Director Representative, Shenjinyuan Investment Co., Ltd. Director Representative, Southern Star Investment Co., Ltd.	None	None	None	None
Director	R.O.C.	Kai Chun Investment Corp.	N/A	2021.7.2	Three years	2009.6.19	6,310	0.00	6,624	0.00	0	0.00	0	0.00	N/A	N/A	N/A			None
		Representative: Mei-Ling, Hsu	Female				51,507	0.02	54,076	0.02	0	0.00	0	0.00	Bachelor, National Taiwan University CFO, Mycenax Biotech Inc. CFO, G-tech Optoelectronics Corporation. CFO, Member of Management Committee/Supervisor, LINLI WEDDING STUDIO Co., Ltd. Member of Remuneration Committee, Hong Tai Electric Industrial Co., Ltd.	Supervisor, Kai Chun Investment Corp. Supervisor Representative, eEver Technology Supervisor Representative, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc.	None	None	None	None
			Male B				192,962	0.07	72,247	0.03	34,520	0.01	0	0.00	Master of Electrical Engineering, Arizona State University, USA Senior Vice President, Etron Technology	Chairman/President, Kai Chun Investment Co., Corp. Senior Vice President/R&D Supervisor, Etron Technology	None	None	None	None

Position	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date Elected (or Taking Office)	Term	Date First Elected	Shareholding When Elected		Current Shares Held		Current Shareholding of Spouse & Minor Child(ren)		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Other Heads, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Independent Director	R.O.C.	Ai-Chen, Wang	Female	2021.7.2	Three years	2015.6.24	0	0.00	0	0.00	0	0.00	0	0.00	Banking Team, Department of Business, National Taiwan University Analyst, HSBC Securities Investment Consulting Inc., Taiwan Branch Supervisor of Research Department, Tainan Branch, Asia Securities Director, Southern District, Crown Do Well CFO, Crown Global Chinese Co., Ltd. Member of Compensation Committee, Fintek	Supervisor, Netclass Technology Inc. Convener of Compensation Committee and Audit Committee, Etron Technology	None	None	None	None
			B																	
Independent Director	R.O.C.	Jen-Hung, Tseng	Male	2021.7.2	Three years	2006.6.12	0	0.00	0	0.00	0	0.00	0	0.00	Master, Department of Business & Management, National Chiao Tung University Bachelor Degree in Electrical Engineering, National Taiwan University President, K Laser President, Tajjie Technology CEO, Great Team Backend Foundry, Inc.	Member of Compensation Committee and Audit Committee, Etron Technology	None	None	None	None
			B																	
Independent Director	R.O.C.	Yun-Chieh, Huang	Female	2021.7.2	Three years	2020.5.13	0	0.00	0	0.00	0	0.00	0	0.00	Department of Finance and Taxation, Chung Hsing University Director, Jingjing Technology Director, Jumbo Harvest International Co., Ltd. Director, Moneywin International Limited Supervisor, Raffar Technology Corp. Supervisor, Exploit Technology Co., Ltd. Investment Manager, Hong Tai Electric Industrial Co., Ltd.	Member of Audit Committee, Etron Technology Supervisor, Lumimore Tech. Co., Ltd.	None	None	None	None
			C																	
Independent Director	R.O.C.	Wilson, Wang	Male	2022.6.8	Note 4	2022.6.8	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor's Degree in Accounting, Chengchi University CPA, Pricewaterhouse Coopers	Independent Director/Audit Committee Member/ Remuneration Committee Member, Feature Integration Technology Inc. Independent Director, Audit Committee Member, Ennostar Inc. Independent Director/Audit Committee Member/Remuneration Committee Member, Taiwan Mask Corp. Member of Audit Committee, Etron Technology CPA, Zhicheng Accounting Firm	None	None	None	None
			B																	

Note 1: The total number of shares issued by the Company on April 19, 2021: 267,707,347 shares; the total number of shares issued on April 29, 2023: 284,461,815 shares.

Note 2: Zone A is for age over 71, Zone B age between 61 and 70, and Zone C age between 51 and 60.

Note 3: Explanation of the reason, reasonableness and necessity of concurrently serving as a CEO: the Chairman, Nicky Lu, has been committed to making contributions to global IC design and semiconductor industry for many years, focusing on the innovation of technologies, academic research, and corporate management, and creating a number of new businesses, thus, it is reasonable and necessary for him to hold the concurrent position.
Responsive measures: The Company has increased the number of Independent Directors in response thereto.

Note 4: As Teng-Wei, Wang, an independent director, resigned as an independent director on 24 January 2022 to become the Company's Group Legal Counsel, a by-election of an independent director, i.e., Wilson, Wang, was completed on June 8, 2022.

(II) Directors who are the Representatives of Corporate Shareholders. The Major Shareholders of Such Corporate Shareholders

April 29, 2023

Name of Corporate Shareholder	Major Shareholder
Chiu Chiang Investment Co., Ltd.	Isaac, Chen (48.82%), Liang-Hua, Chen (35.02%), Shyh-Yi, Chen (4.98%), Wei-Cih, Hsu (4.64%), Chun-Fei, Chang (3.80%), and Ya-Ming, Li (2.74%)
Kai Chun Investment Corp.	David Leu (12.50%), Bor-Doou, Rong (12.50%), Wei-Qian, Li (12.50%), Tzu-Chin, Yao (12.50%), Fu-Yung, Hung (12.50%), Yuan-Hong, Lin(12.50%), Ming-Hong, Kuo (12.50%), and Jung-Kun, Chung (12.50%)

(III) Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders: None.

(IV) Professional Qualifications and Independence of Directors

Qualifications		Professional Qualifications and Work Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Position and Name				
Chairman	Nicky Lu	Note	This is not applicable as they are not independent directors.	0
Director	Elvis Deng	Note		1
Director	Chiu Chiang Investment Co., Ltd. Representative: Shyh-Yi, Chen	Note		0
Director	Kai Chun Investment Corp. Representative: Mei-Ling, Hsu	Note		0
Director	Kai Chun Investment Corp. Representative: Bor-Doou, Rong	Note		0
Independent Director	Ai-Chen, Wang	Note	1. Please refer to page 16-17 of this annual report for the comprehensive shareholding of independent directors. 2. Each of the Company's independent directors met the following independence criteria in the two years prior to their election and during their term of office: (1) Not an employee of the Company or any of its affiliates. (2) Not a Director or Supervisor of the Company or any of its affiliated companies.	0
Independent Director	Jen-Hung, Tseng	Note	(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, children (minors), or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the Managerial Officers specified in preceding (1) subparagraph, or of any of the persons specified in the preceding (2) and (3) subparagraphs.	0
Independent Director	Yun-Chieh, Huang	Note	(5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of	0

Qualifications		Professional Qualifications and Work Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Position and Name				
Independent Director	Wilson, Wang	Note	<p>outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs 1 or 2 of Article 27 of the Company Act.</p> <p>(6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person.</p> <p>(7) Not a Director, Supervisor (Governor), or employee of other company or institutions who is the Chairman, Vice President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses.</p> <p>(8) Not a Director, Supervisor (Governor), Managerial Officer, or shareholder with over 5% shareholding of any specific company or institution which has financial or business relationships with the Company.</p> <p>(9) Not a professional or the owner, partner, Director, Supervisor, or Managerial Officer of any sole proprietorship, partnership, company, or institution in business, legal, financial, or accounting, or consulting services, and their spouse who or which provided auditing to, or obtained less than NT\$500,000 compensation accumulatively in the most recent two years from, the Company or its affiliates.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other Directors.</p> <p>(11) Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12) Not a Government Apparatus agency, juristic person or its representative elected under Article 27 of the Company Act.</p>	3

Note: Please refer to page 15-17 of this annual report for major experience (education) as well as other position concurrently held at other companies. All directors are not under any of the categories stated in Article 30 of the Company Act.

(V) Diversity and Independence of the Board of Directors

1. Diversity of the Board of Directors

The Company has formulated a "Policy on Diversity of Members of the Board of Directors" and disclosed it on the Company's website. It clearly stipulates the composition of the Company's Board of Directors shall take into account the Company's own operation, business model and development needs in formulating a diversified approach, and the Board of Directors as a whole shall have eight abilities, including operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership and decision making. The goal is to have at least one Board Member with relevant background in each professional field, and set up four Independent Directors.

The relevant diversity policy of the 11th Board of Directors of the Company has been achieved as follows:

April 29, 2023

Name		Basic Composition						Professional Background (Note 2)			
		Nationality	Age (Note 1)	Gender	Serving concurrently as an employee	Acting as An Audit Committee member?	Number of the times as an Independent Director of the Company	Finance and Accounting	Banking and Securities	Technology R & D	Marketing and Operation
Chairman	Nicky Lu	R.O.C.	B	Male	✓	N/A	N/A			✓	✓
Director	Elvis Deng	R.O.C.	C	Male	✓	N/A	N/A			✓	✓
Director	Chiu Chiang Investment Co., Ltd. Representative: Shyh-Yi, Chen	R.O.C.	A	Male		N/A	N/A			✓	✓
Director	Kai Chun Investment Corp. Representative: Mei-Lin, Hsu	R.O.C.	B	Female		N/A	N/A	✓			✓
Director	Kai Chun Investment Corp. Representative: Bor-Doou, Rong	R.O.C.	B	Male	✓	N/A	N/A			✓	
Independent Director	Ai-Chen, Wang	R.O.C.	B	Female		✓	3	✓	✓		✓
Independent Director	Jen-Hung, Tseng	R.O.C.	B	Male		✓	2			✓	✓
Independent Director	Yun-Chieh, Huang	R.O.C.	C	Female		✓	2	✓			✓
Independent Director	Wilson, Wang	R.O.C.	B	Male		✓	1	✓			✓
Proportion		—	—	Male 67% Female 33%	Employee 33% Non-employee 67%	100%	—	44%	11%	56%	89%

Note 1: Zone A is for age over 71, Zone B age between 61 and 70, and Zone C age between 51 and 60.

Note 2: Please refer to page 15-17 of this annual report for the work experience of directors.

2. Independence of the Board of Directors

As of the date of publication of the annual report, there are 4 Independent Directors of the Company, accounting for 44% of all Directors. Moreover, it can be seen from the information field of other directors, Directors or Supervisors with a spousal relationship or a familial relationship within the second degree of kinship on pages 15-17 of this annual report that the Independent Directors of the Company comply with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, and do not have a spousal relationship or a familial relationship within the second degree of kinship with other Board members.

(VI) President, Vice President, Associate Vice Presidents, and Heads of Divisions and Branch Units

April 29, 2023; Unit: shares, %

Position	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
CEO	R.O.C.	Nicky Lu	Male	1991.2.1	13,603,865	4.78	11,948,391	4.20	200,000	0.07	Master/PhD in Electrical Engineering, Stanford University, USA Bachelor's Degree in Electrical Engineering, National Taiwan University Manager, IBM Technology Headquarter/R&D Center, USA Member of National Academy of Engineering (NAE), USA IEEE Fellow The Highest Honor Medal for IEEE Solid State and Integrated Circuit Technology The Honor Medal of the Executive Yuan for National Outstanding Science and Technology Director/Co-founder/First Chairman, Global Unichip Corp. Co-founder, Ardentec President, Chinese Management Association Outstanding Alumni, National Taiwan University Outstanding Alumni/Chair Professor, National Chiao Tung University Director-general, World Semiconductor Council (WSC) Chairman of the Board, Global Semiconductor Alliance (GSA) Director-general, Taiwan Semiconductor Industry Association (TSIA) Director Representative, East China Science & Technology	Director Representative/CEO, eEver Technology Inc. Founder/Director Representative/CEO, eYs3D Microelectronics Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director/CEO, DeCloak Intelligences Co. President, AI on Chip Taiwan Alliance (AITA) Standing Director, Taiwan Semiconductor Industry Association (TSIA) Director, Global Semiconductor Alliance (GSA); Chairman, Asia Pacific Leadership Council Standing Director, The Allied Association for Science Park Industries Member of Technical Committee, VLSI Symposia Vice Chairman, Monte Jade Science & Technology Association of Taiwan Director, Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) Advisor, T-Era Architecture Technology, Inc. Advisor, TAT Technology, Inc. Advisor, T-Era Architecture Technology Corp. Advisor, TAT Technology Corp. Advisor, Invention And Collaboration Laboratory Pte. Ltd.	None	None	None	Note 2
President	R.O.C.	Elvis Deng	Male	2014.8.12	1,141,736	0.40	0	0.00	0	0.00	Master of Business, National Taiwan University Bachelor of Engineering, National Chiao Tung University Electronics Research and Service Organization, Industrial Technology Research Institute Director, Vanguard International Semiconductor-America Co-founder /Vice President, Ardentec Technology Marketing and Business Vice President, COO, President/Other Positions, CSMC CEO/Executive Director, CR Micro	Director, Etron Technology America, Inc. Director, Anzon Technology, Inc. Chairman/President, eEver Technology Chairman, eYs3D Microelectronics Director, eCapture Ltd. Co. Director, eCapture Co., Limited Director, Insignis Technology, Inc. Director, Insignis Technology Corporation Director, eEver Technology Limited Director, eYs3D Microelectronics, Inc. Director, Great Team Backend Foundry, Inc. Supervisor, DeCloak Intelligences Co. Director, AiYs3D Technology, Inc. Director/President, Invention and Collaboration Laboratory Pte. Ltd. Independent Director, Episil Technology Inc.	None	None	None	None
Special Assistant	R.O.C.	David Leu (Note 3)	Male	2022.1.28	27,609	0.01	7,349	0.00	0	0.00	Master of Engineering, National Tsing Hua University Section Chief, Electronics Research and Service Organization, Industrial Technology Research Institute Manager, Procurement/Import & Export Department, Vanguard International Semiconductor Corporation Director, E-procurement Department, Quanta Display Inc. Manager, Equipment Procurement Department, AUO Director Representative, Li Yi Technology	Director Representative, Pioneer Chip Technology Limited Director, Kai Chun Investment Corp.	None	None	None	None

Position	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Senior Vice President (R&D Supervisor)	R.O.C.	Bor-Doou, Rong	Male	2015.12.8	72,247	0.03	34,520	0.01	0	0.00	Master of Electrical Engineering, Arizona State University, USA; Associate Vice President, Etron Technology, Inc.	Chairman/President, Kai Chun Investment Co., Corp.	None	None	None	None
Vice President and Chief R&D Researcher (R&D Supervisor)	R.O.C.	Chun Shiah	Male	2015.12.8	10,722	0.00	6,465	0.00	0	0.00	Master of Electronic Engineering, Syracuse University, New York State, USA; Associate Vice President, Etron Technology, Inc.	None	None	None	None	None
Vice President	R.O.C.	Ming-Hong, Kuo	Male	2021.1.14	0	0.00	0	0.00	0	0.00	Master of Electronics, National Chiao Tung University Director, Operating Office, mCube Associate Vice President, Etron Technology Quality Assurance and Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company R&D Process Integration Manager, Vanguard International Semiconductor Corporation Assistant Manager, Electronics Research and Service Organization, Industrial Technology Research Institute	Director Representative, Ardentec Director Representative, SuperMCPCB Director, Kai Chun Investment Corp.	None	None	None	None
Vice President	R.O.C.	Mei-li, Lin (Note 3)	Female	2022.1.1	85,040	0.03	0	0.00	0	0.00	Bachelor in Information Management, University of Michigan, USA Manager, Chi Sheng Chemical Corp. Associate Vice President, Etron Technology	None	None	None	None	None
Group Legal Counsel	R.O.C.	Teng-Wei, Wang (Note 3)	Male	2022.1.24	0	0.00	0	0.00	0	0.00	Master of Laws, University of Minnesota Twin City Department of Laws, Fu-Jen Catholic University Director, Chunghwa Picture Tubes, Ltd. Associate Vice President, Etron Technology Vice President, MEDEON BIODESIGN, INC. Director, PRODEON, INC.	Director, T-Era Architecture Technology, Inc. Director, TAT Technology, Inc. Director Representative, T-Era Architecture Technology Corp. Director Representative, TAT Technology Corp. Director Representative, ValueCreation Technology, Inc.	None	None	None	None
Associate Vice President	R.O.C.	Tzu-Chin, Yao	Male	2020.8.15	0	0.00	0	0.00	0	0.00	MBA, Emory University Director, Etron Technology Manager, Jietai Technology Section Chief, Mosel Vitelic Inc. Executive Director, Fullboom Electronics (Shenzhen) Co., Ltd.	Chairman, Kingwell Investment Corp. Chairman, Kinglord Corp. Director, Plusway Corp. Director, Etron Technology America, Inc. Chairman, Eutrend Technology Inc. Chairman, Kingcharm Investment Inc. Director, Anzon Technology, Inc. Director, Anzon Corporation Director, Etron Technology (HK) Limited Director, Intercosmos Group Limited Director, Grandsino Technology Limited Director Representative, Fullboom International Limited Director, Creative Ally Limited Chairman, Invention and Collaboration Laboratory, Inc. Chairman, Pioneer Chip Technology Limited Supervisor Representative, eEver Technology Supervisor Representative, eYs3D Microelectronics Director, eCapture Ltd. Co. Director, eCapture Co., Limited Director, Insignis Technology, Inc. Director, Insignis Technology Corporation Chairman, nD-HI Technologies Lab, Inc. Chairman, DeCloak Intelligences Co. Director, AiYs3D Technology, Inc.	None	None	None	None

Position	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
												Director, Invention and Collaboration Laboratory Pte. Ltd. Director, Great Team Backend Foundry, Inc. Director, Great Team Backend Foundry Ltd. (Dongguan) Director, Innorich Venture Capital Corp. Director, T-Era Architecture Technology, Inc. Director, TAT Technology, Inc. Chairman, T-Era Architecture Technology Corp. Chairman, TAT Technology Corp.				
Associate Vice President	R.O.C.	Wen-Chi, Wang	Male	2019.10.9	11,548	0.00	0	0.00	0	0.00	Bachelor in Electrical Engineering, Chung Hua University Section Chief, Powerchip Semiconductor Director, Etron Technology	None	None	None	None	None
Associate Vice President	R.O.C.	Fu-Yung, Hung	Male	2019.10.9	258,804	0.09	0	0.00	0	0.00	Master, Department of Information Science, State University of New York Director, Etron Technology	None	None	None	None	None
Associate Vice President	R.O.C.	Jung-Kun, Chung	Male	2020.8.15	150,050	0.05	0	0.00	0	0.00	Master, Department of Business Administration, Chuo University Director, Etron Technology	Director, Eutrend Technology Inc.	None	None	None	None
Director (Accounting Supervisor and Corporate Governance Supervisor)	R.O.C.	Yu-Chia, Cheng	Female	2011.12.23	157,799	0.06	0	0.00	0	0.00	Bachelor, Department of Accounting, Fu-Jen Catholic University Team Leader, Deloitte & Touche Firm Financial and Accounting Section Chief, OSG Financial and Accounting Director, Asia Microelectronics	None	None	None	None	None
Director (Finance Supervisor)	R.O.C.	Jui-Ling, Hsieh	Female	2016.3.23	0	0.00	0	0.00	0	0.00	Master, Department of Management Science, National Chiao Tung University Senior Audit Specialist/Vice Programme Manager, Tecom Co., Ltd. Supervisor, GLOBAL UNICHIP CORP. Supervisor Representative, Hong Tai Electric Industrial Co., Ltd. Chairman, Plusway Corp.	Director Representative, Kingwell Investment Corp. Director, Kinglord Corp. Director, Plusway Corp. Director Representative, Kingcharm Investment Inc. Director, Intercosmos Group Limited Director, Grandsino Technology Limited Director, Creative Ally Limited Director Representative, Invention and Collaboration Laboratory, Inc. Director Representative, Pioneer Chip Technology Limited Director Representative, nD-HI Technologies Lab, Inc.	None	None	None	None

Note 1: The total number of shares issued on April 29, 2023: 284,461,815 shares.

Note 2: The reason, reasonableness and necessity of concurrently serving as a Chairman: the Chairman, Nicky Lu, has been committed to making contributions to global IC design and semiconductor industry for many years, focusing on the innovation of technologies, academic research, and corporate management, and creating a number of new businesses, thus, it is reasonable and necessary for him to hold the concurrent position.

Responsive measures: The Company has increased the number of Independent Directors in response thereto.

Note 3: Associate Vice President Mei-li, Lin was promoted to Vice President on January 1, 2022; Group Legal Counsel Teng-Wei, Wang assumed office on January 24, 2022; Vice President David Leu became Special Assistant on January 28, 2022.

Range of Compensation Table

Range of Compensation Paid to the Company's Directors	Name of Director			
	Total of the first four compensation items (A+B+C+D)		Total of the first seven compensation items (A+B+C+D+E+F+G)	
	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report
Less than NT\$1,000,000	Elvis Deng, Chiu Chiang Investment Co., Ltd., Shyh-Yi, Chen, Kai Chun Investment Corp., Mei-Ling, Hsu, Bor-Doou, Rong, Ai-Chen, Wang, Jen-Hung, Tseng, Yun-Chieh, Huang, Teng-Wei, Wang, and Teng-Wei, Wang.	Elvis Deng, Chiu Chiang Investment Co., Ltd., Shyh-Yi, Chen, Kai Chun Investment Corp., Mei-Ling, Hsu, Bor-Doou, Rong, Ai-Chen, Wang, Jen-Hung, Tseng, Yun-Chieh, Huang, Teng-Wei, Wang, and Teng-Wei, Wang.	Chiu Chiang Investment Co., Ltd., Shyh-Yi, Chen, Kai Chun Investment Corp., Mei-Ling, Hsu, Ai-Chen, Wang, Jen-Hung, Tseng, Yun-Chieh, Huang, Wilson, Wang, and Teng-Wei, Wang.	Chiu Chiang Investment Co., Ltd., Shyh-Yi, Chen, Kai Chun Investment Corp., Mei-Ling, Hsu, Ai-Chen, Wang, Jen-Hung, Tseng, Yun-Chieh, Huang, Wilson, Wang, and Teng-Wei, Wang.
NT\$ 1,000,000 (Inclusive) ~NT\$ 2,000,000 (exclusive)	Nicky Lu	Nicky Lu		
NT\$ 2,000,000(Inclusive) ~NT\$ 3,500,000 (exclusive)				
NT\$ 3,500,000 (Inclusive) ~NT\$ 5,000,000 (exclusive)				
NT\$ 5,000,000 (Inclusive) ~NT\$ 10,000,000 (exclusive)			Bor-Doou, Rong	Bor-Doou, Rong
NT\$ 10,000,000 (Inclusive) ~ NT\$ 15,000,000 (exclusive)			Nicky Lu, Elvis Deng	Nicky Lu, Elvis Deng
NT\$ 15,000,000 (Inclusive) ~ NT\$ 30,000,000 (exclusive)				
NT\$ 30,000,000 (Inclusive) ~ NT\$ 50,000,000 (exclusive)				
NT\$ 50,000,000 (Inclusive) ~ NT\$ 100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	12 persons in total	12 persons in total	12 persons in total	12 persons in total

(II) Compensation Paid to President and Vice Presidents

Unit: NT\$ thousand; %

Position	Name	Salary A		Severance Pay and Pension B		Bonus and Special Expenses C		Employee Compensation D (Note 3)				Proportion of the Total Amount of A, B, C and D in Net Earnings after Tax		Compensation from Re-invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company	All Companies in Financial Report	The Company		All Companies in Financial Report		The Company	All Companies in Financial Report	
								Cash	Stock	Cash	Stock			
CEO	Nicky Lu													
President	Elvis Deng													
Special Assistant	David Leu													
Senior Vice President	Bor-Doou, Rong													
Vice President	Chun Shiah	35,732	35,732	893	893	17,615	20,034	3,401	0	3,401	0	57,641	60,060	None
Vice President	Ming-Hong, Kuo											40.62	42.33	
Vice President	Mei-li, Lin (Note 2)													
Group Legal Counsel	Teng-Wei, Wang (Note 2)													

Note 1: The net income for the current period specified in 2022 parent company only financial statements was NT\$141,895 thousand.

Note 2: Associate Vice President Lin, Mei-li was promoted to Vice President on January 1, 2022; Group Legal Counsel Teng-Wei, Wang assumed office on January 24, 2022; Vice President David Leu became Special Assistant on January 28, 2022. Therefore, only in-service compensation is disclosed here.

Note 3: This is the estimated amount.

Range of Compensation Table

Range of Compensation Paid to the Company's Presidents and Vice Presidents	Name of President and Vice President	
	The Company	All Companies in Financial Report
Less than NT\$1,000,000		
NT\$ 1,000,000 (Inclusive) ~ NT\$ 2,000,000 (exclusive)		
NT\$ 2,000,000 (Inclusive) ~ NT\$ 3,500,000 (exclusive)		
NT\$ 3,500,000 (Inclusive) ~ NT\$ 5,000,000 (exclusive)	Mei-li, Lin, Teng-Wei, Wang	Mei-li, Lin, Teng-Wei, Wang
NT\$ 5,000,000 (Inclusive) ~ NT\$ 10,000,000 (exclusive)	David Leu, Bor-Doou, Rong, Chun Shiah and Ming-Hong, Kuo	David Leu, Bor-Doou, Rong, Chun Shiah and Ming-Hong, Kuo
NT\$ 10,000,000 (Inclusive) ~ NT\$ 15,000,000 (exclusive)	Nicky Lu, Elvis Deng	Nicky Lu, Elvis Deng
NT\$ 15,000,000 (Inclusive) ~ NT\$ 30,000,000 (exclusive)		
NT\$ 30,000,000 (Inclusive) ~ NT\$ 50,000,000 (exclusive)		
NT\$ 50,000,000 (Inclusive) ~ NT\$ 100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	8 persons in total	8 persons in total

(III) Compensation of the Top Five Highest paid Executives: Not Applicable

(IV) Payment of Employee Compensation to Managerial Officers and Their Names

March 31, 2023; Unit: NT\$ thousand; %

Position	Name	Stock	Cash	Total	Ratio of total amount to net profit after tax
CEO	Nicky Lu	0	4,404	4,404	3.10
President	Elvis Deng				
Special Assistant	David Leu				
Senior Vice President	Bor-Doou, Rong				
Vice President	Chun Shiah				
Vice President	Ming-Hong, Kuo				
Vice President	Mei-li, Lin				
Group Legal Counsel	Teng-Wei, Wang				
Associate Vice President	Tzu-Chin, Yao				
Associate Vice President	Wen-Chi, Wang				
Associate Vice President	Fu-Yung, Hung				
Associate Vice President	Jung-Kun, Chung				
Director	Yu-Chia, Cheng				
Director	Jui-Ling, Hsieh				

Note 1: Refers to the managerial officers regulated by the Financial Supervisory Commission (FSC) in accordance with its letter order of Tai Cai Zheng San Zi No.0920001301 dated March 27, 2003.

Note 2: The amount in this table is estimated based on the proportion of the amount actually distributed last year.

(V) Compensation Paid to Directors, President and Vice Presidents in the Most Recent Two Years

1. The proportion of the total compensation paid to the Directors, President and Vice Presidents in the net profit after tax specified in the parent company only financial statements.

Unit: %

Position \ Year & Proportion	2021		2022	
	The Company	All Companies in Consolidated Financial Report	The Company	All Companies in Consolidated Financial Report
Directors	2.03	2.04	4.61	4.82
President and Vice Presidents	4.79	4.86	40.62	42.33

Note: The Company's net income in 2021 Parent Company Only Financial Statements was NT\$1,051,071 thousand, and its current net income in 2022 Parent Company Only Financial Statements was NT\$141,895 thousand. Moreover, the Company has established an Audit Committee to replace the duties of the Supervisor.

2. Compensation policies, standards, and packages, procedure for determining compensation, and linkage thereof to operating performance and future risk exposure

The Company has formulated the Measures for Remuneration to Directors, the Measures for Performance Assessment and Remuneration Management of Managerial Officers, and other measures to specify the standards for payment of remuneration to Directors and improve the Company's system for performance assessment on and remuneration management of its Managerial Officers. And the Company has established Remuneration Committee to be responsible for establishing and assessing the policies, systems, standards, and structure of the remuneration to Directors and Managerial Officers, and submit their suggestions to the Board of Directors for discussion. The Company shall establish the procedures, standards, and combinations for and of remuneration cautiously, by considering its overall operating performance and future risks with priority, then by referring to individual performance achievement rate, scope of rights and responsibilities, and the level in the industry both at home and abroad. Affiliates were handled according to their respective Consolidated Financial Reports and Articles of Incorporation, while considering the business performance and future risks. The compensation paid to Directors in the most recent two years was the traveling expenses they spent for attending the Board of Directors' meetings.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

A total of 4 Board of Directors' meetings were held in 2022. The attendance of the Directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Chairman	Nicky Lu	4	0	100	None
Director	Elvis Deng	4	0	100	None
Director	Chiu Chiang Investment Inc., represented by: Shyh-Yi, Chen	4	0	100	None
Director	Kai Chun Investment Corp., represented by: Mei-Ling, Hsu	4	0	100	None
Director	Kai Chun Investment Corp., represented by: Bor-Doou, Rong	3	1	75	None
Independent Director	Ai-Chen, Wang	4	0	100	None
Independent Director	Jen-Hung, Tseng	4	0	100	None
Independent Director	Yun-Chieh, Huang	4	0	100	None
Independent Director	Wilson, Wang	2	0	100	Took office on June 8, 2022, and is supposed to attend 2 meetings

Note: Independent Director Teng-Wei, Wang took office on July 2, 2021 and resigned on January 24, 2022, and is supposed to attend 0 meeting in 2022.

- Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, where any of the following circumstances occurs, the dates, sessions of the meetings, contents of proposals, all Independent Directors' opinions and the Company's response to such opinions shall be specified.

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act

Date & Session of Board of Directors' Meeting	Contents of Proposals	All Independent Directors' Opinions	The Company's Response
2022/3/18 The 4th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ 2021 Capital Increase by Retained Earning ■ Proposal for replacing the independent certified CPAs of financial statements and evaluating their independence in 2022 ■ Amendments to the Procedures for Acquisition and Disposal of Assets ■ Proposal to issue 3rd domestic unsecured convertible bonds ■ Proposal for changing managerial officers' compensation ■ Amendment to the Company's "Measures for Compensation to Directors," (the part regarding resolution for General Directors) ■ Amendment to the Company's "Measures for Compensation to Directors," (the part regarding resolution for Independent Directors) ■ Proposal for releasing manager from non-competition restrictions 	None	N/A
2022/5/9 The 5th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Amendment to the part regarding Independent Directors in the Company's "Measures for Compensation to Directors" ■ Amendment to the part regarding General Directors in the Company's "Measures for Compensation to Directors" ■ Proposal for 2021 compensation to employees ■ Engaged in the investment in T-Era Architecture Technology, Inc. and TAT Technology, Inc. 	None	N/A
2022/8/10 The 6th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Proposal for the issues of Capital Increase by Retained Earning and Distribution of Cash Dividends of the Company 	None	N/A
2022/11/9 The 7th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Proposal for releasing manager from non-competition restrictions ■ Proposal for releasing directors from non-competition restrictions 	None	N/A

(II) Any recorded or written resolutions made by the Board of Directors to which Independent Directors have objections or reservations in addition to the above: None.

II. Abstentions of Directors from Voting due to Conflicts of Interests

Session	Name	Contents of Proposals	Reason for Abstention	Voting
2022/3/18 The 4th Session of the 11th Board of Directors' Meeting	Nicky Lu/Elvis Deng/ Bor-Doou, Rong	■ Proposal for changing managerial officers' compensation	Parties to the Proposal	Not participated in the discussion and voting
	Nicky Lu/Elvis Deng/ Shyh-Yi, Chen/Mei-Ling, Hsu/Bor-Doou, Rong	■ Amendment to the Company's "Measures for Compensation to Directors," (the part regarding resolution for General Directors)		
	Ai-Chen, Wang/ Jen-Hung, Tseng/ Yun-Chieh, Huang	■ Amendment to the Company's "Measures for Compensation to Directors," (the part regarding resolution for Independent Directors)		
	Elvis Deng	■ Proposal for releasing manager from non-competition restrictions		
2022/5/9 The 5th Session of the 11th Board of Directors' Meeting	Ai-Chen, Wang/ Jen-Hung, Tseng/ Yun-Chieh, Huang	■ Amendment to the part regarding Independent Directors in the Company's "Measures for Compensation to Directors"	Parties to the Proposal	Not participated in the discussion and voting
	Nicky Lu/Shyh-Yi, Chen/ Mei-Ling, Hsu/Elvis Deng/Bor-Doou, Rong	■ Amendment to the part regarding General Directors in the Company's "Measures for Compensation to Directors"		
	Nicky Lu/Elvis Deng/ Bor-Doou, Rong	■ Proposal for 2021 compensation to employees		
	Nicky Lu	■ Engaged in the investment in T-Era Architecture Technology, Inc. and TAT Technology, Inc.		

Session	Name	Contents of Proposals	Reason for Ab-stention	Voting
2022/11/9 The 7th Session of the 11th Board of Directors' Meeting	Nicky Lu/Elvis Deng/ Bor-Doou, Rong	■ Proposal for releasing manager from non-competition restrictions	Parties to the Proposal	Not participated in the discussion and voting
	Nicky Lu/Elvis Deng	■ Proposal for releasing directors from non-competition restrictions		

III. Assessment and Implementation by the Board of Directors

Frequency of Assessment	Period of Assessment	Scope of Assessment	Method of Assessment	Contents of Assessment
Once a year	2022	<ul style="list-style-type: none"> ■ Board of Directors ■ Individual Members of Board of Directors ■ Functional Committees 	Internal assessment of the Company: Self-assessment by the Board of Directors, the members of the Board of Directors, and functional committees through questionnaire	<p>The Board of Directors made assessment from the following 5 aspects based on 25 indicators in total:</p> <ul style="list-style-type: none"> • Participation in the Company's operating • Improvement of the Board of Directors' decision-making quality • Composition and structure of the Board of Directors • Election and continued education of the Directors • Internal Control <p>Individual members of the Board of Directors made assessment from the following 6 aspects based on 20 indicators in total:</p> <ul style="list-style-type: none"> • Grasping of the Company's goals and tasks • Understanding of the Director's duties • Participation in the Company's operating • Management and communication of the internal relations • Expertise and continued education of the Directors • Internal Control <p>Functional committees (including the Audit Committee and the Compensation Committee) made assessment from the following 5 aspects based on 22 indicators in total:</p> <ul style="list-style-type: none"> • Participation in the Company's operating • Understanding of the functional committee's duties • Improvement of the functional committee's decision-making quality • Composition and structure of the Board of functional committees • Internal Control
Once every three years	2022	<ul style="list-style-type: none"> ■ Board of Directors 	External assessment: The Company has entrusted the Taiwan Investor Relations Institute to perform external assessment by means of written review, directors' self-assessment questionnaire and on-site/online interviews and assessments	<ul style="list-style-type: none"> • Composition and Professional Development of the Board of Directors • Decision-making Quality of the Board of Directors • Operating Efficiency of the Board of Directors • Internal Control and Risk Management • Degree of the Board of Directors' Engagement in Corporate Social Responsibility

IV. Goals for Strengthening the Functions of the Board of Directors in the Current Year and the Most Recent Year (such as, setting up an audit committee and improving information transparency), and its Implementation Status

- (I) Has Established the Compensation Committee and Audit Committee to Submit the Suggestions to the Board of Directors Based on Their Duties for Discussion; One Seat of Independent Director was increased in 2021.
- (II) Has Formulated Internal Regulations and Rules such as the "Organizational Rules for the Special Committee for Mergers and Acquisitions", "Diversity Policy for the Members of Board of Directors", and the "Guidelines for the Adoption of Codes of Ethical Conduct for a Director, or Managerial Officer" to strengthen the functions of the Board of Directors.
- (III) Has Formulated the "Board of Directors' Performance Evaluation Regulations" and Implemented Board of Directors' Performance Evaluation once a year since 2020. Since it has been implemented for three years by the end of 2022, not only has the company self-assessment been performed but also an external professional independent organization (Taiwan Investor Relations Institute) was entrusted to perform external assessment. The implementation of the performance evaluation of the Board of Directors and the assessment results have been reported to the Board of Directors in the first quarter of 2023.

(IV) To enhance the functions of the Board of Directors, It is expected that the Nomination Committee subordinated to the Board of Directors will be established by the end of 2023.

(V) The 2022 continued education of Directors is shown as below:

Position	Name	Date	Sponsor	Course Name	Course Hours
Corporate Director Representative	Shyh-Yi, Chen	2022/3/10	Taiwan Stock Exchange	Discussion on Independent Directors from an International Perspective and the 2022 Shareholders' Meeting	1
		2022/5/4	Taiwan Stock Exchange	International Twin Summit	2
		2022/10/11	Taiwan Stock Exchange	Release of Reference Guidelines for Independent Directors and Audit Committees of Listed Companies in Exercising Powers and Management Meeting of Directors and Supervisors	3
Corporate Director Representative	Mei-Ling, Hsu	2022/7/7	Taiwan Corporate Governance Association	Net Zero Carbon Reduction Path for TWSE/TPEX Listed Companies	1
Independent Director	Wilson, Wang	2022/4/6	Securities & Futures Institute	Corporate Governance and Regulations Governing Securities	3
		2022/5/5	Taiwan Corporate Governance Association	Post-Merger Integration of Investment Holding Companies and Corporate Governance of Investment Holding Companies	3
		2022/8/31	Corporate Operating and Sustainable Development Association	The Importance of IP Rights Management to Corporate Governance	3
		2022/10/6	Taiwan Stock Exchange and Taipei Exchange	Release of 2022 Reference Guidelines for Independent Directors and Audit Committees in Exercising Powers and Management Meeting of Directors and Supervisors	3
		2022/11/4	Taiwan Institute of Directors	On Fast Growing Enterprises from Century-old Enterprises	3
Independent Director	Yun-Chieh, Huang	2022/11/11	Securities & Futures Institute	Seminar on Derivative Commodity Trading Strategies and Market Outlook of TWSE/TPEX Listed Companies	3

(VI) The 2022 continued education of Corporate Governance Supervisor is shown as below:

Position	Name	Date	Sponsor	Course Name	Course Hours
Corporate Governance Supervisor	Yu-Chia, Cheng	2022/5/30	Accounting Research and Development Foundation	How the Board of Directors and Senior Executives Review the ESG Sustainability Report	3
		2022/6/27	Accounting Research and Development Foundation	Performance Evaluation Practices Related to Enterprise "ESG Sustainability" and "Risk Management"	3
		2022/7/27	Taiwan Stock Exchange and Taipei Exchange	Thematic Promotion Meeting of Sustainable Development Roadmap Industry	2
		2022/10/19	Taiwan Corporate Governance Association	The 18 th (2022) Corporate Governance Summit Forum - Enhancing the Functions of Directors and Implementing Sustainable Corporate Governance	6
		2022/12/29	Accounting Research and Development Foundation	Development Trends of Internet Technology and New Thinking of Internal Auditors	6

(II) Operations of Audit Committee:

Operations of Audit Committee: 4 meetings of the Audit Committee were held in 2022. The attendance of the Independent Directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Independent Director (Convener)	Ai-Chen, Wang	4	0	100	None
Independent Director	Jen-Hung, Tseng	4	0	100	None
Independent Director	Yun-Chieh, Huang	4	0	100	None
Independent Director	Wilson, Wang	2	0	100	Took office on June 8, 2022, and is supposed to attend 2 meetings

Note: Independent Director Teng-Wei, Wang took office on July 2, 2021 and resigned on January 24, 2022, and is supposed to attend 0 meeting in 2022.

■ Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, where any of the following circumstances occurs, the dates, sessions of the meetings, contents of proposals, Audit Committee's resolutions, and the Company's response to such resolutions shall be specified.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Date & Session of Audit Committee	Contents of Proposals	Independent Directors' dissenting opinions, qualified opinions or contents of material suggestions	Audit Committee's Resolutions	The Company's Response
2022/3/17 The 4th Session of the 2nd Audit Committee's meeting	<ul style="list-style-type: none"> ■ 2021 Final Statement ■ 2021 Capital Increase by Retained Earning ■ 2021 Statement on Internal Control System ■ Proposal for replacing the independent certified CPAs of financial statements and evaluating their independence in 2022 ■ Amendments to the Procedures for Acquisition and Disposal of Assets ■ Proposal to issue domestic unsecured convertible bonds for the third time 	None	Approved	N/A
2022/8/9 The 6th Session of the 2nd Audit Committee's meeting	<ul style="list-style-type: none"> ■ Proposal for the issues of Capital Increase by Retained Earning and Distribution of Cash Dividends of the Company 	None	Approved	N/A

(II) In addition to the above-mentioned, any other proposals which failed to obtain the approval of the Audit Committee, but were approved by over two-thirds of all Directors: None.

II. Where there are Independent Directors who abstained from voting due to conflict of interests, the Independent Directors' names, contents of the proposals, and causes of abstention and voting shall be specified: None

III. Communication of Independent Directors with Internal Audit Supervisor and CPAs: The major annual work of the Company's Audit Committee (Independent Directors) and the communication with Internal Audit Supervisor and CPA are as follows:

(I) Disposal progress of Internal Audit Reports and internal control tracking matters: The Audit Department sends relevant data every month, and makes report at the Audit Committee's meeting every quarter.

(II) Assessment on the effectiveness of internal control system: The Audit Department submits the Statement on Internal Control System at the Audit Committee's meeting every year.

- (III) Review on Financial Reports and the Company's important proposals: The Audit Committee communicates with the Internal Audit Supervisor and CPAs at the Audit Committee's meeting every quarter. The discussion and resolutions on relevant important proposals are shown in the above table.
- (IV) Independent communication meetings: Since from the fourth quarter of 2022, internal audit supervisors and CPAs shall hold Independent communication meetings with Independent Directors every quarter without the presence of the management, at which issues such as internal control and financial statements shall be communicated and discussed.
- (V) Communication about the Company's financial and business status: The Audit Committee holds communication meetings or makes communications and discussions by means of letters, telephone calls, etc. in the Company from time to time.

(III) Implementation of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company formulate and disclose the "Corporate Governance Best-practice Principles" according to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"?	✓		The Company has formulated the "Corporate Governance Best-practice Principles" and disclosed the principles on the Market Observation Post System (MOPS) and the Company website.	No deviation
II. Shareholding structure & Shareholders' rights				
(I) Does the Company establish internal operating procedures to handle Shareholder's suggestions, doubts, disputes, and lawsuits, and implemented such procedures?		✓	(I) In practice, the Company handles Shareholder's suggestions or disputes through spokesperson system, corporate communication, as well as shareholders' affairs, legal affairs and other relevant departments based on the their duties.	Description
(II) Has the Company possessed a list of the major Shareholders who actually control the Company, and the ultimate owners of these major shareholders?	✓		(II) The Company has possessed a list of the major Shareholders who actually control the Company, and the ultimate owners of these major shareholders	No deviation
(III) Has the Company established and implemented risk control and firewall systems with its affiliate companies?	✓		(III) As for internal control system, the Company has formulated the management rules such as "Subsidiary Supervision and Management Operations" and "Related Person Transaction Management Operations", etc. to specify the management rights and responsibilities as well as control methods related to affiliates. It supervises the establishment and implementation of necessary internal control systems by subsidiaries. If there are business with affiliates, they are deemed as independent third parties, and abnormal transactions are completely eradicate, so as to establish a good risk control mechanism and firewall.	No deviation
(IV) Has the Company formulated internal rules prohibiting the Company's insiders from trading securities by using information not disclosed to the market?	✓		(IV) The Company has formulated the "Codes of Ethical Conduct", the "Guidelines for the Adoption of Codes of Ethical Conduct for a director, or managerial officer", and the "Management Procedures for Disposal of Internal Significant Information and Prevention of Insider Transactions", etc., expressly prohibiting the occurrence of related incidents.	No deviation
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors established and implemented diversity policies for its composition?	✓		(I) In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company has formulated the "Diversity Policy for the Members of Board of Directors", and disclosed the Policy on the Company website and the Market Observation Post System (MOPS), and selected the members of the Board of Directors according to the policy. Specific management objectives: Members of the Board of Directors shall generally have the knowledge, skills and literacy necessary for the performance of their duties. In order to achieve the ideal goal of corporate governance, the overall competencies of the Board of Directors are operational judgment,	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) In addition to the Compensation Committee and Audit Committee, has the Company voluntarily established other functional committees?	✓		<p>accounting and financial analysis skills, operational management, crisis management, industry knowledge, international market perspective, leadership and decision making: Implementation status is as follows:</p> <ul style="list-style-type: none"> The Company has set up nine Directors to meet the Company's needs for development. The Company's female Directors account for 33.3% of all Directors. The professionals with different professional backgrounds in technology, management, industry, accounting, and laws, etc. have been elected to serve as the members of the Company's Board of Directors. Independent Directors hold the positions of the Company's Independent Directors for no more than three terms. <p>(II) The Company will establish Special Committee for Mergers and Acquisitions, in accordance with the Business Mergers and Acquisitions Act and the Organizational Rules for the Special Committee for Mergers and Acquisitions, to perform relevant businesses, if the Company needs to deal with mergers and acquisitions.</p>	No deviation
(III) Has the Company established the measures to evaluate the performance of the Board of Directors, and does the Company implement performance evaluation annually? Does it report the performance evaluation results to the Board of Directors and use them as a reference for individual Director's compensation and nomination of term renewal?	✓		<p>(III) The Company has formulated the Board of Directors' Performance Evaluation Regulations. Not only has the company self-assessment been performed but also an external professional independent organization (Taiwan Investor Relations Institute) was entrusted to perform external assessment in 2022. It reports the results of the performance evaluation and submits the information at the Board of Directors' meeting in the first quarter of the next year, and adopts them as a reference for relevant remuneration and nomination. The 2022 performance evaluation results of the Company's Directors were presented at the Board of Directors' meeting on March 13, 2023 and disclosed on the MOPS within the specified time limit.</p>	No deviation
(IV) Does the Company regularly assess on the independence of CPAs?	✓		<p>(IV) The Company assesses the independence of CPAs annually, and fills in Assessment Form and submits it to the Board of Directors for review together with the Independence Statements issued by CPAs. The contents of the assessment referring to AQIs is that whether the CPAs comply with Article 47 of the CPA Act, whether they have been punished by the FSC, and whether they have visa experience in related industries, etc. The 2022 and 2023 performance evaluation results of the Company's Directors have been reviewed and approved by the Board of Directors respectively on March 18, 2022 and March 13, 2023.</p>	No deviation
IV. Does the Company appoint adequate and appropriate persons and a corporate governance supervisor to be in charge of corporate governance matters (including but not limited to providing Directors and Supervisors with their required information for business execution, assisting Directors and Supervisors in following laws and regulations, handling matters in relation to the Board of	✓		<p>The Company has appointed a Corporate Governance Supervisor and a dedicated department is responsible for providing Directors with their required information for business execution, handling matters in relation to the meetings of Audit Committee, Board of Directors, and Shareholders' Meetings, and keeping meeting minutes, conducting registration for business operation and change registration for the Company, handling the Company's information disclosure and other businesses, and providing the basis for assessment on corporate governance.</p>	No deviation

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
Directors' meetings and Shareholders' Meetings, and keeping minutes of the Board of Directors meetings and Shareholders' Meetings according to law)?			Implementation of the Corporate Governance Supervisor and the dedicated department was as follows: (I) Provided the members of the Board of Directors with the financial and business information, changes to laws and regulations, and other related information required for operating, from time to time. (II) Dealt with the affairs related to the meetings of the Audit Committee, the Board of Directors, and the Shareholders' Meeting, and implemented related issues, in accordance with laws. (III) Was responsible for the disclosure of information on the Company's MOPS. (IV) Handled change registration for the Company. (V) Made cooperation in the assessment on corporate governance to strengthen corporate governance.	
V. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has established a dedicated section for stakeholders, and it communicates with stakeholders in the following ways. (I) Company website: Provide the Company's contact methods, and update the various information related to the Company. (II) Industry value chain information platform: The Company's business philosophy, product information, etc. can be inquired on the common platform established by the counter-based purchase center. (III) Daily communication: Dedicated units are set for different stakeholders to maintain communication with them through daily meetings, visits, phone calls, emails, etc. (IV) Exchanges in the industry: Actively participate in the representative organizations and related activities in the academic and industrial circles, such as GSA, TSIA, labor union of the Park, so as to maintain a good communication with the overall industry.	No deviation
VI. Does the Company appoint a professional shareholder service agency to deal with the affairs of Shareholders' Meeting?	✓		The Company has entrusted the CTBC Transfer Agency Dept to deal with the affairs of the Company's Shareholders' Meeting act an agency.	No deviation
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business, and corporate governance status?	✓		(I) The Company has established a corporate website both in Chinese and English to disclose various related information.	No deviation
(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating dedicated persons to be responsible for collection and disclosure of the Company's information, implementing spokesperson system, webcasting investors' conference, etc.)?	✓		(II) In addition to the corporate website both in Chinese and English, the Company has adopted the following information disclosure methods: 1. The Company has a spokesperson and an acting spokesperson, and has relevant units for information collection and disclosure, which will delegate dedicated persons to collect and disclose the Group's information such as news media and MOPS based on their duties. 2. The information on the corporate briefing has been disclosed on the website of the	No deviation

Evaluation Item	Implementation Status		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No		
			Company.	
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?		✓	(III) In 2022, the Company announces and declares its financial reports as well as its operating conditions of each month by the deadline stipulated by competent authority.	Description
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, care for employees, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' continued education, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and purchase of liability insurance by the Company for its Directors and Supervisors)?	✓		(I) The Company's organizational structure and management, internal control system, corporate governance-related rules, corporate social responsibility policies, the dedicated sections for stakeholders, and other related contents have been disclosed on the Company website. (II) Employee rights, care for employees: The Company hammers at creating a healthy and safe working environment and smooth communication channels for employees. The Company has set up an Employee Welfare Committee to plan various allowances or subsidies for employees. (III) The information about the continued education of the members of the Company's Board of Directors has been disclosed on the MOPS. (IV) The Company purchases director, supervisor and important employee liability insurances for its Board of Directors' members and important personnel every year. Such insurance purchased in 2022 has been reported to the Board of Directors on November 9, 2022, and disclosed on the MOPS.	No deviation
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center in the most recent year, and provide the priorities and plans for improvement with items yet to be improved.				
(I) In the 9th (2022) corporate governance evaluation, the Company was in the 51%~65% among the listed companies. In the future, the Company will optimize corporate governance related matters gradually depending on its status.				
(II) The Company makes cooperation in corporate governance evaluation, revises the corporate governance related rules, evaluates and improves the information disclosed in its annual reports and on its website, and improves the completeness of the description of various indicators.				

(IV) Composition, Duties and Operation of the Compensation Committee

1. Professional Qualifications and Independence Analysis of Compensation Committee Members

April 29, 2023

Title	Name	Qualifications	Professional Qualifications and Work Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Ai-Chen, Wang	Note	Note	1. Please refer to page 16-17 of this annual report for the comprehensive shareholding of independent directors. 2. Each of the Company's independent directors met the following independence criteria in the two years prior to their election and during their term of office: (1) Not an employee of the Company or any of its affiliates. (2) Not a Director or Supervisor of the Company or any of its affiliated companies. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, children (minors), or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.	0
Independent Director	Jen-Hung, Tseng	Note	Note	(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the Managerial Officers specified in preceding (1) subparagraph, or of any of the persons specified in the preceding (2) and (3) subparagraphs. (5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs 1 or 2 of Article 27 of the Company Act.	0
Others	Hsiang-Lan, Kuo	Education: Bachelor, Department of Accounting, National Cheng Kung University Experience: Independent director, Areas Green Technology Corporation, and CFO, Coretronic Corporation	Education: Bachelor, Department of Accounting, National Cheng Kung University Experience: Independent director, Areas Green Technology Corporation, and CFO, Coretronic Corporation	(6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person. (7) Not a Director, Supervisor (Governor), or employee of other company or institutions who is the Chairman, Vice President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses. (8) Not a Director, Supervisor (Governor), Managerial Officer, or shareholder with over 5% shareholding of any specific company or institution which has financial or business relationships with the Company. (9) Not a professional or the owner, partner, Director, Supervisor, or Managerial Officer of any sole proprietorship, partnership, company, or institution in business, legal, financial, or accounting, or consulting services, and their spouse who or which provided auditing to, or obtained less than NT\$500,000 compensation accumulatively in the most recent two years from, the Company or its affiliates. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act. (10) Not under any of the categories stated in Article 30 of the Company Act.	0

Note: Please refer to pages 15-17 of this annual report for major experience (education) as well as other position concurrently held at other companies

2. Duties of Compensation Committee

The Remuneration Committee of the Company shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and powers, and submit the suggestions to the Board of Directors for discussion.

- (1) Review these Regulations and make amendment suggestions as appropriate in response to environmental change.
- (2) Establish and regularly review the Company's Directors' and Managerial Officers' performance evaluation and compensation policies, systems, standards, and structure.
- (3) Regularly assess and determine the Director's and Managerial Officer's compensation.

3. Operational Status of the Compensation Committee

- (1) The Company's Compensation Committee consists of 3 members in total.
- (2) Term of this Compensation Committee: July 12, 2021 to July 1, 2024. Four Compensation Committee meetings were held in 2022. The qualifications and attendance of the members were as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Ai-Chen, Wang	4	0	100	None
Committee Member	Jen-Hung, Tseng	4	0	100	None
Committee Member	Hsiang-Lan, Kuo	4	0	100	None

Other matters to be recorded:

- I. If the Board of Directors declines to adopt or revise a suggestion of the Remuneration Committee, the dates, sessions of the meetings, contents of proposals, Board of Directors' resolutions, and the Company's response to such resolutions shall be specified: None.
- II. If there are recorded or written resolutions of the Remuneration Committee to which members have objections or reservations, the dates, sessions of the meetings, contents of proposals, all members' opinions, and the Company's response to such resolutions shall be specified: None.

(V) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the Board of Directors? And how does the supervision of the Board of Directors go?	✓		<p>1. The Company's Governance Structure to Promote Sustainable Development The Company has established a Sustainability Committee in the second quarter of 2022, with the president as the chairman to formulate sustainable development strategies and report to the Board of Directors at regular intervals.</p> <p>2. Implementation of Each Organization of the Company</p> <p>(1) Name, Setting Time and Authorization of the Board of Directors of the Fulltime (Part-Time) Unit to Promote Sustainable Development: the Sustainability Committee of the Company was established by the Board of Directors based on the Sustainable Development Best Practice Principles. The president shall serve as the chairman of committee for convening.</p> <p>(2) Member Composition, Operation and Implementation of the Unit to Promote Sustainable Development in the Current Year: the President, as chairman the Sustainability Committee, convenes and presides over meetings of the Sustainability Committee. The Director-General invites working group members to participate in these meetings according to the proposals. The Sustainability Committee has set up a special group to deal with sustainable development covering the ESG. Responsible departments collect stakeholders' concerns about environmental protection, occupational safety, supply chain management, labor human rights, operational performance, and corporate governance, in a bid to respect the rights and interests of stakeholders. A special column for stakeholders was set up on the Company's website to appropriately respond to the important sustainable issues they are concerned about. The resolutions or issues discussed and passed by the Sustainability Committee will be documented in the form of minutes. Upon deliberation by the chairman, the minutes will be handed over to relevant units for implementation through the director-general in collaboration with the executive secretary.</p> <p>(3) Frequency of the Promotion Unit Reporting to the Board of Directors, or the Date of Reporting to the Board of Directors in the Current Year: the Sustainability Committee has reported the progress of promotion to the Board of</p>	No deviation

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>Directors on May 9, 2022, August 10, 2022, and November 9, 2022, respectively.</p> <p>3. The Board of Directors' supervision of sustainable development: The Board of Director approved the amendment to the “Sustainable Development Best Practice Principles” in 2022, and established the Sustainability Committee to formulate sustainable development policies and guidelines that will be implemented within the Company. The Company is committed to gradually integrating the concept of sustainable management into its corporate culture.</p>	
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>1. The boundary of risk assessment (the scope of the subsidiaries covered): The Company's risk assessment boundary lies in itself, including two branches in Taiwan.</p> <p>2. Risk assessment criteria, process, results and risk management policies or strategies for identifying material issues related to environment, society and corporate governance: The issues of concern raised by different departments in communication with key stakeholders in daily operations were gathered by the Sustainability Committee, with reference to specific topics of the 2021 edition of the GRI Standards and SASB Standards. A total of 24 sustainable issues covering economic, environmental and social aspects were summarized. The Board of Directors - the highest governance body for risk management - holds liable for approving risk management policies, procedures and structures, and overseeing risk management to ensure effective operation. The Risk Management Policies and Procedures has been adopted. A Risk Management Committee has been formed within the Company in which the president serves as the chairman. The executive secretary, according to the Company's business characteristics, risk nature, and operating activities, convenes the risk management promotion group cooperate with each operating unit for risk identification, analysis, evaluation, and response. Then, the sequence and control mechanism are formulated based on the risk impact and tolerance, so that appropriate response measures can be taken when facing risks, while maintaining detailed records of management procedures and execution results that should be reported to the Risk Management Committee at regular intervals.</p>	No deviation

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Environmental issues				
(1) Does the Company establish proper environmental management systems based on the characteristics of its industry?	✓		<p>1. How can an effective environmental management system be implemented, and the regulations to follow: The Company has established an appropriate environmental management system according to the characteristics of the industry. In addition to the implementation of environmental protection in accordance with the relevant domestic environmental protection laws and regulations, the Company also regularly carries out internal and external environmental management system audit to ensure its effectiveness.</p> <p>2. The relevant international verification standards passed by the Company and their coverage: The Company has complied with the requirements of EU Restriction of Hazardous Substances Directive (RoHS-2011/65/EU), thus being recognized by major international manufacturers as a green partner. Also having obtained ISO 14001 environmental management system certification, the Company continues to improve environmental performance, formulates relevant management rules on environmentally restricted substances, and complete the adjustments to design and production processes.</p>	No deviation
(2) Is the Company committed to utilizing all resources more efficiently and using renewable materials which have low impact on the environment?	✓		<p>The Company's policies for improving energy efficiency and using recycled materials:</p> <p>Measures were adopted to improve the efficiency of energy resource utilization, such as recycling of product packaging materials and waste heat from ice machine, replacement of traditional lamps with energy-saving lamps, replacement of fixed-frequency motors with variable-frequency motors, and reuse of water from cooling towers. The environmentally restricted substances in raw materials of products were controlled to lower the impact of environmental load. Achievements in improving energy efficiency: The electricity consumption in 2018 was 6,153K kWh, and the Company plans to reduce the electricity consumption by 1% every year. The electricity consumption was 5,875K kWh in 2022, reduced by 4.5% in 4 years, which is in line with the Company's goal.</p>	No deviation

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																								
	Yes	No	Description																									
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		How has the Company evaluated the potential risks and opportunities of climate change for the business now and in the future, the evaluation results and the measures taken to address them: The Company's environmental safety committee team has evaluated and identified the potential risks and opportunities of climate change to the enterprise now and in the future. The risks identified include water shortage, power limitation, flooding, increase in operating costs, impairment of assets and the like. The measures to be taken are to improve the recovery time of operation-related support systems, shorten the time to return to normal operation, implement a mechanism to handle material abnormal events, and continue to pay attention to and comply with relevant energy and environmental regulations. The potential opportunities of climate change for the Company in the future are the use of energy-efficient electrical appliances, which will be addressed by continuous research and development and mass production of low energy consumption related products.	No deviation																								
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of wastes in the last two years, and formulate policies on energy saving and carbon reduction, greenhouse gas reduction, water reduction, or wastes management?	✓		<p>1. Statistical data, intensity and data coverage of the following items in the last two years: The coverage of greenhouse gases (scope1, scope2), water consumption, and waste volume is for the Company's Hsinchu Headquarters, where the values of each information have not been verified by a trusted third party.</p> <p>(1) Greenhouse gases</p> <p style="text-align: right;">Unit: Ton</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Data coverage</th> <th colspan="2">Hsinchu Headquarters</th> <th>Global</th> <th rowspan="2">Total</th> <th rowspan="2">Turnover (NT\$ billion)</th> <th rowspan="2">Intensity (Ton CO2/NT\$ 100 million)</th> </tr> <tr> <th>Scope1</th> <th>Scope2</th> <th>Scope3</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>58</td> <td>2,997</td> <td>29,114</td> <td>32,169</td> <td>61.5</td> <td>523</td> </tr> <tr> <td>2022</td> <td>100</td> <td>3,298</td> <td>No information yet</td> <td>—</td> <td>46.8</td> <td>No information yet</td> </tr> </tbody> </table>	Data coverage	Hsinchu Headquarters		Global	Total	Turnover (NT\$ billion)	Intensity (Ton CO2/NT\$ 100 million)	Scope1	Scope2	Scope3	2021	58	2,997	29,114	32,169	61.5	523	2022	100	3,298	No information yet	—	46.8	No information yet	No deviation
Data coverage	Hsinchu Headquarters		Global		Total	Turnover (NT\$ billion)	Intensity (Ton CO2/NT\$ 100 million)																					
	Scope1	Scope2	Scope3																									
2021	58	2,997	29,114	32,169	61.5	523																						
2022	100	3,298	No information yet	—	46.8	No information yet																						

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																		
	Yes	No	Description																			
			<p>(2) Water consumption</p> <p style="text-align: right;">Unit: Ton</p> <table border="1"> <thead> <tr> <th>Data coverage</th> <th>Hsinchu Headquarters</th> <th>Intensity (Ton/NT\$ 100 million)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>66,692</td> <td>1,084</td> </tr> <tr> <td>2022</td> <td>65,219</td> <td>1,060</td> </tr> </tbody> </table> <p>(3) Waste</p> <p style="text-align: right;">Unit: Ton</p> <table border="1"> <thead> <tr> <th>Data coverage</th> <th>Hsinchu Headquarters</th> <th>Intensity (Ton/NT\$ 100 million)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>58</td> <td>0.9</td> </tr> <tr> <td>2022</td> <td>54</td> <td>0.9</td> </tr> </tbody> </table> <p>2. Policies for greenhouse gas reduction, water reduction or other waste management, including but not limited to: base-year data, reduction targets, promotion measures and achievement: The Company's policies on greenhouse gas reduction, water use reduction or other waste management are: (1) Energy saving, pollution prevention, and resource recovery. (2) Encouraging the use of environmentally friendly packaging materials to reduce resource consumption. (3) Implementing green design and providing energy-saving products.</p>	Data coverage	Hsinchu Headquarters	Intensity (Ton/NT\$ 100 million)	2021	66,692	1,084	2022	65,219	1,060	Data coverage	Hsinchu Headquarters	Intensity (Ton/NT\$ 100 million)	2021	58	0.9	2022	54	0.9	
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Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																				
	Yes	No	Description																					
			<p>The promotion and achievement are as follows:</p> <table border="1"> <thead> <tr> <th colspan="4">Base-year: 2021</th> </tr> <tr> <th>Item</th> <th>Greenhouse gases</th> <th>Water</th> <th>Waste</th> </tr> </thead> <tbody> <tr> <td>Reduction target</td> <td>From 2013 onwards, the target will be directly to reduce carbon emissions by 1% each year</td> <td>None</td> <td>None</td> </tr> <tr> <td>Reduction measures</td> <td>1. Replacing capacitors and inductors in low voltage switchboards 2. Updating UPS to increase energy efficiency</td> <td>1. Installation of water economizers 2. Advocating water conservation</td> <td>Recycling and reuse of packaging materials</td> </tr> <tr> <td>Achievement</td> <td>4%</td> <td>None</td> <td>None</td> </tr> </tbody> </table>	Base-year: 2021				Item	Greenhouse gases	Water	Waste	Reduction target	From 2013 onwards, the target will be directly to reduce carbon emissions by 1% each year	None	None	Reduction measures	1. Replacing capacitors and inductors in low voltage switchboards 2. Updating UPS to increase energy efficiency	1. Installation of water economizers 2. Advocating water conservation	Recycling and reuse of packaging materials	Achievement	4%	None	None	
Base-year: 2021																								
Item	Greenhouse gases	Water	Waste																					
Reduction target	From 2013 onwards, the target will be directly to reduce carbon emissions by 1% each year	None	None																					
Reduction measures	1. Replacing capacitors and inductors in low voltage switchboards 2. Updating UPS to increase energy efficiency	1. Installation of water economizers 2. Advocating water conservation	Recycling and reuse of packaging materials																					
Achievement	4%	None	None																					
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<p>The Company's appointment policy complies with internationally recognized international conventions (including the "Universal Declaration of Human Rights", "International Covenant on Economic, Social and Cultural Rights", "International Covenant on Civil and Political Rights", and "Declaration of Fundamental Principles and Rights of the International Labor Organization", as well as other laws and regulations. The Company does not treat people in different ways due to their race, socioeconomic class, language, ideology, religion, party, birthplace, gender, marriage, appearance, physical obstacles or previous union memberships. The Company has established appropriate internal management methods and procedures, and regularly accepts the audit conducted by its internal units, certification units and customers, so as to ensure the implementation thereof.</p>	No deviation																				

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Has the Company established and does it implement reasonable benefits for employees (including compensation, leave, and other benefits), and reflects the business performance or results in employee's compensation appropriately?	✓		As for the Company's benefits to its employees, the Company provides its employees with the flexible leave superior to that stipulated by Labor Standard Act, in addition to compliance with Labor Standard Act, as well as related laws and regulations. Remuneration: The Company has established internally the bonus payment principles and incentive bonus implementation methods, and it provides employee with stock trusts and employee stock options to reward employees. Other benefits: The Company has established Employee Benefit Committee, group insurance measures, health examinations for senior managers, as well as marriage, funeral, celebration, paternal, and emergency subsidiaries, and it provides family security services to take and send employee's child(ren) after school for free, after-school guidance, and other childcare measures. The Company was awarded the "Friendly Workplace" certification mark granted by the Labor Committee of Executive Yuan in 2008, commended by the Labor Committee of Executive Yuan as an excellent EAPs business unit in 2011, and granted with the Family LOHAS Award and Health LOHAS Award in the first "Work-Life Balance Award" granted by the Ministry of Labor in 2014.	No deviation
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		Measures for safety and a healthy working environment of employees, employee education policies and their implementation: The Company has established a healthy and safe working environment, by introducing effective methods, technologies and equipment, to prevent occupational disasters and diseases, improve employee's morale and health, and maintain product quality and service level. And the Company has set work safety management goals, and it regularly tracks, improves and formulates standardized emergency response procedures. In order to strengthen employees' awareness of safety and health, the Company conducts various safety response drills and first aid education and training every year, regularly organizes education and training related to occupational safety and health for employees, and provides employee health checks and safety and health education. Relevant certifications obtained by the Company and scope: The Company has passed the "ISO 45001:2018 Occupational Health and Safety Management Systems" (which certificate is valid until May 4, 2023), covering the Company's Hsinchu Headquarters.	No deviation

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																		
	Yes	No	Description																			
			<p>Total occupational accidents, casualty and ratio to the total employees, and corresponding improvements:</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> <th>Note</th> </tr> </thead> <tbody> <tr> <td>Number of occupational accidents</td> <td>2</td> <td>1</td> <td rowspan="3">Traffic accidents</td> </tr> <tr> <td>Casualty</td> <td>2</td> <td>1</td> </tr> <tr> <td>Percentage of casualty suffered occupational accidents</td> <td>0.67%</td> <td>0.33%</td> </tr> <tr> <td>Corresponding improvements</td> <td colspan="3">Education on traffic safety</td> </tr> </tbody> </table>		2021	2022	Note	Number of occupational accidents	2	1	Traffic accidents	Casualty	2	1	Percentage of casualty suffered occupational accidents	0.67%	0.33%	Corresponding improvements	Education on traffic safety			
	2021	2022	Note																			
Number of occupational accidents	2	1	Traffic accidents																			
Casualty	2	1																				
Percentage of casualty suffered occupational accidents	0.67%	0.33%																				
Corresponding improvements	Education on traffic safety																					
(IV) Does the Company provide its employees with effective career ability development and training plans?	✓		The Company plans for and encourages employees to accept continued education, and provides them with continued education courses, channels, subsidies and leave, as well as continued education without payment but with positions kept, based on their functions and class, so as to improve their professional skills and encourage diversified development.	No deviation																		
(V) Does the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, marketing, and marks, and set related polices and compliant procedures to protect consumers' rights and interest?	✓		The Company has obtained ISO 9001:2015 and other international certifications to ensure that customers satisfy with its product quality and services, and established customer communication channels. And it complies with international rules and relevant regulations to safeguard customer's safety and privacy. The Company also has formulated the "Procedures for Management of the Relationships with Customers", the "Procedures for Dealing with Customer Complaints", the "Packaging Operation Methods", as well as other measures and policies related to consumer rights and interests.	No deviation																		
(VI) Has the Company established the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?	✓		1. Supplier management policy and related norms for compliance, and the contents thereof should have positive and specific requirements for suppliers in terms of environmental protection, occupational safety, and health, or labor human rights: With formulation of the "Sustainable Management Policy of Suppliers", the Company attaches great importance to the long-term cooperation with suppliers, for which it has extended the scope of sustainable supply chain management to CRS such as economy and governance, environmental	No deviation																		

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>protection, and social co-prosperity. Labor rights, environmental protection, safety and health, ethics and management systems are part of key requirements for supplier selection and audit. Based on this, the Company has established risk control projects and identification of high-risk suppliers. The Company formulates improvement measures based on the evaluation results and assists suppliers in continuous improvement, in an attempt to improve the effectiveness of sustainable supply chain management and reduce supply chain operational risks, thus establishing a sustainable growth partnership. In order to reduce the carbon emissions of overall supply chain transportation, local procurement is used as a means to improve supply flexibility, shorten the duration of new product development, and lower production costs.</p> <p>2. Implementation of supplier management policies and related norms for compliance: the Company's key suppliers are only considered qualified under the following circumstances, that is, they must hold ISO9001, ISO14001 and ISO45001 certificates at the same time, and execute the "Supplier Social Responsibility and Sustainable Development Best Practice Principles" and "Statement on Environmental Protection". Moreover, the products or materials provided by suppliers need to render RoHS ICP test reports of raw materials from third-party laboratories to recognize the composition of harmful substances. The Company also conducts annual supplier self-assessment and audit confirmation on quality system, environmental safety and health system, green management system, and social responsibility. Nonconformities will be tracked for improvement.</p>	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports to prepare sustainability and other reports to disclose the Company's non-financial information? Are the reports certified or assured by a third-party accreditation body?	✓		<p>1. International standards or guidelines referenced, and reports prepared that disclose non-financial information: Subject to the requirements of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the reports of the Company were prepared based on the Sustainability Reporting Standards 2021 (GRI Standards 2021) issued by the Global Reporting Initiative, with reference to the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Accounting Standards Board (SASB) Standards. The annexes to the reports were attached with the indexes of GRI Standards for the reference of stakeholders.</p> <p>2. Name of the accreditation unit for verification and guarantee, accreditation items</p>	No deviation

Promotional Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			or scope, and norms for compliance: the Company has commissioned GREAT Certification to conduct Type 1 Moderate Level verification based on AA 1000: AS V3, in order to improve the disclosure quality of the report, which confirmed compliance with GRI Standards 2021.	
VI.	Where the Company has established its own corporate sustainable development best-practice principles based on the "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: The Company has cooperated “ the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies ” established the “Sustainable Development Best Practice Principles”as to fulfill its corporate social responsibility and promote the balance among and sustainable development of economy, society and environmental ecology. The actual implementation status is consistent with the Principles formulated by the Company.			
VII.	Other important information to facilitate a better understanding of sustainable development practices: The 2022 sustainability report was prepared in accordance with international standards, covering the implementation and promotion of three aspects of sustainable development, including environmental protection, social responsibility, and corporate governance. Please refer to the website (https://etron.com/esg/) for relevant measures and results.			

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

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has established the “Codes of Ethical Conduct”, the “Guidelines for the Adoption of Codes of Ethical Conduct for A Director, or Managerial Officer”, and “Etron Ethical Corporate Management Best Practice Principles”, as approved by the Board of Directors, requiring the Board of Directors, senior managements and all employees to make commitment for and actively implement ethical corporate management.	No deviation
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis the business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the prevention measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company has established the “Guidelines for the Adoption of Codes of Ethical Conduct for a Director, or Managerial Officer”, the “Codes of Ethical Conduct”, “Etron Ethical Corporate Management Best Practice Principles”, “Sustainable Development Best Practice Principles”, and other related rules, in order to allow its employees to be aware of and understand ethical acts, and it will publish its internal PDMS in ethical management-related rules and documents for employee’s inquiry at any time. In addition, the Company has established accounting system and internal control system. The internal auditors and external auditors regularly and irregularly inspect and review the compliance with and implementation of the said systems.	No deviation
(III) Has the Company provided any solutions to prevent the unethical conducts, and specify the definite procedures, conduct guidelines, punishment for violation as well as appeals system, and put them into practice, and review and revise on a regular basis the aforesaid solutions?	✓		(III) The Company has established related rules, specifying the definite procedures, conduct guidelines, punishment for violation as well as appeals system, and put them into practice, review the aforesaid solutions regularly, and revise them depending on actual situation.	No deviation
II. Implementation of ethical corporate management				
(I) Does the Company evaluate counterparties' ethical records and expressly specify ethics-related clauses in the business contracts signed with counterparties?	✓		(I) The Company makes relevant evaluations on all of its counterparties, and signs similar clauses. In the future, it will continue to request signing relevant statements with its counterparties or incorporating such clauses into the contracts between the parties.	No deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?		✓	(II) The Company is committed to promoting the matters related to corporate social responsibility and ethical corporate management. However, no regular report is made to the Board of Directors at present.	Description
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has specified related policies in the “Codes of Ethical”, and required employees to sign relevant commitments upon employing them, and has set up whistle-blowing systems on the Company's internal and external websites. If any reports are accepted, a special team will be established to make investigation.	No deviation
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(IV) The Company has established effective accounting systems and internal control systems, and had its internal audit unit to conduct regular audit to ensure their design and implementation continue to be effective, and entrusted a CPA to conduct the audit.	No deviation
(V) Does the Company regularly hold internal and external educations and trainings on ethical management?	✓		(V) The Company holds 4 labor-management meetings every year, and promotes ethical management in the meetings, and it includes ethical management in the irregular educations and trainings held for new employees. The Company has conducted 1 session of ethical management and training in December 2022, and the number of colleagues who have completed the training was 263.	No deviation
III. Operation of the whistle-blowing system (I) Does the Company establish specific whistle-blowing system, reward/punishment system, and convenient whistle-blowing channels, and appoint proper dedicated person for the whistle-blowing objects?	✓		(I) In case of serious violation by any employee, necessary criminal and civil lawsuits will be made against him/her in accordance with laws, in addition to appropriate handling or termination of employment according to internal rules. Employees may submit reports to their direct supervisors or human resources supervisor via e-mail, whistle-blowing hotline, or confidential written documents. If the report is accepted, a special team will be established to make investigation.	No deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) The Company has established the "Codes of Ethical ". There are clear operating procedures for making complaints, investigations, and completion of investigations. The Company keeps confidential all related personnel who report or are reported.	No deviation
(III) Does the Company take measures to protect whistleblowers against improper treatment due to whistleblowing?	✓		(III) The Company shall be obligated to keep confidential the identity of whistleblowers. If it is deemed as necessary during the investigation, the whistleblowers and the reported persons may be notified to make explanation, provide evidences, or conduct defend separately, so as to prevent whistleblowers from being treated improperly due to the whistle-blowing.	No deviation
IV. Enhanced disclosure of information Does the Company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company website and MOPS?	✓		The Company has disclosed the "Code of Corporate Policies Management" and effect on the Company website and MOPS. Please refer to https://etron.com/esg/integrity/	No deviation
V. If the Company has established its Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviation of implementation from the Principles: The Company's has established "Etron Ethical Corporate Management Best Practice Principles" requiring all Etron employees to conduct businesses under the Principles, so as to establish the corporate culture and sound development of ethical management. No deviation of implementation from the Principles formulated by the Company.				
VI. Other important information to facilitate the understanding of the implementation of ethical corporate management: The Company also has established the "Codes of Ethical Conduct" expressly specifying the terms and provisions related to employees' acts and code of ethics.				

(VII) Method for Inquiring the "Corporate Governance Best Practice Principles" and Relevant Regulations

1. Website (<https://www.etrn.com>) → ESG → Responsibility Governance → Corporate Policies
2. Market Observation Post System → Corporate Governance → Corporate Governance Structure → Formulation of relevant rules and regulations for corporate governance.

(VIII) Other important information to facilitate a better understanding of the Company's corporate governance implementation status:

Website (<https://www.etrn.com>) → ESG → Responsibility Governance → Corporate Governance Operations.

(IX) Implementation status of internal control system

1. Statement on Internal Control

Etron Technology, Inc.
Statement on Internal Control System

Date: March 13, 2023

The Company hereby states the results of the self-evaluation on the internal control system for 2022 as follows:

- I. The Company duly understands that it is the responsibility of its Board of Directors and Managerial Officers to establish, implement, and maintain an internal control system, and the Company has established such system. Its purpose is to reasonably ensure the achievement of the goals for the effectiveness and efficiency of operations (including income, performance, and asset safety), the reliability, timeliness, and transparency of reporting, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to the changes in environment and circumstances. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate correction actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the aforesaid criteria.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This Statement is an integral part of the Company's Annual Report and prospectus and will be disclosed to the public. Any falsehood, concealment, or other illegality in the contents disclosed to the public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. It is hereby stated that this Statement was approved by the Board of Directors on March 13, 2023, and none of the nine Directors in attendance objected to it and all consented to the contents expressed in this Statement.

Etron Technology, Inc.

Chairman & CEO: Nicky Lu

President: Elvis Deng

2. Where a CPA has been engaged to carry out an audit on the internal control system, the CPA audit report shall be disclosed: None.

(X) Penalty imposed on the Company or its personnel in accordance with laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules in 2022 and as of the date of the publication of the Annual Report, as well as details of the penalties, major deficiencies and subsequent improvements if any possible significant impact of the penalties on shareholder's interests or security price: None.

(XI) Important Resolutions made by the Shareholders' Meeting and Board of Directors in 2022 and As of the Date of Publication of the Annual Report

1. Major Resolutions of Shareholders' Meeting and Implementation

Proposal in 2022 Shareholders' Meeting	Subsequent Implementation Status
Ratification of the Company's 2021 Business Report and Financial Statement.	N/A
Ratification of the Company's 2021 Earnings Distribution	For the 2021 annual earnings distribution, the cash dividend for shareholders is NT\$215,943,478, and the stock dividend is NT\$134,964,680; the ex-dividend base date is September 20, 2022, and the distribution date of cash dividend is October 19, 2022.
By-election of Independent Directors for the Company	Election of Mr. Wilson, Wang act as an Independent Director.
Proposal for releasing directors from non-competition restrictions	Releasing directors from non-competition restrictions per the resolution of the shareholders' meeting.
Amendments to the Procedures for Acquisition or Disposal of Assets	The amended procedures have become effective and applicable on the current day when it was approved by the Shareholders' Meeting.
2021 Capital Increase by Retained Earning	The proposal was approved by Hsinchu Science Park Administration, National Science and Technology Council on September 29, 2022 through Zhu Shang Zi No. 1110030989 to perform change of registration for capital increase by retained earning, and new shares were approved to trade on TPEx on October 19, 2022.

2. Important resolutions made by the Board of Directors

Date	Session	Summary
2022/3/18	The 4th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ 2021 Final Statement ■ Distribution of 2021 compensation to employees and Directors ■ 2021 Earnings Distribution ■ 2021 Capital Increase by Retained Earning ■ 2021 Statement on Internal Control System ■ Proposal for replacing the independent certified CPAs of financial statements and evaluating their independence in 2022 ■ Amendments to the Procedures for Acquisition or Disposal of Assets ■ Proposal for re-election of an Independent Director and nomination of Independent Director candidate ■ The list of Independent Director candidates to be nominated by the Board of Directors and the proposal for releasing new Independent Directors from non-competition restrictions at the Annual Shareholders' Meeting. ■ Matters related to convening the Company's 2022 Annual Shareholders' Meeting ■ Proposal to issue the 3rd domestic unsecured convertible bonds ■ Proposal for appointment of Corporate Governance Supervisor ■ Proposal for releasing manager from non-competition restrictions

Date	Session	Summary
2022/5/9	The 5th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the first quarter of 2022
2022/8/10	The 6th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the second quarter of 2022 ■ Proposal for the issues of Capital Increase by Retained Earning and Distribution of Cash Dividends of the Company
2022/11/9	The 7th Session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ Consolidated Financial Report for the third quarter of 2022 ■ 2023 audit plan ■ 2023 business plan ■ Proposal for releasing manager from non-competition restrictions ■ Proposal for releasing directors from non-competition restrictions
2023/3/13	The 8th session of the 11th Board of Directors' Meeting	<ul style="list-style-type: none"> ■ 2022 Final Statement ■ Distribution of 2022 compensation to employees and Directors ■ 2022 Statement on Internal Control System ■ Proposal for evaluating the independence of CPAs in 2023 ■ Matters related to convening the Company's 2023 Annual Shareholders' Meeting

- (XII) Where there are recorded or written important resolutions approved by the Board of Directors to which Directors or Audit Committee have/has different opinions in 2022 and as of the date of publication of the Annual Report, their major contents shall be specified: None.
- (XIII) Resignation or dismissal of the Company's Chairman, President, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, and R&D Supervisor, etc. in 2022 and as of the date of publication of the Annual Report: None.

V. Information on CPA Professional Fees

(I) CPA Professional Fees

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Note
			System Design	Company Registration	Human Resources	Others	Subtotal		
Pricewaterhouse Coopers, Taiwan	Tsai-Yen, Chiang Patrick, Hsu	5,950	0	205	0	1,800	2,005	2022	The field of Others under Non-audit Fees lists NT\$1,000 thousand for filing Profit-seeking Enterprise Income Tax certified and NT\$800 thousand for certification of transfer pricing report.

- (II) When the CPA Firm is changed, and decrease in the audit fees paid for the year when such change is made as compared with the previous year: None.
- (III) Audit fees paid for the year are at least 10% less than those paid for the previous year: None.

VI. Information on Replacement of CPA

(I) Regarding the former CPAs

Date of Replacement		March 18, 2022	
Replacement Reasons and Explanations		Internal adjustment of Pricewaterhouse Coopers, Taiwan	
Termination or refusal of appointment by the Company the CPAs	Condition	CPA	Consignor
	Termination by the Company	N/A	N/A
	Termination by the CPAs	N/A	N/A
Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons		N/A	
Deviation form the Issuer	Yes		Accounting Principles or Practices
			Disclosure of Financial Reports
			Audit Scope or Steps
			Others
	None	✓	
		Description: N/A	
Other Disclosures		N/A	

(II) Regarding the succeeding CPAs

Name of CPA Firm	Pricewaterhouse Coopers, Taiwan
Name of CPA	Tsai-Yen, Chiang/Patrick, Hsu
Date of Appointment	March 18, 2022
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) Former CPAs' reply to disclosures under items 1 and 2-3, subparagraph 6, Article 10 of the Guidelines for the Items to be Recorded in the Annual Reports of Public Companies: N/A.

VII. The Company's Chairman, Presidents, or Managerial Officers in Charge of Finance or Accounting Held any Positions in CPA Firm or Its Affiliates in the Most Recent One Year: None

VIII. Change in the Shareholding of and the Shares Pledged by the Directors, Managerial Officers, and Shareholders Holding More Than 10% Shares in the Company

(I) Change in the shareholding of the Directors, Managerial Officers, and major shareholders

Position	Name	2022		April 29, 2023	
		Increase (Decrease) in number of shares held	Pledged Shares Increase (Decrease)	Increase (Decrease) in number of shares held	Pledged Shares Increase (Decrease)
Chairman & CEO	Nicky Lu	670,108 (1,680,000)	0	0	0
Director and President	Elvis Deng	162,246	0	0	0
Director	Chiu Chiang Investment Co., Ltd.	36,664	0	0	0
Director Representative	Shyh-Yi, Chen	0	0	0	0
Director	Kai Chun Investment Corp.	314	0	0	0
Director Representative	Mei-Ling, Hsu	2,569	0	0	0
Director Representative and Senior Vice President	Bor-Doou, Rong	5,285 (117,000)	0	0 (18,000)	0
Independent Director	Ai-Chen, Wang	0	0	0	0
Independent Director	Jen-Hung, Tseng	0	0	0	0
Independent Director	Yun-Chieh, Huang	0	0	0	0
Independent Director	Wilson, Wang (Note)	0	0	0	0
Special Assistant	David Leu	1,311 (20,000)	0	0	0
Vice President	Chun Shiah	509	0	0	0
Vice President	Ming-Hong, Kuo	0	0	0	0
Vice President	Mei-li, Lin	82,040	0	0	0
Group Legal Counsel	Teng-Wei, Wang (Note)	0	0	0	0
Associate Vice President	Tzu-Chin, Yao	(200,000)	0	0	0
Associate Vice President	Wen-Chi, Wang	548	0	0	0
Associate Vice President	Fu-Yung, Hung	418 (5,000)	0	250,000 0	0
Associate Vice President	Jung-Kun, Chung	2 (100,000)	0	150,000 0	0
Division Director	Yu-Chia, Cheng	109,873 (41,000)	0	0 (15,000)	0
Division Director	Jui-Ling, Hsieh	0	0	0	0

Note: Teng-Wei, Wang took the office of Independent Director on July 2, 2021 and was transferred to act as Group Legal Counsel on January 24, 2022. Wilson, Wang took up his post on June 8, 2022. The change in shareholding during the term of office thereof was disclosed only in this table.

(II) Information on Pledges of Shareholding: None.

(III) Information on Transfers of Shareholding

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the Counterparties and Directors, Managerial Officers, and Shareholders Holding More Than 10% Shares in the Company	Number of Shares (Unit: shares)	Transaction Price
Nicky Lu	Transference through arranging with specific person	2022/4/15	T-Era Ventures, Inc.	Shareholder of the counterparty	1,000,000	N/A
Nicky Lu	Transference through arranging with specific person	2022/12/23	Ziran Tiancheng Humanity Culture Co., Ltd.	Shareholder of the counterparty	500,000	N/A

IX. Relationship among the Company's Top 10 Shareholders in Shareholding Percentage

April 29, 2023; Unit: shares, %

Name	Current Shareholding		Spouse & Minor Child(ren) Shareholding		Shareholding under Others' Names		Among the top ten shareholders, name and relationship with any one who is a related party or a relative within the second degree of kinship		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relation-ship	
Nicky Lu	13,603,865	4.78	11,948,391	4.20	200,000	0.07	Shu-Chuan, Liao	Spouse	None
							Min-Chuan, Liao	Relative within the Second Degree of Kinship	
Shu-Chuan, Liao	11,948,391	4.20	13,603,865	4.78	0	0.00	Nicky Lu	Spouse	None
							Min-Chuan, Liao	Relative within the Second Degree of Kinship	
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,484,803	1.23				N/A			None
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,443,273	1.21				N/A			None
Mei-Jen, Liao	3,441,439	1.21	3,371,192	1.19	0	0.00	Ming-Yu, Tsai	Spouse	None
Ming-Yu, Tsai	3,371,192	1.19	3,441,439	1.21	0	0.00	Mei-Jen, Liao	Spouse	None
JPMorgan Chase Bank N.A. - Vanguard Total Trust Stock Index II Investment Account	1,600,431	0.56				N/A			None
Xuan-Li, Liang	1,504,481	0.53	0	0.00	0	0.00	An, Liang	Relative within the Second Degree of Kinship	None
An, Liang	1,504,481	0.53	0	0.00	0	0.00	Xuan-Li, Liang	Relative within the Second Degree of Kinship	None
Min-Chuan, Liao	1,301,515	0.46	0	0.00	0	0.00	Nicky Lu	Relative within the Second Degree of Kinship	None
							Shu-Chuan, Liao	Relative within the Second Degree of Kinship	

X. Number of Shares and percentage of Reinvested Companies by the Company, Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company

December 31, 2022; Unit: shares, %

Reinvested Company	Investment by the Company		Investment by Directors, Managerial Officers and by the companies directly or indirectly controlled by the Company		Comprehensive Investment	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Eutrend Technology Inc.	2,702,522	93.57	54	0.00	2,702,576	93.57
Kinglord Corp.	25,458	100.00	0	0.00	25,458	100.00
Plusway Corp.	10,485	100.00	0	0.00	10,485	100.00
Kingwell Investment Corp.	14,083,000	100.00	0	0.00	14,083,000	100.00
Kingcharm Investment Corp.	18,000,000	100.00	0	0.00	18,000,000	100.00
Intercosmos Group Ltd.	5,292	100.00	0	0.00	5,292	100.00
Creative Ally Limited	3,720	100.00	0	0.00	3,720	100.00
eEver Technology Limited	14,250,001	50.42	6,230,978	22.05	20,480,979	72.47
eYs3D Microelectronics, Inc.	49,130,350	61.98	6,858,484	8.65	55,988,834	70.64
eCapture Ltd. Co.	11,666,667	100.00	0	0.00	11,666,667	100.00
Insignis Technologies, Inc.	24,500,000	100.00	0	0.00	24,500,000	100.00
DeCloak Intelligences Co.	2,994,053	80.31	260,000	6.97	3,254,053	87.28
T-Era Architecture Technology, Inc.	1,689,600	4.71	21,613,757	60.31	23,303,357	65.02
TAT Technology, Inc.	1,267,200	5.01	15,849,102	62.69	17,116,302	67.71

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Formation of capital

April 29, 2023

Year	Month	Issuing Price (NT\$)	Authorized Capital		Paid-in Capital		Note		
			Number of Shares (thousand shares)	Amount (NT\$ thousand)	Number of Shares (thousand shares)	Amount (NT\$ thousand)	Source of Capital	Payment for Shares by Assets Other than Cash	Others
2022	4	25.5	650,000	6,500,000	269,929.3	2,699,293	Employee stock options : NT\$600 thousand	None	Note 1
2022	5	25.5	650,000	6,500,000	270,279.3	2,702,793	Employee stock options : NT\$3,500 thousand	None	Note 2
2022	9	25.5 10.0	650,000	6,500,000	283,853.8	2,838,538	Employee stock options : NT\$780 thousand Capital increase by retained earning : NT\$134,965 thousand	None	Note 3
2022	11	25.5	650,000	6,500,000	284,061.8	2,840,618	Employee stock options : NT\$2,080 thousand	None	Note 4
2023	3	23.9	650,000	6,500,000	284,211.8	2,842,118	Employee stock options : NT\$1,500 thousand	None	Note 5

Note 1: Zhu Shang Zi No.1110010241 dated April 6, 2022.

Note 2: Zhu Shang Zi No.1110016352 dated May 26, 2022.

Note 3: Zhu Shang Zi No.1110030989 dated September 29, 2022.

Note 4: Zhu Shang Zi No.1110038530 dated November 30, 2022.

Note 5: Zhu Shang Zi No.1120009208 dated March 25, 2023.

2. Type of Shares

April 29, 2023

Type of Shares	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Registered Ordinary Shares	284,212 thousand shares	365,788 thousand shares	650,000 thousand shares	1. 65,000 thousand shares were reserved for employee stock options . 2. The Company's ordinary shares are listed in TPEX.

Note: There are still 250 thousand ordinary shares exercised from employee stock options that have not been registered for change.

3. Shelf Registration-related information: The Company has not handled Shelf Registration.

(II) Structure of Shareholders

April 29, 2023; Unit: Persons, shares

Structure of Shareholders Number	Government Agencies	Financial Institutions	Other Corporate Shareholders	Foreign Institutions and Natural Persons	Individual	Total
Number of Shareholders	2	4	231	169	88,464	88,870
Number of Shares	53	574,238	5,169,703	19,194,485	259,523,336	284,461,815
Shareholding Ratio	0.00%	0.20%	1.82%	6.75%	91.23%	100.00%

(III) Distribution of Shares

April 29, 2023; Unit: Persons, shares

Range of Shares	Number of Shareholders	Number of Shares	Shareholding Ratio
1 - 999	40,665	4,659,009	1.64%
1,000 - 5,000	38,770	73,754,602	25.93%
5,001 - 10,000	5,487	37,324,578	13.12%
10,001 - 15,000	1,806	21,190,707	7.45%
15,001 - 20,000	686	12,063,771	4.24%
20,001 - 30,000	600	14,444,901	5.08%
30,001 - 40,000	251	8,575,195	3.01%
40,001 - 50,000	171	7,657,298	2.69%
50,001 - 100,000	238	16,043,625	5.64%
100,001 - 200,000	121	16,362,199	5.75%
200,001 - 400,000	41	10,828,005	3.81%
400,001 - 600,000	11	5,224,144	1.84%
600,001 - 800,000	5	3,438,541	1.21%
800,001 - 1,000,000	5	4,441,633	1.56%
1,000,001 shares and above	13	48,453,607	17.03%
Total	88,870	284,461,815	100.00%

(IV) List of major shareholders

April 29, 2023; Unit: shares

Name of Major Shareholder	Number of Shares	Shareholding Ratio
Nicky Lu	13,603,865	4.78%
Shu-Chuan, Liao	11,948,391	4.20%
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,484,803	1.23%
JPMorgan Chase Bank N.A. Taipei Branch - Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,443,273	1.21%
Mei-Jen, Liao	3,441,439	1.21%
Ming-Yu, Tsai	3,371,192	1.19%
JPMorgan Chase Bank N.A. - Vanguard Total Trust Stock Index II Investment Account	1,600,431	0.56%
Xuan-Li, Liang	1,504,481	0.53%
An, Liang	1,504,481	0.53%
Min-Chuan, Liao	1,301,515	0.46%

(V) Market price per share, net worth, earnings, dividends, and related information in the most recent two years

Unit: NT\$; thousand shares

Year \ Item		2021	2022	Current Year as of March 31, 2023	
Market Price per Share	Highest	104.00	93	50.50	
	Lowest	19.70	29.15	39.55	
	Average	55.31	63.99	46.35	
Net Worth per Share	Before Distribution	15.34	14.72	Note 2	
	After Distribution	14.54	Note 1	Note 2	
Earnings per Share	Weighted Average Shares	282,032	283,868	Note 2	
	Original Earnings per Share	3.91	0.50	Note 2	
	Adjusted Earnings per Share	3.73	0.50	Note 2	
Dividends per Share	Cash Dividends	0.8	Note 1	Note 1	
	Stock Dividends	Stock Dividends Appropriated from Earnings	0.5	Note 1	Note 1
		Stock Dividends Appropriated from Capital Surplus	—	Note 1	Note 1
	Accumulated Unpaid Dividends	—	Note 1	Note 1	
Return on Investment	Price/Earnings Ratio (Note 3)	14.83	Note 1	Note 1	
	Price/Dividend Ratio (Note 4)	69.14	Note 1	Note 1	
	Cash Dividends Yield (Note 5)	0.015	Note 1	Note 1	

Note 1: Subject to the resolution of the shareholders' meeting.

Note 2: As at the date of printing of the annual report, no information has been reviewed by the CPAs.

Note 3: Price/Earnings Ratio=Current-Year Average Closing Price Per Share/Earnings per Share

Note 4: Price/Dividend Ratio=Current-Year Average Closing Price Per Share/Cash Dividend per Share

Note 5: Cash Dividends Yield=Cash Dividend per Share/Current-Year Average Closing Price Per Share

(VI) The Company's dividends policy and Implementation status

1. Dividend policy in the Articles of Incorporation

If the Company has earnings in its final account for the year, it shall first use the earnings to pay taxes and recover losses, and then set aside 10% as statutory surplus reserve and set aside or write off special surplus reserve according to the resolutions made by the Shareholders' Meeting or competent authority's order. Thereafter, the Board of Directors shall draft distribution proposal for any remaining balance in retained earnings and previously accumulated undistributed earnings, and shall make request to the Shareholders' Meeting for its resolution to distribute the same. The Company's dividends policy is formulated by its Board of Directors, based on the Company's mid- and long-term operating plans, investment plans, capital budgeting and changes in internal and external circumstances, by considering the rights and interests of shareholders. In addition to the distribution of earnings according to the provisions of the preceding paragraph, the cash dividends paid to shareholders in current year shall not be less than 5%.

2. Distribution of dividends proposed at this Shareholders' Meeting: The Company proposes to distribute cash dividends of NT\$0.02 per share, totaling NT\$5,684 thousand, and stock dividends of NT\$0.14 per share, totaling NT\$39,790 thousand.

(VII) Effect on the Company's operating performance and earnings per share of distribution of stock dividends proposed at the Shareholders' Meeting: According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company does not need to disclose financial forecast information. Therefore, this does not apply in this case.

(VIII) Remuneration paid to employees, Directors, and Supervisors

1. Percentage or range of the compensations paid to employees and Directors as set forth in the Articles of Incorporation

The Company shall distribute no less than 12% of the current year's earnings as the remuneration to employees, and no more than 2% of the current year's earnings as the remuneration to Directors. If there are accumulated losses, the Company shall recover them. The employees to whom remuneration shall be paid in share or cash and the objects to whom shares or cash shall be distributed may include the employees of the Company's subordinated companies that meet certain criteria. The current year's earnings referred in paragraph one shall mean the pre-tax earnings of the current year before deduction of the remuneration to employees and Directors. Distribution of remuneration to employees and Directors shall be implemented as approved by more than half of the Directors attended at the Board of Directors' meeting attended by over two-thirds Directors, and shall be reported to the Shareholders' Meeting.

2. The basis for estimating the amount of employee and Director remuneration, and for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The remuneration to employees and Directors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be estimated reliably. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. In addition, the Company calculates the number of bonus shares by using the fair value per share on the date before the resolution date of the Shareholders' Meeting in the following year of the publication date of the Financial Report and after considering the impact of ex-dividends amount.

3. Information on any approval by the Board of Directors of distribution of remuneration
 - (1) Amount of remuneration paid to employees, Directors and Supervisors in cash or shares

Unit: NT\$ thousand

Item	Amount presented in the 2022 financial report	Proposed amount by the Board of Directors	Balance
Employee remuneration - cash	24,420	24,420	0
Director remuneration - cash	4,070	4,070	0

- (2) Proportion of employee remuneration paid by shares in the after-tax net profits specified in the Individual Financial Report of current period, and in the total employee remuneration: N/A

4. Actual distribution of employee and Director remuneration for the previous year

Unit: NT\$ thousand

Item	Amount presented in the 2021 financial report	Actual distribution	Balance
Employee remuneration - cash	119,001	119,001	0
Director remuneration - cash	19,833	19,833	0

(IX) The Company's shares repurchased by the Company: None.

II. Issuance of Corporate Bonds

(I) Information on Corporate Bonds not Repaid and Handled by the Company

Type of Corporate Bonds	The 3 rd Domestic unsecured convertible bonds
Issuance date	May 24, 2022
Face value	NT\$ 100,000
Issuance and transaction place	Officially listed on Taipei Exchange
Issuing Price	Issued at the face value of 100.8%
Total Amount	NT\$ 800,000 thousand
Interest rate	Coupon rate 0%
Maturity	Five years; Maturity date: May 24, 2027
Guarantor	None
Entrustee	KGI Bank
Underwriter	First Securities Inc.
Certified Lawyer	N/A
CPA	N/A
Method of Repayment	Except that (i) the holder of convertible corporate bonds converts the corporate bonds into the Company's ordinary shares in accordance with Article 11 of the Measures for Issuance and Conversion of Domestic Unsecured Convertible Bonds for the Third Time ("the Measures"), or (ii) the Company redeems corporate bonds in advance in accordance with Article 19 of the Measures, or (iii) the Company exercises the right to repurchase back in accordance with Article 20 of the Measures, or (iv) the Company purchases back corporate bonds from the premises of a securities firm for cancellation, the Company will, within ten business days after the maturity of the convertible corporate bonds, repay in one lump sum in cash according to the face value of the bonds; provided that the aforementioned date will be postponed to the next business day in case TWSE is closed for business.
Outstanding principal	NT\$ 794,400 thousand
Redemption or early paying off conditions	Subject to Article 19 hereof.
Restrictive Clauses	None

Name of credit rating agency, date of credit rating, and credit rating results of corporate bond		None
Other rights	Amount of converted (exchanged or subscribed) ordinary shares, depositary receipts overseas or other securities as of the publication date of the annual report	As of April 29, 2023, there was no conversion of corporate bonds into ordinary shares yet.
	Issuance and conversion (exchange or subscription of shares) measures	The measures have been announced on the MOPS.
Impact of measures for issuance and conversion, exchange or subscription of shares, and issuance conditions on potential dilution and existing shareholder's interests		Instead of having a significant adverse impact on the existing shareholder's interests, the Company's evaluation data when submitting the report to the competent authority exhibit that the maximum potential dilution effect on the original shareholder's interests of the third unsecured conversion of corporate bonds in Taiwan is 3.40%.
Name of the custodian institution of the conversion subject		None

(II) Information on conversion of corporate bonds

Type of Corporate Bonds		The 3 rd Domestic unsecured convertible bonds	
Year		2022	As of April 29, 2023
Market price of conversion of corporate bonds	Highest	113.50	100.00
	Lowest	90.00	94.10
	Average	109.04	98.45
Conversion price		59.90	59.90
Issuance date and conversion price at issuance		Issuance date: May 24, 2022 Conversion price at issuance: 63.90	
Way of performing the conversion obligation		Issuance of New Shares	

(III) Information on exchange of corporate bonds: none

(IV) Summary of declaration and issuance of corporate bonds: None.

(V) Attached information on subscription of corporate bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts (GDRs): None.

V. Issuance of Employee stock options

(I) Information on the Employee stock options not due

April 29, 2023

Type of Employee stock options	The 1st Stock Options in 2015	The 2nd Stock Options in 2015	The 3rd Stock Options in 2015	2021
Effectiveness Date of Declaration	January 12, 2016			July 29, 2021
Issuance Date	March 23, 2016	August 10, 2016	November 10, 2016	August 9, 2021
Number of Issued Units	7,300 units	300 units	400 units	8,000 units
Ratio of Shares exercisable in Total Issued Shares	1.67%	0.07%	0.09%	2.99%
Stock Option Duration	8 years			6 years
Method of Performance	Issuance of New Shares			Issuance of New Shares
Vesting Period and Ratio	40% for 2 years 70% for 3 years 100% for 4 years			50% for 2 years 75% for 3 years 100% for 4 years
Shares Exercised	3,258 thousand shares	0 thousand shares	0 thousand shares	0 thousand shares
Value of Shares Exercised	NT\$ 82,439 thousand	NT\$ 0 thousand	NT\$ 0 thousand	NT\$ 0 thousand
Number of Unexercised Shares	1,842 thousand shares	0 share (all have expired)	0 share (all have expired)	7,452 thousand shares
Exercise price per share	NT\$ 23.9	N/A	N/A	NT\$ 43.8
Ratio of Unexercised Shares in Total Issued Shares	0.65%	0%	0%	2.62%
Impact on Shareholder's Interests	Small Proportion in Total Issued Shares, with little impact			

Note: The total number of issued shares is 284,461,815 shares. The expired options have been deducted from the unexercised options.

(II) The names, acquisition, and subscription status of the Managerial Officers and the top ten employees who obtained the Employee stock options

April 29, 2023; Unit: thousand shares; NT\$ thousand, %

Position	Name	Stock Options Obtained	Ratio of the Stock Options Obtained in the Total Number of Shares Issued	Exercised				Unexercised			
				Stock Options Quantity	Exercise Price (NT\$)	Value of Shares Exercised	Ratio of Shares exercised in Total Issued Shares	Stock Options Quantity	Exercise Price (NT\$)	Value of Shares Unexercised	Ratio of Shares Unexercised in Total Issued Shares
Managerial Officer	CEO	Nicky Lu	5,304	1,478	25.5 23.9	37,049	0.52	3,826	23.9 43.8	137,291	1.35
	President	Elvis Deng									
	Special Assistant	David Leu									
	Senior Vice President	Bor-Doou, Rong									
	Vice President	Chun Shiah									
	Vice President	Ming-Hong, Kuo									
	Vice President	Mei-li, Lin									
	Associate Vice President	Tzu-Chin, Yao									
	Associate Vice President	Wen-Chi, Wang									
	Associate Vice President	Fu-Yung, Hung									
	Associate Vice President	Jung-Kun, Chung									
	Director	Yu-Chia, Cheng									
	Director	Jui-Ling, Hsieh									

Position	Name	Stock Subscriptions Obtained	Proportion of the Stock Subscriptions Obtained in the Total Number of Shares Issued	Executed				Unexecuted			
				Subscription Quantity	Subscription Price (NT\$)	Subscription Amount	Proportion of Subscription Quantity in the Total Number of Shares Issued	Subscription Quantity	Subscription Price (NT\$)	Subscription Amount	Proportion of Subscription Quantity in the Total Number of Shares Issued
Employee	Director	RobinWang	3,020	1,480	25.5	37,740	0.52	1,540	23.9	59,094	0.54
	Director	Richard Lin									
	Director	Tun-Chih, Chan									
	Director	Steve Liu									
	Director	Lennon Chang									
	Director	Rossini Kuo									
	Director	Kate Shih									
	Director	Justine Tsai									
	Director	Mark Tseng									
	Director	Justin Chueh									

Note 1: The total number of issued shares is 284,461,815 shares.

Note 2: The 2nd and the 3rd employee stock options in 2015 are all expired, and their information is not included in this table.

VI. Issuance of New Restricted Employee Shares: None

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None

VIII. Implementation of Capital Allocation Programs

The Company issued the third unsecured conversion of corporate bonds in Taiwan, which was approved and effective by the Jin Guan Zheng Fa Zi No.1110340167 Official Letter issued by the FSC dated May 3, 2022. The program was completed in the second quarter of 2022 on schedule, which indicates that financial data have been improved to show the benefits of fund-raising.

(I) Contents of program

Unit: NT\$ thousand

Program	Estimated Completion Date	Total Funds Required	Estimated Fund Using Schedule
			Q2 of 2022
Repayment of Bank Loan	Q2 of 2022	808,000	808,000
Source of Funds	The ceiling of NT\$808,000 thousand was raised through this fundraising program, and if the fundraising was not sufficient, the amount was provided by its self-owned funds or by reducing the repayment of bank loan.		

Note: The Company did not change the program.

(II) Implementation Status

Unit: NT\$ thousand; %

Implementation Status of Program	Estimated Implementation		Actual Implementation	
	Amount	Progress	Amount	Progress
Q2 of 2022	808,000	100.00	808,000	100.00

Unit: NT\$ thousand; %

Item	Before Fundraising	After Fundraising	Balance	Percentage of Change
	December 31, 2021	June 30, 2022		
Current Assets	4,643,172	4,862,132	218,960	4.72
Current Liabilities (Before Distribution)	2,277,866	1,954,228	(323,638)	(14.21)
Total Liabilities (Before Distribution)	2,960,785	2,953,432	(7,353)	(0.25)
Liability Ratio	41.10	39.67	(1.43)	(3.48)
Current Ratio	203.84	248.80	44.96	22.06
Quick Ratio	122.19	118.02	(4.17)	(3.41)

Note: Compared with the information specified in the Consolidated Financial Report audited or certified by CPAs.

Unit: NT\$ thousand; %

Item	Before Fundraising	After Fundraising	Balance	Percentage of Change
	June 30, 2021	June 30, 2022		
Operating Revenue	2,325,785	3,023,201	697,416	29.99
Interest Expenses	22,310	13,081	(9,229)	(41.37)
Earnings per Share (NT\$)	0.76	1.37	0.61	80.26

Note: Compared with the information specified in the Consolidated Financial Report certified by CPAs.

Chapter 5 Operational Highlights

I. Business Contents

(I) Scope of Business

1. Major lines of business

- (1) Research, development, manufacturing (outsourcing), testing, and sales of semiconductor devices, including various types of integrated circuits and components thereof;
- (2) Management advisory, consulting service, and technology transfer regarding the products in the preceding paragraph;
- (3) Concurrently operating of the import and export tradings and businesses relating to the Company's businesses.

2. Proportion of main products

Unit: NT\$ thousand; %

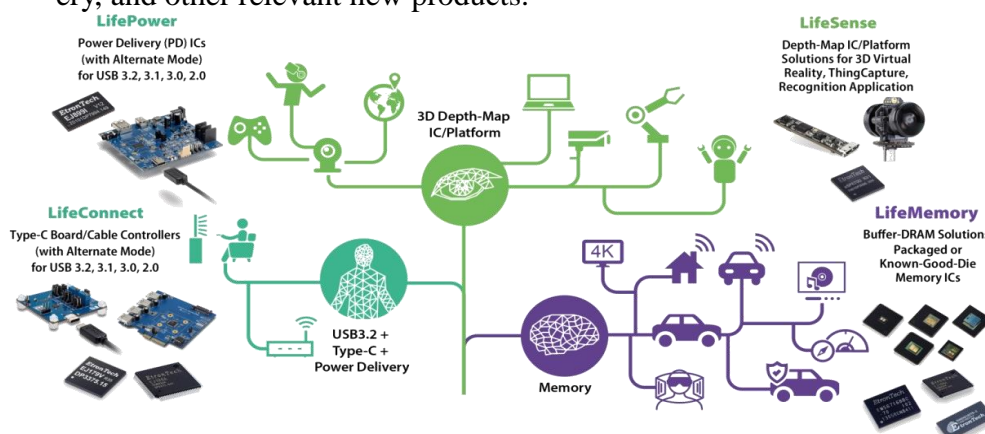
Type of Product	2021		2022	
	Amount	%	Amount	%
Memory and analog logic ICs	6,135,671	99.83	4,627,752	98.79
Others	10,735	0.17	56,837	1.21
Total	6,146,406	100.00	4,684,589	100.00

3. Current products and services:

The Company is an IC Fabless company, whose main business is the design, development, sales and technical services of specialty buffer memory and system chip products. The Company's memory products include dynamic random-access memory (DRAM) and SPI NAND, while its system chip products include 3D binocular depth-map vision processing chip, 3D binocular image capture control chip, spherical 360° image capture chip, USB Type-C Switch and Power Delivery chip. The products are mainly applied to various products in broadband communications, wireless networks, virtual reality, digital audio and video, consumer electronics, smart homes, and security surveillance. With the strong growth in demand driven by AI end points, and automotive electronics, the Company has gradually introduced a series of products required for relevant applications.

4. New products planned to be developed

The Company has scheduled to develop more critical chips required for DRAM, System Chip, Multiple Baseline 3D ThingCapture & Imaging Controller, 2D/3D AI-ISP Wafer Platform, Machine Vision Sensing Sub-System, Type-C Switch, Power Delivery, and other relevant new products.



(II) Industry Overview

1. Industry Status and Development

Impacted by the Russia-Ukraine war, intensified inflation, and prevention and control of Covid-19 pandemic, the semiconductor industry has begun to subject to challenges in inventory and supply-demand adjustments since 2022. In 2022, the overall size of global semiconductor market still reached US\$573.5 billion, an annual increase of 3%. In Taiwan, however, statistics from the Industrial Technology Research Institute (ITRI) showed that the output value of the semiconductor industry is about NT\$4.84 trillion in 2022, an annual increase of 18.5%, which is higher than that of the global market. The output values of IC design, IC manufacturing, and IC packaging and testing in the upstream, midstream, and downstream sections of the industry were NT\$ 1.232 trillion (annual growth of 1.4%), NT\$2.9203 trillion (annual growth of 31%), and NT\$2.6847 trillion (annual growth of 7.3%). The output values of foundry in IC manufacturing were NT\$2.6847 trillion (annual growth of 38.3%), and memory and other manufacturing categories were NT\$235.6 billion (annual growth of 18.2%). Looking ahead to 2023, Looking forward to 2023, the industry will continue to be subject to the problem of destocking in the first half of the year. In the second half of 2023, it is expected to gradually recover after the inventory adjustment comes to an end.



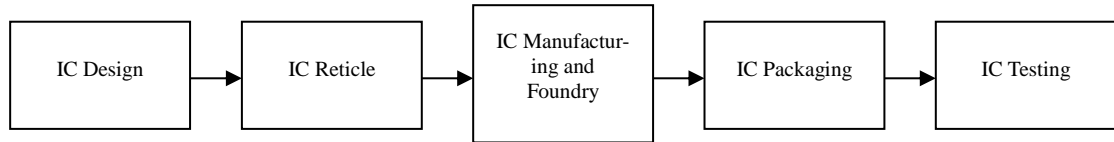
Source: Industrial Technology Research Institute (ITRI) (February 2023)

2. The relationship of the upstream, midstream, and downstream sections of the industry

The semiconductor industry can be divided into sub-industries, including sensor, discrete, optoelectronics, and IC. Among them, the IC sub-industry can be subdivided into four categories: Analog IC, Memory, Microprocessor, and Logic IC depending per the product type. Meanwhile, the IC sub-industry can be divided into IC design, IC wafer manufacturing, IC packaging, and IC testing as per the vertical division of labor among the upstream, midstream, and downstream. Even within the same technology category or industry, the capital and technology intensities vary.

The foundry that Taiwan's semiconductor industry has pioneered and the IC design models have developed rapidly. In addition, under the structure of a complete supply chain as required by the PC industry, many IC companies have emerged. With the

complete vertical division of labor in the supply chain, businesses can engage in division of labor with domestic and overseas businesses in any section of the supply chain, and then concentrate resources on a single field in the industry, and the effect of "industrial cluster" has shown. This model has witnessed a positive effect. As per the industrial characteristics of the vertical division of labor in the IC industry, the upstream, midstream, and downstream sections can be subdivided into:



(1) IC Design

An IC design company is an integrated circuit product design company, and its main business is to design products on its own or accept design projects entrusted by clients. A professional IC design company will understand a client's needs for IC functions first, and then leverage its expertise to design the most efficient layout with the simplest circuits so as to produce a wafer that represents an integration of multiple chips.

(2) IC Manufacturing and Foundry

The operation of IC manufacturing is to print basic circuit patterns on wafers made by fabs with masks; then, fabricate circuits and their components on the wafers through oxidation, diffusion, CVD, etching, ion implantation and other methods. As the circuit design on the IC is a layered structure, it is necessary to go through the procedure of masks, pattern production, and formation of circuits and components repetitively before a complete integrated circuit can be made.

(3) IC Packaging and Testing

The packaging and testing industry is the back-end process of IC, which is often referred to as the packaging and testing industry. IC packaging mainly provides IC protection, heat dissipation, and circuit conduction. The processed wafers and the diced dies are coated with plastic, ceramic, and metal to protect the dies from external pollution and make it easier to be assembled and applied. IC testing is to detect whether the IC function is normal. As in the IC design industry, the Company is in the upstream section of the overall IC industry value chain. IC design does not require too much investment in hardware equipment for mass production, but requires high-quality human resources. Taiwan's IC design industry has gradually played a leading role in the market against the background of the growing consumer electronics and communications industries.

3. Various development trends and competition of products

(1) Product development trends

DRAM is an indispensable critical components in electronic products. Mobile phones, servers, and personal computers are the top three applications in the current market in terms of the demand, and the integration and development of AI, 5G network, and the Internet of Things (IoT) have driven more innovative applications. Driven by the demand for these end products, the development of DRAM in recent years has shown the trends below:

A. Low power consumption

In recent years, energy efficiency is a major requirement for the increasingly common wearable electronic products and relevant IoT applications, and therefore there are stricter requirements for the power consumption of DRAM.

B. High speed

With the stricter requirements for the speed of end products, the transmission specifications of DRAM are also evolving. The current specification in the market has been pushed from DDR4 to DDR5.

C. Miniaturisation

To continuously enhance the competitiveness and cost effectiveness of products, the size of DRAM chips is bound to become smaller; as such, the output of chips from a single wafer will increase.

D. Diverse applications

With the emergence of more emerging applications, the application of DRAM will be more extensive. Either artificial intelligence of things (AIoT) or automotive or 5G applications, DRAM plays an crucial role.

(2) Competition

After many changes in the industry, the DRAM industry has entered an oligopolistic state. The top three players are Samsung, SKhynix and Micron, collectively accounting for more than 90% of the market. In order to be differentiated from these three major players, the Company mainly produces and sells IC products and solutions, including specialty DRAM and known-good-die (KGD) memory, and serves as product service providers while stepping into the specialty and application-driven buffer memory required for IoT-related products, such as cloud computing, automotive electronics, wireless communications, and wearable devices.

(III) Technology and R&D Status

1. Technology level and research and development of the business operated

Within the Etron Group, technology level and research and development of the business operated and R&D status are described as follows:

(1) Etron Technology, Inc.

The Company is a leading manufacturer of specialty buffer memory with consumer electronic products as the main market for a long time. We are committed to developing high-performance, low-power consumption specialty buffer memory products. The current full range of products include SDR, DDR, DDR2, DDR3, DDR3L, DDR4, LPDDR2, and LPDDR4, with 4 to 64 bits of input and output, as well as a capacity covering 16Mb to 8Gb, among which 2x/1x nano advanced manufacturing process is adopted for the mass production of the high-capacity products DDR2, DDR3, DDR3L, DDR4, and LPDDR4. As for products, the Company not only can provide the commercial specifications for consumer market, the industrial specifications for strict use environments, or the automotive specifications with the highest quality and reliability depending on customer's demands, but also can provide high-quality customized KGD (Known Good Die) solutions. The full series products were not only widely used by and in Netcom, set-top boxes, digital TVs, surveillance equipment, and other applications, but also used in the mass production and shipment of emerging applications such as 5G broadband communications, AI endpoints, and cloud storage, etc. in the supply chains of large-sized manufacturers.

For the demand of a large number of micro terminal devices in the era of artificial intelligence (AI), Etron Technology has the RPC DRAM[®] having the world's smallest Form Factor and supporting high bandwidth, the world's first DRAM product using the WLCSP micro-packaging technology with both cost and power advantages. Its application fields include micro AI cameras on various wearable devices, mobile devices or the like. Observing the needs of customers in the use of products, Etron Technology also opens a new business model and provides a

complete solution of Controller+DRAM.

In addition to meeting the needs of endpoints devices, Etron Technology is also acceleratingly innovating towards high bandwidth (DWB: Direct Wide Bus) and low latency (RAL: Reduced Access and Latency) memory, and is developing deeper for future products, using a different approach than HBM to challenge the bandwidth needs of GDDR5 class from 10GB/s up to 400GB/s, with a complete solution of Controller+DRAM to meet the increasing computing and data throughput needs of AI + SoC.

While actively investing in the memory development in the above emerging fields, Etron Technology also continues to deeply cultivate specialty memory products. Recently, it has developed KOOLDRAM[®] products through DRAM circuit design, which can significantly extend the Retention Time of DRAM data in compliance with JEDEC standards; it is particularly useful for high-temperature applications such as automotive and KGD applications, where the overall performance can be significantly improved.

(2) eEver Technology, Inc.

The company is mainly engaged in USB Type-C high-speed interface chip products, and its products cover integrated USB high-speed transmission interface, power supply, Type-C, audio-visual capture, and other technologies. It also introduced new application for the latest DP 2.1 and USB4 specifications, which supports existing USB3.2, DP 1.4, Thunderbolt 3 and other compatibility to achieve the best interoperability of connected devices. The customers who formerly used eEver Technology, Inc.'s USB PD3.0 can expand their products to a variety of different applications, such as PC, NB, Tablet, Docking, thus improving their competitiveness. Furthermore, the recently launched new-generation 4K@60Hz capture card IC integrates multiple video and audio processing functions and innovatively utilizes USB 3.2 2-lane transmission for uncompressed image data to capture immaculate 4K 60Hz high resolution contents, further entering the professional audio and video market.

(3) eYs3D Microelectronics, Co.

The company is mainly engaged in 3D imaging chip products and adopts ultrawide vision imaging technology and depth-of-field point cloud depth algorithm to integrate and develop Machine Vision Sensing Modules as well as monocular, binocular, and multi-eye 3D ThingCapture Vision cameras. In 2023, it will march the field of computer vision system chips through strategic cooperation. It is combined exclusive SDK development kit for making Machine Learning models to be applied in image recognition, 3D gesture recognition, and 3D hologram. With improved image pixels, update rate, large viewing angles, and refined depth map processing algorithms of the Depthmap Processing Units, the company's derived product lines have ranked among the world's leading technology groups, and it has become a designated partner and supplier of international companies in metaverse, extended reality, robot, Digital Twin, and other programs.

(4) DeCloak Intelligence Co.

The company hammers at privacy computing, providing software and hardware data privacy computing solutions for personal privacy protection. The main technology embraces protecting personal privacy and information security through de-identification of information and data, which complies with the "General Data Protection Regulation" (GDPR) formulated by the European Union and the "California Consumer Privacy Act 2018" of the United States (CCPA). It employs

Differential Privacy and Searchable Encryption technologies to develop various products, all of which can be widely used in enterprises, financial insurance, medical care, etc. that contain massive data and need to be de-identified and privacy-preserved.

2. Costs of R&D in the last year and up to the publication date of the annual report

Unit: NT\$ thousand; %

Item	2021	2022
R&D Expense	599,127	666,079
Proportion to revenue	10	14

3. Technologies or products successfully developed during the last year

Company	R&D Results
Etron Technology, Inc.	Development of Long Retention Time (KoolDRAM [®]) technology Develop 25nm 4Gb DDR3
eEver Technology Inc.	New-generation 4K@60Hz capture card IC integrating multiple video and audio processing functions
eYs3D Microelectronics, Co.	The World's leading developer of small binocular visual depth module and micro system products. Development of vision sensing kits of commercial service robot Development of vision sensing kits of floor sweeping robots
DeCloak Intelligence Co.	Development of DeCloakFace Development of SOE-Enterprise Development of PPU and PPU-based Dongle

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

1. Short-term business development plan

- (1) Accelerate global business expansion and continue to increase the business growth from strategic clients and regional clients.
- (2) Introduce new specialty memory, increase the sales of KGD and industrial and automotive application memory, thereby expanding the market and strengthening the stability of the long-term market layout and profitability.
- (3) Develop a global layout together with clients and grasp new business opportunities arising from the reorganization of global supply chains.
- (4) Keep abreast of the USB Type-C interface standard trends and accelerate the expansion of the Type-C product line and the revenue and client base of audio and video capture systems.
- (5) Committed to occupying the emerging 3D depth image application market by means of the outstanding R&D achievements in 3D depth imaging technology. And marched the AI field by means of existing technical thresholds.

2. Long-term development plan

- (1) Continue to take advanced process technology as the core of development, and provide global clients with specialty, stacked, customized, and application-driven memory products and services through the most competitive advantages in the market.
- (2) Break through and innovate the business model of non-standard memory products to accelerate the market penetration.
- (3) Undertake multi-faceted product integration to expand services to international, strategically important clients.

- (4) R&D new memory technologies required for the advent of the AI generation, and innovate the business models for the cooperative application of IP achievements.

II. Analysis of the market and production and marketing

(I) Market analysis

1. Sales regions of main products

Unit: NT\$ thousand; %

Region		2021		2022	
		Amount	%	Amount	%
Domestic Sales		2,502,130	40.71	1,283,666	27.40
Foreign Sales	Asia	2,897,837	47.15	2,329,623	49.73
	Others	746,439	12.14	1,071,300	22.87
Total		6,146,406	100.00	4,684,589	100.00

2. Market Share

According to the statistics of a research institution, the scale of the overall global DRAM market in 2022 was approximately US\$82.4 billion. As per the Company's revenue in 2022, the share of the global market is around 0.2%.

3. The future supply and demand and growth of the market

Affected by the weakening demand of some terminals, the price of the DRAM industry has reversed downward since the fourth quarter of 2021. Further affected by unfavorable factors such as the depressing external environment, we once again entered a downward industrial cycle in 2022. This can be manifested by the facts that throughout the year, the inventory level of the client side remained high, the strength of purchases was weak, and the market continued to be in oversupply.

Looking forward to 2023, it is expected that the uncertainty of the overall global economy will remain high. The forecast of DRAMeXchange in April, 2023 exhibited that the bit supply growth of the overall DRAM in the whole year will be 0.8% only, and the average selling price (ASP) will further decline. Constrained by the weak market demand on the whole, the DRAM industry is still difficult to present improvement in the first quarter of 2023. As the three major production companies have already set about to adjust their production capacity, nevertheless, the oversupply situation is expected to gradually improve and step up the recovery of the overall industry.

4. Competitive niche, favorable and unfavorable factors of development prospects, and countermeasures

(1) Competitive niche

- A. The Company has become a major supplier of specialty and application-driven memory in the markets of consumer electronics and computer peripheral products and applications in the world, and has established an image as a world-class high-quality memory supplier.
- B. The Company has become a world-class professional supplier of Known-Good-Die as well as customized and other specialty and application-driven memory.
- C. The Company has formed various design alliances with world-class clients.
- D. The alliance relationship with various foundries has become more stable, and the partnership with upstream and downstream partners is excellent.
- E. The Company's R&D and design teams have developed world-class design capabilities and an excellent image as professional leading teams.

- F. The Company has a strong team and completely independent management and R&D and design teams.
 - G. The Company has complete R&D and testing equipment.
- (2) Favorable factors
- A. With the popularization of mobile devices, smart applications derived from the integration of AI and IoT, and the rise of 5G, end applications of DRAM will become more extensive, and the Company aims to address the needs from emerging AI applications through product innovation.
 - B. The product development of the logic business department has been recognized by clients, and it has gradually established a stable partnership with them.
 - C. The largest mainstream manufacturers gradually exited from the supply of DDR3/DDR2 memory, making room for the development of specialty memory by IC design companies.
 - D. With the rise of AIoT applications, the demand for innovative inventions of AI Memory creates new and emerging opportunities for specialty memory IC design companies.
- (3) Unfavorable factors
- A. The DRAM market is extremely sensitive to changes in the supply and demand structure, and the foundry market is in unstable supply, which may further lead to price fluctuations in the supply chain, thereby increasing pressure on operations and affecting the growth.
 - B. Excessive market inventory results in prolonged inventory adjustment and relatively weak customer demand.
 - C. When entering the high-density and high-end memory product market, the cost pressure will increase if we compete with mainstream companies with the 2x nano process technologies.
 - D. The increase in semiconductor miniaturization costs has led to an increase in the costs of foundries, masks, Probe Cards, testing machines, wafers, and packaging. It has also led to an increase in design companies' R&D investment costs and the time to cover the costs.
- (4) Countermeasures
- A. Implement global business development strategies, strengthen the regionalization and localization of business manpower, and provide instant services.
 - B. Staying focus on India, Vietnam and other fast-growing emerging regional markets, efforts should be made to continue to enlarge the number of strategic customer groups in the global layout, and expand the original design-in/design-win with end users.
 - C. Introduce advanced 2x/1x nano manufacturing process on a continuous basis, and develop high value-added special memory product lines through innovative inventions.
 - D. Prioritize profit, cash turnover ratio, and market share for both memory and SoC products, and then seek to accelerate business expansion.
 - E. Pay close attention to the international situation and the trends in the industry, adjust response strategies flexibly, and implement comprehensive risk control.

(II) Important functions and production process of main products

1. Important Use of Main Products

Company	Category	Major products	Functions of products
Etron Technology, Inc.	Memory ICs	DRAM-DDRx	<p>It is mainly used for key components necessary for high-tech and high-value system products, such as mid-end and high-end computer peripherals, communications systems, consumer electronics, and automotive electronics while used in the memory of systems to store the commands needed to execute operations and data access. It also serves as the main buffer memory for multimedia images and sounds of system products. The scope of application is as follows:</p> <ol style="list-style-type: none"> 1. Computers and peripherals: Digital subscriber loop (xDSL), passive optical network (xPON), and cable modem. 2. Wireless communications/network: Network base stations and routers (WiFi AP/Router), Power Line Communication network, femto-cell base stations. 3. TV and multimedia: TV, Set Top Box, Over The Top, and IP-Camera. 4. Mobile IoT: Tablets, Mobile Internet Devices, and Personal Data Terminals. 5. Products, such as Smart Cities and Smart Homes: smart home appliances, smart doorbell, smart speakers, and floor sweeping robots. 6. Automotive Electronics: in-vehicle infotainment systems, automotive panels, car recorders, car navigation systems, advanced driver assistance systems, and digital dashboards.
		DRAM-SDR	<p>It is mainly used in common computer peripherals, communications systems, and consumer electronics, as low-speed small buffer memory or as the system working memory concurrently. The scope of application is as follows:</p> <ol style="list-style-type: none"> 1. Computers and peripherals: Adapters, dongles, optical disc drives, hard drives, displays, printers, and other electronic products. 2. Consumer electronics: Digital cameras, digital TVs, DVD players, set-top boxes, MP3/4 players, game consoles, tablet computers, and other electronic products. 3. Communications system: Mobile communication devices, monitoring systems, WiFi communication, modems, Wireless Access Points, and optical communications systems. 4. Car electronics: Acoustic systems, automotive multimedia systems, GPS, dashboard cameras, and automotive security systems.
	Analog logic System IC	Flash Controller	Mainly high-capacity, low-pin count SLC SPI NAND for various applications such as networking, STB, IPCAM, IOT.
eEver Technology Inc.	Analog logic System IC	USB Power Delivery +DP Alt Mode MUX/ USB Capture Controller	It is mainly used for USB power transmission, controlling the switch of signal between the USB data and the DP video, electronic products that transmit power, USB data and video on the Type-C interface, and IC for capturing 4K@60Hz fps USB images.
eYs3D Microelectronics, Co.	Analog logic System IC	3D Stereo Vision Processor	3D depth sensing chip solution, through the dual-lens image acquisition and physical parallax algorithm can be completed through the ambient light source to capture 3D digital data, for AR/VR/MR, AIoT, robotics and automation applications are important key technologies.
		3D Stereo Vision Sub-System	Designed a 3D binocular sensing hardware module kit with our own 3D depth sensing chip. Applications include service robots, industrial robots, unmanned stores, and motion sensing.
		USB Image Controller	Mainly for image processing and transmission, it is used in general external PC-Cam, built-in NB Cam, Smart TV, Dash Cam, IP Cam, Digital Signage and Game Console.
DeCloak Intelligence Co.	Information Service	Privacy data protection related systems Software and hardware	The software and hardware data privacy computing solutions for personal privacy protection, which are mainly used to electronic file security exchange platforms of enterprises, enterprise access control systems, electronic signatures, financial insurance, medical health, and other applications with privacy data.

2. Production and manufacturing process

The IC production and manufacturing process is mainly divided into four stages:

(1) Circuit design stage

Circuit design starts with the definition of product functions, followed by the design of relevant logic and analog circuits, then simulation, verification, and graphical layout, and finally the circuit layout pattern is converted into electronic data for making masks and stored on tapes or optical discs.

(2) Wafer manufacturing stage

The wafer manufacturing process is based on the repetitive processes of photolithography, etching, oxidation, and diffusion to produce the designed circuit pattern (i.e. the circuit pattern on the mask) on a silicon wafer layer by layer.

(3) Wafer testing stage

There are hundreds to thousands of dies on a manufactured wafer, which must be tested one by one to select the integrated circuit dies which functions well. As die products do not need to undergo the packaging and testing stage, additional testing procedures are required to ensure product quality.

(4) Packaging and testing stage

In response to customers' demand for packaging of products, tiny dies must go through the assembly processes of cutting, bonding, soldering, and packaging. Final testing is required to ensure quality so as to conclude the entire production process.

(III) Supply of the major raw materials

The Company's major raw material is silicon wafer. The Company continues to maintain long-term collaboration with at least three foundries, so there should be no concern about the sources of wafer supply.

(IV) The names of individual customers/suppliers who have accounted for at least 10% of the total purchases (sales) in any of the last two years, their purchase (sale) amounts and proportions, and the reasons for the changes

1. Information on major suppliers in the last two years

Unit: NT\$ thousand

Item	2021				2022			
	Name	Amount	Proportion to net purchase for the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase for the year (%)	Relationship with the issuer
1	Supplier A	2,541,224	63.34	None	Supplier A	3,915,609	76.62	None
2	Supplier B	409,020	10.20	None				
3	Others	1,061,479	26.46	-	Others	1,194,635	23.38	-
-	Net purchase	4,011,723	100.00	-	Net purchase	5,110,244	100.00	-

Reasons for the increase or decrease: The changes in customer demand have led to a change in customers' proportions and the increase or decrease.

2. Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2021				2022			
	Name	Amount	Proportion to net sales for the year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales for the year (%)	Relationship with the issuer
1	Customer A	630,058	10.25	None	Customer A	908,068	19.38	None
2	Others	5,516,348	89.75	-	Others	3,776,521	80.62	-
-	Net sales	6,146,406	100.00	-	Net sales	4,684,589	100.00	-

Reasons for the increase or decrease: The changes in the demand for terminal products have led to a change in the customers' product mixes and the increase or decrease.

(V) Production volume and value in the last two years

Unit: Thousand units; NT\$ thousand

Production volume and value	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products							
Memory and analog logic ICs		-	401,887	3,950,822	-	224,837	3,527,805

(VI) Sales volume and value in the last two years

Unit: Thousand units; NT\$ thousand

Sales volume and value	Year	2021				2022			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products									
Memory and analog logic ICs		235,137	2,496,930	171,197	3,638,741	79,260	1,250,880	138,693	3,376,873
Others		-	5,200	-	5,535	-	32,786	-	24,051
Total		235,137	2,502,130	171,197	3,644,276	79,260	1,283,666	138,693	3,400,924

III. Number of employees, average length of service, average age, and education distribution

Unit: Person

Year		2021	2022	As of March 31, 2023
Number of employees	R&D personnel	251	264	264
	Management and marketing personnel	161	162	163
	Technicians	12	13	13
	Total	424	439	440
Average age		42.56	39.35	39.42
Average years of service		8.73	8.52	8.63
Distribution of education	Doctoral degree	1.65%	2.96%	2.96%
	Master's degree	47.41%	46.76%	47.10%
	University and college	45.75%	45.38%	45.05%
	Senior high school	4.72%	4.33%	4.32%
	Below senior high school	0.47%	0.57%	0.57%

IV. Environmental Protection Expenditure

- (I) Information on losses incurred due to environmental pollution in 2022 and as of the publication date of the annual report: None.
- (II) The estimated amount that may be incurred at present and in the future and countermeasures: The Company is a professional IC design company and did not cause material environmental pollution. In the future, we may adopt relevant operational control or filing operations in response to changes in laws and regulations. The current potential environmental protection expenditures include pollution prevention facility improvement expenses and disposal costs for environmental protection, and the annual amount is estimated to be less than NT\$600,000.

V. Labor-management Relations

- (I) Employee benefit plans, continuing education, training, and pension systems and the status of the implementation, and the status of labor-management agreements and measures for safeguarding employees' rights and interests
 - 1. Employee benefits
 - (1) The Company's employee benefits are handled as per the Labor Standards Act and relevant laws, and also include an employee stock ownership trust system and group insurance policy, so that employees can devote themselves to work more fully.
 - (2) The Company has set up an Employee Welfare Committee to provide various allowances or subsidies for marriage, funerals, national holidays, childbirth, and emergencies, as well as various employee travel activities, birthday parties, and club activities to enhance employees' physical and psychological health and strengthen the interaction and relations among them. The employees have been satisfied with the benefits above since the implementation.
 - (3) To alleviate the burden on employees, the Company has set up after-school club, providing free childcare measures, such as after-school children pick-up service and after-school tutoring, and childcare facilities, such as children's playrooms, libraries, toilets, and showers; as such, employees can work without worries.
 - (4) To take care of employees' health and diet balance, we hire a group of professional chefs to provide services lunch, dinner, noodle dishes, vegetarian meals, and children's meals.
 - (5) The Company was awarded the National "Friendly Workplace" by the Council of Labor Affairs (currently known as the Ministry of Labor) in 2008, and selected as an enterprise for offering an excellent "Employee Assistance Program (EAP)" by the Council of Labor Affairs (currently known as the Ministry of Labor) in 2011. We were also honored the Family LOHAS Award and the Health LOHAS Award of the 1st Work-Life Balance Award launched by the Ministry of Labor in 2014, which were the highest national honor for the Company's promotion of work-life balance.
 - 2. Pension system

Etron has formulated the "Employee Pension Measures of Etron Technology Inc." and established a Supervisory Committee of Labor Retirement Reserve as per the Labor Standards Act and the Labor Pension Act.

 - (1) For employees to whom the retirement criteria of the Labor Standards Act apply, the pension is calculated based on the years of service and average monthly salary in the month in which the retirement is approved. Employees will be given two

base points for every full year of service in the first 15 years (inclusive), and will be given one base point for every full year of service thereafter, but the cumulative number of base points is limited to a maximum of 45. The Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Supervisory Committee of Labor Retirement Reserve at the Bank of Taiwan, and the committee is responsible for supervision, custody, and utilization of the funds.

- (2) For employees to whom the retirement criteria of the Labor Pension Act apply, the Company will contribute 6% of the monthly salary as per the monthly contribution range table approved by the Executive Yuan to the individual pension account of the Bureau of Labor Insurance according to an employee's salary while cooperating with employees' voluntary contribution.

3. Employee education and training

Etron adheres to the concept of lifelong learning, encourages employees to learn actively and spontaneously, and focuses on the internalization of knowledge and the display of work performance. As such, we have formulated "Education and Training Regulations", "Employee On-the-job Training Regulations", and other relevant training regulations, and provide diverse training models. The training cost in 2022 was around NT\$760,000. The average number of training sessions per person was 0.42, and the average training hours per person was 13.38.

Since 2005, we have been granted with separate course subsidies under the Enterprise Human Resources Improvement Program launched by Workforce Development Agency, Ministry of Labor. In 2018 and 2020, we were awarded the Bronze Award by the Talent Quality-management System (TTQS) in the Taoyuan, Hsinchu and Miaoli region.

The Company's training methods are divided into three models: internal training, industry learning, and self-development, which are described as follows:

- (1) "Internal training" focuses on departmental independent training and inter-departmental integrated training to leverage the effects of internal knowledge dissemination and teaching while learning.
- (2) "Industry learning" refers to external courses and international seminars, which are arranged to strengthen the connectivity between knowledge, technology, and industry, and the information absorbed and integrated will be shared internally.
- (3) As for "Self-development", self-growth space is provided to enhance individuals' learning willingness through resources, such as internal learning platforms, IEEE Database, and libraries.

The Company's training system is divided into the components below:

- A. In "management competency training" professional management training is provided to managers at all levels; lectures for managers are organized regularly, and outstanding leaders are trained actively.
- B. As for "Departmental professional competency courses", professional knowledge, skills, and attitude that employees should possess in different job positions are drawn up as per the annual training plan.
- C. The "School of Life and Knowledge" is planned to provide knowledge related to humanities, social sciences, and natural sciences to promote personal self-growth, expand the horizon exploration, and diversify the knowledge.
- D. "Corporate culture" aims to cultivate the necessary skills that should be possessed by Etron's employees, such as new employee training to help new employees quickly understand the Company's philosophy, spirit, system, and culture.

- E. "Language training" trains employees to possess the language skills needed for internationalization and to enhance individual competitiveness.
 - F. As for "annual certifications" that need to be passed by specific professionals, such as quality inspectors, environmental safety and health personnel, and chefs, we arrange regular annual training sessions, and have formulated "specific personnel qualification certification implementation regulations" for personnel who are critical to product quality to ensure employees' skills are qualified for their jobs.
4. Agreements between labor and management and various measures to protect employees' rights and interests
- The Company's appointment policy complies with internationally recognized international conventions (including the "Universal Declaration of Human Rights", "International Covenant on Economic, Social and Cultural Rights", "International Covenant on Civil and Political Rights", and "Declaration of Fundamental Principles and Rights of the International Labor Organization", as well as other laws and regulations. The Company does not treat people in different ways due to their race, socioeconomic class, language, ideology, religion, party, birthplace, gender, marriage, appearance, physical obstacles or previous union memberships. The Company has established appropriate internal management methods and procedures, and regularly accepts the audit conducted by its internal units, certification units and customers, so as to ensure the implementation thereof. The Company holds four labor-management meetings every year to communicate various issues of concern with employees; At ordinary times, communication can also be achieved through the Company's internal mailboxes and bulletin boards for smooth communication.
- (II) In 2022 and up to the publication date of the annual report, the situation of labor disputes and the estimated amount that may be incurred in the future and countermeasures : The Company did not suffer loss due to labor disputes, and the Company's labor-management relationship is harmonious. It is estimated that the possibility of losses incurred due to labor disputes in the future is extremely low.

VI. Cyber Security Mangement

- (I) Cyber Security Risk Management Structure, Cyber Security Policies, Specific Management Schemes and Resources Invested in Cyber Security Management

1. Cyber Security Risk Management Structure

The Company has established the Cyber Security Committee that is responsible for formulating and reviewing information security policies, resource allocation and inspection of the implementation of different measures. The senior managements—as management representatives—are responsible for the coordination and promotion of cyber security management affairs, and convene cyber security meetings at regular intervals. The head of IT Division assists in the development of related work in the capacity of executive secretary. The heads of each operating department participate in the formulation and implementation of cyber security plans and measures in the capacity of committee members. The Cyber Security Committee has reported to the Board of Directors in respect of the implementation status of current cyber security in November 2022.

2. Cyber Security Policies

The Company has formulated cyber security policies as guidelines for cyber security management in accordance with its own operating requirements and relevant laws and regulations to ensure the confidentiality, integrity, and availability of company information. The operation of internal cyber security organization helps to implement executive management measures. In addition, the Company should establish cyber security risk awareness among employees, and make the best of management procedures and security protection technologies to achieve the security goals of information collection, processing, transmission, storage, and circulation.

3. Specific Management Schemes and Resources Invested in Cyber Security Management

With respect to "security and information security education and training of human resource to enhance personnel cyber security awareness":

- (1) Personnel employment change or termination of employment have been included in the cyber security process to manage the employees. These efforts are designed to ensure that employees can implement relevant cyber security measures in their positions, thereby reducing possible cyber security risks.
- (2) Subject to the nature of employees' work and the needs of current cyber security environment, the Company regularly arranges education and training to build employees' cyber security awareness and improve its cyber security level.
- (3) The Company also arranges cyber security professional course training or functional training for dedicated personnel, in a bid to strengthen the training of cyber security management personnel and improve its cyber security management capabilities.
- (4) Employees will receive announcements of cyber security anti-hacking information from the Company from time to time, informing them to be more vigilant.

With respect to "information asset identification and risk management":

- (1) The Company conducts an inventory and classification of information assets every year to examine the confidentiality, availability, and integrity of information assets, thus identifying company assets and ensuring that all assets are protected according to their importance. The Company strives to assess any possible weaknesses and threats of information assets, thereby formulating a risk treatment plan that will be tracked until the improvement is completed.
- (2) In response to external cyber security threats, the Company continues to strengthen relevant measures based on existing protection mechanisms, including comprehensive and dual deployment of endpoint detection and response software (EDR) and activation of multi-factor authentication (MFA) and other solutions.

With respect to "notification and response of cyber security incident":

- (1) The Company participates in domestic defense organizations of cyber security to obtain and share cyber security information to take timely response measures.
- (2) The Company conducts simulation drilling for events that may impact operations. In terms of the Company's cyber security incidents, all departments should report the incidents according to the authority and responsibility and the incident grading mechanism when the incident occurs, take appropriate measures as per the prepared contingency plan, and properly record the handling process and results and report to the Cyber Security Committee.

- (II) For the most recent year and as of the printing date of the annual report, the losses, possible impacts and responses to major cyber security incidents, if not reasonably estimable, shall state the facts that they are not reasonably estimable: None.

VII.Important Agreements

Type of Contract	Party	Contract Duration	Main Content	Restrictive Clauses
Insurance	Chubb Insured	2022.09.16~2023.09.16	Liability insurance for directors, supervisors, and important employees	None
Production capacity reservation and supplementary agreement	Powerchip Semiconductor Manufacturing Corp.	2021.10.01~2024.08.31	Ensurance of a stable supply of wafers required by the Company's business	Confidentiality clause

Chapter 6 Financial Information

I. Condensed Financial Statements for the Most Recent Five Years

(I) Condensed Consolidated Balance Sheets

Unit: NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022	
Current Assets	4,092,687	3,582,080	3,951,619	4,643,172	5,635,796	
Property, Plant and Equipment, Net	1,099,409	810,414	689,421	624,685	667,688	
Intangible Assets, Net	148,935	31,277	27,056	56,507	41,586	
Other Assets	1,616,250	1,788,907	1,511,141	1,880,018	1,879,355	
Total Assets	6,957,281	6,212,678	6,179,237	7,204,382	8,224,425	
Current Liabilities	Before Distribution	1,949,612	1,859,229	1,750,292	2,277,866	2,314,729
	After Distribution	1,949,612	1,859,229	1,750,292	2,493,809	To be distributed
Non-current Liabilities	2,173,649	2,021,217	1,511,821	682,919	1,627,615	
Total Liabilities	Before Distribution	4,123,261	3,880,446	3,262,113	2,960,785	3,942,344
	After Distribution	4,123,261	3,880,446	3,262,113	3,176,728	To be distributed
Equity Attributable to Owners of the Parent	2,734,926	2,300,215	2,881,220	4,139,643	4,182,304	
Share Capital	4,369,398	4,352,398	2,677,073	2,698,693	2,840,618	
Capital collected in advance	0	0	0	1,530	3,585	
Capital Surplus	100,474	190,706	496,457	568,222	687,164	
Retained Earnings	Before Distribution	(1,654,762)	(2,175,325)	(260,481)	784,069	618,191
	After Distribution	(1,654,762)	(2,175,325)	(260,481)	433,161	To be distributed
Other Equity	(56,214)	(64,024)	(31,829)	87,129	32,746	
Treasury Stock	(23,970)	(3,540)	0	0	0	
Non-controlling Interests	99,094	32,017	35,904	103,954	99,777	
Total Equity	Before Distribution	2,834,020	2,332,232	2,917,124	4,243,597	4,282,081
	After Distribution	2,834,020	2,332,232	2,917,124	4,027,654	To be distributed

(II) Condensed Parent Company Only Balance Sheets

Unit: NT\$ thousand

Year		2018	2019	2020	2021	2022
Item						
Current Assets		3,791,631	3,308,972	3,537,225	4,171,320	5,150,013
Investments Accounted for Using Equity Method		1,401,540	1,332,290	1,231,908	1,383,210	1,372,581
Property, Plant and Equipment, Net		944,978	791,245	676,503	611,154	652,242
Intangible Assets, Net		31,877	25,310	19,817	16,927	16,742
Other Assets		469,793	641,206	592,762	850,747	860,345
Total Assets		6,639,819	6,099,023	6,058,215	7,033,358	8,051,923
Current Liabilities	Before Distribution	1,756,950	1,788,260	1,634,675	2,213,578	2,244,314
	After Distribution	1,756,950	1,788,260	1,634,675	2,429,521	To be distributed
Non-current Liabilities		2,147,943	2,010,548	1,542,320	680,137	1,625,305
Total Liabilities	Before Distribution	3,904,893	3,798,808	3,176,995	2,893,715	3,869,619
	After Distribution	3,904,893	3,798,808	3,176,995	3,109,658	To be distributed
Share Capital		4,369,398	4,352,398	2,677,073	2,698,693	2,840,618
Capital collected in advance		0	0	0	1,530	3,585
Capital Surplus		100,474	190,706	496,457	568,222	687,164
Retained Earnings	Before Distribution	(1,654,762)	(2,175,325)	(260,481)	784,069	618,191
	After Distribution	(1,654,762)	(2,175,325)	(260,481)	433,161	To be distributed
Other Equity		(56,214)	(64,024)	(31,829)	87,129	32,746
Treasury Stock		(23,970)	(3,540)	0	0	0
Total Equity	Before Distribution	2,734,926	2,300,215	2,881,220	4,139,643	4,182,304
	After Distribution	2,734,926	2,300,215	2,881,220	3,923,700	To be distributed

(III) Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022
Operating Revenue	4,840,161	3,681,468	3,550,544	6,146,406	4,684,589
Operating Gross Profit	687,278	470,706	565,473	2,121,669	1,200,276
Operating Income	(649,338)	(523,084)	(222,561)	1,128,929	83,186
Non-operating Income and Expenses	(25,004)	1,038	(34,014)	(45,159)	24,126
Net Income before Tax (loss)	(674,342)	(522,046)	(256,575)	1,083,770	107,312
Income (loss) from Continuing Operations	(689,137)	(533,914)	(268,444)	1,015,035	74,200
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss) for the Current Period	(689,137)	(533,914)	(268,444)	1,015,035	74,200
Other Comprehensive Income after Tax	(69,013)	(24,429)	24,698	111,714	(9,275)
Total Comprehensive Income	(758,150)	(558,343)	(243,746)	1,126,749	64,925
Net Income (Loss) Attributable to Owners of the Parent Company	(650,587)	(498,906)	(254,393)	1,051,071	141,895
Net Income (Loss) Attributable to Non-controlling Interests	(38,550)	(35,008)	(14,051)	(36,036)	(67,695)
Comprehensive Income Attributable to Owners of the Parent	(714,987)	(521,754)	(229,078)	1,163,508	130,647
Comprehensive Income Attributable to Non-controlling Interests	(43,163)	(36,589)	(14,668)	(36,759)	(65,722)
Earnings (Loss) per Share	(2.99)	(2.29)	(1.14)	3.73	0.50

(IV) Condensed Parent Company Only Composite Income Sheet

Unit: NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022
Operating Revenue	4,418,591	3,359,337	3,267,841	5,847,407	4,502,838
Operating Gross Profit	507,229	326,773	393,352	1,933,136	1,069,068
Operating Income	(393,957)	(317,129)	(128,590)	1,218,026	323,421
Non-operating Income and Expenses	(241,768)	(169,909)	(113,934)	(98,245)	(148,414)
Net Income before Tax (loss)	(635,725)	(487,038)	(242,524)	1,119,781	175,007
Income (loss) from Continuing Operations	(650,587)	(498,906)	(254,393)	1,051,071	141,895
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss) for the Current Period	(650,587)	(498,906)	(254,393)	1,051,071	141,895
Other Comprehensive Income after Tax	(64,400)	(22,848)	25,315	112,437	(11,248)
Total Comprehensive Income	(714,987)	(521,754)	(229,078)	1,163,508	130,647
Earnings (Loss) per Share	(2.85)	(2.18)	(1.09)	3.73	0.50

(V) Names and Opinions of the CPAs for the Most Recent Five Years

Year of Certification	Name of CPA Firm	Name of CPA	Audit Opinion
2018	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Tsai-Yen, Chiang	Unmodified opinion
2019	PricewaterhouseCoopers, Taiwan	Fang-Yu, Wen and Tsai-Yen, Chiang	Unmodified opinion
2020	PricewaterhouseCoopers, Taiwan	Tsai-Yen, Chiang and Fang-Yu, Wen	Unmodified opinion
2021	PricewaterhouseCoopers, Taiwan	Tsai-Yen, Chiang and Fang-Yu, Wen	Unmodified opinion
2022	PricewaterhouseCoopers, Taiwan	Tsai-Yen, Chiang, Patrick, Hsu	Unmodified opinion

II. Financial Analyses for the Most Recent Five Years

(I) Consolidated Financial Analyses

Analysis Item		Year	2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio		59.27	62.46	52.79	41.10	47.93
	Ratio of Long-term Capital to Property, Plant and Equipment		455.49	537.19	642.42	788.64	855.10
Debt service ability (%)	Current Ratio		209.92	192.66	225.77	203.84	243.48
	Quick Ratio		95.32	95.99	129.23	122.19	82.26
	Interest Coverage Ratio		-	-	-	2,814.11	411.84
Operating Ability	Accounts Receivable Turnover Rate (Times)		3.15	3.16	3.58	4.99	3.67
	Average Days for Cash Receipts		116	116	102	74	100
	Inventory Turnover Rate (Times)		1.73	1.31	1.36	1.80	1.08
	Accounts Payable Turnover Rate (Times)		6.57	5.61	5.03	5.10	4.19
	Average Days for Sale of Goods		211	279	269	203	338
	Property, Plant and Equipment Turnover Rate (Times)		4.51	3.86	4.73	9.35	7.25
	Total Assets Turnover Rate (Times)		0.67	0.56	0.57	0.92	0.61
Profitability	Return on Assets (%)		(8.75)	(7.18)	(3.57)	15.65	1.32
	Return on Equity (%)		(21.53)	(20.67)	(10.23)	28.35	1.74
	Ratio of Income before Tax to Paid-in Capital (%)		(15.43)	(11.99)	(9.58)	40.16	3.78
	Net Profit Margin (%)		(14.24)	(14.50)	(7.56)	16.51	1.58
	Earnings (losses) per share (N)		(2.85)	(2.18)	(1.09)	3.73	0.50
Cash Flows	Cash Flow Ratio (%)		-	29.10	6.48	44.45	-
	Cash Flow Adequacy Ratio (%)		2.41	23.90	42.41	98.59	46.46
	Cash Reinvestment Ratio (%)		-	6.97	1.42	12.15	-
Leverage	Operating Leverage		-	-	-	2.03	16.59
	Financial Leverage		-	-	-	1.04	1.71
Note	Reason for the changes in the financial ratio in the most recent two years: 1. The decrease in quick ratio was mainly due to the decline in cash and receivables in 2022 compared to 2021. 2. Decrease in interest coverage ratio: mainly due to the decrease in profit in 2022. 3. Decrease in accounts receivable turnover rate and increase in average days for cash receipts: mainly due to the decrease in net sales in 2022. 4. Decrease in inventory turnover ratio and increase in average days for cash receipts: mainly due to the decrease in net sales in 2022. 5. Decrease in property, plant and equipment turnover rate and total assets turnover rate: Mainly due to the decrease in net sales in 2022. 6. Decrease in return on assets, return on equity and ratio of income before tax to paid-in capital: Mainly due to the substantial decrease in profits in 2022. 7. Decrease in net profit margin and earnings per share: Mainly due to the decrease in profits in 2022. 8. Cash flow ratio and cash reinvestment ratio: N/A, which was mainly due to the cash outflows from operating activities in 2022. 9. Decrease in cash flow adequacy ratio: Mainly due to a increase in capital expenditures and inventories in the most recent five years as of 2022 compared with 2021. 10. Increase in operating leverage and financial leverage: mainly due to the decrease in profits in 2022.						

Note: The calculation formula for financial analysis is presented as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current Liabilities) / Net property, plant and equipment.
2. Debt service ability

- (1) Current ratio = Current assets/Current liabilities
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
 - (3) Interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating Ability
- (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
 - (2) Average days for cash receipts = 365/Accounts receivable turnover.
 - (3) Inventory turnover rate = Cost of sales/Average inventory.
 - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
 - (5) Average days for sale of goods = 365/Inventory turnover.
 - (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment.
 - (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
- (1) Asset return ratio = [Profit or loss after tax + Interest expenses \times (1 - Tax rate)]/Average total assets.
 - (2) Equity return ratio = Profit or loss after tax/Average total equity.
 - (3) Net profit ratio = Profit or loss after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash Flows
- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
 - (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage
- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) /Operating income.
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

(II) Parent Company Only Financial Analyses

Analysis Item		Year				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	58.81	62.29	52.44	41.14	48.06
	Ratio of Long-term Capital to Property, Plant and Equipment	516.72	544.81	653.88	788.64	890.41
Debt service ability (%)	Current Ratio	215.81	185.04	216.39	188.44	229.47
	Quick Ratio	93.77	86.38	116.53	108.29	69.68
	Interest Coverage Ratio	-	-	-	2,866.00	611.00
Operating Ability	Accounts Receivable Turnover Rate (Times)	3.01	2.98	3.36	4.87	3.67
	Average Days for Cash Receipts	121	122	109	75	99
	Inventory Turnover Rate (Times)	1.70	1.28	1.34	1.80	1.09
	Accounts Payable Turnover Rate (Times)	6.39	5.43	4.93	5.07	4.20
	Average Days for Sale of Goods	214	286	273	203	335
	Property, Plant and Equipment Turnover Rate (Times)	4.72	3.87	4.45	9.08	7.13
	Total Assets Turnover Rate (Times)	0.64	0.53	0.54	0.89	0.60
Profitability	Return on Assets (%)	(8.62)	(6.94)	(3.46)	16.54	2.24
	Return on Equity (%)	(21.05)	(19.82)	(9.82)	29.94	3.41
	Ratio of Income before Tax to Paid-in Capital (%)	(14.55)	(11.19)	(9.06)	41.49	6.16
	Net Profit Margin (%)	(14.72)	(14.85)	(7.78)	17.97	3.15
	Earnings (losses) per share (N)	(2.85)	(2.18)	(1.09)	3.73	0.50
Cash Flows	Cash Flow Ratio (%)	-	37.82	7.19	51.48	-
	Cash Flow Adequacy Ratio (%)	8.30	29.59	46.28	97.21	50.11
	Cash Reinvestment Ratio (%)	-	9.07	1.52	14.01	-
Leverage	Operating Leverage	-	-	-	1.69	3.73
	Financial Leverage	-	-	-	1.03	1.12
Reason for the changes in the financial ratio in the most recent two years:						
1. Increase in current ratio: Mainly due to an increase in inventory in 2022 compared with 2021.						
2. Decrease in quick ratio: Mainly due to the decrease in cash and accounts receivable in 2022 compared with 2021.						
3. Decrease in interest coverage ratio: mainly due to the decrease in profit in 2022 compared with 2021.						
4. Decrease in accounts receivable turnover rate and increase average days for cash receipts: mainly due to the decrease in net sales in 2022 compared with 2021.						
5. Decrease in inventory turnover rate and increase in average days for sale of goods: mainly due to the increase in average inventory in 2022 compared with 2021.						
6. Decrease in property, plant and equipment turnover rate and total assets turnover rate: mainly due to the decrease in net sales in 2022 compared with 2021.						
7. Decline in return on assets, return on equity and ratio of income before tax to paid-in capital: mainly due to the substantial decrease in profits in 2022 compared with 2021.						
8. Decline in net profit margin and earnings per share: mainly due to the decrease in profits in 2022 compared with 2021.						
9. Decline in cash flow ratio and cash reinvestment ratio: mainly due to the cash outflows from operating activities in 2022.						
10. Decrease in cash flow adequacy ratio: mainly due to the increase in inventory in 2022.						
11. Increase in operating leverage: mainly due to the decrease in profits and revenue in 2022 compared with 2021.						

Note: The calculation formula for financial analysis is the same as that under (I) Consolidated Financial Analyses.

III. Audit Committee's Report for the Most Recent Year's Financial Statements

Audit Committee's Review Report

The Board of Directors has submitted the Company's 2022 Financial Statements, 2022 Earnings Distribution Table, and 2022 Business Report, among which the Financial Statements have been audited, and Audit Report has been issued, by PwC Taiwan. The said Financial Statements, Earnings Distribution Table, and Business Report have been reviewed by us, the Audit Committee. We have not found any inconsistencies. Therefore, we, the Audit Committee, issue this Report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, for your review.

Sincerely,
2023 Annual Shareholders' Meeting of Etron Technology, Inc.

Convener of Audit Committee's Meeting: Ai-Chen, Wang

May 8, 2023

IV. Financial Report for the Most Recent Year: Refer to pages 104 to 206 of the Annual Report.

V. Parent Company Only Financial Statements for the Most Recent Year: Refer to pages 207 to 286 of the Annual Report.

VI. In the Most Recent Year and As of the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Status: None.

Chapter 7 Review and Analysis on Financial Status and Financial Performance and Risk Matters

I. Financial Status

Unit: NT\$ thousand

Item \ Year	December 31, 2021	December 31, 2022	Difference	Percentage of Change (%)
Current Assets	4,643,172	5,635,796	992,624	21.38
Financial Assets at Fair Value through Other Comprehensive Income - Non-current and Investments Accounted for Using Equity Method	1,064,951	1,016,620	(48,331)	(4.54)
Property, Plant and Equipment, Net	624,685	667,688	43,003	6.88
Other Assets	871,574	904,321	32,747	3.76
Total Assets	7,204,382	8,224,425	1,020,043	14.16
Current Liabilities	2,277,866	2,314,729	36,863	1.62
Long-term Borrowings	504,432	1,314,715	810,283	160.63
Other Liabilities	178,487	312,900	134,413	75.31
Total Liabilities	2,960,785	3,942,344	981,559	33.15
Share Capital	2,698,693	2,840,618	141,925	5.26
Capital collected in advance	1,530	3,585	2,055	134.31
Capital Surplus	568,222	687,164	118,942	20.93
Retained Earnings	784,069	618,191	(165,878)	(21.16)
Other Equity	87,129	32,746	(54,383)	(62.42)
Treasury Stock	-	-	-	-
Non-controlling Interests	103,954	99,777	(4,177)	(4.02)
Total Equity	4,243,597	4,282,081	38,484	0.91
Explanation of the proportion of the changes (%):				
1. Current Assets: mainly due to the increase in inventory in 2022.				
2. Long-term borrowings: mainly due to the issuance of convertible corporate bonds in 2022.				
3. Other Liabilities: mainly due to the increase in lease liabilities and deposits received in 2022.				
4. Total Liabilities: mainly due to the issuance of convertible corporate bonds in 2022.				
5. Capital collected in advance: Mainly due to the advance payment received from the employees, whose registration of change for exercising their stock options in 2022 has not been completed.				
6. Capital Surplus: mainly due to the issuance of convertible corporate bonds in 2022.				
7. Retained Earnings: Mainly due to the distribution of earnings in 2022.				
8. Other Equity: Mainly due to the disposal of unrealised losses on the valuation of equity instruments at fair value through other comprehensive income in 2022.				

II. Financial Performance

(I) Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2021	2022	Amount of Change	Percentage of Change (%)
Operating Revenue	6,146,406	4,684,589	(1,461,817)	(23.78)
Operating Costs	(4,024,737)	(3,484,313)	540,424	13.43
Operating Gross Profit	2,121,669	1,200,276	(921,393)	(43.43)
Operating Expenses	(1,050,387)	(1,179,613)	(129,226)	(12.30)
Other Income and Expenses	57,647	62,523	4,876	8.46
Operating Income (Loss)	1,128,929	83,186	(1,045,743)	(92.63)
Non-operating Income and Expenses	(45,159)	24,126	69,285	153.42
Income (Loss) from Continuing Operations before Tax	1,083,770	107,312	(976,458)	(90.10)
Income Tax (Expenses)	(68,735)	(33,112)	35,623	51.83
Net Income (Loss)	1,015,035	74,200	(940,835)	(92.69)
Net Income (Loss) Attributable to Owners of the Parent	1,051,071	141,895	(909,176)	(86.50)
Description of the percentage of change:				
1. Operating Income and Gross Operating Profit: Mainly due to the decrease in IC revenue in the second half of 2022 caused by the slowdown in terminal market demand.				
2. Non-operating Income and Expenses: mainly due to the decrease in expected credit impairment losses, increase in losses on financial assets (liabilities) at fair value through profit or loss and increase in other income.				
3. Income Tax Expenses: mainly due to the decrease in taxable income in the current period.				
4. Operating Income and Net Income for the Period: mainly due to the decrease in profits in 2022.				

(II) Expected Sales Volume in the Coming Year and Its Basis

The Company is an IC design house specializing in specialty DRAM and logic ICs such as USB chips and 3D image chips. These products have various applications in consumer electronics and artificial intelligence. The expected sales volume and operations in the future are based on the changes in demand for consumer electronics, according to which various response plans and strategies for financial business are formulated.

III. Cash Flows

(I) Analysis of the Changes in Cash Flows for the Most Recent Year

Unit: %

Item \ Year	2021	2022	Percentage of Change
Cash Flow Ratio	44.45	-	-
Cash Flow Adequacy Ratio	98.59	46.46	(52.88)
Cash Reinvestment Ratio	12.15	-	-
Description of the percentage of change:			
1. Cash Flow Ratio: N/A, which was mainly due to the cash outflows from operating activities in 2022.			
2. Cash flow adequacy ratio: Mainly due to a increase in capital expenditures and inventories in the most recent five years as of 2022 compared with 2021.			
3. Cash Flow Ratio: N/A, which was mainly due to the cash outflows from operating activities in 2022.			

- (II) Remedial Plans for Liquidity Shortfalls: Not applicable as the Company does not expect any liquidity shortfalls.
- (III) Analysis of Liquidity for the Coming Year: Liquidity for the coming year is expected to be better than that in the previous year.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Year

Unit: NT\$ thousand

Program	Capital Expenditures		
	2020	2021	2022
Purchase of Equipment	45,520	97,207	161,725
Impact on financial operations	Such capital expenditures are expected to bring positive benefits to the production and sales of products.		

V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plan, and Investment Plans for Coming Year

- (I) Reinvestment Policy for the Most Recent Year
For long-term strategic purposes, the Company's reinvestment policy targets companies in the relevant sectors of the industry. Getting a hold of integrated trends in the relevant sectors of the industry, the Company expects to develop new products, new customers, and new markets, so as to maximize the profits with augmented market share.
- (II) Main Reasons for Profits/Losses Generated Thereby and Improvement Plan
Affected by the Covid-19 pandemic and high inflation in 2022, the business expansion results of each subsidiary failed to meet expectations, showing an increase in losses compared with the previous year. Subsidiaries maintained their efforts in investing resources to develop new technologies and products to strengthen the Company's competitiveness. Looking forward to 2023, as countries/regions gradually unblock from the Covid-19 pandemic, international business exchanges will gradually return to normal, and inflation is expected to slow down, although we still have doubts about the continued slowdown of the economy. It is estimated that the operations of each subsidiary will be gradually fruitful. The investments accounted for using the equity method will also continue to grow steadily. In the future, the Company will continue assisting the investee companies in improving their competitiveness and business results, so as to increase the Company's profitability as a whole.
- (III) Investment Plans for Coming Year
The Company will continue to prudently evaluate its investment plans for long-term strategic purposes.

VI. Risk Assessment and Management

- (I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future
 1. Effect of interest rate fluctuations and response measures to be taken in the future
The interest expenses in 2021 and 2022 were NT\$39,931 thousand and NT\$34,413 thousand respectively, accounting for 0.65% and 0.73% of the consolidated net operating revenue respectively. The Company will always pay attention to the trend of interest rates in the financial market, regularly evaluate bank interest rates, and closely liaise with banks to strive for more favorable interest rate terms.
 2. Effect of exchange rate fluctuations and response measures to be taken in the future

The Company's operating revenue was mainly denominated in USD. Net of certain payables on purchases denominated in foreign currencies, USD-denominated assets constituted most of the net position. Therefore, exchange rate fluctuations between the New Taiwan Dollar and the U.S. dollar could have an impact on the Company's profit or loss. In addition to natural hedging, the Company entered into forward contracts to mitigate the impact of exchange rate fluctuations on its profit and loss. To keep abreast of trends and changes in exchange rates, the Company's finance department constantly monitors changes in international financial markets, maintains close contact with banks, collects information on exchange rate fluctuations and financial markets; it also adjusts the USD position in a timely manner to reduce the exchange rate risk.

3. Effect of changes in the inflation rate and response measures to be taken in the future
In the most recent year, inflation had an insignificant impact on the business operations and profit or loss of the Company and its subsidiaries. In the future, the Company and its subsidiaries will closely monitor the changes in the international prices of raw materials and products, maintain good relationships with customers and suppliers, and adjust the selling prices of products and inventories in a timely manner in order to reduce the effect of changes in the inflation rate.
- (II) Policies on High Risk or Highly Leveraged Investments, Loans to Others, Endorsements and Guarantees, as Well as Derivatives Trading, Main Reasons for Profits or Losses, and Response Measures to Be Taken in the Future: The Company and all its subsidiaries did not engage in any high risk or highly leveraged investments. To ensure sound financial management and to reduce the operational risks, the Company has formulated the "Operating Procedures for Loans to Others" and "Operating Procedures for Endorsements and Guarantees" according to law and required that the Company and all its subsidiaries should comply when providing loans or endorsements/guarantees to others. The Company engages in derivatives trading primarily for hedging purposes, using forward foreign exchange and swap contracts to reduce the adverse effects of fluctuations in foreign exchange rates on the Company's operating results.
- (III) Future R&D Plan and Projected R&D Expenses: In response to the industry trend of heterogeneous integration and incorporating the sustainable concept of green design, the Company and its subsidiaries continue to develop application-driven memory and logic chip products with high speed, high bandwidth, low voltage, low power consumption, suitable capacity and low cost, and strive to provide a higher-end product portfolio to create added value. The R&D expenses in 2022 amounted to approximately NT\$666,079 thousand, accounting for 14% of the Company's operating revenue. The equivalent percentage is expected in 2023 in terms of the R&D expenses in 2022.
- (IV) Effect of Changes in Major Domestic and International Policies and Laws on the Company's Finances and Business Operations and Response Measures to Be Taken in the Future: The changes in major domestic and international policies and laws this year did not have any major impact on the finances and business operations of the Company and its subsidiaries. In the future, the Company will keep itself timely updated on relevant information and develop timely and necessary responses to meet the Company's operational needs.
- (V) Effect of Changes in Technology and the Industry on the Company's Finances and Business Operations and Response Measures to Be Taken in the Future: The Company strengthened the R&D capabilities and followed technological developments and market trends at home and abroad to respond to changes in technology and the industry; in terms of financial management, the Company focused on cash flow management to keep the operations sound and robust. In addition, regarding the Company's responses to cyber security, please refer to Chapter 5 Operational Highlights, Section V Cyber Security Management of this annual report.

- (VI) Effect of Changes in Corporate Image on Corporate Risk Management and Measures Taken in Response: The Company is a world-class fabless IC design house for cutting-edge CEDRAM and KGDM. With "honor, courage, innovation, teamwork" as the core, the Company continues to develop advanced technologies and enhance customer service, forging long-term and stable partnerships with many leading customers around the world. In terms of corporate image, the Company presents its core values, business strategies, visions, market trends, and other product or financial information through disclosures and channels of communication such as company website, DMs, press release, awards and credentials, participation in industry events; it also engages with the media and investors to increase the public's understanding and recognition of its business goals and to create a positive corporate image.
- (VII) Expected Benefits and Possible Risks Associated with Mergers and Acquisition and Measures Taken in Response: None
- (VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion and Measures Taken in Response: None
- (IX) Risks Associated with Excessively Centralized Purchases or Sales and Measures Taken in Response: In terms of purchases, having been deeply involved in the field of semiconductor IC products for a long time, the Company has formed a stable and close partnership with suppliers and has considered more than two suppliers for the management of purchases, so that the Company can flexibly allocate production capacity to ensure stable supply and quality. As for sales, the Company sells to customers worldwide for a variety of consumer electronics products, and the sales are still actively expanding, with no centralized sales.
- (X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures Taken in Response: The equity changes of the above-mentioned personnel of the Company were mainly due to their personal financial management activities, which did not pose any risk to the Company's operations.
- (XI) Effect of Changes in Management on the Company, Related Risks, and Measures Taken in Response: None
- (XII) Litigation or Non-litigation Events: In January 2016, former Chairman Wu of TM Technology, Inc. ("TM Technology"), the former subsidiary of the Company, was accused of violating the Securities and Exchange Act. Upon hearing and ruling by Taiwan New Taipei District Court and Taiwan High Court, the case is currently being heard by Supreme Court. In February 2017, on behalf of the investors of TM Technology, the Securities and Futures Investors Protection Center (the "SFIPC") filed two civil actions against the Company and TM Technology and its former Chairman Wu, respectively. The claim has been remanded to Taiwan High Court for retrial after being heard by the Supreme Court. The claim does not have any material impact on the shareholder's equity or securities of the Company.
- (XIII) Other Major Risks and Countermeasures: None

VII. Other Important Issues: None

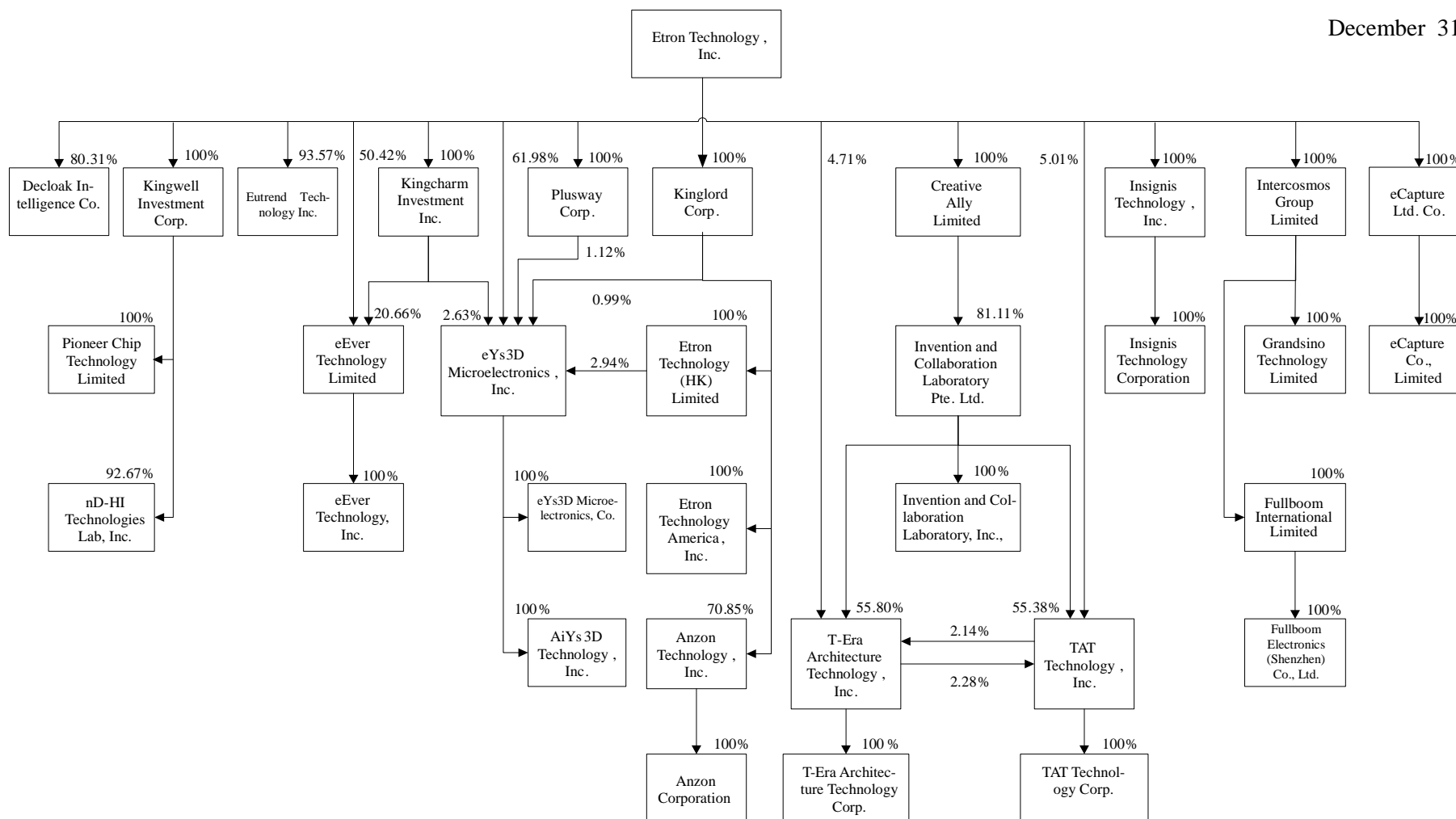
Chapter 8 Special Records

I. Relevant Information on Affiliates

(I) Consolidated Business Reports of Affiliates

1. Organizational chart of affiliates

December 31, 2022



2. Information on affiliates

December 31, 2022, Unit: NT\$ thousand

Name of Affiliate	Date of Incorporation	Company Address	Currency	Paid-in Capital	Scope of Business
Kingwell Investment Corp.	1995/10/17	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$140,830.00	Investment in production and service businesses
Kinglord Corp.	1996/8/13	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	\$27,107.62	General investment
Plusway Corp.	1997/11/24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	\$10,485.00	General investment
Etron Technology America, Inc.	2000/3/28	3375 Scott BLVD, Suite 128, Santa Clara, CA95054, U.S.A.	USD	\$5,620.00	Sales agency
Eutrend Technology Inc.	1997/4/1	No. 6, Technology Road 5, Hsinchu Science Park, Hsinchu Taiwan	TWD	\$28,883.69	Testing of high frequency or high power RF, analog, and digital mixed components
Kingcharm Investment Corp.	2000/5/10	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$180,000.00	General investment
Anzon Technology, Inc.	2003/1/21	P.O Box 3152, Road Town, Tortola, Birtish Virgin Islands	USD	\$584.50	General investment
Anzon Corporation	2004/1/16	3-4-1, Kami-osaki, Shinagawa-ku, Tokyo	JPY	\$9,250.00	Sales agency
Etron Technology (HK) Limited	2005/3/16	Unit 613, Lakeside 2, East Wing, No. 10 Science Park West Avenue, HK Science Park Phase II, Shatin, N.T., Hong Kong	HKD	\$37,440.00	Sale and purchase of electronic components
Intercosmos Group Limited	2005/7/6	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	\$5,292.00	General investment
Grandsino Technology Limited	2005/7/6	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	\$4,611.00	General investment
Fullboom International Limited	2007/1/8	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	\$1,050.00	General investment
Fullboom Electronics (Shenzhen) Co., Ltd.	2007/11/1	No .A2503A, 25F, Building A, Galaxy WORLD, No. 1, Yabao Road, Longgang District, Shenzhen City, China	USD	\$1,000.00	Wholesale and international trade of electronic components
Creative Ally Limited	2011/7/13	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	\$3,720.00	General investment
Invention and Collaboration Laboratory, Inc.	2012/6/20	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$1,340.00	Manufacturing of electronic components
Pioneer Chip Technology Limited	2012/10/26	5F, No. 158, Section 1, Jiafeng 2nd Street, Zhubei City, Hsinchu County	TWD	\$2,000.00	Manufacturing of electronic components
eEver Technology, Inc.	2015/7/30	2F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$294,500.00	Manufacturing of electronic components
eYs3D Microelectronics, Co.	2015/7/30	2F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$858,000.00	Manufacturing of electronic components
eCapture Ltd. Co.	2015/5/19	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD	\$1,001.67	General investment

Name of Affiliate	Date of Incorporation	Company Address	Currency	Paid-in Capital	Scope of Business
eCapture Co., Limited	2016/9/12	Room 613, 6/F., Lakeside 2, East Wing, No. 10 Science Park West Avenue, HK Science Park Phase II, Shatin, N.T., Hong Kong	USD	\$950.00	Development, marketing and sale of electronic products
Insignis Technology, Inc.	2016/11/3	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205	USD	\$1,955.00	General investment
Insignis Technology Corporation	2016/11/28	160 Greentree Drive, Suite 101, Dover, DE 19904	USD	\$1,915.00	Sale and purchase of electronic components
eEver Technology Limited	2017/7/4	Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands	USD	\$6,756.97	General investment
eYs3D Microelectronics, Inc.	2017/7/4	Suite 102, Cannon Place, North Sound Road, George Town, Grand Cayman, KY1-9006, Cayman Islands	USD	\$26,049.43	General investment
nD-HI Technologies Lab, Inc.	2015/10/12	2F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$1,402.86	Manufacturing of electronic components
DeCloak Intelligences Co.	2020/1/21	10F, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$43,950.00	Information software service industry
AiYs3D Technology, Inc.	2020/1/23	3375 Scott Blvd., Suite 128, Santa Clara, CA 95054	USD	\$10.00	Marketing and customer service
Invention and Collaboration Laboratory Pte. Ltd.	2020/5/5	160 Robinson Rd., #23-02, Singapore 068914	USD	\$600.43	Development, consulting, and design of semiconductor technology
T-Era Architecture Technology, Inc.	2022/4/7	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205, Cayman Islands	USD	\$512.00	General investment
TAT Technology, Inc.	2022/4/7	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205, Cayman Islands	USD	\$382.40	General investment
T-Era Architecture Technology Corp.	2022/7/29	2F-2, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$10,000.00	Development, consulting, and design of semiconductor technology
TAT Technology Corp.	2022/9/13	2F-2, No. 22, Lane 35, Jihu Road, Xihu Village, Neihu District, Taipei City	TWD	\$7,500.00	Development, consulting, and design of semiconductor technology

3. Shareholders of the companies presumed to have a control and affiliation relation: None
4. The industries overall covered by the businesses of affiliates: The scope of business of the Company and its affiliates mainly covers the research and development, production, and sale of integrated circuits and peripherals, as well as related consulting service and general investment.

5. Information on directors, supervisors, and presidents of affiliates

December 31, 2022; Unit: Share; %

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding
Kingwell Investment Corp.	Chairman	Etron Technology, Inc. (Representative: Tzu-Chin, Yao)	14,083,000	100.00%
	Directors	Etron Technology, Inc. (Representative: Jui-Ling, Hsieh)	14,083,000	100.00%
	Directors	Etron Technology, Inc. (Representative: Chia-Pao, Chung)	14,083,000	100.00%
	Supervisor	Etron Technology, Inc. (Representative: Pei-Shan, Shih)	14,083,000	100.00%
Kinglord Corp.	Chairman	Tzu-Chin, Yao	0	0.00%
	Directors	Jui-Ling, Hsieh	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Plusway Corp.	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Jui-Ling, Hsieh	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Etron Technology America, Inc.	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
Eutrend Technology Inc.	Chairman	Tzu-Chin, Yao	0	0.00%
	Directors	Jung-Kun, Chung	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
	Supervisor	Pei-Shan, Shih	0	0.00%
Kingcharm Investment Corp.	Chairman	Etron Technology, Inc. (Representative: Tzu-Chin, Yao)	18,000,000	100.00%
	Directors	Etron Technology, Inc. (Representative: Jui-Ling, Hsieh)	18,000,000	100.00%
	Directors	Etron Technology, Inc. (Representative: Chia-Pao, Chung)	18,000,000	100.00%
	Supervisor	Etron Technology, Inc. (Representative: Pei-Shan, Shih)	18,000,000	100.00%
Anzon Technology, Inc.	Directors	Chikagami, Yasushi	0	0.00%
	Directors	Shinya Zhoujin	0	0.00%
	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Rossini Kuo	0	0.00%
Anzon Corporation	Representative Director	Shinya Zhoujin	0	0.00%
	Director	Tzu-Chin, Yao	0	0.00%
	Supervisor	Rossini Kuo	0	0.00%
Etron Technology (HK) Limited	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Intercosmos Group Limited	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Jui-Ling, Hsieh	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Grandsino Technology Limited	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Jui-Ling, Hsieh	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Fullboom International Limited	Directors	Intercosmos Group Limited (Representative: Tzu-Chin, Yao)	1,050,000	100.00%

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding
Fullboom Electronics (Shenzhen) Co., Ltd.	Executive Director	Fullboom International Ltd. (Representative: Rong-Zhi, Chen)	0	100.00%
	Supervisor	Fullboom International Ltd. (Representative: Chia-Pao, Chung)	0	100.00%
Creative Ally Limited	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Jui-Ling, Hsieh	0	0.00%
	Directors	Chia-Pao, Chung	0	0.00%
Invention and Collaboration Laboratory, Inc.	Chairman	Invention and Collaboration Laboratory Pte. Ltd. (Representative: Tzu-Chin, Yao)	134,000	100.00%
	Directors	Invention and Collaboration Laboratory Pte. Ltd. (Representative: Jui-Ling, Hsieh)	134,000	100.00%
	Directors	Invention and Collaboration Laboratory Pte. Ltd. (Representative: Chia-Pao, Chung)	134,000	100.00%
	Supervisor	Invention and Collaboration Laboratory Pte. Ltd. (Representative: Pei-Shan, Shih)	134,000	100.00%
Pioneer Chip Technology Limited	Chairman	Kingwell Investment Corp. (Representative: Tzu-Chin, Yao)	200,000	100.00%
	Directors	Kingwell Investment Corp. (Representative: David Leu)	200,000	100.00%
	Directors	Kingwell Investment Corp. (Representative: Jui-Ling, Hsieh)	200,000	100.00%
	Supervisor	Kingwell Investment Corp. (Representative: Chia-Pao, Chung)	200,000	100.00%
eEver Technology, Inc.	Chairman	eEver Technology Limited (Representative: Elvis Deng)	29,450,000	100.00%
	Directors	eEver Technology Limited (Representative: Nicky Lu)	29,450,000	100.00%
	Directors	eEver Technology Limited (Representative: Pang-Yen, Yang)	29,450,000	100.00%
	Directors	eEver Technology Limited (Representative: Shih-Min, Hsu)	29,450,000	100.00%
	Supervisor	eEver Technology Limited (Representative: Mei-Ling, Hsu)	29,450,000	100.00%
	Supervisor	eEver Technology Limited (Representative: Tzu-Chin, Yao)	29,450,000	100.00%
eYs3D Microelectronics, Co.	Chairman	eYs3D Microelectronics, Inc. (Representative: Elvis Deng)	89,100,000	100.00%
	Directors	eYs3D Microelectronics, Inc. (Representative: Nicky Lu)	89,100,000	100.00%
	Directors	eYs3D Microelectronics, Inc. (Representative: Liang-Hua, Chen)	89,100,000	100.00%
	Supervisor	eYs3D Microelectronics, Inc. (Representative: Mei-Ling, Hsu)	89,100,000	100.00%
	Supervisor	eYs3D Microelectronics, Inc. (Representative: Tzu-Chin, Yao)	89,100,000	100.00%
eCapture Ltd. Co.	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
eCapture Co., Limited	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
Insignis Technology, Inc.	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	William Lauer	0	0.00%
Insignis Technology Corporation	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	William Lauer	0	0.00%

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding
eEver Technology Limited	Directors	Nicky Lu	123,001	0.44%
	Directors	Elvis Deng	252,296	0.89%
	Directors	Shih-Min, Hsu	17,001	0.06%
	Directors	Mei-Ling, Hsu	0	0.00%
	Directors	Pang-Yen, Yang	0	0.00%
eYs3D Microelectronics, Inc.	Directors	Nicky Lu	524,913	1.04%
	Directors	Elvis Deng	216,918	0.43%
	Directors	Mei-Ling, Hsu	0	0.00%
	Directors	Max Wu	0	0.00%
	Directors	Liang-Hua, Chen	0	0.00%
	Directors	Shao-Tsu, Sun	0	0.00%
	Directors	Yan-Rui, Chen	0	0.00%
nD-HI Technologies Lab, Inc.	Chairman	Kingwell Investment Corp. (Representative: Tzu-Chin, Yao)	1,300,000	92.67%
	Directors	Kingwell Investment Corp. (Representative: Jui-Ling, Hsieh)	1,300,000	92.67%
	Directors	Kingwell Investment Corp. (Representative: Chia-Pao, Chung)	1,300,000	92.67%
	Supervisor	Kingwell Investment Corp. (Representative: Pei-Shan, Shih)	1,300,000	92.67%
DeCloak Intelligences Co.	Chairman	Etron Technology, Inc. (Representative: Tzu-Chin, Yao)	2,994,053	80.31%
	Directors	Nicky Lu	260,000	6.97%
	Directors	Tsou, Yao-Tung	52,536	1.41%
	Supervisor	Elvis Deng	0	0.00%
	Supervisor	Ching-Jung, Wang	0	0.00%
AiYs3D Technology, Inc.	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
Invention and Collaboration Laboratory Pte. Ltd.	Directors	Elvis Deng	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
	Directors	Yu-Fen, Chen	0	0.00%
	Directors	TAN SZE LIAN CELINE	0	0.00%
T-Era Architecture Technology, Inc.	Directors	Teng-Wei, Wang	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
TAT Technology, Inc.	Directors	Teng-Wei, Wang	0	0.00%
	Directors	Tzu-Chin, Yao	0	0.00%
T-Era Architecture Technology Corp.	Chairman	eEver Technology Limited (Representative: Tzu-Chin, Yao)	1,000,000	100.00%
	Directors	T-Era Architecture Technology, Inc. (Representative: Teng-Wei, Wang)	1,000,000	100.00%
	Supervisor	T-Era Architecture Technology, Inc. (Representative: Chia-Pao, Chung)	1,000,000	100.00%
TAT Technology Corp.	Chairman	TAT Technology, Inc. (Representative: Tzu-Chin, Yao)	750,000	100.00%
	Directors	TAT Technology, Inc. (Representative: Teng-Wei, Wang)	750,000	100.00%
	Supervisor	TAT Technology, Inc. (Representative: Pei-Shan, Shih)	750,000	100.00%

6. Operational overview of affiliates

December 31, 2022; Unit: NT\$ thousand

Name of Affiliate	Capital	Total As-sets	Total Lia-bilities	Net Worth	Operating Revenue	Operating Income	Net Income (after Tax)	Earnings per Share (NT\$) (af-ter Tax)
Kingwell Investment Corp.	140,830	336,510	141	336,369	17,288	8,128	8,128	0.60
Kinglord Corp.	821,726	412,806	140	412,666	14	(4,472)	(4,472)	(175.68)
Plusway Corp.	321,994	184,729	110	184,619	1,632	1,208	1,208	115.17
Etron Technology America, Inc.	172,590	34,034	5,656	28,378	47,025	(1,034)	(982)	(0.02)
Eutrend Technology, Inc.	28,884	366	10	356	0	(76)	126	0.04
Kingcharm Investment Corp.	180,000	30,662	107	30,555	622	(14,368)	(14,368)	(0.80)
Anzon Technology, Inc.	13,811	3,391	0	3,391	0	(159)	(99)	(0.04)
Anzon Corporation	2,150	3,467	155	3,312	3,064	(460)	(157)	(847.79)
Etron Technology (HK) Limited	147,408	419,761	61,003	358,758	128,657	(3,962)	(1,176)	(0.03)
Intercosmos Group Limited	162,517	226,458	0	226,458	8,302	7,885	7,885	1,490.08
Grandsino Technology Limited	141,604	210,760	0	210,760	7,686	7,641	7,641	1,657.17
Fullboom International Limited	32,813	14,246	0	14,246	386	354	354	0.34
Fullboom Electronics (Shenzhen) Co., Ltd.	30,710	17,009	3,703	13,306	32,323	(961)	436	0.00
Creative Ally Limited	114,241	11,144	0	11,144	1,880	(9,946)	(9,946)	(2,673.52)
Invention and Collaboration La-boratory, Inc.	1,340	1,178	0	1,178	0	(60)	(58)	(0.43)
Pioneer Chip Technology Limited	2,000	103	26	77	0	(24)	(24)	(0.12)
eEver Technology, Inc.	294,500	125,884	29,288	96,596	133,820	(52,048)	(49,357)	(1.71)
eYs3D Microelectronics, Co.	858,000	203,413	54,248	149,165	31,149	(137,356)	(132,698)	(1.73)
eCapture Ltd. Co.	30,761	2,337	0	2,337	1	(280)	(280)	(0.02)
eCapture Co., Limited	29,175	2,934	974	1,960	0	(119)	(108)	(0.11)
Insignis Technology, Inc.	60,038	23,881	0	23,881	10,351	10,351	10,351	0.42
Insignis Technology Corporation	58,810	36,078	12,476	23,602	112,585	10,190	10,096	5.27
eEver Technology Limited	207,507	99,578	71	99,507	27	(52,256)	(52,256)	(1.85)
eYs3D Microelectronics, Inc.	799,978	153,858	82	153,776	52	(135,040)	(135,040)	(1.86)
nD-HI Technologies Lab, Inc.	1,403	2,828	2,043	785	0	(9,677)	(9,664)	(6.89)
DeCloak Intelligences Co.	43,950	17,073	3,502	13,571	930	(17,127)	(17,102)	(6.76)
AiYs3D Technology, Inc.	307	967	367	600	6,478	(375)	(375)	(37.47)
Invention and Collaboration Laboratory Pte. Ltd.	18,439	17,304	4,195	13,109	0	(10,941)	(14,181)	(2.21)
TAT Technology Corp.	7,500	6,122	135	5,987	0	(1,519)	(1,513)	(4.28)
T-Era Architecture Technology Corp.	10,000	6,867	546	6,321	0	(3,616)	(3,679)	(7.81)
T-Era Architecture Technology, Inc.	15,724	9,251	0	9,251	9	(4,046)	(4,046)	(0.24)
TAT Technology, Inc.	11,744	6,914	0	6,914	2	(1,892)	(1,892)	(0.16)

The profile of affiliates is disclosed in the current year's self-concluded report or CPAs' audit report.

(II) Consolidated Financial Statements of Affiliates

Etron Technology, Inc.
Statement on the Consolidated Financial Statements of Affiliates

In 2022 (from January 1, 2022 to December 31, 2022), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this statement to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Company: Etron Technology Inc.

Responsible person: Nicky Lu

March 13, 2023

(III) Affiliation Reports: Not applicable

II. Issuance of Private Placement Securities in the Most Recent Year and As of the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Year and Up to the Date of Publication of the Annual Report: None

IV. Other Necessary and Supplemental Description: None.

V. Conditions that Materially Affect Shareholders' Interests or Price of Securities: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Etron Technology, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Etron Technology, Inc. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Key audit matters - Valuation of accounts receivable

Description

Please refer to Note 4(10) for accounting policies on valuation of accounts receivable, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of accounts receivable, and Note 6(5) for details of accounts receivable. As of December 31, 2022, the total amount of accounts receivable and allowance for uncollectible accounts were NT\$960,813 thousand and NT\$82,653 thousand, respectively.

The Group assesses the allowance for uncollectible receivables by each individual counterparty when there are significant past due accounts receivable arising from each individual counterparty. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The amount of accounts receivable is material to the consolidated financial statements and the valuation involves subjective judgment made by management. Thus, we consider the valuation of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included: obtained an understanding and evaluated the design and operating effectiveness of internal controls related to revenue and receivable business process, obtained the aging report of accounts receivable and validated the accuracy, obtained and validated the assessment made by management in identifying significant expected credit loss for each individual counterparty and respective supporting documents, obtained and validated the expected credit loss ratios calculated by management based on the Company's historical data of similar credit risk and forward-looking information, and tested subsequent collection in order to assess the reasonableness of allowance for uncollectable accounts.

Key audit matters - Valuation of inventories

Description

Refer to Note 4(14) for accounting policies on valuation of inventories, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of inventories, and Note 6(6) for details of inventories. As of December 31, 2022, the total amount of inventories and allowance for inventory valuation loss were NT\$4,098,420 thousand and NT\$515,232 thousand, respectively.

The Group is primarily engaged in the design, manufacture and sale of niche memory chips. Due to rapidly technology changes and fluctuation in market demands, there is a higher risk of decline in market values of inventories or obsolescence. The Group's inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value for inventories aged over a certain period of time and individually identified as obsolete involves management's subjective judgment and the amount of inventories is material to the consolidated financial statements. Thus, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included: assessed the reasonableness of policies regarding valuation of inventories and provision of allowance for inventory valuation loss, validated the consistency of quantities and amounts of inventories between inventory aging report at year end and inventory sub-ledger, sample tested the accuracy of categorization of inventory aging report, sample tested individually identified inventory items and the reasonableness of the estimation of net realisable values in order to ensure the sufficiency of allowance of inventory valuation loss.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method recognized by the Group's investee accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balances of these investments accounted for under the equity method amounted to NT\$336,110 thousand and NT\$313,775 thousand, constituting 4.08% and 4.36% of the consolidated total assets as at December 31, 2022 and 2021, and the comprehensive income recognized from investments accounted for under the equity method amounted to NT(\$41,365) thousand and NT\$34,364 thousand, constituting (63.71%) and 3.05% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Etron Technology, Inc. as at and for the years ended December 31, 2022 and 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Chiang, Tsai-yen

Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 842,402	10	\$ 1,277,391	18
Financial assets at fair value through profit or loss - current	6(2)	60,894	1	5,253	-
Financial assets at amortised cost-current	6(4) and 8	30,057	-	18,971	-
Notes receivable, net	6(5)	73,838	1	10,000	-
Accounts receivable, net	6(5)	878,160	11	1,425,185	20
Other receivables	7	18,819	-	46,620	-
Current income tax assets		13	-	14	-
Inventories, net	6(6)	3,583,188	44	1,802,481	25
Prepayments		145,566	2	55,989	1
Other current assets		2,859	-	1,268	-
Total current assets		5,635,796	69	4,643,172	64
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	6(3)	680,510	8	751,176	11
Financial assets at amortised cost-non-current	6(4) and 8	5,941	-	5,941	-
Investments accounted for using equity method	6(7)	336,110	4	313,775	4
Property, plant and equipment	6(8)(13) and 8	667,688	8	624,685	9
Right-of-use assets	6(9)	211,371	3	142,422	2
Intangible assets	6(11)	41,586	-	56,507	1
Deferred income tax assets	6(33)	216,766	3	241,501	3
Other non-current assets	6(12)	428,657	5	425,203	6
Total non-current assets		2,588,629	31	2,561,210	36
Total assets		\$ 8,224,425	100	\$ 7,204,382	100

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ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(14)	\$ 1,083,088	13	\$ 140,720	2
Financial liabilities at fair value through profit or loss - current	6(15)	8,662	-	-	-
Contract liabilities-current	6(25)	2,164	-	4,276	-
Notes payable		753	-	1,534	-
Accounts payable		687,754	8	943,330	13
Other payables	6(16)	298,604	4	366,877	5
Current income tax liabilities		5,240	-	324	-
Current lease liabilities		22,514	-	22,833	-
Long-term liabilities, current portion	6(18)	197,498	3	766,818	11
Other current liabilities, others	6(10) and 7	8,452	-	31,154	1
Total current liabilities		<u>2,314,729</u>	<u>28</u>	<u>2,277,866</u>	<u>32</u>
Non-current liabilities					
Bonds payable	6(17)	739,984	9	-	-
Long-term borrowings	6(18) and 8	574,731	7	504,432	7
Deferred income tax liabilities	6(33)	3,444	-	483	-
Non-current lease liabilities		193,311	2	123,237	1
Other non-current liabilities	6(19) and 7	116,145	2	54,767	1
Total non-current liabilities		<u>1,627,615</u>	<u>20</u>	<u>682,919</u>	<u>9</u>
Total Liabilities		<u>3,942,344</u>	<u>48</u>	<u>2,960,785</u>	<u>41</u>
Equity attributable to owners of parent					
Share capital	6(20)				
Common stock		2,840,618	34	2,698,693	37
Capital collected in advance		3,585	-	1,530	-
Capital surplus	6(21)				
Capital surplus		687,164	9	568,222	8
Retained earnings	6(22)				
Legal reserve		78,407	1	-	-
Unappropriated retained earnings		539,784	7	784,069	11
Other equity interest	6(23)	32,746	-	87,129	2
Equity attributable to owners of parent		<u>4,182,304</u>	<u>51</u>	<u>4,139,643</u>	<u>58</u>
Non-controlling interests	4(3)	<u>99,777</u>	<u>1</u>	<u>103,954</u>	<u>1</u>
Total equity		<u>4,282,081</u>	<u>52</u>	<u>4,243,597</u>	<u>59</u>
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 8,224,425</u>	<u>100</u>	<u>\$ 7,204,382</u>	<u>100</u>

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

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(25)	\$ 4,684,589	100	\$ 6,146,406	100
Operating costs	6(6)(30)(31)	(3,484,313)	(74)	(4,024,737)	(65)
Gross profit from operations		<u>1,200,276</u>	<u>26</u>	<u>2,121,669</u>	<u>35</u>
Operating expenses	6(30)(31)				
Selling expenses		(221,106)	(5)	(185,851)	(3)
General and administrative expenses		(292,019)	(6)	(305,437)	(5)
Research and development expenses		(666,079)	(14)	(599,127)	(10)
Expected credit impairment (loss) gain	12(2)	(409)	-	40,028	1
Total operating expenses		(1,179,613)	(25)	(1,050,387)	(17)
Other operating income and expenses-net	6(26) and 7	<u>62,523</u>	<u>1</u>	<u>57,647</u>	<u>1</u>
Operating profit		<u>83,186</u>	<u>2</u>	<u>1,128,929</u>	<u>19</u>
Non-operating income and expenses					
Interest income	6(27)	2,437	-	3,974	-
Other income	6(28)	78,052	2	30,650	1
Other gains and losses	6(29)	(33,454)	(1)	20,029	-
Finance costs	6(32)	(34,413)	(1)	(39,931)	(1)
Expected credit impairment loss	6(4) and 12(2)	-	-	(63,000)	(1)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	<u>11,504</u>	<u>-</u>	<u>3,119</u>	<u>-</u>
Total non-operating income and expenses		<u>24,126</u>	<u>-</u>	<u>(45,159)</u>	<u>(1)</u>
Profit before income tax		<u>107,312</u>	<u>2</u>	<u>1,083,770</u>	<u>18</u>
Income tax expense	6(33)	(33,112)	(1)	(68,735)	(1)
Net income for the year		<u>\$ 74,200</u>	<u>1</u>	<u>\$ 1,015,035</u>	<u>17</u>

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Loss on remeasurements of defined benefit plans	6(19)	(\$ 821)	-	(\$ 5,181)	-
Unrealised gains on investment in equity instruments at fair value through other comprehensive (loss) income	6(3)(23)	(46,882)	(1)	118,713	2
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)(23)	3,161	-	3,474	-
Components of other comprehensive income that will not be reclassified to profit or loss		(44,542)	(1)	117,006	2
Items that will be reclassified to profit or loss					
Currency translation differences of foreign operations	6(23)	91,297	2	(24,582)	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)(23)	(56,030)	(1)	19,290	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss		35,267	1	(5,292)	-
Other comprehensive (loss) income for the year		(\$ 9,275)	-	\$ 111,714	2
Total comprehensive income for the year		\$ 64,925	1	\$ 1,126,749	19
Profit (loss) attributable to:					
Owners of the parent company		\$ 141,895	2	\$ 1,051,071	17
Non-controlling interest		(67,695)	(1)	(36,036)	-
		\$ 74,200	1	\$ 1,015,035	17
Total comprehensive income (loss) attributable to:					
Owners of the parent company		\$ 130,647	2	\$ 1,163,508	20
Non-controlling interest		(65,722)	(1)	(36,759)	(1)
		\$ 64,925	1	\$ 1,126,749	19
Basic earnings per share	6(34)	\$ 0.50		\$ 3.73	
Diluted earnings per share	6(34)	\$ 0.50		\$ 3.69	

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

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Non-controlling interest	Total equity
		Share capital			Retained earnings					
		Common stock	Capital collected in advance	Capital surplus	Legal reserve	Unappropriated retained earnings (Accumulated deficit)	Other equity interest	Total		
2021										
Balance at January 1, 2021		\$ 2,677,073	\$ -	\$ 496,457	\$ -	(\$ 260,481)	(\$ 31,829)	\$ 2,881,220	\$ 35,904	\$ 2,917,124
Net profit (loss) for the year		-	-	-	-	1,051,071	-	1,051,071	(36,036)	1,015,035
Other comprehensive income (loss) for the year	6(7)(19)(23)	-	-	-	-	(5,181)	117,618	112,437	(723)	111,714
Total comprehensive income (loss) for the year		-	-	-	-	1,045,890	117,618	1,163,508	(36,759)	1,126,749
Exercise of employee share options	6(20)(21)(24)	21,620	1,530	33,511	-	-	-	56,661	-	56,661
Conversion of subsidiaries' convertible bonds	6(21)(36)	-	-	30,845	-	-	-	30,845	11,958	42,803
Net change in equity of associates	6(21)	-	-	(20,354)	-	-	-	(20,354)	-	(20,354)
Share-based compensation	6(21)(24)	-	-	16,652	-	-	-	16,652	2,872	19,524
Capital contribution from non-controlling interests	6(21)	-	-	48,488	-	-	-	48,488	52,602	101,090
Changes in ownership interests in subsidiaries	6(21)(36)	-	-	(37,377)	-	-	-	(37,377)	37,377	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income or loss	6(3)(23)	-	-	-	-	(1,340)	1,340	-	-	-
Balance at December 31, 2021		\$ 2,698,693	\$ 1,530	\$ 568,222	\$ -	\$ 784,069	\$ 87,129	\$ 4,139,643	\$ 103,954	\$ 4,243,597
2022										
Balance at January 1, 2022		\$ 2,698,693	\$ 1,530	\$ 568,222	\$ -	\$ 784,069	\$ 87,129	\$ 4,139,643	\$ 103,954	\$ 4,243,597
Net profit (loss) for the year		-	-	-	-	141,895	-	141,895	(67,695)	74,200
Other comprehensive income (loss) for the year	6(7)(19)(23)	-	-	-	-	(821)	(10,427)	(11,248)	1,973	(9,275)
Total comprehensive income (loss) for the year		-	-	-	-	141,074	(10,427)	130,647	(65,722)	64,925
Appropriation and distribution of 2021 retained earnings:	6(22)									
Legal reserve appropriated		-	-	-	78,407	(78,407)	-	-	-	-
Stock dividends		134,965	-	-	-	(134,965)	-	-	-	-
Cash dividends		-	-	-	-	(215,943)	-	(215,943)	-	(215,943)
Exercise of employee share options	6(20)(21)(24)	6,960	2,055	10,788	-	-	-	19,803	-	19,803
Net change in equity of associates	6(21)	-	-	30,939	-	-	-	30,939	-	30,939
Share-based compensation	6(21)(24)	-	-	38,527	-	-	-	38,527	4,022	42,549
Capital contribution from non-controlling interests	6(21)(36)	-	-	2,613	-	-	-	2,613	32,974	35,587
Changes in ownership interests in subsidiaries	6(7)(21)	-	-	(24,549)	-	-	-	(24,549)	24,549	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income or loss	6(3)(22)	-	-	-	-	43,956	(43,956)	-	-	-
Issuance of convertible bonds	6(17)(21)	-	-	60,648	-	-	-	60,648	-	60,648
Repurchase of convertible bonds	6(21)	-	-	(24)	-	-	-	(24)	-	(24)
Balance at December 31, 2022		\$ 2,840,618	\$ 3,585	\$ 687,164	\$ 78,407	\$ 539,784	\$ 32,746	\$ 4,182,304	\$ 99,777	\$ 4,282,081

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

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 107,312	\$ 1,083,770
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	409	22,972
Depreciation	6(8)(9)(30)	157,477	175,261
Amortization	6(11)(30)	71,931	52,737
Loss (gain) on financial assets at fair value through profit or loss	6(2)(15)(29)	45,680	(8,409)
Share-based compensation	6(24)	42,549	19,524
Interest expense	6(32)	31,153	36,727
Interest expense from lease liabilities	6(9)(32)	3,260	3,204
Interest income	6(27)	(2,437)	(3,974)
Dividend income	6(28)	(18,484)	(19,480)
Share of profit of associates accounted for using equity method	6(7)	(11,504)	(3,119)
Gain on disposal of investments accounted for using equity method	6(29) and 7	(1,921)	-
Gain on disposal of property, plant and equipment	6(29)	(98)	(34,444)
Gains arising from lease modifications	6(29)	(55)	(5)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	2,627
Notes receivable		(63,838)	(10,000)
Accounts receivable, net		546,615	(559,584)
Other receivables		36,428	(24,330)
Inventories, net		(1,780,707)	(142,848)
Prepayments		(89,577)	(27,762)
Other current assets		(1,591)	434
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		1,956	-
Contract liabilities		(2,112)	(4,251)
Notes payable		(781)	(453)
Accounts payable		(255,576)	347,173
Other payables		(94,389)	198,961
Other current liabilities		(22,702)	(51,230)
Net defined benefit liability		(1,151)	(1,167)
Other non-current liabilities		-	(22,782)
Cash (outflow) inflow generated from operations		(1,302,153)	1,029,552
Interest received		2,303	3,961
Dividends received		18,484	19,480
Interest paid		(24,842)	(40,540)
Income tax refunded		-	112
Net cash flows (used in) from operating activities		(1,306,208)	1,012,565

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 94,501)	(\$ 42,000)
Proceeds from disposal of financial assets at fair value through profit or loss		-	45,446
Acquisition of financial assets at fair value through other comprehensive income		(13,232)	(40,268)
Proceeds from disposal of financial assets at fair value through other comprehensive income		75,473	30,580
Proceeds from liquidation of financial assets at fair value through other comprehensive income	6(3)	-	504
Recovery of investment cost from financial assets at fair value through other comprehensive income	6(3)	-	5,578
Increase on financial assets at amortised cost		(11,086)	(3,287)
Proceeds from liquidation of investments accounted for using equity method	6(7)	123	-
Acquisition of property, plant and equipment	6(35)	(161,725)	(97,207)
Proceeds from disposal of property, plant and equipment		100	34,501
Acquisition of intangible assets	6(35)	(55,514)	(82,316)
Increase in refundable deposits		(241)	(410,762)
Increase in other non-current assets		(3,213)	(2,077)
Net cash flows used in investing activities		(263,816)	(561,308)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(37)	3,203,595	1,067,454
Decrease in short-term loans	6(37)	(2,261,227)	(1,070,369)
Increase in long-term loans	6(37)	776,000	-
Decrease in long-term loans	6(37)	(1,274,973)	(694,031)
Increase in guarantee deposits	6(37)	61,708	205
Payment of lease principal	6(37)	(22,794)	(22,826)
Proceeds from issuance of convertible bonds payable	6(17)(37)	800,000	-
Buyback of convertible bonds payable	6(17)(37)	(5,600)	-
Capital contribution from non-controlling interests	6(36)	35,587	101,090
Exercise of employee share options	6(20)	19,803	56,661
Cash dividends paid	6(22)	(215,943)	-
Net cash flows from (used in) financing activities		1,116,156	(561,816)
Effect of change in exchange rate		18,879	(7,430)
Net decrease in cash and cash equivalents		(434,989)	(117,989)
Cash and cash equivalents at beginning of year		1,277,391	1,395,380
Cash and cash equivalents at end of year		\$ 842,402	\$ 1,277,391

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

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Etron Technology, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacturing and design of various integrated circuits.

2. The Date of Authorisation for Issuance of the Consolidated Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with “IFRSs” requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of

the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B . Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Etron Technology, Inc.	Kingwell Investment Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Kingcharm Investment Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Eutrend Technology, Inc.	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	93.57	93.57	
Etron Technology, Inc.	Kinglord Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Intercosmos Group Limited	Investment holdings	100	100	
Etron Technology, Inc.	Plusway Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Creative Ally Limited	Investment holdings	100	100	
Etron Technology, Inc.	eEver Technology Limited	Investment holdings	50.42	50.42	Note 1
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Investment holdings	61.98	58.66	Note 2
Etron Technology, Inc.	eCapture Ltd. Co.	Investment holdings	100	100	
Etron Technology, Inc.	Insignis Technolgy, Inc.	Investment holdings	100	100	
Etron Technology, Inc.	DeCloak Intelligences Co.	Information and software services	80.31	77.75	
Etron Technology, Inc.	T-Era Architecture Technology, Inc.	Investment holdings	4.71	-	Note 4
Etron Technology, Inc.	TAT Technology, Inc.	Investment holdings	5.01	-	Note 5
eEver Technology Limited	eEver Technology, Inc.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
eYs3D Microelectronics, Inc.	eYs3D Microelectronics, Co.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
eYs3D Microelectronics, Inc.	AiYs3D Technology, Inc.	Marketing and customer services	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Ownership (%)	Description
			December 31, 2022	December 31, 2021	
Kingwell Investment Corp.	Pinoeer Chip Technology Limited	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
Kingwell Investment Corp.	nD-HI Technologies Lab, Inc.	Electronic components manufacturing, design, research, development, sales and marketing	92.67	92.67	Note 3
Kingcharm Investment Corp.	eEver Technology Limited	Investment holdings	20.66	20.66	Note 1
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Investment holdings	2.63	3.05	Note 2
Kinglord Corp.	Etron Technology America, Inc.	Sales agent of electronic components	100	100	
Kinglord Corp.	Anzon Technology, Inc.	Investment holdings	70.85	70.85	
Kinglord Corp.	Etron Technology (HK) Limited	Sales of electronic components	100	100	
Kinglord Corp.	eYs3D Microelectronics, Inc.	Investment holdings	0.99	1.15	Note 2
Anzon Technology, Inc.	Anzon Corporation	Sales agent of electronic components	100	100	
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Investment holdings	2.94	3.41	Note 2
Plusway Corp.	eYs3D Microelectronics, Inc.	Investment holdings	1.12	1.30	Note 2
Intercosmos Group Limited	Grandsino Technology Limited	Investment holdings	100	100	
Intercosmos Group Limited	Fullboom International Limited	Investment holdings	100	100	
Fullboom International Limited	Fullboom Electronics (Shenzhen) Co., Ltd.	Sales agent of electronic components and technical service	100	100	
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Research and development, consulting and design services of semiconductor technology	81.11	81.11	
eCapture Ltd. Co.	eCapture Co., Limited	Marketing, sales and development of electronic products	100	100	
Insignis Technology, Inc.	Insignis Technology Corporation	Sales of electronic components	100	100	
Invention and Collaboration Laboratory Pte. Ltd.	Invention and Collaboration Laboratory, Inc.	Electronic components manufacturing, design, research, development, sales and marketing	100	100	
Invention and Collaboration Laboratory Pte. Ltd.	T-Era Architecture Technology, Inc.	Investment holdings	55.80	-	Note4
Invention and Collaboration Laboratory Pte. Ltd.	TAT Technology, Inc.	Investment holdings	55.38	-	Note5
T-Era Architecture Technology, Inc.	TAT Technology, Inc.	Investment holdings	2.28	-	Note5
TAT Technology, Inc.	T-Era Architecture Technology, Inc.	Investment holdings	2.14	-	Note4
T-Era Architecture Technology, Inc.	T-Era Architecture Technology Corp.	Research and development, consulting and design services of semiconductor technology	100	-	
TAT Technology, Inc.	TAT Technology Corp.	Research and development, consulting and design services of semiconductor technology	100	-	

Note 1: As of December 31, 2022 and 2021, the comprehensive shareholding ratio held by the Group in eEver Technology Limited were both 71.08%.

Note 2: As of December 31, 2022 and 2021, the comprehensive shareholding ratios held by the Group in eYS3D Microelectronics, Inc. were 69.66% and 67.57%, respectively.

Note 3: This entity was formerly named as Silicon Spintronics Inc., and on September 6, 2021, the Board of Directors resolved to rename the entity as nD-HI Technologies Lab, Inc. The registration of name change was completed on September 23, 2021.

Note 4: As of December 31, 2022, the comprehensive shareholding ratio held by the Group in T-Era Architecture Technology, Inc. was 62.65%.

Note 5: As of December 31, 2022, the comprehensive shareholding ratio held by the Group in TAT Technology, Inc. was 62.67%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

F. Significant restrictions: None.

E. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2022 and 2021, the non-controlling interest amounted to \$99,777 and \$103,954, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
eEver Technology Limited	Cayman Islands	\$37,126	28.92%	\$48,788	28.92%
eYS3D Microelectronics, Inc.	Cayman Islands	49,812	30.34%	48,260	32.43%

Summarized financial information of the subsidiaries:

Balance sheets

	eEver Technology Limited	
	December 31, 2022	December 31, 2021
Current assets	\$ 2,982	\$ 19,139
Non-current assets	96,596	128,453
Current liabilities	(71)	(69)
Non-current liabilities	-	-
Total net assets	\$ 99,507	\$ 147,523

	eYs3D Microelectronics, Inc.	
	December 31, 2022	December 31, 2021
Current assets	\$ 4,093	\$ 2,309
Non-current assets	149,765	140,565
Current liabilities	(82)	(79)
Non-current liabilities	-	-
Total net assets	<u>\$ 153,776</u>	<u>\$ 142,795</u>

Statements of comprehensive income

	eEver Technology Limited	
	Year ended December 31	
	2022	2021
Revenue	\$ 27	\$ 24,877
Expense	(52,283)	(3,075)
(Loss) profit before income tax	(52,256)	21,802
Income tax expense	-	-
(Loss) profit for the year	(52,256)	21,802
Other comprehensive (loss) income, net of tax	(12,088)	2,822
Total comprehensive (loss) income	<u>(\$ 64,344)</u>	<u>\$ 24,624</u>

	eYs3D Microelectronics, Inc.	
	Year ended December 31	
	2022	2021
Revenue	\$ 52	\$ 5
Expense	(135,092)	(115,559)
Loss before income tax	(135,040)	(115,554)
Income tax expense	-	-
Loss for the year	(135,040)	(115,554)
Other comprehensive loss, net of tax	(13,530)	(3)
Total comprehensive loss	<u>(\$ 148,570)</u>	<u>\$ 115,557</u>

Statements of cash flows

		eEver Technology Limited	
		Year ended December 31	
		2022	2021
Net cash flows used in operating activities	(\$	245)	(\$ 326)
Net cash flows used in investing activities	(	17,515)	(20,011)
Net cash flows from financing activities		-	-
Effect of exchange rates on cash and cash equivalents		1,492	(878)
Decrease in cash and cash equivalents	(	16,268)	(21,215)
Cash and cash equivalents at beginning of year		18,687	39,902
Cash and cash equivalents at end of year	\$	2,419	\$ 18,687

		eYs3D Microelectronics, Inc.	
		Year ended December 31	
		2022	2021
Net cash flows used in operating activities	(\$	615)	(\$ 2,307)
Net cash flows used in investing activities	(	140,853)	(264,932)
Net cash flows from financing activities		142,954	266,142
Effect of exchange rates on cash and cash equivalents		284	(80)
Increase (decrease) in cash and cash equivalents		1,770	(1,177)
Cash and cash equivalents at beginning of year		2,182	3,359
Cash and cash equivalents at end of year	\$	3,952	\$ 2,182

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be pay off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of The Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

- A. For financial assets at amortized cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.
- B. For accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(15) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of The Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- C. Land is not depreciated other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of the main property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

(17) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost. Cost recognized is the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Intangible assets

A. Patents and special technology

Separately acquired patents and special technology are stated at historical cost. Patents and special technology have a finite useful life and are amortized on a straight-line basis over their economic benefits.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its contract period.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Accounts and notes payable

Accounts and notes payable are liabilities for purchases of goods or services that have been acquired in the ordinary course of business from suppliers. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

Mandatory convertible bonds

A. Mandatory convertible bonds issued by the Group are initially recognized at fair value. The bonds will be settled by exchanging a fixed amount for an unfixed number of shares, which does not meet the definition of an equity component, and therefore are classified as liabilities. The bonds are subsequently remeasured at the present value of the redemption amount over the period of circulation.

B. The mandatory convertible bonds are transferred from liabilities to equity when the bonds are converted at maturity.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead and conducts an actuarial valuation at the end of the year.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(29) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

Sales of goods

- A. The Group designs, manufactures and sells integrated circuits. Sales are recognized when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

The Group values the allowance for uncollectible accounts receivable by individual counterparties when there are significant past due accounts receivable arising from those individual counterparties. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The Group considers the historical experience in determining the assumptions adopted and the inputs used when calculating the impairment. Such valuation of accounts receivable is estimated based on the reasonable expectation about expected credit losses on the basis of conditions existing at the

balance sheet date. The estimation may differ from the actual result. Therefore, there might be material changes to the valuation.

As of December 31, 2022, the carrying amount of accounts receivable was \$878,160.

B. Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such valuation of inventories is valued based on the current market conditions and historical sales experience. Any changes in the market conditions may have material impact on the results of valuation. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$3,583,188.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,346	\$ 2,232
Checking accounts and demand deposits	765,002	1,229,433
Time deposits	74,249	42,680
Deposits in transit	805	3,046
	<u>\$ 842,402</u>	<u>\$ 1,277,391</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's cash and cash equivalents shown on the balance sheet were not pledged to others as collateral. Details of the Group's cash and cash equivalents (shown as current and non-current financial assets at amortized cost) which pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Listed stocks	\$ 92,314	\$ 791
Hybrid instruments	3,071	-
Valuation adjustment		
Forward exchange contracts	-	558
Foreign exchange swap contracts	-	3,838
Equity instruments	(34,747)	66
Hybrid instruments	256	-
	<u>\$ 60,894</u>	<u>\$ 5,253</u>

A. The Group recognized net (loss) profit amounting to (\$38,973) and \$8,407 on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

December 31, 2022: None.

<u>Financial instruments</u>	<u>December 31, 2021</u>	
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Assets - current items:		
Forward exchange contracts	4,000 USD (<u>thousands</u>)	2021.9.28~ 2022.3.16
Foreign exchange swap contracts	18,000 USD (<u>thousands</u>)	2021.9.17~ 2022.3.28

C. The Group entered into forward exchange contracts and foreign exchange swap contracts to hedge exchange rate risk of export proceeds. However, these contracts are not accounted for under hedge accounting.

D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at fair value through the comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Listed stocks	\$ 91,249	\$ 85,928
Unlisted stocks	478,624	487,416
Valuation adjustment	<u>110,637</u>	<u>177,832</u>
	<u>\$ 680,510</u>	<u>\$ 751,176</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$680,510 and \$751,176 as at December 31, 2022 and 2021, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	<u>(\$ 46,882)</u>	<u>\$ 118,713</u>
Cumulative (losses) gains reclassified to retained earnings due to derecognition	<u>(\$ 43,956)</u>	<u>\$ 1,340</u>
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 17,224</u>	<u>\$ 19,275</u>

- C. For the year ended December 31, 2021, the Group disposed the investee, UNRE AI Ltd. for proceeds of \$30,580, and transferred cumulative valuation loss of \$920 to retained earnings.
- D. For the year ended December 31, 2021, the Group received proceeds of \$504 from liquidation of the investee, Qunyang Venture Co., Ltd., and transferred cumulative valuation loss of \$420 to retained earnings.
- E. For the year ended December 31, 2021, the Group recovered investment cost of \$5,578 from the investee, China Walden Venture Investments II, L.P.
- F. For the year ended December 31, 2022, the Group disposed the investee, PLSense Ltd. for proceeds of \$83,867, and transferred cumulative valuation gain of \$43,956 to retained earnings.
- G. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current items</u>		
Restricted time deposits and performance guarantee	<u>\$ 30,057</u>	<u>\$ 18,971</u>
<u>Non-current items</u>		
Preference share	\$ 63,000	\$ 63,000
Restricted time deposits	<u>5,941</u>	<u>5,941</u>
	68,941	68,941
Less: Accumulated impairment	<u>(63,000)</u>	<u>(63,000)</u>
	<u>\$ 5,941</u>	<u>\$ 5,941</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 23</u>	<u>\$ 20</u>
Impairment loss	<u>\$ -</u>	<u>\$ 63,000</u>

- B. The preference shares are invested for a period of 7 years from May 6, 2017 to May 5, 2024 and cannot be converted into ordinary shares. The issue company may redeem the shares at the actual issue price at the maturity. The investors have no right to ask for early redemption of preference shares. The dividends are cumulative at the rate of 5% per annum. If the dividends are undistributed or are not distributed in full, it will be accumulated for deferred payment in the subsequent years when there are earnings.
- C. Since the credit risk of the investee of preference shares increased as its financial position was impacted by the COVID-19 pandemic and industry competition, the Group recognized impairment loss amounting to \$63,000, respectively for the year ended December 31, 2021.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).
The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 73,838	\$ 10,000
Accounts receivable	960,813	1,507,429
Less: Allowance for uncollectible accounts	(82,653)	(82,244)
	<u>\$ 951,998</u>	<u>\$ 1,435,185</u>

A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 682,931	\$ 73,838	\$ 1,506,017	\$ 10,000
Up to 30 days	140,870	-	1,412	-
31 to 90 days	134,368	-	-	-
91 to 120 days	1,984	-	-	-
Over 181 days	660	-	-	-
	<u>\$ 960,813</u>	<u>\$ 73,838</u>	<u>\$ 1,507,429</u>	<u>\$ 10,000</u>

The above aging analysis for was based on past due payment date.

B. As of December 31, 2022 and 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to \$1,034,641, \$1,517,429, and \$947,846, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts and notes receivable was \$951,998 and \$1,435,185, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,694,511	(\$ 41,428)	\$ 1,653,083
Work in progress	1,466,174	(264,541)	1,201,633
Finished goods	937,735	(209,263)	728,472
	<u>\$ 4,098,420</u>	<u>(\$ 515,232)</u>	<u>\$ 3,583,188</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 189,785	(\$ 26,487)	\$ 163,298
Work in progress	1,246,728	(234,341)	1,012,387
Finished goods	816,978	(190,182)	626,796
	<u>\$ 2,253,491</u>	<u>(\$ 451,010)</u>	<u>\$ 1,802,481</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold (including cost of services)	\$ 3,420,091	\$ 3,934,704
Loss on decline in market value	64,222	90,033
Transferred to expenses	16,703	15,170
	<u>\$ 3,501,016</u>	<u>\$ 4,039,907</u>

(7) Investments accounted for using the equity method

A. Details of changes in investments accounted for using the equity method are as follows:

<u>Investees</u>	December 31, 2022		December 31, 2021	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
Investments accounted for using the equity method				
Great Team Backend Foundry, Inc.	\$ 336,110	41.39%	\$ 313,775	41.39%
NetVinci, Inc.	-	-	-	57.75%
	<u>\$ 336,110</u>		<u>\$ 313,775</u>	

B. The summarised financial information of the associates that are material to the Group is as follows:

	December 31, 2022		December 31, 2021	
Assets	\$ 818,832		\$ 744,367	
Liabilities	\$ 99,862		\$ 92,686	

	Year ended December 31	
	2022	2021
Revenue	\$ -	\$ -
Profit for the year	\$ 20,486	\$ 12,882

C. For the years ended December 31, 2022 and 2021, the investment (loss) profit and other comprehensive (loss) income of investments accounted for using the equity method amounted to \$11,504 and \$3,119, (\$52,869) and \$22,764, respectively.

- D. As of December 31, 2021, the comprehensive shareholding ratio held by the Group in NetVinci, Inc. was 57.75%. The investee's total assets did not reach 1% of the consolidated assets as of December 31, 2021, and the Group could not obtain more than half seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.
- E. The Group is the largest shareholder of Great Team Backend Foundry, Inc. with a 41.39% equity interest. However, in accordance with rule for director election stated in the Articles of Incorporation of the investee, the Group could not obtain more than half of the seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.
- F. In the fourth quarter of 2022, NetVinci, Inc. completed the liquidation process, and the Group recognised gain on disposal of investments accounted for using the equity method of \$1,921. After the liquidation process, this company returned the residual proceeds from liquidation of \$123.

(8) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2022				
Cost	\$ 536,498	\$ 573,812	\$ 2,918,312	\$ 4,028,622
Accumulated depreciation and impairment	(235,943)	(538,442)	(2,629,552)	(3,403,937)
	<u>\$ 300,555</u>	<u>\$ 35,370</u>	<u>\$ 288,760</u>	<u>\$ 624,685</u>
<u>2022</u>				
Opening net book amount as at January 1	\$ 300,555	\$ 35,370	\$ 288,760	\$ 624,685
Additions	5,744	2,679	168,351	176,774
Disposals	-	-	(2)	(2)
Depreciation charge for the year	(11,627)	(19,427)	(102,772)	(133,826)
Net exchange differences	-	-	57	57
Closing net book amount as at December 31	<u>\$ 294,672</u>	<u>\$ 18,622</u>	<u>\$ 354,394</u>	<u>\$ 667,688</u>
December 31, 2022				
Cost	\$ 542,242	\$ 576,159	\$ 3,083,966	\$ 4,202,367
Accumulated depreciation and impairment	(247,570)	(557,537)	(2,729,572)	(3,534,679)
	<u>\$ 294,672</u>	<u>\$ 18,622</u>	<u>\$ 354,394</u>	<u>\$ 667,688</u>

	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1, 2021</u>				
Cost	\$ 544,148	\$ 845,620	\$ 2,863,287	\$ 4,253,055
Accumulated depreciation and impairment	(231,825)	(791,984)	(2,539,825)	(3,563,634)
	<u>\$ 312,323</u>	<u>\$ 53,636</u>	<u>\$ 323,462</u>	<u>\$ 689,421</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 312,323	\$ 53,636	\$ 323,462	\$ 689,421
Additions	-	2,313	84,671	86,984
Disposals	-	-	(57)	(57)
Depreciation charge for the year	(11,768)	(20,579)	(119,292)	(151,639)
Net exchange differences	-	-	(24)	(24)
Closing net book amount as at December 31	<u>\$ 300,555</u>	<u>\$ 35,370</u>	<u>\$ 288,760</u>	<u>\$ 624,685</u>
<u>December 31, 2021</u>				
Cost	\$ 536,498	\$ 573,812	\$ 2,918,312	\$ 4,028,622
Accumulated depreciation and impairment	(235,943)	(538,442)	(2,629,552)	(3,403,937)
	<u>\$ 300,555</u>	<u>\$ 35,370</u>	<u>\$ 288,760</u>	<u>\$ 624,685</u>

A. Impairment information about the property, plant and equipment is provided in Note 6(13).

B. Information about the property, plant and equipment plant that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. Short-term leases with a lease term of 12 months or less comprise parking spaces.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	\$ 120,485	\$ 122,751
Buildings	84,659	17,399
Transportation equipment (Business vehicles)	6,227	2,272
	<u>\$ 211,371</u>	<u>\$ 142,422</u>

	Depreciation charge	
	Year ended December 31	
	2022	2021
Land	\$ 4,430	\$ 4,384
Buildings	17,172	16,843
Transportation equipment (Business vehicles)	2,049	2,395
	<u>\$ 23,651</u>	<u>\$ 23,622</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 3,260</u>	<u>\$ 3,204</u>
Expense on short-term lease contracts	<u>\$ 6,830</u>	<u>\$ 7,089</u>
Gain on lease modification	<u>\$ 55</u>	<u>\$ 5</u>

E. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$96,001 and \$0, respectively.

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$32,884 and \$33,119, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 5 years.

B. For the years ended December 31, 2022 and 2021, the Group recognized rent income in the amounts of \$66,810 and \$64,009, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 65,329
2023	71,107	65,860
2024	68,991	65,775
2025	68,991	65,775
2026	67,396	64,179
2027	34,286	32,089
	<u>\$ 310,771</u>	<u>\$ 359,007</u>

The amounts include the received in advance rent of \$0 and \$22,782 (shown as 'other current liabilities, others') as of December 31, 2022 and 2021, respectively. Refer to Note 7 for advance rent made by the related parties.

(11) Intangible assets

	<u>Patent and special technology</u>	<u>Computer software</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 175,556	\$ 144,637	\$ 320,193
Accumulated amortisation and impairment	(133,658)	(130,028)	(263,686)
	<u>\$ 41,898</u>	<u>\$ 14,609</u>	<u>\$ 56,507</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 41,898	\$ 14,609	\$ 56,507
Additions	5,640	51,370	57,010
Amortisation charge for the year	(23,838)	(48,093)	(71,931)
Closing net book amount as at December 31	<u>\$ 23,700</u>	<u>\$ 17,886</u>	<u>\$ 41,586</u>
<u>At December 31, 2022</u>			
Cost	\$ 181,196	\$ 196,007	\$ 377,203
Accumulated amortisation and impairment	(157,496)	(178,121)	(335,617)
	<u>\$ 23,700</u>	<u>\$ 17,886</u>	<u>\$ 41,586</u>

	Patent and special technology	Computer software	Total
<u>At January 1, 2021</u>			
Cost	\$ 134,160	\$ 177,210	\$ 311,370
Accumulated amortisation and impairment	(118,602)	(165,712)	(284,314)
	<u>\$ 15,558</u>	<u>\$ 11,498</u>	<u>\$ 27,056</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 15,558	\$ 11,498	\$ 27,056
Additions	41,396	40,792	82,188
Amortisation charge for the year	(15,056)	(37,681)	(52,737)
Closing net book amount as at December 31	<u>\$ 41,898</u>	<u>\$ 14,609</u>	<u>\$ 56,507</u>
<u>At December 31, 2021</u>			
Cost	\$ 175,556	\$ 144,637	\$ 320,193
Accumulated amortisation and impairment	(133,658)	(130,028)	(263,686)
	<u>\$ 41,898</u>	<u>\$ 14,609</u>	<u>\$ 56,507</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Operating costs	\$ 412	\$ 243
Operating expenses	71,519	52,494
	<u>\$ 71,931</u>	<u>\$ 52,737</u>

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	\$ 419,826	\$ 419,585
Prepayments for business facilities	8,831	5,618
	<u>\$ 428,657</u>	<u>\$ 425,203</u>

Some of guarantee deposits paid were guarantees prepaid for capacity reservation contracts signed with suppliers.

(13) Impairment of non-financial assets

Idle assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Idle assets (shown as machinery and equipment)	\$ 43,144	\$ 43,144
Less: Accumulated depreciation	(43,144)	(43,144)
Net realisable value	<u>\$ -</u>	<u>\$ -</u>

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank borrowings		
Unsecured borrowings	<u>\$ 1,083,088</u>	<u>\$ 140,720</u>

The interest rate ranges as of December 31, 2022 and 2021 were 1.66%~6.31% and 0.82%~1.13%, respectively.

(15) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Call options and put options of convertible bonds	\$ 1,955	\$ -
Valuation adjustment	6,707	-
	<u>\$ 8,662</u>	<u>\$ -</u>

A. For the years ended December 31, 2022 and 2021, the Group recognized net (losses) gains on financial liabilities at fair value through profit or loss in the amounts of (\$6,707) and \$2, respectively.

B. The Group's subsidiary - eYs3D Microelectronics, Inc. issued mandatory convertible bonds for USD 1,500,000 in total, bearing 0% rate. The period between the contract signing date and the bond conversion date is less than a year. On the issuer's next financing, the bonds will be mandatorily converted into the issuer's stock. All bonds have been converted into the issuer's ordinary stocks in the equivalent amount. The conversion price was stipulated in the contract.

C. The Group designated this convertible bond as a financial liability measured at fair value through profit or loss. The main reason is that the number of convertible shares in the future will change due to change in the conversion price. Therefore, the Group intends to use fair value as measurement of the liability in the future. Changes are recognized in the current profit and loss.

(16) Other accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries payable	\$ 107,776	\$ 106,685
Employees' compensation payable	24,510	119,001
Directors' remuneration payable	4,070	19,833
Payable on machinery and equipment	25,636	9,091
Others	136,612	112,267
	<u>\$ 298,604</u>	<u>\$ 366,877</u>

(17) Bonds payable

	<u>December 31, 2022</u>
Bonds payable	\$ 794,400
Less: Discount on bonds payable	(54,416)
	<u>\$ 739,984</u>

December 31, 2021: None.

A. Domestic convertible bonds issued by the Company

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$800,000 at 100.8% of face value, the third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (May 24, 2022 ~ May 24, 2027) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on May 24, 2022.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The effective date for the conversion price of the convertible bonds was set on May 16, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean of one of 1, 3, 5 trading days before the effective date (effective date is excluded) by convertible premium rate of 106%. If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$63.9 (in dollars) per share based on the aforementioned method. After the effective date of the ex-right and ex-dividend, September 20, 2022, the conversion price was adjusted from NT\$63.9 (in dollars) to NT\$59.9 (in dollars).

iv. The Company may repurchase the bonds held by bondholders in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period within 30 days after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$60,648 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call and put options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

C. As of December 31, 2022, the Company's third domestic unsecured convertible bonds have not been exercised.

D. For the year ended December 31, 2022, the amount of convertible bonds repurchased by the Company (including repurchased from Taipei Exchange) was \$5,600.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Repayment term</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Installment loans			
Secured syndicated loan - Land Bank of Taiwan and five other banks	Installment before 2023.2.16 (Refer to Note C for details)	\$ -	\$ 1,238,929
Secured borrowings - Land Bank of Taiwan	Installment before 2031.2.17	10,436	11,609
Secured borrowings - Sunny Bank	Installment before 2024.9.27	-	18,370
Secured borrowings - Sunny Bank	Installment before 2027.9.23	26,000	-
Long-term unsecured borrowings from KGI Bank Co., Ltd.	Installment before 2024.8.8	300,000	-

<u>Type of borrowings</u>	<u>Repayment term</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term unsecured borrowings from Taichung Commercial Bank Co., Ltd.	Installment before 2025.8.30	89,185	-
Long-term unsecured borrowings from First Commercial Bank Co., Ltd.	Installment before 2025.9.8	18,379	-
Long-term unsecured borrowings from Taiwan Cooperative Bank Co., Ltd.	Installment before 2025.9.15	200,000	-
Long-term unsecured borrowings from First Commercial Bank Co., Ltd.	Installment before 2025.10.4	75,680	-
Long-term unsecured borrowings from Mega International Commercial Bank Co., Ltd.	Installment before 2025.10.14	50,000	-
U.S. Small Business Administration (SBA) secured borrowings	Installment repayments before 2050.10.7	\$ 2,549	\$ 2,342
		772,229	1,271,250
Less: Current portion		(197,498)	(766,818)
		<u>\$ 574,731</u>	<u>\$ 504,432</u>

- A. Interest rate ranges as of December 31, 2022 and 2021 for the above borrowings were 1.95%~3.75% and 1.59%~3.75%, respectively.
- B. Information about the collateral pledged for the aforementioned secured borrowings is provided in Note 8.
- C. On August 13, 2020, the Company entered into the second supplemental agreement with the Land Bank of Taiwan and five other banks, the maturity date of borrowing was February 16, 2023, and the borrowings were repaid in the full amount in June 2022.

(19) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 102,167)	(\$ 95,745)
Fair value of plan assets	<u>64,829</u>	<u>58,077</u>
Net defined benefit liability (shown as other non - current liabilities)	<u>(\$ 37,338)</u>	<u>(\$ 37,668)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
At January 1	(\$ 95,745)	\$ 58,077	(\$ 37,668)
Current service cost	(490)	-	(490)
Interest (expense) income	(663)	405	(258)
	<u>(96,898)</u>	<u>58,482</u>	<u>(38,416)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,448	4,448
Change in demographic assumptions	(176)	-	(176)
Change in financial assumptions	4,769	-	4,769
Experience adjustments	(9,862)	-	(9,862)
	<u>(5,269)</u>	<u>4,448</u>	<u>(821)</u>
Pension fund contribution	-	1,899	1,899
At December 31	<u>(\$ 102,167)</u>	<u>\$ 64,829</u>	<u>(\$ 37,338)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	(\$ 89,006)	\$ 55,352	(\$ 33,654)
Current service cost	(462)	-	(462)
Interest (expense) income	(255)	157	(98)
	<u>(89,723)</u>	<u>55,509</u>	<u>(34,214)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	841	841
Change in demographic assumptions	(388)	-	(388)
Change in financial assumptions	3,563	-	3,563
Experience adjustments	(9,197)	-	(9,197)
	<u>(6,022)</u>	<u>841</u>	<u>(5,181)</u>
Pension fund contribution	-	1,727	1,727
At December 31	<u>(\$ 95,745)</u>	<u>\$ 58,077</u>	<u>(\$ 37,668)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,070)	\$ 2,134	\$ 2,102	(\$ 2,050)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,166)	\$ 2,238	\$ 2,193	(\$ 2,134)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$1,995.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 2,503
1-2 year(s)	8,532
2-5 years	29,415
Over 5 years	72,659
	<u>\$ 113,109</u>

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiary, Fullboom Electronic (Shenzhen), has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Etron Technology (HK) Limited and eCapture Co., Limited have a defined contribution plan. Annual pension contributions or retirement allowance for the locally hired employees are based on their salaries and wages. Other than the annual contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$28,008 and \$24,844, respectively.

(20) Share capital

- A. As of December 31, 2022, the Company’s authorised capital was \$6,500,000, consisting of 650 million shares of ordinary stock (including 65 million shares reserved for employee stock options), and the paid-in capital was \$2,840,618 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows (excluding treasury shares):

	Expressed in thousands of shares	
	2022	2021
January 1	\$ 269,869	\$ 267,707
Capital increase from earnings reserves	13,497	-
Employee stock options exercised	696	2,162
December 31	<u>\$ 284,062</u>	<u>\$ 269,869</u>

- B. For the year ended December 31, 2022, the employees exercised 786 thousand shares of stock options in accordance with the terms of stock options. 696 thousand shares have been registered (including 60 thousand shares paid but yet to be registered at the beginning of the period). Proceeds from the remaining 150 thousand shares amounting to \$3,585 have been collected as of December 31, 2022 and the effective date of the capital increase for conversion was set on March 15, 2023 as resolved by the Board of Directors on March 13, 2023.

C. For the year ended December 31, 2021, the employees exercised 2,222 thousand shares of stock options in accordance with the terms of stock options. On December 31, 2021, the shares paid but yet to be registered amounted to \$1,530.

D. Pursuant to the paragraph 7 of Article 43-6 of the Securities and Exchange Act, private placement securities may be carried out by installments within one year of the date of resolution of the shareholders' meeting. On May 12, 2021, it will have been a year since the private placement was approved at the shareholders' meeting on May 13, 2020. Considering the market conditions and the needs of the Company, the Board of Directors resolved on March 24, 2021 to discontinue the private placement, and has reported it at the shareholders' meeting on July 2, 2021.

(21) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Convertible bonds	Treasury share transactions	Others
At January 1, 2022	\$ 281,014	\$ 57,214	\$ 189,347	\$ 37,105	\$ -	\$ 372	\$3,170
Employee stock options exercised	10,788	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	2,613	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(24,549)	-	-	-	-
Net change in equity of associates	-	30,939	-	-	-	-	-
Share-based payments	-	-	-	38,527	-	-	-
Issuance of convertible bonds	-	-	-	-	60,648	-	-
Repurchase of convertible bonds	-	-	-	-	-	(24)	-
December 31, 2022	<u>\$ 291,802</u>	<u>\$ 88,153</u>	<u>\$ 167,411</u>	<u>\$ 75,632</u>	<u>\$ 60,648</u>	<u>\$ 348</u>	<u>\$3,170</u>

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Treasury share transactions	Others
At January 1, 2021	\$ 247,503	\$ 77,568	\$ 147,391	\$ 20,453	\$ 372	\$ 3,170
Employee stock options exercised	33,511	-	-	-	-	-
Net change in equity of associates	-	(20,354)	-	-	-	-
Share-based payments	-	-	-	16,652	-	-
Conversion of subsidiaries' convertible bonds	-	-	30,845	-	-	-
Capital contribution from non-controlling interests	-	-	48,488	-	-	-
Changes in ownership interests in subsidiaries	-	-	(37,377)	-	-	-
December 31, 2021	<u>\$ 281,014</u>	<u>\$ 57,214</u>	<u>\$ 189,347</u>	<u>\$ 37,105</u>	<u>\$ 372</u>	<u>\$ 3,170</u>

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, the Company shall set aside or reverse special reserve as resolved by the stockholders, or by order of the competent authority. The appropriation of remaining earnings along with accumulated unappropriated earnings from prior years shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Company's dividend policy is set out by the Board of Directors according to the Company's medium- and long-term operational plan, investment plans, capital budget as well as internal and external situations, while considering the interests of stockholders. Except for the aforementioned regulations, cash dividends shall not be less than 5% of total dividends when appropriating the dividends to stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Information about the loss make-up proposal as resolved by the stockholders on July 2, 2021 will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

F. The appropriation of 2021 earnings as approved by the shareholders on June 8, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 78,407	
Cash dividends	215,943	\$ 0.8
Stock dividends	134,965	0.5
	<u>\$ 429,315</u>	

(23) Other equity interest

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2022	(\$ 101,165)	\$ 188,294	\$ 87,129
Revaluation - Group	-	(46,882)	(46,882)
Revaluation - Associates	-	3,161	3,161
Revaluation transferred to retained earnings – disposal of financial assets	-	(43,956)	(43,956)
Currency translation differences:			
-Group	89,324	-	89,324
-Associates	(56,030)	-	(56,030)
At December 31, 2022	<u>(\$ 67,871)</u>	<u>\$ 100,617</u>	<u>\$ 32,746</u>

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2021	(\$ 96,596)	\$ 64,767	(\$ 31,829)
Revaluation - Group	-	118,713	118,713
Revaluation - Associates	-	3,474	3,474
Revaluation transferred to retained earnings – disposal of financial assets	-	1,340	1,340
Currency translation differences:			
-Group	(23,859)	-	(23,859)
-Associates	19,290	-	19,290
At December 31, 2021	<u>(\$ 101,165)</u>	<u>\$ 188,294</u>	<u>\$ 87,129</u>

(24) Share-based payment

A.(a) For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 4 th employee stock options plan	2016.03.23	7,300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.08.10	300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.11.10	400	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
Employee stock options plan in 2021	2021.08.09	8,000	6 years	50% vested after two years of issuance; 75% after three years; 100% after four years

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2022 and 2021, details of the share-based payment arrangements are as follows:

Options	2022		2021	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	10,818	\$ 41.10	5,600	\$ 25.50
Options granted	-	-	8,000	46.75
Options exercised	(786)	25.20	(2,222)	25.50
Options forfeited due to resignations	(488)	-	(560)	-
Outstanding at the end of the year	<u>9,544</u>	39.44	<u>10,818</u>	41.10
Exercisable at the end of the year	<u>2,092</u>	23.90	<u>2,878</u>	25.50

(c) Details of stock options outstanding are as follows:

Date	Weighted-average period remaining contractual life	Range of exercise prices (in dollars)
December 31, 2022	3.87 years	\$23.90 ~ \$43.80
December 31, 2021	4.71 years	\$25.5 ~ \$46.75

Note: The range of exercise prices was adjusted according to annual stock dividends and cash dividends after the grant date.

(d) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	<u>Grant date</u> March 23, 2016	<u>Grant date</u> August 10, 2016	<u>Grant date</u> November 10, 2016
Dividend yield	0%	0%	0%
Expected price volatility	44.51%~44.71%	43.38%~45.60%	41.80%~44.32%
Risk-free interest rate	0.375%~0.400%	0.375%~0.500%	0.375%~0.625%
Expected option life	8 years	8 years	8 years
Fair value per share	3.73 ~ 4.92 (in dollars)	3.45~4.64 (in dollars)	3.02~4.18 (in dollars)
	<u>Grant date</u> August 9, 2021		
Dividend yield	0%		
Expected price volatility	51.78% ~ 59.71%		
Risk-free interest rate	0.125%		
Expected option life	6 years		
Fair value per share	16.03 ~ 18.77 (in dollars)		

B.(a) For the years ended December 31, 2022 and 2021, the eEver Technology Limited's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2017 (Note 2)	2017.11.27	2,340	10 years	Note 3
The 1st employee stock options plan in 2019 (Note 1)	2019.8.6	1,080	10 years	Note 3

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2020 (Note 1)	2020.05.05	30	10 years	Note 3
The 2nd employee stock options plan in 2020 (Note 1)	2020.10.1	3,040	10 years	Note 3
The 1st employee stock options plan in 2021 (Note 1)	2021.11.19	30	10 years	Note 3
The 1st employee stock options plan in 2022 (Note 1)	2022.3.15	280	10 years	Note 3
The 2nd employee stock options plan in 2022 (Note 1)	2022.05.26	30	10 years	Note 3
The 3rd employee stock options plan in 2022 (Note 1)	2022.08.22	1,090	10 years	Note 3

The share-based payment arrangements above are settled by equity.

Note 1: It refers to the employee stock options issued by eEver Technology Limited to the employees of its subsidiary, eEver Technology, Inc.

Note 2: Due to the reorganisation, eEver Technology Limited assumed the eEver Technology, Inc.'s liabilities to issue employee stock options.

Note 3: The employees whose service year longer than 1 years' service can be vested with 25%, 2 years' service with 50%, 3 years' service with 75% and 4 years' service with 100%.

(b) For the years ended December 31, 2022 and 2021, the quantity and weighted average exercise price of eEver Technology Limited's employee stock options plans were as follows:

Options	2022		2021	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	6,530	\$ 10.00	6,250	\$ 10.00
Options granted	1,150	10.00	-	-
Options forfeited due to resignations	(830)	-	-	-
Outstanding at the end of the year	<u>6,850</u>	10.00	<u>6,250</u>	10.00
Exercisable at the end of the year	<u>3,345</u>	10.00	<u>3,468</u>	10.00

(c) Details of eEver Technology Limited's stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in dollars)
December 31, 2022	7.12 years	\$ 10
December 31, 2021	6.2 years	\$ 10

(d) The fair value of stock options granted by eEver Technology, Inc. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date 2017.11.27	Grant date 2019.8.6	Grant date 2020.05.05
Expected dividend yield	0%	0%	0%
Expected price volatility	32.78%~38.63%	38.72%~42.04%	39.54%~43.32%
Risk-free interest rate	0.500%	0.500%	0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.56~2.91(in dollars)	1.90~3.31(in dollars)	2.17~2.98(in dollars)

	Grant date	Grant date	Grant date
	2020.10.01	2021.11.19	2022.03.15
Expected dividend yield	0%	0%	0%
Expected price volatility	39.54%~43.32%	45.87%~50.01%	46.71%~51.25%
Risk-free interest rate	0.500%	0.500%	0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	2.17~2.98(in dollars)	2.17~3.39(in dollars)	2.38~3.69(in dollars)
	Grant date	Grant date	
	2022.05.26	2022.08.22	
Expected dividend yield	0%	0%	
Expected price volatility	46.16~52.93%	46.87~54.38%	
Risk-free interest rate	0.500%	0.500%	
Expected option life	4.5 years	4.5 years	
Fair value per share	2.43~3.66(in dollars)	2.53~3.73(in dollars)	

C.(a) For the years ended December 31, 2022 and 2021, the eYs3D Microelectronics, Inc.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2017	2017.11.9	3,179	8 years	Note 2
The 1st employee stock options plan in 2017	2017.11.9	250	10 years	Note 2
The 1st employee stock options plan in 2018	2018.8.8	280	10 years	Note 2
The 2nd employee stock options plan in 2018	2018.11.9	120	10 years	Note 2

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2019	2019.3.25	140	10 years	Note 2
The 2nd employee stock options plan in 2019	2019.8.6	1,530	10 years	Note 2
The 3rd employee stock options plan in 2019	2019.11.12	450	10 years	Note 2
The 1st employee stock options plan in 2020	2020.2.21	1,000	10 years	Note 2
The 2nd employee stock options plan in 2020	2020.5.5	250	10 years	Note 2
The 3rd employee stock options plan in 2020	2020.8.10	2,130	10 years	Note 2
The 4th employee stock options plan in 2020	2020.11.6	90	10 years	Note 2
The 1st employee stock options plan in 2021	2021.3.22	765	10 years	Note 2
The 2nd employee stock options plan in 2021	2021.9.13	600	10 years	Note 2
The 3rd employee stock options plan in 2021	2021.11.19	85	10 years	Note 2
The 1st employee stock options plan in 2022	2022.3.15	80	10 years	Note 2
The 2nd employee stock options plan in 2022	2022.8.22	1,085	10 years	Note 2

The share-based payment arrangements above are settled by equity.

Note 1: Due to the reorganisation, eYs3D Microelectronics, Inc. assumed the eYs3D Microelectronics, Co.'s liabilities to issue employee stock options.

Note 2: The employees whose service year longer than 1 years' service can be vested with 25%, 2 years' service with 50%, 3 years' service with 75% and 4 years' service with 100%.

(b) For the years ended December 31, 2022 and 2021, the quantity and weighted average exercise price of eYs3D Microelectronics, Inc.'s employee stock options plans were as follows:

Options	2022		2021	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	6,488	\$ 10.00	1,656	\$ 10.00
Options granted	1,165	10.00	-	-
Options forfeited due to resignations	(353)	-	(136)	-
Outstanding at the end of the year	<u>7,300</u>	10.00	<u>1,520</u>	10.00
Exercisable at the end of the year	<u>3,711</u>	10.00	<u>1,520</u>	10.00

(c) Details of eYs3D Microelectronics, Inc.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in dollars)
December 31, 2022	6.78 years	\$ 6.14~\$10.13
December 31, 2021	2.58 years	\$ 10

(d) The fair value of stock options granted by eYs3D Microelectronics, Inc. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date	Grant date	Grant date
	2017.11.9	2018.8.8	2018.11.9
Expected dividend yield	0%	0%	0%
Expected price volatility	27.41%~37.2%	37.4%~41.75%	39.57%~45.22%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.319~2.8256 (in dollars)	2.006~3.1852 (in dollars)	2.1716~3.2832 (in dollars)

	Grant date	Grant date	Grant date
	2019.3.25	2019.8.6	2019.11.12
Expected dividend yield	0%	0%	0%
Expected price volatility	40.28%~45.23%	38.72%~42.04%	38.55%~42.01%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	2.1791~3.3342	2.0857~3.4367	1.901~3.3137
	(in dollars)	(in dollars)	(in dollars)
	Grant date	Grant date	Grant date
	2020.2.21	2020.5.5	2020.8.10
Expected dividend yield	0%	0%	0%
Expected price volatility	38.67%~41.72%	39.47%~43.32%	39.97%~42.6%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.8824~3.2187	1.8862~3.1723	1.8932~3.1703
	(in dollars)	(in dollars)	(in dollars)
	Grant date	Grant date	Grant date
	2020.11.6	2021.3.22	2021.9.13
Expected dividend yield	0%	0%	0%
Expected price volatility	40.08%~42.77%	40.99%~42.57%	44.81%~49.98%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	1.8545~3.1086	1.8998~3.1292	2.1571~3.3028
	(in dollars)	(in dollars)	(in dollars)
	Grant date	Grant date	Grant date
	2021.11.19	2022.3.15	2022.8.22
Expected dividend yield	0%	0%	0%
Expected price volatility	45.85%~50.02%	46.71%~51.25%	46.93%~54.42%
Risk-free interest rate	0.375%~0.500%	0.375%~0.500%	0.375%~0.500%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	2.1661~3.3869	2.2743~3.5291	2.5348~3.7308
	(in dollars)	(in dollars)	(in dollars)

D.(a) For the years ended December 31, 2022 and 2021, DeCloak Intelligences Co.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2021	2021.03.17	207	8 years	50% vested after two years of services 100% vested after four years of services
The 2nd employee stock options plan in 2021	2021.11.05	5	8 years	50% vested after two years of services 100% vested after four years of services
The 1st employee stock options plan in 2022	2022.08.16	315	8 years	50% vested after two years of services 100% vested after four years of services

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2022 and 2021, the quantity and weighted average exercise price of DeCloak Intelligences Co.'s employee stock options plans were as follows:

Options	2022		2021	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the year	190	\$ 1.00	-	\$ -
Options granted	315	1.00	212	1.00
Options forfeited due to resignations	-	-	(22)	-
Outstanding at the ended of the year	<u>505</u>	1.00	<u>190</u>	1.00
Exercisable at the end of the year	<u>-</u>	-	<u>-</u>	-

(c) Details of DeCloak Intelligences Co.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in dollars)
December 31, 2022	7.06 years	\$ 1
December 31, 2021	7.22 years	\$ 1

(d) The fair value of stock options granted by DeCloak Intelligences Co. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	<u>Grant date</u>	<u>Grant date</u>	<u>Grant date</u>
	March 17, 2021	November 5, 2021	August 16, 2022
Expected dividend yield	0%	0%	0%
Expected price volatility	27.45%~32.29%	27.95%~30.42%	30.62%~34.09%
Risk-free interest rate	0.125%~0.292%	0.125%~0.292%	0.5%~1.25%
Expected option life	4.5 years	4.5 years	4.5 years
Fair value per share	0.2027~0.2341 (in dollars)	0.1913~0.2382 (in dollars)	0.2174~0.2759 (in dollars)

E.(a) For the years ended December 31, 2022 and 2021, Invention and Collaboration Laboratory Pte, Ltd.'s share-based payment arrangements were as follows:

Type of arrangement	<u>Grant date</u>	Quantity granted (share in thousands)	<u>Contract period</u>	<u>Vesting conditions</u>
The 1st employee stock options plan in 2021	2021.08.09	1,055	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2021	2021.10.01	8	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2022	2022.02.23	77	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services
The 2nd employee stock options plan in 2022	2022.08.23	190	10 years	25% vested after one year of services 50% vested after two years of services 75% vested after three years of services 100% vested after four years of services

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2022 and 2021, the quantity and weighted average exercise price of Invention and Collaboration Laboratory Pte, Ltd.'s employee stock options plans were as follows:

Options	2022		2021	
	No. of options (in thousands)	Weighted-average exercise price (in US dollars)	No. of options (in thousands)	Weighted-average exercise price (in US dollars)
Options outstanding at the beginning of the year	1,063	\$ 0.14	-	\$ -
Options granted	<u>267</u>	0.14	<u>1,063</u>	0.14
Outstanding at the end of the year	<u>1,330</u>	0.14	<u>1,063</u>	0.14
Exercisable at the end of the year	<u>266</u>	0.14	<u>-</u>	-

(c) Details of Invention and Collaboration Laboratory Pte, Ltd.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in US dollars)
December 31, 2022	8.79 years	\$ 0.14
December 31, 2021	9.61 years	\$ 0.14

(d) The fair value of stock options granted by Invention and Collaboration Laboratory Pte, Ltd. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date August 9, 2021	Grant date October 1, 2021	Grant date February 23, 2022
Expected dividend yield	0%	0%	0%
Expected price volatility	44.97%~57.12%	45.53%~57.12%	45.14%~57.34%
Risk-free interest rate	1.438%	1.438%	3.528%
Expected option life	6.25 years	6.25 years	6.25 years
Fair value per share (in US dollars)	0.03	0.03	0.03
	Grant date August 23, 2022		
Expected dividend yield	0%		
Expected price volatility	45.88%~57.49%		
Risk-free interest rate	3.528%		
Expected option life	6.25 years		
Fair value per share (in US dollars)	0.05		

F. (a) For the year ended December 31, 2022, TAT Technology, Inc.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2022	2022.10.03	84	10 years	2.08% vested after one month of services

The share-based payment arrangements above are settled by equity.

(b) For the year ended December 31, 2022, the quantity and weighted average exercise price of TAT Technology, Inc.'s employee stock options plans were as follows:

Options	2022	
	No. of options (in thousands)	Weighted-average exercise price (in US dollars)
Options outstanding at the beginning of the year	-	\$ -
Options granted	84	0.066
Outstanding at the ended of the year	84	0.066
Exercisable at the end of the year	3	-

(c) Details of TAT Technology, Inc.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in US dollars)
December 31, 2022	9.76 years	\$0.066

(d) The fair value of stock options granted by TAT Technology, Inc. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date
Expected dividend yield	0%
Expected price volatility	46.35%~57.66%
Risk-free interest rate	2.895%
Expected option life	6.25 years
Fair value per share (in US dollars)	0.001

G. (a) For the year ended December 31, 2022, T-Era Architecture Technology, Inc.'s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 1st employee stock options plan in 2022	2022.09.28	495	10 years	2.08% vested after one month of services

The share-based payment arrangements above are settled by equity.

(b) For the year ended December 31, 2022, the quantity and weighted average exercise price of T-Era Architecture Technology, Inc.'s employee stock options plans were as follows:

Options	2022	
	No. of options (in thousands)	Weighted-average exercise price (in US dollars)
Options outstanding at the beginning of the year	-	\$ -
Options granted	495	0.066
Outstanding at the ended of the year	495	0.066
Exercisable at the end of the year	31	-

(c) Details of T-Era Architecture Technology, Inc.'s employee stock options outstanding are as follows:

Date	Weighted-average remaining contractual life	Range of exercise price (in US dollars)
December 31, 2022	9.74 years	\$0.066

(d) The fair value of stock options granted by T-Era Architecture Technology, Inc. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date
	September 28, 2022
Expected dividend yield	0%
Expected price volatility	46.35%~57.66%
Risk-free interest rate	2.895%
Expected option life	6.25 years
Fair value per share (in US dollars)	0.001

H. For the years ended December 31, 2022 and 2021, expenses incurred on equity-settled share-based payment transactions amounted to \$42,549 and \$19,524, respectively.

(25) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contractors with customers	\$ 4,684,589	\$ 6,146,406

The Group derives revenue from the transfer of goods at a point in time as follows:

	Year ended December 31	
	2022	2021
Integrated circuits	\$ 4,627,752	\$ 6,135,671
Others	56,837	10,735
	<u>\$ 4,684,589</u>	<u>\$ 6,146,406</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	<u>\$ 2,164</u>	<u>\$ 4,276</u>	<u>\$ 8,527</u>

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>\$ 4,272</u>	<u>\$ 8,527</u>

(26) Other income and expenses – net

	Year ended December 31	
	2022	2021
Rent income, net	<u>\$ 62,523</u>	<u>\$ 57,647</u>

(27) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	<u>\$ 2,437</u>	<u>\$ 3,974</u>

(28) Other income

	Year ended December 31	
	2022	2021
Dividend income	\$ 18,484	\$ 19,480
Other income - others	59,568	11,170
	<u>\$ 78,052</u>	<u>\$ 30,650</u>

(29) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on disposals of investments	\$ 1,921	\$ -
Gains arising from lease modifications	55	5
Gains on disposal of property, plant and equipment	98	34,444
Foreign exchange gains (losses)	10,848 (	22,731)
Net (losses) gains on financial assets (liabilities) at fair value through profit or loss	(45,680)	8,409
Miscellaneous disbursements	(696)	(98)
	<u>(\$ 33,454)</u>	<u>\$ 20,029</u>

(30) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	<u>\$ 859,365</u>	<u>\$ 830,327</u>
Depreciation charges (Note)	<u>\$ 157,477</u>	<u>\$ 175,261</u>
Amortisation charges on intangible assets	<u>\$ 71,931</u>	<u>\$ 52,737</u>

Note: Including the depreciation charges presented as a deduction item to rent income under other income.

(31) Employee benefit expense

	Year ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 28,008	\$ 24,844
Defined benefit plans	748	560
	<u>28,756</u>	<u>25,404</u>
Other personnel expenses	<u>830,609</u>	<u>804,923</u>
	<u>\$ 859,365</u>	<u>\$ 830,327</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation can be distributed in the form of shares or cash. Including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned shares or cash.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$24,420 and \$119,901, respectively; while directors' remuneration was accrued at \$4,070 and \$19,833, respectively. The aforementioned amounts were recognised in salary expenses. For the years ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were accrued based on the distributable profit of the current year and the Company's Articles of Incorporation.

Employees' compensation of \$119,001 and directors' remuneration of \$19,833 for the year ended December 31, 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank loan	\$ 24,232	\$ 36,727
Interest expense on bonds payable	6,921	-
Interest expense on lease liabilities	3,260	3,204
	<u>\$ 34,413</u>	<u>\$ 39,931</u>

(33) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ 354
Tax on undistributed surplus earnings	5,416	25
Total current tax	<u>5,416</u>	<u>379</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 21,269	\$ 167,695
Change in tax losses	6,427	(99,339)
Total deferred tax	<u>27,696</u>	<u>68,356</u>
Income tax expense	<u>\$ 33,112</u>	<u>\$ 68,735</u>

(b) Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on (loss) income before tax and statutory tax rate	\$ 21,462	\$ 208,406
Effects from items disallowed by tax regulation	1,791	9,751
Temporary difference not recognised as deferred tax assets	41,656	6,252
Change in assessment of realisation of deferred tax assets	(52,261)	(173,134)
Tax on undistributed surplus earnings	5,416	25
Effect from alternative minimum tax	-	354
Taxable loss not recognised as deferred tax assets	15,048	17,081
Income tax expense	<u>\$ 33,112</u>	<u>\$ 68,735</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised allowance for inventory valuation losses	\$ 90,202	\$ -	\$ 90,202
Unrealised investment losses	27,473	(27,473)	-
Others	16,168	9,165	25,333
Tax losses	107,658	(6,427)	101,231
	<u>\$ 241,501</u>	<u>(\$ 24,735)</u>	<u>\$ 216,766</u>
– Deferred tax liabilities:			
Unrealised exchange gain	(\$ 483)	(\$ 2,961)	(\$ 3,444)
Total	<u>\$ 241,018</u>	<u>(\$ 27,696)</u>	<u>\$ 213,322</u>

	2021		
	Recognised in profit or		
	January 1	loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised allowance for inventory valuation losses	\$ 93,120	(\$ 2,918)	\$ 90,202
Unrealised investment losses	171,603	(144,130)	27,473
Others	36,332	(20,164)	16,168
Tax losses	8,319	99,339	107,658
	<u>\$ 309,374</u>	<u>(\$ 67,873)</u>	<u>\$ 241,501</u>
– Deferred tax liabilities:			
Unrealised exchange gain	\$ -	(\$ 483)	(\$ 483)
Total	<u>\$ 309,374</u>	<u>(\$ 68,356)</u>	<u>\$ 241,018</u>

C. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 70,139	\$ 64,514	\$ 64,514	2025
2016	252,201	213,186	213,186	2026
2017	398,425	398,425	398,425	2027
2018	568,288	568,288	568,288	2028
2019	737,250	737,250	481,978	2029
2020	354,398	354,398	103,515	2030
	<u>\$ 2,380,701</u>	<u>\$ 2,336,061</u>	<u>\$ 1,829,906</u>	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	\$ 461,037	\$ 380,698	\$ 380,698	2022
2015	70,139	70,139	70,139	2025
2016	252,201	252,201	252,201	2026
2017	398,425	398,425	398,425	2027
2018	495,735	495,735	495,735	2028
2019	727,191	727,191	439,780	2029
2020	360,005	360,005	109,126	2030
	<u>\$ 2,764,733</u>	<u>\$ 2,684,394</u>	<u>\$ 2,146,104</u>	

D. The Company's, Kingcharm Investment Corp.'s, Kingwell Investment Corp.'s, Invention and Collaboration Laboratory, Inc., Eutrend Technology, Inc., DeCloak Intelligences Co., eEver Technology, Inc., eYs3D Microelectronics, Co., Pinoeer Chip Technology Limited and nD-HI Technologies Lab, Inc. (formerly named Silicon Spintronics Inc.) income tax returns through 2020 have been assessed.

(34) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earning per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 141,895	283,868	\$ 0.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 141,895	283,868	
Assumed conversion of all dilutive potential ordinary shares			
- Employee share options	-	1,214	
- Employees' compensation	-	618	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 141,895	285,700	\$ 0.50

	Year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earning per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,051,071	282,032	\$ 3.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,051,071	282,032	
Assumed conversion of all dilutive potential ordinary shares			
- Employee share options	-	1,143	
- Employees' compensation	-	1,382	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,051,071</u>	<u>284,557</u>	<u>\$ 3.69</u>

Note 1: For the year ended December 31, 2022, if the convertible bonds were accrued, there would be anti-dilutive effect, thus, it would not be included in the calculation of dilutive number of shares.

Note 2: For the years ended December 31, 2022 and 2021, the weighted average numbers of outstanding shares were retrospectively adjusted in proportion to 105% of the capitalised amount of unappropriated earnings in September 2022.

(35) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant, equipment and intangible assets	\$ 233,784	\$ 169,172
Add: Opening balance of payable on equipment	9,091	19,442
Less: Ending balance of payable on equipment	(25,636)	(9,091)
Cash paid during the year	<u>\$ 217,239</u>	<u>\$ 179,523</u>

(36) Transactions with non-controlling interest

- A. The Group's subsidiary, eYs3D Microelectronics, Inc.(eYs3D), increased its capital by issuing new shares in 2022. As a result, the Group increased its share interest by 2.09% due to the above effects.
- B. The Group's subsidiary, eYs3D Microelectronics, Inc.(eYs3D), increased its capital by issuing new shares in 2021. The convertible bonds issued by eYs3D in 2020 have been converted into its shares in 2021. As a result, the Group decreased its share interest by 8.12% due to the above effects.
- C. For the years ended December 31, 2022 and 2021, the Group's subsidiary, DeCloak Intelligences Co., increased its capital by issuing new shares, as a result, the Group increased its share interest by 2.56% and 14.81%, respectively.
- D The Group's subsidiary, nD-HI Technologies Lab, Inc. (formerly named Silicon Spintronics Inc.), increased its capital by issuing new shares in 2021, as a result, the Group decreased its share interest by 7.33%.
- E. The Group's subsidiary, T-Era Architecture Technology, Inc., increased its capital by issuing new shares in 2022, and the Group held 62.65% share interest in the end of period.
- F. The Group's subsidiary, TAT Technology, Inc., increased its capital by issuing new shares in 2022, and the Group held 62.67% share interest in the end of period.

The effect of change in interest contributed to the aforementioned transactions on the equity attributable to owners of the parent for the year ended December 31, 2022 is shown below:

	Year ended December 31	
	2022	2021
Cash contributed by non-controlling interests	\$ 35,587	\$ 101,090
Conversion of the subsidiaries' convertible bonds by non-controlling interests	-	42,803
Changes in ownership interests in subsidiaries	(32,974)	(64,560)
	<u>\$ 2,613</u>	<u>\$ 79,333</u>
Increase in capital surplus attributable to:		
Owners of the parent	<u>\$ 2,613</u>	<u>\$ 79,333</u>

(37) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings (Note)	Lease liabilities	Guarantee deposits received
At January 1, 2022	\$ 140,720	\$ -	\$ 1,271,250	\$ 146,070	\$ 17,099
Changes in cash flow from financing activities	942,368	794,400	(498,973)	(22,794)	61,708
Changes in other non-cash items					
Discount on bonds payable	-	(61,337)	-	-	-
Amortisation of discount on bonds payable	-	6,921	-	-	-
New lease contracts	-	-	-	96,001	-
Modification of lease contract	-	-	-	(3,314)	-
Net exchange differences	-	-	(48)	(138)	-
December 31, 2022	<u>\$ 1,083,088</u>	<u>\$ 739,984</u>	<u>\$ 772,229</u>	<u>\$ 215,825</u>	<u>\$ 78,807</u>

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Guarantee deposits received	Financial liabilities at fair value through profit or loss
At January 1, 2021	\$ 143,635	\$ 1,965,281	\$ 169,212	\$ 16,894	\$ 42,722
Changes in cash flow from financing activities	(2,915)	(694,031)	(22,826)	205	-
Changes in other non-cash items					
Modification of lease contract	-	-	(251)	-	-
Current financial liabilities at fair value through profit and loss	-	-	-	-	(2)
Conversion of bonds	-	-	-	-	(42,803)
Net exchange differences	-	-	(65)	-	83
December 31, 2021	<u>\$ 140,720</u>	<u>\$ 1,271,250</u>	<u>\$ 146,070</u>	<u>\$ 17,099</u>	<u>\$ -</u>

Note: Including current portion.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Giga Solution Tech. Co., Ltd.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
Kai Chun Investment Corp.	The Company's corporate director
Chao-Chun Lu	The Company's chairman

(2) Significant related party transactions

A. Receivables from related parties

	December 31, 2022	December 31, 2021
Other receivables:		
-Other related parties	\$ <u>6,329</u>	\$ <u>4,418</u>

Other receivables arose from leasing assets to related parties and are collected within 30 days after the invoices are issued. The receivables are unsecured in nature and bear no interest.

B. Advance receipts

	December 31, 2022	December 31, 2021
Other related parties		
Giga Solution Tech. Co., Ltd.		
-Current	\$ <u>-</u>	\$ <u>22,782</u>

C. Guarantee deposits received

	December 31, 2022	December 31, 2021
Other related parties		
Giga Solution Tech. Co., Ltd.	\$ 16,487	\$ 16,487
Others	<u>3</u>	<u>3</u>
	\$ <u>16,490</u>	\$ <u>16,490</u>

D. Other transactions

(a) Other related party transactions are summarised below:

	Year ended December 31	
	2022	2021
Rent income:		
-Other related parties		
Giga Solution Tech. Co., Ltd.	\$ 65,929	\$ 57,524
Others	<u>11</u>	<u>11</u>
	\$ <u>65,940</u>	\$ <u>57,535</u>

(b) Information on the issuance of subsidiary – Decloak Intelligences Co.’s ordinary shares to related parties for the years ended December 31, 2022 and 2021 is as follows:

For the year ended December 31, 2022: None.

Year ended December 31, 2021				
<u>Counterparty</u>	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
Other related parties	Property transactions	60,000	Decloak Intelligences Co.'s ordinary share	<u>\$ 600</u>

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 84,190	\$ 96,596
Post-employment benefits	1,435	1,136
Services expenses	1,860	1,196
Share-based payments	8,997	4,032
	<u>\$ 96,482</u>	<u>\$ 102,960</u>

8. Pledged Assets

The Group’s assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Time deposits (shown as "Current financial assets at amortised cost")	\$ 30,057	\$ 18,971	Government subsidy projects and tariff guarantees
Time deposits (shown as "Non-current financial assets at amortised cost")	5,941	5,941	Land lease agreement guarantee
Buildings and structures	<u>45,093</u>	<u>296,095</u>	Long-term borrowings
	<u>\$ 81,091</u>	<u>\$ 321,007</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

In February 2017, Securities and Futures Investors Protection Center (the “SFIPC”) filed a civil lawsuit against the Company, the former subsidiary, TM Technology Inc. and other defendants, claiming that they are jointly liable for compensation, on behalf of the investors of the former subsidiary, TM Technology Inc., as the Company’s former director Mr. Wu was sued for violating the Securities and Exchange Act in January 2016. On March 18, 2019, Taiwan HsinChu District Court dismissed the lawsuit. However, the SFIPC filed an appeal with Taiwan High Court, which was dismissed on February 26, 2021. On March 24, 2021, SFIPC disagreed with the ruling rendered by the Taiwan High Court and filed an application for an appeal.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 13, 2023, the Board of Directors of the Company resolved the effective date of capital increase for exercise of employee stock option. Refer to Note 6(20) for details.

12. Others

(1) Capital management

The Group must maintain adequate capital to expand product lines and that sales could achieve economic of scale. The Group's objectives when managing capital are to secure necessary financial resources to meet the needs of operating funds for the next year, capital expenditure, research and development activities expenditures and debt repayment.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at mandatorily measured at fair value through profit or loss	\$ <u>60,894</u>	\$ <u>5,253</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ <u>680,510</u>	\$ <u>751,176</u>
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 842,402	\$ 1,277,391
Financial assets at amortised cost	35,998	24,912
Notes receivable	73,838	10,000
Accounts receivable	878,160	1,425,185
Other receivables	18,819	46,620
Guarantee deposits paid (shown as other non-current assets)	<u>419,826</u>	<u>419,585</u>
	<u>\$ 2,269,043</u>	<u>\$ 3,203,693</u>

December 31, 2022 December 31, 2021

Financial liabilities

Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ 8,662	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,083,088	\$ 140,720
Notes payable	753	1,534
Accounts payable	687,754	943,330
Other payables	298,604	366,877
Convertible bonds payable	739,984	-
Long-term borrowings (including current portion)	772,229	1,271,250
Guarantee deposits received (shown as other non-current liabilities)	78,807	17,099
	\$ 3,661,219	\$ 2,740,810
Lease liability	\$ 215,825	\$ 146,070

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Group's financial condition and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and reduce financial risks in close co-operation with the Group's operating units. The Group provides written principles for specific areas and matters, such as use of derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The consolidated entities exposed to the exchange rate risk arising from operating activities which were denominated in non-functional currency. The Group's functional currency includes New Taiwan dollars, US Dollars, RMB and JPY. Those transactions were mainly denominated in New Taiwan dollars, US Dollars, RMB, HKD and JPY.

- ii. The Group employs foreign currency derivative financial instruments, including forward exchange contracts or foreign exchange swap contracts to hedge exchange rate risk arising from monetary financial assets and liabilities and forecast transactions that are not denominated in NTD. These hedges can minimize the effects of changes in foreign exchange rates on assets and liabilities, but the risk cannot be eliminated entirely.
- iii. The Group's businesses involve some non-functional currency operations (The Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 37,142	30.710	\$ 1,140,616
<u>Non-monetary items</u>			
USD:NTD	54,835	30.710	1,683,982
JPY:NTD	14,251	0.2324	3,312
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	28,117	30.710	863,457
(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 61,838	27.680	\$ 1,711,676
<u>Non-monetary items</u>			
USD:NTD	70,004	27.680	1,937,712
JPY:NTD	14,765	0.2405	3,551
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,577	27.680	735,651

- iv. The unrealised exchange gains (losses) arising from the monetary items with significant influence held by the Group for the years ended December 31, 2022 and 2021 amounted to \$13,119 and (\$1,149), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,406	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	16,840
JPY:NTD	1%	-	33
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	8,635	-
(Foreign currency: functional currency)	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 17,117	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	19,377
JPY:NTD	1%	-	36
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,357	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, before-

tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$3,045 and \$43, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$34,026 and \$37,559, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from time deposits maturing over three months and long-term borrowings at variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2022 and 2021, the Group's borrowings were denominated in New Taiwan dollars and US Dollars.
- ii. On December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased / increased by \$1,539 and \$2,538, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- iii. On December 31, 2022 and 2021, if the interest rate of New Taiwan dollars time deposits and time deposits maturing over three months had increased/decreased by 0.25% with all other variables held constant, the impact to profit, net of tax for the years ended December 31, 2022 and 2021 would be immaterial. The main factor is that changes in interest income result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Policy for credit risk management of the Group's operating units is as follows:
 - (i) The Group sets the relevant procedures to monitor, manage and reduce the credit risk of accounts receivable; however, it is not guaranteed that the procedures can effectively exclude the credit risk and avoid losses. The exposure of such credit risk will increase in the deteriorating economic environment.
 - (ii) The Group periodically monitors, reviews and adjusts the credit limits based on the market conditions and credit status of counterparties to timely manage the credit risk. The Group only transacts with banks and financial institutions with high credit quality, and therefore does not expect to assume the credit risk.

- (iii) The main credit risks arise from deposits with bank and financial institutions, financial assets at amortised cost and accounts receivable.
- ii. The situation that the Group regards as breach of contract specified in the contract are as follows: when the contract payments may not be recovered and have to be transferred to overdue receivables, the default has occurred.
- iii. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- iv. The Group adopts following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments.
- vi. The Group used the historical information and the forecastability of Taiwan Institute of Economic Research boom observation report to assess the default possibility of accounts receivable.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability information to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

<u>December 31, 2022</u>	<u>Accounts receivable</u>		
	<u>Individual</u>	<u>Group</u>	<u>Total</u>
Expected loss rate	0%	5.55%~7.89%	
Total book value	\$ -	\$ 960,813	\$ 960,813
Loss allowance	\$ -	\$ 82,653	\$ 82,653
<u>December 31, 2021</u>	<u>Accounts receivable</u>		
<u>Individual</u>	<u>Group</u>	<u>Total</u>	
Expected loss rate	0%	5.55%~7.89%	
Total book value	\$ -	\$ 1,507,429	\$ 1,507,429
Loss allowance	\$ -	\$ 82,244	\$ 82,244

	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
December 31, 2022			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 1,088,285	\$ -	\$ -
Notes payable	753	-	-
Accounts payable	687,754	-	-
Other payables	298,604	-	-
Lease liability	12,459	28,685	131,176
Long-term liabilities, current portion	211,697	-	-
Bonds payable	-	794,400	-
Long-term borrowings	-	578,934	7,493
Guarantee deposits received	-	78,807	-
		<u>Between 1</u>	
		<u>Less than 1 year</u>	<u>and 5 years</u>
			<u>Over 5 years</u>
December 31, 2021			
<u>Non-derivative financial liabilities</u>			
Short-term borrowings	\$ 140,926	\$ -	\$ -
Notes payable	1,534	-	-
Accounts payable	943,330	-	-
Other payables	366,877	-	-
Lease liability	25,888	24,367	136,534
Long-term liabilities, current portion	781,486	-	-
Long-term borrowings	-	499,041	8,711
Guarantee deposits received	-	17,099	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of The Group's investment in the listed stocks classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of The Group's investment in

derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, bonds payable, lease liabilities and long-term borrowings are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 57,567	\$ -	\$ -	\$ 57,567
Hybrid instruments	-	-	3,327	3,327
Financial assets at fair value through other comprehensive income				
Equity securities	187,885	-	492,625	680,510
	<u>\$ 245,452</u>	<u>\$ -</u>	<u>\$ 495,952</u>	<u>\$ 741,404</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities:				
Financial liabilities at fair value through profit or loss				
Call and put options of convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,662</u>	<u>\$ 8,662</u>

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 857	\$ -	\$ -	\$ 857
Forward exchange contracts and foreign exchange swap contracts	-	4,396	-	4,396
Financial assets at fair value through other comprehensive income				
Equity securities	<u>208,363</u>	<u>-</u>	<u>542,813</u>	<u>751,176</u>
	<u>\$ 209,220</u>	<u>\$ 4,396</u>	<u>\$ 542,813</u>	<u>\$ 756,429</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed share

Market quoted price

Closing price

- (b) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts and foreign exchange swap contracts are usually valued based on the current forward exchange rate.
- (d) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. If one or more of the significant inputs are not based on observable market data, such financial instrument is included in level 3.

G. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>Equity securities</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 542,813	\$ 491,713
Gains or losses recognised in other comprehensive income	(16,953)	56,524
Acquired in the year	13,232	40,268
Disposal and liquidation in the year	(83,968)	(31,084)
Transfers out from level 3	(9,316)	-
Recovery of investment cost	-	(5,578)
Effect of exchange rate changes	46,817	(9,030)
At December 31	<u>\$ 492,625</u>	<u>\$ 542,813</u>

H. Because Senti Bioscience Inc. was listed in the public market from the third quarter of 2022, and there is sufficient observable market information, thus the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

I. Investment segment is in charge of valuation procedures for fair value measurements being adopted within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 67,587	Market price method	Discount for lack of marketability	15%~35%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	425,038	Net asset value	Net asset value	15%~35%	The higher the net asset value, the higher the fair value
Hybrid instruments:					
Convertible bond	3,327	Binomial Model	Discount rate	-	The higher the discount rate, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 126,894	Market price method	Discount for lack of marketability	15%~35%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	415,919	Net asset value	Net asset value	10%~45%	The higher the net asset value, the higher the fair value

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2022					
				Recognised in		Recognised in other	
				profit or loss		comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
		Input	Change	change	change	change	change
Financial assets							
		Discount for lack of marketability, weighted average cost of capital and long-term revenue growth rate	±1%	\$ -	\$ -	\$ 4,926	(\$ 4,926)

		December 31, 2021					
				Recognised in		Recognised in other	
				profit or loss		comprehensive income	
				Favourable	Unfavourable	Favourable	Unfavourable
		Input	Change	change	change	change	change
Financial assets							
		Discount for lack of marketability, weighted average cost of capital and long-term revenue growth rate	±1%	\$ -	\$ -	\$ 5,428	(\$ 5,428)

(4) The impact of the COVID-19 pandemic to the Group's operations in 2022

Based on the Group's assessment, the supply chain and industry in 2022 have adjusted and adapted to the pandemic. The Group has taken the relevant countermeasures and will continue to monitor the development of pandemic and adjust its strategies in time.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of The Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Notes 6(2) and 6(15).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The details of commissions expense and service expense paid by the Group to Fullboom Electronics (Shenzhen) Co., Ltd for the years ended December 31, 2022 and 2021, and their outstanding balances (shown as 'other payables') as of December 31, 2022 and 2021 are as follows:

	Year ended December 31	Year ended December 31
	2022	2021
Commissions expense	\$ 15,382	\$ 14,629
Service expense	\$ 17,178	\$ 12,668
	December 31, 2022	December 31, 2021
Other payables	\$ 3,880	\$ 7,862

(4) Major shareholders information

Major shareholders information: None.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The Group manages the business from each consolidated entity's perspective.

(2) Segment information

Years ended December 31, 2022 and 2021: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

The accounting policies of the operating segments are no significant different to the significant accounting policies summarised in Note 4. The Company's reportable segment income or loss are measured using the income/(loss) before tax.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of income/(loss) before tax from continuing operations is provided as follows:

Years ended December 31, 2022 and 2021: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

(4) Information on products and services

Revenue from external customers is mainly from design, manufacturing and sale of integrated circuits. Components of revenue are as follows:

	Year ended December 31	
	2022	2021
Sales revenue	\$ 4,627,752	\$ 6,135,671
Other operating revenue	56,837	10,735
	<u>\$ 4,684,589</u>	<u>\$ 6,146,406</u>

(5) Geographical information

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,283,666	\$ 1,338,348	\$ 2,502,130	\$ 1,240,053
Hong Kong	1,398,744	882	1,906,549	2,093
China	203,129	445	262,771	492
Others	1,799,050	797	1,474,956	561
	<u>\$ 4,684,589</u>	<u>\$ 1,340,472</u>	<u>\$ 6,146,406</u>	<u>\$ 1,243,199</u>

(6) Major customer information

	Year ended December 31, 2022			Year ended December 31, 2021	
	Revenue	Segment		Revenue	Segment
ALM	\$ 908,068	The Group	ALM	\$ 630,058	The Group

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Kingwell Investment Corp.	Stock	Macronix International Co., Ltd	The general manager of the investee and the chairman of the Company are relatives within second degree of kinship	Current financial assets at fair value through profit or loss	15,840	\$ 534	-	\$ 534	
Kingcharm Investment Corp.	Stock	Walton Advanced Engineering, Inc.	None	Current financial assets at fair value through profit or loss	10,000	114	-	114	
Kingcharm Investment Corp.	Stock	ProMos Technology, Inc.	None	Current financial assets at fair value through profit or loss	6	-	-	-	
Etron Technology, Inc.	Stock	Taiwan Semiconductor Manufacturing Company	None	Current financial assets at fair value through profit or loss	110,000	49,335	-	49,335	
Etron Technology, Inc.	Stock	UPI semiconductor corp.	None	Current financial assets at fair value through profit or loss	32,000	7,584	-	7,584	
Plusway Corp.	Convertible bonds	Cognito Health International, Inc.	None	Current financial assets at fair value through profit or loss	-	3,327	-	3,327	
Creative Ally Limited	Stock	Cognito Health International, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,010,101	-	1.26%	-	
Etron Technology (HK) Limited	Equity investment	Shanghai Walden Venture Capital Enterprise	None	Non-current financial assets at fair value through other comprehensive income	-	150,843	1.52%	150,843	
Etron Technology (HK) Limited	Equity investment	Walden Technology Ventures II, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	152,716	2.64%	152,716	
Etron Technology (HK) Limited	Equity investment	Arm IoT Fund, L.P	None	Non-current financial assets at fair value through other comprehensive income	-	27,950	4.65%	27,950	
Etron Technology (HK) Limited	Equity investment	WI Harper Fund IX L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	13,110	1.10%	13,110	
Kinglord Corp.	Stock	Senti Biosciences, Inc.	The chairman of the investee and the chairman of the Company are relatives within second degree of kinship	Non-current financial assets at fair value through other comprehensive income	41,475	1,796	0.09%	1,796	
Kinglord Corp.	Stock	Personal Genomics, Inc.	None	Non-current financial assets at fair value through other comprehensive income	741,926	15,095	1.34%	15,095	
Plusway Corp.	Stock	Personal Genomics, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,261,456	30,217	2.28%	30,217	
Plusway Corp.	Equity investment	WI Harper Fund IX L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	19,547	1.64%	19,547	

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				
					Number of shares	Book value	Ownership (%)	Fair value	Footnote
Plusway Corp.	Equity investment	IT-Farm J-Tech Fund Investment Limited Partnership	None	Non-current financial assets at fair value through other comprehensive income	-	\$ 5,355	7.09%	\$ 5,355	
Kingwell Investment Corp.	Stock	Foho Technology Corp.	None	Non-current financial assets at fair value through other comprehensive income	3,872,234	-	19.54%	-	
Kingwell Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,375,000	-	5.75%	-	
Kingwell Investment Corp.	Stock	Innorich Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	6,000,000	32,618	11.19%	32,618	
Kingwell Investment Corp.	Stock	Raytek Semiconductor, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,852,000	21,416	1.54%	21,416	
Kingwell Investment Corp.	Stock	Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within second degree of kinship	Non-current financial assets at fair value through other comprehensive income	3,712,457	184,137	0.76%	184,137	
Kingwell Investment Corp.	Stock	Anqing Innovation Investment Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,000,000	13,642	4.33%	13,642	
Kingwell Investment Corp.	Stock	Mosa Industrial Corporation	None	Non-current financial assets at fair value through other comprehensive income	38,000	923	0.02%	923	
Kingwell Investment Corp.	Equity investment	Arm IoT Fund L.P	None	Non-current financial assets at fair value through other comprehensive income	-	9,257	1.54%	9,257	
Kingwell Investment Corp.	Stock	IQE PLC	None	Non-current financial assets at fair value through other comprehensive income	55,916	1,029	0.01%	1,029	
Kingcharm Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,988,970	-	8.32%	-	
Kingcharm Investment Corp.	Stock	Digitimes Inc.	None	Non-current financial assets at fair value through other comprehensive income	78,750	859	0.42%	859	
Etron Technology, Inc.	Preference share	Foho Technology Corp.	None	Non-current financial assets at amortised cost	4,200,000	-	-	-	

Etron Technology, Inc.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Etron Technology, Inc.	Etron Technology(HK) Limited	An indirectly held subsidiary of the Company	Sales	(\$ 123,034)	2.73%	90 days end of month	Not applicable	Not applicable	\$ 58,115	6.47%	

Etron Technology, Inc.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Service expense	\$ 17,735	-	0.38%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Commissions expense	28,263	-	0.60%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Other accrued expense	2,246	-	0.03%
0	Etron Technology, Inc.	Anzon Corporation	1	Service expense	2,123	-	0.05%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Commissions expense	15,382	-	0.33%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Service expense	4,667	-	0.10%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Other accrued expense	2,222	-	0.03%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Sales revenue	123,034	-	2.62%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Notes receivable	31,756	-	0.39%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Accounts receivable	26,359	-	0.32%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other receivables	3,847	-	0.05%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other income	13,999	-	0.30%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Support service income	3,411	-	0.07%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Support service income	4,887	-	0.10%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other receivables	28,104	-	0.34%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other income	17,643	-	0.38%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Sales revenue	49,342	-	1.05%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Accounts receivable	9,915	-	0.12%
1	eYs3D Microelectronics, Co.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Service expense	9,679	-	0.21%
1	eYs3D Microelectronics, Co.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Other accrued expense	1,658	-	0.02%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Service expense	6,481	-	0.14%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Other accrued expense	1,704	-	0.02%
2	eEver Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Service expense	2,832	-	0.06%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The prices and credit terms for the transactions between parent company and subsidiaries would be available for third parties. The terms for incomparable transactions are negotiated by the both parties.

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Etron Technology, Inc.	Eutrend Technology, Inc.	Taiwan	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	\$ 112,099	\$ 112,099	2,702,522	93.57%	\$ 333	\$ 126	(\$ 64)	Subsidiary
Etron Technology, Inc.	Kinglord Corp.	British Virgin Islands	Investment holdings	853,849	853,849	25,458	100.00%	412,666	(4,472)	(4,472)	Subsidiary
Etron Technology, Inc.	Plusway Corp.	British Virgin Islands	Investment holdings	511,185	511,185	10,485	100.00%	184,619	1,208	1,208	Subsidiary
Etron Technology, Inc.	Kingwell Investment Corp.	Taiwan	Investment holdings	22,861	22,861	14,083,000	100.00%	336,369	8,128	8,128	Subsidiary
Etron Technology, Inc.	Kingcharm Investment Corp.	Taiwan	Investment holdings	188,512	188,512	18,000,000	100.00%	30,555	(14,368)	(14,368)	Subsidiary
Etron Technology, Inc.	Interocosmos Group Limited	British Virgin Islands	Investment holdings	142,188	142,188	5,292	100.00%	226,458	7,885	7,885	Subsidiary
Etron Technology, Inc.	Creative Ally Limited	British Virgin Islands	Investment holdings	111,921	111,921	3,720	100.00%	11,144	(9,946)	(9,946)	Subsidiary
Etron Technology, Inc.	NetVinci, Inc.	Cayman Islands	Investment holdings	-	38	-	-	-	(457)	-	Investee company(Note)
Etron Technology, Inc.	eCapture Ltd. Co.	Cayman Islands	Investment holdings	31,051	31,051	11,666,667	100.00%	2,337	(280)	(280)	Subsidiary
Etron Technology, Inc.	Insignis Technology, Inc.	Cayman Islands	Investment holdings	60,488	60,488	24,500,000	100.00%	23,881	10,351	10,351	Subsidiary
Etron Technology, Inc.	eEver Technology Limited	Cayman Islands	Investment holdings	44,857	44,857	14,250,001	50.42%	41,252	(52,256)	(29,053)	Subsidiary
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	429,195	306,761	49,130,350	61.98%	91,312	(135,040)	(79,853)	Subsidiary
Etron Technology, Inc.	DeCloak Intelligence Co.	Taiwan	Information and software services	35,600	18,622	2,994,053	80.31%	10,873	(17,102)	(13,438)	Subsidiary
Etron Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	6,309	-	1,689,600	4.71%	436	(4,046)	(197)	Third-tier subsidiary
Etron Technology, Inc.	TAT Technology, Inc.	Cayman Islands	Investment holdings	4,730	-	1,267,200	5.01%	346	(1,892)	(98)	Third-tier subsidiary
Kingwell Investment Corp.	Pioneer Chip Technology Limited	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	2,000	2,000	200,000	100.00%	77	(24)	(24)	Second-tier subsidiary
Kingwell Investment Corp.	nD-HI Technologies Lab, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	12,093	12,093	1,300,000	92.67%	728	(9,664)	(8,956)	Second-tier subsidiary
Kingwell Investment Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	33,737	33,737	1,868,009	5.29%	37,546	20,943	1,470	Investee company of the subsidiary
Kingcharm Investment Corp.	eEver Technology Limited	Cayman Islands	Investment holdings	58,969	58,969	5,838,680	20.66%	18,132	(52,256)	(10,675)	Subsidiary
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	21,654	21,654	2,084,340	2.63%	3,920	(135,040)	(3,809)	Subsidiary
Kinglord Corp.	Etron Technology America, Inc.	U.S.A	Sales agent of electronic components	172,590	155,562	47,666,666	100.00%	28,064	(982)	(1,287)	Second-tier subsidiary
Kinglord Corp.	Anzon Technology, Inc.	British Virgin Islands	Investment holdings	11,086	9,992	1,681,000	70.85%	2,403	(99)	(72)	Second-tier subsidiary

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Kinglord Corp.	Etron Technology (HK) Limited	Hong Kong	Sales of electronic components	\$ 147,408	\$ 132,864	37,440,000	100.00%	\$ 358,758	(\$ 1,176)	(\$ 1,176)	Second-tier subsidiary
Kinglord Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,609	7,760	785,273	0.99%	1,476	(135,040)	(1,443)	Subsidiary
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	25,544	23,024	2,329,918	2.94%	4,382	(135,040)	(4,274)	Subsidiary
Anzon Technology, Inc.	Anzon Corporation	Japan	Sales agent of electronic components	17,368	15,655	185	100.00%	3,312	(157)	(118)	Third-tier subsidiary
Intercosmos Group Limited	Grandsino Technology Limited	British Virgin Islands	Investment holdings	78,346	70,616	4,611	100.00%	210,760	7,641	7,641	Second-tier subsidiary
Intercosmos Group Limited	Fullboom International Limited	Samoa	Investment holdings	32,246	29,064	1,050,000	100.00%	14,246	354	657	Second-tier subsidiary
Grandsino Technology Limited	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	75,186	67,767	9,583,909	27.15%	207,850	20,943	7,546	Investee company of the second-tier subsidiary
Plusway Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	76,151	68,637	2,755,508	8.95%	90,714	20,943	2,488	Investee company of the subsidiary
Plusway Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,990	8,103	887,121	1.12%	1,669	(135,040)	(1,624)	Subsidiary
Creative Ally Limited	NetVinci, Inc.	Cayman Islands	Investment holdings	-	35,633	-	-	-	(457)	-	Investee company of the subsidiary(Note)
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Singapore	Research and development, consulting and design services of semiconductor technology	15,362	13,846	5,214,000	81.11%	10,063	(14,181)	(11,502)	Second-tier subsidiary
eCapture Ltd. Co.	eCapture Co., Limited	Hong Kong	Marketing, sales and development of electronic products	29,175	26,296	950,000	100.00%	1,960	(108)	(108)	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Corporation	U.S.A	Sales of electronic components	58,810	53,007	1,915,000	100.00%	23,752	10,096	10,782	Second-tier subsidiary
eEver Technology Limited	eEver Technology, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	200,772	164,684	29,450,000	100.00%	96,596	(49,357)	(49,357)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	eYs3D Microelectronics, Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	779,718	571,876	85,800,000	100.00%	149,165	(132,698)	(132,698)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	AiYs3D Technology, Inc	U.S.A	Marketing and customer services	307	277	10,000	100.00%	600	(375)	(375)	Second-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	Invention and Collaboration Laboratory, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	1,477	1,331	134,000	100.00%	1,178	(58)	(58)	Third-tier subsidiary

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Invention and Collaboration Laboratory Pte. Ltd.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	\$ 614	\$ -	20,000,000	55.80%	\$ 5,161	(\$ 4,046)	(\$ 2,258)	Third-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	TAT Technology, Inc.	Cayman Islands	Investment holdings	430	-	14,000,000	55.38%	3,829	(1,892)	(1,048)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	T-Era Architecture Technology Corp.	Taiwan	Research and development, consulting and design services of semiconductor technology	10,281	-	1,000,000	100.00%	6,321	(3,679)	(3,679)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	TAT Technology, Inc.	Cayman Islands	Investment holdings	2,211	-	576,000	2.28%	160	(1,892)	(41)	Third-tier subsidiary
TAT Technology, Inc.	TAT Technology Corp.	Taiwan	Research and development, consulting and design services of semiconductor technology	7,711	-	750,000	100.00%	5,987	(1,513)	(1,513)	Third-tier subsidiary
TAT Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	2,948	-	768,000	2.14%	199	(4,046)	(86)	Third-tier subsidiary

Note: Note: NetVinci, Inc. has completed the liquidation process in the fourth quarter of 2022.

Etron Technology, Inc.
Information on investments in Mainland China
Year ended December 31, 2022

Table 5

1. Basic information

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan		Accumulated	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022	amount of remittance from Taiwan to Mainland China as of December 31, 2022	(loss) recognised by the Company for the year ended December 31, 2022 (Note 2)			amount of investment income remitted back to Taiwan as of December 31, 2022			
Great Team Backend Foundry (Dongguan), Ltd.	Other transistors	\$ 2,706,061	(2)	\$ 248,045	\$ -	\$ -	\$ 248,045	\$ 208,386	12.42%	\$ 25,875	\$ 253,893	\$ -	Notes 3, 4 and 5
Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trading of electronic components	30,710	(2)	32,285	-	-	32,285	436	100.00%	436	13,306	-	Note 6
Shanghai Walden Venture Capital Enterprise	Investment in new venture companies	39,640	(2)	572	34,582	-	35,154	-	1.52%	-	150,843	-	Note 7
Walden Technology Ventures II, L.P.	Investment in new venture companies	3,177,944	(2)	95,442	226	-	95,668	-	2.64%	-	152,716	-	Note 7

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Investment income from Fullboom Electronics (Shenzhen) Co., Ltd. was recognized based on the financial statements that are audited and attested by R.O.C. parent company's CPA;

Investment income from Great Team Backend Foundry (Dongguan), Ltd. was recognized based on the financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 3: Investing through Great Team Backend Foundry, Inc., which is invested by Kingwell Investment Corp.

Note 4: Investing through Great Team Backend Foundry, Inc., which is invested by Grandsino Technology Limited and Grandsino Technology Limited is invested by Intercosmos Group Limited.

Note 5: Investing through Great Team Backend Foundry, Inc., which is invested by Plusway Corp.

Note 6: Investing through Fullboom International Limited, which is invested by Intercosmos Group Limited.

Note 7: Investing through Etron Technology (HK) Limited, which is invested Kinglord Corp.

2. Ceiling on reinvestments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Etron Technology, Inc.	\$ 411,152 (USD 12,464 thousands)	\$ 437,157 (USD 14,235 thousands)	\$ 2,569,249

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Etron Technology, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Etron Technology, Inc. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements of the current period are stated as follows:

Key audit matters - Valuation of accounts receivable

Description

Please refer to Note 4(9) for accounting policies on valuation of accounts receivable, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of accounts receivable, and Note 6(5) for details of accounts receivable. As of December 31, 2022, the total amount of accounts receivable and allowance for uncollectible accounts were NT\$907,144 thousand and NT\$82,017 thousand, respectively.

The Company assesses the allowance for uncollectible accounts receivable by each individual counterparty when there are significant past due accounts receivable arising from each individual counterparty. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The amount of accounts receivable is material to the parent company only financial statements and the valuation involves subjective judgment made by management. Thus, we consider the valuation of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included obtaining an understanding and evaluating the design and operating effectiveness of internal controls related to revenue and receivable business process, obtaining the aging report of accounts receivable and validating the accuracy, obtaining and validating the assessment made by management in identifying significant expected credit loss for each individual counterparty and respective supporting documents, obtaining and validating the expected credit loss ratios calculated by management based on the Company's historical data of similar credit risk and forward-looking information, and testing subsequent collection in order to assess the reasonableness of allowance for uncollectable accounts.

Key audit matters - Valuation of inventories

Description

Refer to Note 4(13) for accounting policies on valuation of inventories, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of inventories, and Note 6(6) for details of inventories. As of December 31, 2022, the total amount of inventories and allowance for inventory valuation loss were NT\$4,006,796 thousand and NT\$514,872 thousand, respectively.

The Company is primarily engaged in the design, manufacturing and sale of niche memory chips. Due to rapidly technology changing and market demand, there is a higher risk of decline in market values of inventories or obsolescence. The Company's inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value for inventories aged over a certain period of time and individually identified as obsolete involves management's subjective judgment and the amount of inventories is material to the Company's financial statements. Thus, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above matter in order to ascertain the adequacy of allowance for inventory valuation losses include assessing the reasonableness of the provision policies on allowance for inventory valuation losses, checking whether the inventory quantities and amounts at the end of the year on the inventory aging report were consistent with those on the inventory subsidiary ledger, selecting samples to verify the accuracy of the inventory aging report, as well as assessing and verifying the reasonableness of the estimation of the net realisable value by sampling and testing the individual inventory items.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method recognized by the Company's investee accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balances of these investments accounted for under the equity method amounted to NT\$336,110 thousand and

NT\$313,775 thousand, constituting 4.17% and 4.46% of the parent company only total assets as at December 31, 2022 and 2021, and the comprehensive income recognized from investments accounted for under the equity method amounted to NT(\$41,365) thousand and NT\$34,364 thousand, constituting (31.66%) and 2.95% of the parent company only total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chiang, Tsai-Yen

Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 558,543	7	\$ 928,016	13
Financial assets at fair value through profit or loss - current	6(2)	56,919	1	4,396	-
Financial assets at amortised cost, current	6(4) and 8	2,000	-	2,000	-
Notes receivable, net	6(5)	41,759	1	10,000	-
Notes receivable - related parties	6(5) and 7	31,756	-	-	-
Accounts receivable, net	6(5)	788,167	10	1,241,920	18
Accounts receivable - related parties	6(5) and 7	36,960	-	139,119	2
Other receivables		9,516	-	40,084	1
Other receivables - related parties	7	38,323	1	31,611	-
Inventories	6(6)	3,491,924	43	1,725,535	24
Prepayments		92,485	1	48,029	1
Other current assets		1,661	-	610	-
Total current assets		<u>5,150,013</u>	<u>64</u>	<u>4,171,320</u>	<u>59</u>
Non-current assets					
Financial assets at fair value through other comprehensive income-non-current	6(3)	-	-	39,308	1
Financial assets at amortised cost-non-current	6(4) and 8	5,941	-	5,941	-
Investments accounted for using equity method	6(7)	1,372,581	17	1,383,210	20
Property, plant and equipment	6(8)(13) and 8	652,242	8	611,154	9
Right-of-use assets	6(9)	210,702	3	140,784	2
Intangible assets	6(11)	16,742	-	16,927	-
Deferred income tax assets	6(33)	216,766	3	241,501	3
Other non-current assets	6(12)	426,936	5	423,213	6
Total non-current assets		<u>2,901,910</u>	<u>36</u>	<u>2,862,038</u>	<u>41</u>
Total assets		<u>\$ 8,051,923</u>	<u>100</u>	<u>\$ 7,033,358</u>	<u>100</u>

(Continued)

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(14)	\$ 1,083,088	14	\$ 140,720	2
Financial liabilities at fair value through profit or loss-current	6(15)	8,662	-	-	-
Notes payable		752	-	1	-
Accounts payable		676,746	8	928,058	13
Other payables	6(16) and 7	240,461	3	323,895	5
Current tax liabilities		5,240	-	324	-
Current lease liabilities		21,828	-	21,791	-
Long-term liabilities, current portion	6(18)	197,439	3	766,766	11
Other current liabilities, other	6(10)(25) and 7	10,098	-	32,023	-
Total current liabilities		<u>2,244,314</u>	<u>28</u>	<u>2,213,578</u>	<u>31</u>
Non-current liabilities					
Bonds payable	6(17)	739,984	9	-	-
Long-term borrowings	6(18)	572,241	7	502,142	7
Deferred income tax liabilities	6(33)	3,444	-	483	-
Non-current lease liabilities		193,311	2	122,619	2
Other non-current liabilities	6(19) and 7	116,325	2	54,893	1
Total non-current liabilities		<u>1,625,305</u>	<u>20</u>	<u>680,137</u>	<u>10</u>
Total Liabilities		<u>3,869,619</u>	<u>48</u>	<u>2,893,715</u>	<u>41</u>
Equity					
Share capital	6(20)				
Common stock		2,840,618	35	2,698,693	38
Capital collected in advance		3,585	-	1,530	-
Capital surplus	6(21)				
Capital surplus		687,164	9	568,222	8
Retained earnings	6(22)				
Legal reserve		78,407	1	-	-
Unappropriated retained earnings		539,784	7	784,069	11
Other equity interest	6(21)	32,746	-	87,129	2
Total equity		<u>4,182,304</u>	<u>52</u>	<u>4,139,643</u>	<u>59</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 8,051,923</u>	<u>100</u>	<u>\$ 7,033,358</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(25) and 7	\$ 4,502,838	100	\$ 5,847,407	100
Operating costs	6(6)(30)(31)	(3,433,770)	(76)	(3,914,271)	(67)
Gross profit, net		1,069,068	24	1,933,136	33
Operating expenses	6(30)(31) and 7				
Selling expenses		(172,580)	(4)	(169,725)	(3)
General and administrative expenses		(241,335)	(5)	(253,758)	(4)
Research and development expenses		(392,528)	(9)	(395,905)	(7)
Expected credit impairment gain	12(2)	-	-	40,028	1
Total operating expenses		(806,443)	(18)	(779,360)	(13)
Other operating income and expenses - net	6(26) and 7	60,796	1	64,250	1
Operating profit		323,421	7	1,218,026	21
Non-operating income and expenses					
Interest income	6(27)	1,273	-	3,640	-
Other income	6(28) and 7	50,612	1	1,870	-
Other gains and losses	6(29)	(41,854)	(1)	21,208	-
Finance costs	6(32)	(34,248)	-	(39,847)	(1)
Expected credit impairment loss	6(4) and 12(2)	-	-	(63,000)	(1)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	(124,197)	(3)	(22,116)	-
Total non-operating income and expenses		(148,414)	(3)	(98,245)	(2)
Profit before income tax		175,007	4	1,119,781	19
Income tax expense	6(33)	(33,112)	(1)	(68,710)	(1)
Net income for the year		<u>\$ 141,895</u>	<u>3</u>	<u>\$ 1,051,071</u>	<u>18</u>
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Loss on remeasurements of defined benefit plans	6(19)	(\$ 821)	-	(\$ 5,181)	-
Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(3)(23)	35,449	1	29,444	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(79,170)	(2)	92,743	2
Items that will be reclassified to profit or loss					
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(23)	33,294	1	(4,569)	-
Other comprehensive (loss) income for the year		<u>(\$ 11,248)</u>	<u>-</u>	<u>\$ 112,437</u>	<u>2</u>
Total comprehensive income for the year		<u>\$ 130,647</u>	<u>3</u>	<u>\$ 1,163,508</u>	<u>20</u>
Basic earnings per share	6(34)	\$ 0.50		\$ 3.73	
Diluted earnings per share	6(34)	\$ 0.50		\$ 3.69	

The accompanying notes are an integral part of these parent company only financial statements.

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Total equity
		Common stock	Capital collected in advance	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Other equity interest	
<u>Year 2021</u>								
Balance at January 1, 2021		\$ 2,677,073	\$ -	\$ 496,457	\$ -	(\$ 260,481)	(\$ 31,829)	\$ 2,881,220
Net income for the year		-	-	-	-	1,051,071	-	1,051,071
Other comprehensive income (loss) for the year	6(7)(19)(23)	-	-	-	-	(5,181)	117,618	112,437
Total comprehensive income for the year		-	-	-	-	1,045,890	117,618	1,163,508
Exercise of employee share options	6(20)(21)(24)	21,620	1,530	33,511	-	-	-	56,661
Conversion of subsidiaries' convertible bonds	6(21)	-	-	30,845	-	-	-	30,845
Net change in equity of associates	6(21)	-	-	(20,354)	-	-	-	(20,354)
Share-based compensation	6(21)(24)	-	-	16,652	-	-	-	16,652
Capital contribution from non-controlling interests	6(21)	-	-	48,488	-	-	-	48,488
Changes in ownership interests in subsidiaries	6(21)	-	-	(37,377)	-	-	-	(37,377)
Disposal of investments in equity instruments designed at fair value through other comprehensive income or loss	6(3)(22)	-	-	-	-	(1,340)	1,340	-
Balance at December 31, 2021		\$ 2,698,693	\$ 1,530	\$ 568,222	\$ -	\$ 784,069	\$ 87,129	\$ 4,139,643
<u>Year 2022</u>								
Balance at January 1, 2022		\$ 2,698,693	\$ 1,530	\$ 568,222	\$ -	\$ 784,069	\$ 87,129	\$ 4,139,643
Net income for the year		-	-	-	-	141,895	-	141,895
Other comprehensive loss for the year	6(7)(19)(23)	-	-	-	-	(821)	(10,427)	(11,248)
Total comprehensive income		-	-	-	-	141,074	(10,427)	130,647
Appropriation and distribution of 2021 retained earnings:	6(22)	-	-	-	-	-	-	-
Legal reserve appropriated		-	-	-	78,407	(78,407)	-	-
Stock dividend		134,965	-	-	-	(134,965)	-	-
Cash dividends		-	-	-	-	(215,943)	-	(215,943)
Exercise of employee share options	6(20)(21)(24)	6,960	2,055	10,788	-	-	-	19,803
Net change in equity of associates	6(21)	-	-	30,939	-	-	-	30,939
Share-based compensation	6(21)(24)	-	-	38,527	-	-	-	38,527
Capital contribution from non-controlling interests	6(21)	-	-	2,613	-	-	-	2,613
Changes in ownership interests in subsidiaries	6(7)(22)	-	-	(24,549)	-	-	-	(24,549)
Disposal of investments in equity instruments designed at fair value through other comprehensive income or loss	6(3)(22)	-	-	-	-	43,956	(43,956)	-
Issuance of convertible bonds	6(17)(21)	-	-	60,648	-	-	-	60,648
Repurchase of convertible bonds	6(21)	-	-	(24)	-	-	-	(24)
Balance at December 31, 2022		\$ 2,840,618	\$ 3,585	\$ 687,164	\$ 78,407	\$ 539,784	\$ 32,746	\$ 4,182,304

The accompanying notes are an integral part of these parent company only financial statements.

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 175,007	\$ 1,119,781
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	-	22,972
Depreciation	6(8)(9)(30)	148,832	167,022
Amortization	6(11)(30)	48,029	39,110
Loss (gain) on financial assets at fair value through profit or loss	6(29)	45,707	(7,433)
Interest expense	6(32)	31,014	36,688
Interest expense from lease liabilities	6(9)(32)	3,234	3,159
Interest income	6(27)	(1,273)	(3,640)
Dividend income	6(28)	(1,230)	-
Share-based compensation	6(24)	38,527	16,652
Share of loss of associates accounted for using the equity method	6(7)	124,197	22,116
Gain on disposals of property, plant and equipment	6(29)	-	(34,500)
Gains arising from lease modifications	6(29)	(55)	(5)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(31,759)	(10,000)
Notes receivable - related parties		(31,756)	20
Inventories		(1,766,389)	(117,722)
Accounts receivable		453,753	(428,931)
Accounts receivable - related parties		102,159	(103,987)
Other receivables		40,687	(24,552)
Other receivables - related parties		(6,712)	28,571
Prepayments		(44,456)	(24,415)
Other current assets		(1,051)	191
Changes in operating liabilities			
Contract liability		(2,192)	(1,028)
Financial liabilities at fair value through profit or loss		1,955	-
Notes payable		751	(109)
Accounts payable		(251,312)	346,775
Other payables		(110,510)	189,351
Other current liabilities		(19,733)	(35,935)
Provisions for liabilities		(1,151)	(1,167)
Other non-current liabilities		-	(22,782)
Cash (outflow) inflow generated from operations		(1,055,727)	1,176,202
Interest received		1,271	3,643
Dividends received		1,230	-
Interest paid		(24,677)	(40,457)
Income tax refunded		-	137
Net cash flows (used in) from operating activities		(1,077,903)	1,139,525

(Continued)

ETRON TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 91,523)	(\$ 42,000)
Proceeds from disposal of financial assets at fair value through profit or lost		-	45,446
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	70,358	30,580
Acquisition of investments accounted for using equity method	6(7) and 7	(150,451)	(209,706)
Proceeds from capital reduction of investment accounted for using equity method	6(7)	-	106,458
Dividends received from investments accounted for using equity method	6(7)	-	4,614
Proceeds from disposal of investments		-	337
Acquisition of property, plant and equipment	6(35)	(151,373)	(89,523)
Proceeds from disposal of property, plant and equipment		-	34,500
Acquisition of intangible assets	6(35)	(46,347)	(36,348)
Increase in refundable deposits		(10)	(410,725)
Increase in other non-current assets		(3,713)	(2,091)
Net cash flows used in investing activities		(373,059)	(568,458)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(36)	3,203,595	1,067,454
Decrease in short-term loans	6(36)	(2,261,227)	(1,070,369)
Increase in long-term loans	6(36)	776,000	-
Decrease in long-term loans	6(36)	(1,275,228)	(693,815)
Increase in guarantee deposits	6(36)	61,762	219
Payment of lease principal	6(36)	(21,673)	(21,791)
Issuance of convertible bonds payable	6(17)(36)	800,000	-
Repurchase of convertible bonds	6(17)(36)	(5,600)	-
Exercise of employee stock options	6(20)	19,803	56,661
Cash dividends paid	6(22)	(215,943)	-
Net cash flows from (used in) financing activities		1,081,489	(661,641)
Net decrease in cash and cash equivalents		(369,473)	(90,574)
Cash and cash equivalents at beginning of year		928,016	1,018,590
Cash and cash equivalents at end of year		\$ 558,543	\$ 928,016

The accompanying notes are an integral part of these parent company only financial statements.

ETRON TECHNOLOGY INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Etron Technology, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the manufacturing and design of various integrated circuits.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial

condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financing Reporting Standards, International Accounting Standards, IFRIC International, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

A. For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

B. For accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(14) Investments accounted for using the equity method / subsidiaries and associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of the main property, plant and equipment are as follows:

Buildings and structures	3~50 years
Machinery and equipment	2~10 years
Other equipment	2~10 years

(16) Leasing arrangements (lessee) - right-of-use asset / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost. Cost recognised is the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

A. Patents and special technology

Separately acquired patents and special technology are stated at historical cost. Patents and special technology have a finite useful life and are amortized on a straight-line basis over their economic benefits.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its contract period.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts and notes payable

Accounts and notes payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

Mandatory convertible bonds

- A. Mandatory convertible bonds issued by the Company are initially recognized at fair value. The bonds will be settled by exchanging a fixed amount for an unfixed number of shares, which does not meet the definition of an equity component, and therefore are classified as liabilities. The bonds are subsequently remeasured at the present value of the redemption amount over the period of circulation.
- B. The mandatory convertible bonds are transferred from liabilities to equity when the bonds are converted at maturity.

(22) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead and conducts an actuarial valuation at the end of the year.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

The Company designs, manufactures and sells integrated circuits. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

The Company evaluates the allowance for uncollectible accounts receivable by individual counterparties when there are significant past due accounts receivable arising from those individual counterparties. The evaluation of allowance for uncollectible accounts and notes receivable for the remaining counterparties is based on the default risk and expected loss rate. The Company considers the historical experience in determining the assumptions adopted and the inputs used when calculating the impairment. Such valuation of accounts receivable is estimated based on the reasonable expectation about expected credit losses on the basis of conditions existing at the balance sheet date although the estimation may differ from the actual result. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of accounts receivable was \$825,127.

B. Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such valuation of inventories is valued based on the current market conditions and historical sales experience. Any changes in the market conditions may have material impact on the results of valuation. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$3,491,924.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,271	\$ 2,166
Checking accounts and demand deposits	555,467	923,520
Deposits in transit	805	2,330
	<u>\$ 558,543</u>	<u>\$ 928,016</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's cash and cash equivalents shown on the balance sheet were not pledged to others as collateral. Details of the Company's cash and cash equivalents (shown as current and non-current financial assets at amortised cost) pledged to others as collateral are provided in Note 8.

(2) Financial assets and liabilities at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Current items:		
Listed stocks	\$ 91,523	\$ -
Valuation adjustment		
Foreign exchange swap contracts	-	3,838
Forward exchange contracts	-	558
Equity instruments	(34,604)	-
	<u>\$ 56,919</u>	<u>\$ 4,396</u>

A. The Company recognized net (loss) profit amounting to (\$39,000) and \$7,433 on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

December 31, 2022: None.

	<u>December 31, 2021</u>	
<u>Financial instruments</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Assets - current items:		
Forward exchange contracts	USD \$ 4,000 (thousands)	2021.9.28~2022.3.16
Foreign exchange swap contracts	USD \$ 18,000 (thousands)	2021.9.17~2022.3.28

C. The Company entered into forward exchange contracts and foreign exchange swap contracts to hedge exchange rate risk of export proceeds. However, these contracts are not accounted for under hedge accounting.

D. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Unlisted stocks	\$ -	\$ 32,370
Valuation adjustment	-	6,938
	<u>\$ -</u>	<u>\$ 39,308</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0 and \$39,308 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income - the Company	\$ 35,449	\$ 29,444
Fair value change recognised in other comprehensive income - subsidiaries	(82,331)	89,269
	<u>(\$ 46,882)</u>	<u>\$ 118,713</u>
Cumulative gains reclassified to retained earnings due to derecognition - disposal of financial assets by the Company	(\$ 42,387)	\$ 920
Cumulative gains reclassified to retained earnings due to derecognition - disposal of financial assets by subsidiaries	(1,569)	420
	<u>(\$ 43,956)</u>	<u>\$ 1,340</u>

C. For the years ended December 31, 2022, the Company disposed the investee, UNRE AI Ltd., for proceeds of \$30,580, and transferred cumulative valuation loss of \$920 to retained earnings.

D. For the year ended December 31, 2022, the Company disposed the investee, PLSense Ltd., for proceeds of \$78,263, and transferred cumulative valuation gain of \$42,387 to retained earnings.

E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

	December 31, 2022	December 31, 2021
<u>Current items</u>		
Restricted time deposits and performance guarantee	<u>\$ 2,000</u>	<u>\$ 2,000</u>
<u>Non-current items</u>		
Preference share	\$ 63,000	\$ 63,000
Restricted time deposits	5,941	5,941
	\$ 68,941	\$ 68,941
Less: Accumulated impairment	(63,000)	(63,000)
	<u>\$ 5,941</u>	<u>\$ 5,941</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	<u>\$ 23</u>	<u>\$ 20</u>
Impairment loss	<u>\$ -</u>	<u>\$ 63,000</u>

- B. The preference shares are invested for a period of 7 years from May 6, 2017 to May 5, 2024 and cannot be converted into ordinary shares. The issue company may redeem the shares at the actual issue price at the maturity. The investors have no right to ask for early redemption of preference shares. The dividends are cumulative at the rate of 5% per annum. If the dividends are undistributed or are not distributed in full, it will be accumulated for deferred payment in the subsequent years where there are earnings.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable (including related parties)	\$ 73,515	\$ 10,000
Accounts receivable (including related parties)	907,144	1,463,056
Less: Allowance for uncollectible accounts	(82,017)	(82,017)
	<u>\$ 898,642</u>	<u>\$ 1,391,039</u>

- A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Accounts	Notes receivable	Accounts	Notes receivable
	receivable		receivable	
Not past due	\$ 644,147	\$ 73,515	\$ 1,461,644	\$ 10,000
Up to 30 days	131,463	-	1,412	-
31 to 90 days	130,874	-	-	-
91 to 120 days	-	-	-	-
Over 181 days	660	-	-	-
	<u>\$ 907,144</u>	<u>\$ 73,515</u>	<u>\$ 1,463,056</u>	<u>\$ 10,000</u>

The above aging schedule for ageing analysis was calculated based on expected payment date.

- B. As of December 31, 2022 and 2021, and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$980,659, \$1,473,056 and \$930,158 respectively.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts and notes receivable were \$898,642 and \$1,391,039, respectively.
- D. Information relating to credit risk is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,684,516	(\$ 41,428)	\$ 1,643,088
Work in progress	1,424,977	(264,541)	1,160,436
Finished goods	897,303	(208,903)	688,400
	<u>\$ 4,006,796</u>	<u>(\$ 514,872)</u>	<u>\$ 3,491,924</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 183,482	(\$ 26,487)	\$ 156,995
Work in progress	1,210,831	(234,341)	976,490
Finished goods	782,232	(190,182)	592,050
	<u>\$ 2,176,545</u>	<u>(\$ 451,010)</u>	<u>\$ 1,725,535</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 3,369,908	\$ 3,824,238
Loss on decline in market value	63,862	90,033
Transferred to expenses	12,779	13,525
	<u>\$ 3,446,549</u>	<u>\$ 3,927,796</u>

(7) Investments accounted for using the equity method

A. The information on investments accounted for using the equity method is as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
<u>Investees</u>				
<u>Subsidiaries</u>				
Eutrend Technology Inc.	\$ 333	93.57%	\$ 397	93.57%
Kinglord Corp.	412,666	100%	409,180	100%
Plusway Corp.	184,619	100%	168,831	100%
Kingwell Investment Corp.	336,369	100%	366,446	100%
Kingcharm Investment Corp.	30,555	100%	41,270	100%
Intercosmos Group Limited	226,458	100%	212,136	100%
Creative Ally Limited	11,144	100%	12,470	100%
eCapture Ltd. Co.	2,337	100%	2,370	100%
Insignis Technology, Inc.	23,881	100%	11,503	100%
eEver Technology Limited	41,252	50.42%	70,040	50.42%
eYs3D Microelectronics, Inc.	91,312	61.98%	80,293	58.66%
DeCloak Intelligences Co.	10,873	80.31%	8,274	77.75%
T-Era Architecture Technology, Inc.	436	4.71%	-	-
TAT Technology, Inc.	346	5.01%	-	-
	<u>1,372,581</u>		<u>1,383,210</u>	
<u>Associates</u>				
NetVinci, Inc. (Note)	-	-	-	4.58%
	<u>\$ 1,372,581</u>		<u>\$ 1,383,210</u>	

Note: For the years ended December 31, 2021, the comprehensive shareholding ratio held by the Company in NetVinci, Inc. was 57.75%. The investee's total assets are 0.01% of the consolidated assets as of December 31, 2021, and the Company and the subsidiaries could not obtain more than half seats on the Board, which indicated that the Company and the subsidiaries have no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.

- B. The information on the Company's subsidiaries is provided in Note 4(3) in the consolidated financial statements for the year ended December 31, 2022.
- C. The Company's subsidiary - Kingwell Investment Corp. distributed 900,000 shares of stock dividends in July 2022, and distributed cash dividends of \$4,614 in June 2021.
- D. The Company's subsidiary, Intercosmos Group Limited, reduced its capital and repurchased its shares from the Company in the number of 2,770 shares totaling \$106,458 in May 2021 and October 2021.
- E. The Company increased the capital of its subsidiaries, DeCloak Intelligences Co. and eYs3D Microelectronics, Inc. during 2022. In total share capital of \$139,412. The shareholding ratio in Decloak Intelligences Co. increased to 80.31% and in eYs3D Microelectronics Inc. increased to 61.98%. For the year ended December 31, 2022, the Company acquired 4.71% and 5.01% of

ownership interests in subsidiaries, T-Era Architecture Technology, Inc. and TAT Technology, Inc., respectively, and the total investment amounted to \$11,039.

- F. The Company increased the capital of its subsidiaries, Decloak Intelligences Co., Plusway Crop. and eYs3D Microelectronics Inc. during 2021. In total share capital of \$209,706. The shareholding ratio in Decloak Intelligences Co. increased to 77.75% and in eYs3D Microelectronics Inc. decreased to 58.66%.
- G. The associate, NetVinci, Inc., has completed the liquidation process in the fourth quarter of 2022.
- H. The investment loss and other comprehensive (loss) gain recognised for the investments accounted for using the equity method for the years ended December 31, 2022 and 2021 amounted to \$124,197 and \$22,116, (\$45,876) and \$88,174, respectively.

(8) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2022				
Cost	\$ 536,498	\$ 544,880	\$ 2,845,162	\$ 3,926,540
Accumulated depreciation and impairment	(235,943)	(512,632)	(2,566,811)	(3,315,386)
	<u>\$ 300,555</u>	<u>\$ 32,248</u>	<u>\$ 278,351</u>	<u>\$ 611,154</u>
 <u>2022</u>				
Opening net book amount as at January 1	\$ 300,555	\$ 32,248	\$ 278,351	\$ 611,154
Additions	5,744	1,458	160,179	167,381
Depreciation charge for the year	(11,627)	(17,636)	(97,030)	(126,293)
	<u>\$ 294,672</u>	<u>\$ 16,070</u>	<u>\$ 341,500</u>	<u>\$ 652,242</u>
Closing net book amount as at December 31				
 December 31, 2022				
Cost	\$ 542,242	\$ 546,339	\$ 3,001,895	\$ 4,090,476
Accumulated depreciation and impairment	(247,570)	(530,269)	(2,660,395)	(3,438,234)
	<u>\$ 294,672</u>	<u>\$ 16,070</u>	<u>\$ 341,500</u>	<u>\$ 652,242</u>

	Buildings and structures	Machinery and equipment	Others	Total
<u>At January 1, 2021</u>				
Cost	\$ 544,147	\$ 818,013	\$ 2,795,338	\$ 4,157,498
Accumulated depreciation and impairment	(231,824)	(767,579)	(2,481,592)	(3,480,995)
	<u>\$ 312,323</u>	<u>\$ 50,434</u>	<u>\$ 313,746</u>	<u>\$ 676,503</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 312,323	\$ 50,434	\$ 313,746	\$ 676,503
Additions	-	803	78,295	79,098
Depreciation charge for the year	(11,768)	(18,989)	(113,690)	(144,447)
Closing net book amount as at December 31	<u>\$ 300,555</u>	<u>\$ 32,248</u>	<u>\$ 278,351</u>	<u>\$ 611,154</u>
<u>December 31, 2021</u>				
Cost	\$ 536,498	\$ 544,880	\$ 2,845,162	\$ 3,926,540
Accumulated depreciation and impairment	(235,943)	(512,632)	(2,566,811)	(3,315,386)
	<u>\$ 300,555</u>	<u>\$ 32,248</u>	<u>\$ 278,351</u>	<u>\$ 611,154</u>

A. Impairment information about the property, plant and equipment is provided in Note 6(13).

B. Information about the property and plant that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements – lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking spaces.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Land	\$ 120,485	\$ 122,751
Buildings	83,990	15,762
Transportation equipment (Business vehicles)	6,227	2,271
	<u>\$ 210,702</u>	<u>\$ 140,784</u>

	Depreciation charge	
	Year ended December 31	
	2022	2021
Land	\$ 4,430	\$ 4,384
Buildings	16,060	15,796
Transportation equipment (Business vehicles)	2,049	2,395
	<u>\$ 22,539</u>	<u>\$ 22,575</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$96,001 and \$0, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,234	\$ 3,159
Expense on short-term lease contracts	\$ 1,099	\$ 911
Gain on lease modification	\$ 55	\$ 5

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$26,006 and \$25,861, respectively.

(10) Leasing arrangements – lessor

- A. The Company leases various assets including buildings and machinery and equipment. Rental contracts are typically made for periods of 2 to 5 years.
- B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$97,382 and \$102,825 respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2022	\$ -	\$ 93,605
2023	103,657	65,896
2024	69,135	65,775
2025	69,128	65,775
2026	67,527	64,179
2027	34,395	32,089
	<u>\$ 343,842</u>	<u>\$ 387,319</u>

For the years ended December 31, 2022 and 2021, The amounts include the advance rent of \$1,117 and \$22,794, respectively, (shown as ‘other current liabilities’). Refer to Note 7 for advance rent made by the related parties.

(11) Intangible assets

	Patent and special technology	Computer software	Total
<u>At January 1, 2022</u>			
Cost	\$ 113,885	\$ 137,880	\$ 251,765
Accumulated amortisation and impairment	(107,760)	(127,078)	(234,838)
	<u>\$ 6,125</u>	<u>\$ 10,802</u>	<u>\$ 16,927</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 6,125	\$ 10,802	\$ 16,927
Additions	555	47,289	47,844
Amortisation charge for the year	(2,509)	(45,520)	(48,029)
Closing net book amount as at December 31	<u>\$ 4,171</u>	<u>\$ 12,571</u>	<u>\$ 16,742</u>
<u>At December 31, 2022</u>			
Cost	\$ 114,440	\$ 185,169	\$ 299,609
Accumulated amortisation and impairment	(110,269)	(172,598)	(282,867)
	<u>\$ 4,171</u>	<u>\$ 12,571</u>	<u>\$ 16,742</u>

	Patent and special technology	Computer software	Total
<u>At January 1, 2021</u>			
Cost	\$ 113,885	\$ 175,025	\$ 288,910
Accumulated amortisation and impairment	(105,355)	(163,738)	(269,093)
	<u>\$ 8,530</u>	<u>\$ 11,287</u>	<u>\$ 19,817</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 8,530	\$ 11,287	\$ 19,817
Additions	-	36,220	36,220
Amortisation charge for the year	(2,405)	(36,705)	(39,110)
Closing net book amount as at December 31	<u>\$ 6,125</u>	<u>\$ 10,802</u>	<u>\$ 16,927</u>
<u>At December 31, 2021</u>			
Cost	\$ 113,885	\$ 137,880	\$ 251,765
Accumulated amortisation and impairment	(107,760)	(127,078)	(234,838)
	<u>\$ 6,125</u>	<u>\$ 10,802</u>	<u>\$ 16,927</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Operating costs	\$ 412	\$ 243
Operating expenses	47,617	38,867
	<u>\$ 48,029</u>	<u>\$ 39,110</u>

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	\$ 418,966	\$ 418,956
Prepayments for business facilities	7,970	4,257
	<u>\$ 426,936</u>	<u>\$ 423,213</u>

(13) Impairment of non-financial assets

	December 31, 2022	December 31, 2021
Idle assets (shown as machinery and equipment)	\$ 43,144	\$ 43,144
Less: Accumulated depreciation	(43,144)	(43,144)
Net realisable value	<u>\$ -</u>	<u>\$ -</u>

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank unsecured borrowings	\$ 1,083,088	\$ 140,720

The interest rate ranges as of December 31, 2022 and 2021 were 1.66%~6.31% and 0.82%~1.13%, respectively.

(15) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities designated at fair value through profit or loss		
Call and put options of convertible bonds	\$ 1,955	\$ -
Valuation adjustment	6,707	-
	<u>\$ 8,662</u>	<u>\$ -</u>

- A. The Company recognised net (loss) gain amounting to (\$6,707) and \$2 on financial liabilities at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.
- B. The Company designated this convertible bond as a financial liability measured at fair value through profit or loss. The main reason is that the number of convertible shares in the future will change due to change in the conversion price. Therefore, the Company intends to use fair value as measurement of the liability in the future. Change are recognized in the current profit and loss.

(16) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries payable	\$ 74,549	\$ 78,032
Employees' compensation payable	24,510	119,001
Directors' remuneration payable	4,070	19,833
Payable on equipment	25,268	7,763
Others	112,064	99,266
	<u>\$ 240,461</u>	<u>\$ 323,895</u>

(17) Bonds payable

	<u>December 31, 2022</u>
Bonds payable	\$ 794,400
Less: Discount on bonds payable	(54,416)
	<u>\$ 739,984</u>

December 31, 2021: None.

A. Domestic convertible bonds issued by the Company

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

- i. The Company issued \$800,000 at 100.8% of face value, the third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (May 24, 2022 ~ May 24, 2027) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on May 24, 2022.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The effective date for the conversion price of the convertible bonds was set on May 16, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean of one of 1, 3, 5 trading days before the effective date (effective date is excluded) by convertible premium rate of 106%. If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$63.9 (in dollars) per share based on the aforementioned method. After the effective date of the ex-right and ex-dividend, September 20, 2022, the conversion price was adjusted from NT\$63.9 (in dollars) to NT\$59.9 (in dollars).
- iv. The Company may repurchase the bonds held by bondholders in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period within 30 days after three months of the bonds issue to 40 days before the maturity date.
- v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$60,648 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. The call and put options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

C. As of December 31, 2022, the Company’s the third domestic unsecured convertible bonds have not been exercised.

D. For the year ended December 31, 2022, the amount of convertible bonds repurchased by the Company (including repurchased from Taipei Exchange) was \$5,600.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Repayment term</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured syndicated loan - Land Bank of Taiwan and five other banks	Installment repayments before 2023.2.16 (Refer to Note D for details)	\$ -	\$ 1,238,929
Secured borrowings - Land Bank of Taiwan	Installment repayments before 2031.2.17	10,436	11,609
Secured borrowings - Sunny Bank	Installment repayments before 2024.9.27	-	18,370
Secured borrowings - Sunny Bank	Installment repayments before 2027.9.23	26,000	-
Long-term secured borrowings - KGI Bank	Installment repayments before 2024.8.8	300,000	-
Long-term secured borrowings - Taichung Commercial Bank Co., Ltd	Installment repayments before 2025.8.30	89,185	-
Long-term secured borrowings - Frist Commercial Bank	Installment repayments before 2025.9.8	18,379	-
Long-term secured borrowings - Taiwan Cooperative Bank	Installment repayments before 2025.9.15	200,000	-
Long-term secured borrowings - Frist Commercial Bank	Installment repayments before 2025.10.4	75,680	-

<u>Type of borrowings</u>	<u>Repayment term</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term secured borrowings - Mega International Commercial Bank	Installment repayments before 2025.10.14	50,000	-
		769,680	1,268,908
Less: Current portion		(197,439)	(766,766)
		<u>\$ 572,241</u>	<u>\$ 502,142</u>

- A. Interest rate ranges as of December 31, 2022 and 2021 for the above borrowings were 1.95%~2.14% and 1.59%~1.89%, respectively.
- B. Information about the collateral pledged for the aforementioned secured borrowings is provided in Note 8.
- C. On August 13, 2020, the Company entered into the second supplemental agreement with the Land Bank of Taiwan and five other banks, the maturity date of borrowing was February 16, 2023, and the borrowings were repaid in the full amount in June 2022.

(19) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations (\$	102,167)	(\$ 95,745)
Fair value of plan assets	64,829	58,077
Net defined benefit liability (shown as other non - current liabilities)	<u>(\$ 37,338)</u>	<u>(\$ 37,668)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	(\$ 95,745)	\$ 58,077	(\$ 37,668)
Current service cost	(490)	-	(490)
Interest(expense) income	(663)	405	(258)
	<u>(96,898)</u>	<u>58,482</u>	<u>(38,416)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,448	4,448
Change in demographic assumptions	(176)	-	(176)
Change in financial assumptions	4,769	-	4,769
Experience adjustments	(9,862)	-	(9,862)
	<u>(5,269)</u>	<u>4,448</u>	<u>(821)</u>
Pension fund contribution	-	1,899	1,899
At December 31	<u><u>(\$ 102,167)</u></u>	<u><u>\$ 64,829</u></u>	<u><u>(\$ 37,338)</u></u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	(\$ 89,006)	\$ 55,352	(\$ 33,654)
Current service cost	(462)	-	(462)
Interest(expense) income	(255)	157	(98)
	<u>(89,723)</u>	<u>55,509</u>	<u>(34,214)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	841	841
Change in demographic assumptions	(388)	-	(388)
Change in financial assumptions	3,563	-	3,563
Experience adjustments	(9,197)	-	(9,197)
	<u>(6,022)</u>	<u>841</u>	<u>(5,181)</u>
Pension fund contribution	-	1,727	1,727
At December 31	<u><u>(\$ 95,745)</u></u>	<u><u>\$ 58,077</u></u>	<u><u>(\$ 37,668)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.50%	2.50%

Assumption regarding future mortality rate are set based on the 6th and 5th Taiwan Standard Ordinary Experience Morality Table for the years ended December 31, 2022 and 2021, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,070)	\$ 2,134	\$ 2,102	(\$ 2,050)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,166)	\$ 2,238	\$ 2,193	(\$ 2,134)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$1,955.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

	<u>Amount</u>
Within 1 year	\$ 2,503
1-2 year(s)	8,532
2-5 years	29,415
Over 5 years	72,659
	<u>\$ 113,109</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$17,020 and \$15,576, respectively.

(20) Share capital

- A. As of December 31, 2022, the Company’s authorised capital was \$6,500,000, consisting of 650 million shares of ordinary stock (including 65 million shares reserved for employee stock options), and the paid-in capital was \$2,840,618 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows (excluding treasury shares):

	Expressed in thousands of shares	
	<u>2022</u>	<u>2021</u>
January 1	\$ 269,869	\$ 267,707
Capitalisation of earnings	13,497	-
Employee stock options exercised	696	2,162
December 31	<u>284,062</u>	<u>269,869</u>

- B. For the year ended December 31, 2022, the employees exercised 786 thousand shares of stock options in accordance with the terms of stock options. 696 thousand shares have been registered (including 60 thousand shares paid but yet to be registered at the beginning of the period). Proceeds from the remaining 150 thousand shares amounting to \$3,585 have been collected as of December 31, 2022 and the effective date of the capital increase for conversion was set on March 15, 2023 as resolved by the Board of Directors on March 13, 2023.

C. For the year ended December 31, 2021, the employees exercised 2,222 thousand shares of stock options in accordance with the terms of stock options. On December 31, 2021, the shares paid but yet to be registered amounted to \$1,530.

D. Pursuant to the paragraph 7 of Article 43-6 of the Securities and Exchange Act, private placement securities may be carried out by installments within one year of the date of resolution of the shareholders' meeting. On May 12, 2021, it will have been a year since the private placement was approved at the shareholders' meeting on May 13, 2020. Considering the market conditions and the needs of the Company, the Board of Directors resolved on March 24, 2021 to discontinue the private placement and has reported it at the shareholders' meeting on July 2, 2021.

(21) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Convertible bonds	Treasury share transactions	Others
At January 1, 2022	\$ 281,014	\$ 57,214	\$ 189,347	\$ 37,105	\$ -	\$ 372	\$ 3,170
Employee stock options exercised	10,788	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	2,613	-	-	-	-
Issuance of convertible bonds	-	-	-	-	60,648	-	-
Net change in equity of associates	-	30,939	-	-	-	-	-
Change in ownership interests in subsidiaries	-	-	(24,549)	-	-	-	-
Share-based payments	-	-	-	38,527	-	-	-
Repurchase of convertible bonds	-	-	-	-	-	(24)	-
December 31, 2022	<u>\$ 291,802</u>	<u>\$ 88,153</u>	<u>\$ 167,411</u>	<u>\$ 75,632</u>	<u>\$ 60,648</u>	<u>\$ 348</u>	<u>\$ 3,170</u>

Items	Share premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Treasury share transactions	Others
At January 1, 2021	\$ 247,503	\$ 77,568	\$ 147,391	\$ 20,453	\$ 372	\$ 3,170
Employee stock options exercised	33,511	-	-	-	-	-
Conversion of subsidiaries' convertible bonds	-	-	30,845	-	-	-
Capital contribution from non-controlling interests	-	-	48,488	-	-	-
Net change in equity of associates	-	(20,354)	-	-	-	-
Change in ownership interests in subsidiaries	-	-	(37,377)	-	-	-
Share-based payments	-	-	-	16,652	-	-
December 31, 2021	<u>\$ 281,014</u>	<u>\$ 57,214</u>	<u>\$ 189,347</u>	<u>\$ 37,105</u>	<u>\$ 372</u>	<u>\$ 3,170</u>

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, the Company shall set aside or reverse special reserve as resolved by the stockholders, or by order of the competent authority. The appropriation of remaining earnings along with accumulated unappropriated earnings from prior years shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Company's dividend policy is set out by the Board of Directors according to the Company's medium- and long-term operational plan, investment plans, capital budget as well as internal and external situations, while considering the interests of stockholders. Except for the aforementioned regulations, cash dividends shall not be less than 5% of total dividends when appropriating the dividends to stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Information about the loss make-up proposal as resolved by the stockholders on July 2, 2021 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. The appropriation of 2021 earnings as proposed by the stockholders on June 8, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 78,407	
Cash dividends	215,943	\$ 0.8
Stock dividends	134,965	0.5
	<u>\$ 429,315</u>	

(23) Other equity interest

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2022	(\$ 101,165)	\$ 188,294	\$ 87,129
Revaluation - the parent company	-	35,449	35,449
Revaluation - Subsidiaries	- (	82,331)	(82,331)
Revaluation - Associates	-	3,161	3,161
Revaluation transferred to retained earnings – disposal of financial assets	- (	42,387)	(42,387)
Revaluation transferred to retained earnings – disposal of financial assets-subsiidiaries	- (	1,569)	(1,569)
Currency translation differences:			
-Subsidiaries	89,324	-	89,324
-Associates	(56,030)	-	(56,030)
At December 31, 2022	<u>(\$ 67,871)</u>	<u>\$ 100,617</u>	<u>\$ 32,746</u>

	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1, 2021	(\$ 96,596)	\$ 64,767	(\$ 31,829)
Revaluation - the parent company	-	29,444	29,444
Revaluation - Subsidiaries	-	89,269	89,269
Revaluation - Associates	-	3,474	3,474
Revaluation transferred to retained earnings – disposal of financial assets	-	920	920
Revaluation transferred to retained earnings – disposal of financial assets-subsidiaries	-	420	420
Currency translation differences:			
-Subsidiaries	(23,859)	-	(23,859)
-Associates	19,290	-	19,290
At December 31, 2021	<u>(\$ 101,165)</u>	<u>\$ 188,294</u>	<u>\$ 87,129</u>

(24) Share-based payment

A. (a) For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 4 th employee stock options plan	2016.03.23	7,300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.08.10	300	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
The 4 th employee stock options plan	2016.11.10	400	8 years	40% vested after two years of issuance; 70% after three years; 100% after four years
Employee stock options plan in 2021	2021.08.09	8,000	6 years	50% vested after two years of issuance; 75% after three years; 100% after four years

The share-based payment arrangements above are settled by equity.

(b) For the years ended December 31, 2022 and 2021, details of the share-based payment arrangements are as follows:

Options	December 31, 2022		December 31, 2021	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	10,818	\$ 41.10	5,600	\$ 25.50
Options granted	-	-	8,000	46.75
Options exercised	(786)	25.20	(2,222)	25.50
Options forfeited due to resignations	(488)	-	(560)	-
Outstanding at the end of the year	<u>9,544</u>	39.44	<u>10,818</u>	41.10
Exercisable at the end of the year	<u>2,092</u>	23.90	<u>2,878</u>	25.50

(c) Details of stock options outstanding are as follows:

Date	Weighted-average period remaining contractual life	Range of exercise prices (in dollars)
December 31, 2022	3.87 years	\$23.9~43.80
December 31, 2021	4.71 years	\$25.5~46.75

(d) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date	Grant date	Grant date
	March 23, 2016	August 10, 2016	November 10, 2016
Dividend yield	0.00%	0.00%	0.00%
Expected price volatility	44.51%~44.71%	43.38%~45.60%	41.80%~44.32%
Risk-free interest rate	0.375%~0.400%	0.375%~0.500%	0.375%~0.625%
Expected option lifetime	8 years	8 years	8 years
Fair value (dollar/share)	3.73 ~ 4.92	3.45~4.64	3.02~4.18
	(in dollars)	(in dollars)	(in dollars)

	<u>Grant date</u>
	<u>August 9, 2021</u>
Dividend yield	0.00%
Expected price volatility	51.78%~59.71%
Risk-free interest rate	0.125%
Expected option lifetime	6 years
Fair value (dollar/share)	16.03 ~ 18.77 (in dollars)

B. For the years ended December 31, 2022 and 2021, expenses incurred on equity-settled share-based payment transactions amounted to \$38,527 and \$16,652, respectively.

(25) Operating revenue

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 4,502,838</u>	<u>\$ 5,847,407</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Integrated circuits	\$ 4,474,833	\$ 5,845,794
Others	28,005	1,613
	<u>\$ 4,502,838</u>	<u>\$ 5,847,407</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	<u>\$ 2,051</u>	<u>\$ 4,243</u>	<u>\$ 5,271</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>\$ 4,239</u>	<u>\$ 5,271</u>

(26) Other income and expenses – net

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rent income, net	<u>\$ 60,796</u>	<u>\$ 64,250</u>

(27) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 1,273	\$ 3,640

(28) Other income

	Year ended December 31	
	2022	2021
Dividend income	\$ 1,230	\$ -
Miscellaneous income	49,382	1,870
	<u>\$ 50,612</u>	<u>\$ 1,870</u>

(29) Other gains and losses

	Year ended December 31	
	2022	2021
(Losses) gains on financial assets at fair value through profit or loss	(\$ 45,707)	\$ 7,433
Foreign exchange gains (losses)	3,808	(20,730)
Losses on disposals of investments	(10)	-
Gains arising from lease modifications	55	5
Gains on disposal of property, plant and equipment	-	34,500
	<u>(\$ 41,854)</u>	<u>\$ 21,208</u>

(30) Expenses by nature

	Years ended December 31,	
	2022	2021
Employee benefit expense	\$ 582,499	\$ 614,410
Depreciation charges on property, plant and equipment (Note)	\$ 148,832	\$ 167,022
Amortisation charges on intangible assets	\$ 48,029	\$ 39,110

Note: Including the depreciation charges presented as a deduction item to rent income under other income.

(31) Employee benefit expense

	Year ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 17,020	\$ 15,576
Defined benefit plans	748	560
	17,768	16,136
Other personnel expenses	564,731	598,274
	<u>\$ 582,499</u>	<u>\$ 614,410</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation can be distributed in the form of shares or cash. Including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned shares or cash.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$24,420 and \$119,001, respectively; while directors' remuneration was accrued at \$4,070 and \$19,833, respectively. The aforementioned amounts were recognised in salary expenses. Employees' compensation of \$119,001 and directors' remuneration of \$19,833 for the year ended December 31, 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Finance costs

	Year ended December 31	
	2022	2021
Interest expense on bank loan	\$ 24,093	\$ 36,688
Interest expense on bonds payable	6,921	-
Interest expense on lease liabilities	3,234	3,159
	<u>\$ 34,248</u>	<u>\$ 39,847</u>

(33) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ 354
Tax on undistributed surplus earnings	5,416	-
Total current tax	<u>5,416</u>	<u>354</u>
Deferred tax:		
Origination and reversal of temporary differences	21,269	167,695
Change in tax losses	6,427	(99,339)
Total deferred tax	<u>27,696</u>	<u>68,356</u>
Income tax expense	<u>\$ 33,112</u>	<u>\$ 68,710</u>

(b) Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit		
before tax and statutory tax rate	\$ 35,001	\$ 223,956
Effects from items disallowed by tax regulation	3,702	11,282
Temporary difference not recognised as deferred tax assets	33,665	6,252
Change in assessment of realisation of deferred tax assets	(44,672)	(173,134)
Tax on undistributed surplus earnings	5,416	-
Effect from alternative minimum tax	-	354
Income tax expense	<u>\$ 33,112</u>	<u>\$ 68,710</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised allowance for inventory valuation losses	\$ 90,202	\$ -	\$ 90,202
Unrealised investment losses	27,473	(27,473)	-
Others	16,168	9,165	25,333
Tax losses	<u>107,658</u>	<u>(6,427)</u>	<u>101,231</u>
	<u>\$ 241,501</u>	<u>(\$ 24,735)</u>	<u>\$ 216,766</u>
– Deferred tax liabilities:			
Unrealised exchange gain	(\$ 483)	(\$ 2,961)	(\$ 3,444)
Total	<u>\$ 241,018</u>	<u>(\$ 27,696)</u>	<u>\$ 213,322</u>
	2021		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
– Deferred tax assets:			
Unrealised allowance for inventory valuation losses	\$ 93,120	(\$ 2,918)	\$ 90,202
Unrealised investment losses	171,603	(144,130)	27,473
Others	36,332	(20,164)	16,168
Tax losses	<u>8,319</u>	<u>99,339</u>	<u>107,658</u>
	<u>\$ 309,374</u>	<u>(\$ 67,873)</u>	<u>\$ 241,501</u>
– Deferred tax liabilities:			
Unrealised exchange gain	\$ -	(\$ 483)	(\$ 483)
Total	<u>\$ 309,374</u>	<u>(\$ 68,356)</u>	<u>\$ 241,018</u>

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	\$ 52,485	\$ 46,960	\$ 46,960	2025
2016	65,732	65,732	65,732	2026
2017	258,459	258,459	258,459	2027
2018	353,228	353,228	353,228	2028
2019	593,449	593,449	338,177	2029
2020	250,883	250,883	-	2030
	<u>\$ 1,574,236</u>	<u>\$ 1,568,711</u>	<u>\$ 1,062,556</u>	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	\$ 461,037	\$ 380,698	\$ 380,698	2022
2015	52,485	52,485	52,485	2025
2016	65,732	65,732	65,732	2026
2017	258,459	258,459	258,459	2027
2018	353,228	353,228	353,228	2028
2019	593,449	593,449	306,042	2029
2020	250,883	250,883	-	2030
	<u>\$ 2,035,273</u>	<u>\$ 1,954,934</u>	<u>\$ 1,416,644</u>	

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(34) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 141,895	283,868	\$ 0.50
<u>Diluted earnings per share</u>			
Profit for the year	\$ 141,895	283,868	\$ 0.50
Assumed conversion of all dilutive potential ordinary shares			
- Employee share option	-	1,214	
- Employees' compensation	-	618	
Diluted earnings per share	<u>\$ 141,895</u>	<u>285,700</u>	<u>\$ 0.50</u>

	Year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 1,051,071	282,032	\$ 3.73
<u>Diluted earnings per share</u>			
Profit for the year	\$ 1,051,071	282,032	\$ 3.73
Assumed conversion of all dilutive potential ordinary shares			
- Employee share option	-	1,143	
- Employees' compensation	-	1,382	
Diluted earnings per share	\$ 1,051,071	284,557	\$ 3.69

Note 1: For the year ended December 31, 2022, if the convertible bonds were accrued, there would be anti-dilutive effect, thus, it would not be included in the calculation of dilutive number of shares.

Note 2: For the years ended December 31, 2022 and 2021, the weighted average numbers of outstanding shares were retrospectively adjusted in proportion to 105% of the capitalised amount of unappropriated earnings in September 2022.

(35) Supplemental cash flow information

Investing activities with partial cash payments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of property, plant, equipment and intangible assets	\$ 215,225	\$ 115,318
Add: Opening balance of payable	7,763	18,316
Less: Ending balance of payable	(25,268)	(7,763)
Cash paid during the year	\$ 197,720	\$ 125,871

(36) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings (Note)	Lease liability	Guarantee deposits received
At January 1, 2022	\$ 140,720	\$ -	\$ 1,268,908	\$ 144,410	\$ 17,225
Changes in cash flow from financing activities	942,368	794,400	(499,228)	(21,673)	61,762
Discount on bonds payable	-	(61,337)	-	-	-
Amortisation of discount on bonds payable	-	6,921	-	-	-
Increased leases	-	-	-	96,001	-
Modification of lease contract	-	-	-	(3,599)	-
December 31, 2022	<u>\$1,083,088</u>	<u>\$ 739,984</u>	<u>\$ 769,680</u>	<u>\$ 215,139</u>	<u>\$ 78,987</u>

	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Guarantee deposits received
At January 1, 2021	\$ 143,635	\$ 1,962,723	\$ 166,451	\$ 17,006
Changes in cash flow from financing activities	(2,915)	(693,815)	(21,791)	219
Modification of lease contract	-	-	(250)	-
December 31, 2021	<u>\$ 140,720</u>	<u>\$ 1,268,908</u>	<u>\$ 144,410</u>	<u>\$ 17,225</u>

Note: Including current portion.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Eutrend Technology, Inc.	A subsidiary directly owned by the Company
Kinglord Corp.	A subsidiary directly owned by the Company
Plusway Corp.	A subsidiary directly owned by the Company
Kingwell Investment Corp.	A subsidiary directly owned by the Company
Kingcharm Investment Corp.	A subsidiary directly owned by the Company
Invention and Collaboration Laboratory, Inc.	A subsidiary indirectly owned by the Company
eEver Technology, Inc.	A subsidiary indirectly owned by the Company
nD-HI Technologies Lab, Inc.	A subsidiary indirectly owned by the Company
eYs3D Microelectronics, Co.	A subsidiary indirectly owned by the Company
eEver Technology Limited	A subsidiary directly owned by the Company
eYs3D Microelectronics, Inc.	A subsidiary directly owned by the Company
Etron Technology America, Inc.	A subsidiary indirectly owned by the Company
Etron Technology (HK) Limited	A subsidiary indirectly owned by the Company
Anzon Corporation	A subsidiary indirectly owned by the Company
Insignis Technology, Inc.	A subsidiary directly owned by the Company
Fullboom Electronics (Shenzhen) Co., Ltd.	A subsidiary indirectly owned by the Company
DeCloak Intelligences Co.	A subsidiary directly owned by the Company
T-Era Architecture Technology, Inc.	A subsidiary directly owned by the Company
TAT Technology, Inc.	A subsidiary directly owned by the Company
Giga Solution Tech. Co., Ltd.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
eCapture Co., Limited Taiwan Branch (Hong Kong)	A subsidiary indirectly owned by the Company
Kai Chun Investment Corp.	The Company's corporate director
T-Era Architecture Technology Corp.	A subsidiary indirectly owned by the Company
TAT Technology Corp.	A subsidiary indirectly owned by the Company

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Sales of goods:		
-Subsidiaries	<u>\$ 173,851</u>	<u>\$ 237,897</u>

Goods sold to related parties are based on normal commercial terms and conditions.

B. Receivables from related parties

	December 31, 2022	December 31, 2021
Notes receivable:		
-Subsidiaries		
Etron Technology (HK) Limited	<u>\$ 31,756</u>	<u>\$ -</u>
Accounts receivable:		
-Subsidiaries	<u>36,960</u>	<u>139,119</u>
Other receivables:		
-Subsidiaries		
eYs3D Microelectronics, Co.	28,104	22,282
eEver Technology, Inc.	3,847	4,911
Others	43	-
-Other related parties	<u>6,329</u>	<u>4,418</u>
	<u>38,323</u>	<u>31,611</u>
	<u>\$ 107,039</u>	<u>\$ 170,730</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 30 to 90 days after the shipment. The receivables are unsecured in nature and bear no interest.

Other receivables refer to rent income and service revenue.

C. Payables to related parties

	December 31, 2022	December 31, 2021
Other payables:		
-Subsidiaries	<u>\$ 5,483</u>	<u>\$ 8,699</u>

Accounts payable to related parties arise mainly commissions and service fees, etc.

D. Advance receipts

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ 1,117	\$ 12
Other related parties		
Giga Solution Tech. Co., Ltd.		
-Current	-	22,782
	<u>\$ 1,117</u>	<u>\$ 22,794</u>

E. Guarantee deposits received

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ 180	\$ 129
Other related parties		
Giga Solution Tech. Co., Ltd.	16,487	16,487
Others	3	3
	<u>\$ 16,670</u>	<u>\$ 16,619</u>

It refers to lease deposits.

F. Other transactions

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Commissions expense and service expense		
-Subsidiaries	\$ 69,113	\$ 61,887
Others expenses:		
- Subsidiaries	-	38
Support service income (Note):		
- Subsidiaries	8,298	7,425
Rent income:		
- Subsidiaries		
eEver Technology, Inc.	13,999	18,341
eYs3D Microelectronics, Co.	17,643	21,320
Other subsidiaries	627	464

	Year ended December 31	
	2022	2021
- Other related parties		
Giga Solution Tech. Co., Ltd.	65,929	57,524
Others	11	11
Other income:		
- Subsidiaries	232	163

Note: Shown as the deduction of expense.

G. Capital investment to related parties

Subsidiaries	Accounts	No. of shares	Year ended December 31, 2022	
				Consideration
eYs3D	Investments accounted			
Microelectronics	for using the equity	9,079,366	\$	122,434
Inc.	method			
DeCloak	Investments accounted			
Intelligences	for using the equity	1,131,844		16,978
Co.	method			
T-Era	Investments accounted			
Architecture	for using the equity	1,689,600		
Technology, Inc.	method			6,309
TAT	Investments accounted			
Technology, Inc.	for using the equity	1,267,200		4,730
	method			
			\$	150,451
Subsidiaries	Accounts	No. of shares	Year ended December 31, 2021	
				Consideration
Plusway Corp.	Investments accounted			
	for using the equity	1,000	\$	27,870
	method			
eYs3D	Investments accounted			
Microelectronics,	for using the equity	14,285,712		167,714
Inc.	method			
DeCloak	Investments accounted			
Intelligences	for using the equity	1,412,209		14,122
Co.	method			
			\$	209,706

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 49,863	\$ 71,539
Post-employment benefits	863	743
Service expenses	1,387	790
Share-based payments	7,615	2,884
	<u>\$ 59,728</u>	<u>\$ 75,956</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Time deposits (shown as current financial assets at amortised cost)	\$ 2,000	\$ 2,000	Customs duty guarantee
Time deposits (shown as non-current financial assets at amortised cost)	5,941	5,941	Land lease agreement guarantee
Buildings and structures	45,093	296,095	Long-term borrowings
	<u>\$ 53,034</u>	<u>\$ 304,036</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments Contingencies

In February 2017, Securities and Futures Investors Protection Center (the "SFIPC") filed a civil lawsuit against the Company, the former subsidiary, TM Technology, Inc. and other defendants, claiming that they are jointly liable for compensation, on behalf of the investors of the former subsidiary, TM Technology, Inc., as the company's former director Mr. Wu was sued for violating the Securities and Exchange Act in January 2016. On March 18, 2019, Taiwan HsinChu District Court dismissed the lawsuit. However, the SFIPC filed an appeal with Taiwan High Court, which was dismissed on February 26, 2021. On March 24, 2021, SFIPC disagreed with the ruling rendered by the Taiwan High Court and filed an application for an appeal.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 13, 2023, the Board of Directors of the Company resolved the effective date of capital increase for exercise of employee stock option. Refer to Note 6(20) for details.

12. Others

(1) Capital management

The Company must maintain adequate capital to expand product lines and that sales could achieve economic of scale. The Company's objectives when managing capital are to secure necessary financial resources to meet the needs of operating funds for the next year, capital expenditure, research and development activities expenditures and debt repayment.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at mandatorily measured at fair value through profit or loss	\$ 56,919	\$ 4,396
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ -	\$ 39,308
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 558,543	\$ 928,016
Financial assets at amortised cost	7,941	7,941
Notes receivable (including related parties)	73,515	10,000
Accounts receivable (including related parties)	825,127	1,381,039
Other receivables (including related parties)	47,839	71,695
Guarantee deposits paid (shown as other non-current assets)	418,966	418,956
	<u>\$ 1,931,931</u>	<u>\$ 2,817,647</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ 8,662	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,083,088	\$ 140,720
Notes payable	752	1
Accounts payable (including related parties)	676,746	928,058
Other payables (including related parties)	240,461	323,895
Convertible bonds payable	739,984	-
Long-term borrowings (including current portion)	769,680	1,268,908
Guarantee deposits received (shown as other non-current liabilities)	78,987	17,225
	<u>\$ 3,589,698</u>	<u>\$ 2,678,807</u>
Lease liability	<u>\$ 215,139</u>	<u>\$ 144,410</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Company's financial condition and financial performance.
- (b) Risk management is carried out by a central treasury department (the Company treasury) under policies approved by the Board of Directors. During the implementation of financial plans, the central treasury department complied with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company is exposed to the exchange rate risk arising from operating activities which were denominated in non-functional currency. Those transactions were mainly denominated in New Taiwan dollars, US Dollars and RMB. In addition, the Company implements natural hedge in accordance with the capital needs of each currency and the net position of assets and liabilities denominated in foreign currencies, and implements hedge on the risk exposures in accordance with the foreign exchange market conditions.
- ii. The Company employs foreign currency derivative financial instruments, including forward exchange contracts or foreign exchange swap contracts to hedge exchange rate risk arising from monetary financial assets and liabilities and forecast transactions that are not denominated in NTD. These hedges can minimize the effects of changes in foreign exchange rates on assets and liabilities, but the risk cannot be eliminated entirely.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan dollars). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 36,659	30.710	\$ 1,125,798
<u>Non-monetary items</u>			
USD:NTD	32,382	30.710	994,451
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	27,092	30.710	\$ 831,995

(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 58,654	27.680	\$ 1,623,543
<u>Non-monetary items</u>			
USD:NTD	34,929	27.680	966,823
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,577	27.680	\$ 735,651

iv. The unrealised exchange gain (loss) arising from the monetary items with significant influence held by the Company for the years ended December 31, 2022 and 2021, amounted to \$16,531 and (\$1,532), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

(Foreign currency: functional currency)	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,258	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	9,945
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	8,320	-
(Foreign currency: functional currency)	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,235	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	9,668
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,357	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company invested in domestic and foreign listed and unlisted equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,846 and \$0, respectively, as a result of gains/losses on financial assets at fair value through profit or loss. On December 31, 2022 and 2021, other components of equity would have increased/decreased by \$0 and \$1,965, respectively, as a result of other comprehensive income classified as equity investment of financial assets at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- (i) The Company's interest rate risk arises from time deposits, restricted time deposits and long-term borrowings at variable rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2022 and 2021, the Company's borrowings were denominated in New Taiwan dollars and US Dollars.
 - (ii) On December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have decreased / increased by \$1,539 and \$2,538, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
 - (iii) On December 31, 2022 and 2021, if the borrowing interest rate of New Taiwan dollars time deposits (shown as financial assets at amortised cost) had increased/decreased by 0.25% with all other variables held constant, the impact to profit, net of tax for the years ended December 31, 2022 and 2021 would be immaterial. The main factor is that changes in interest expense result in floating-rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Company arising from default by the counterparties on the contract obligations. Policy for credit risk management of the Company is as follows:
 - (i) The Company sets the relevant procedures to monitor, manage and reduce the credit risk of accounts receivable; however, it is not guaranteed that the procedures can effectively exclude the credit risk and avoid losses. The exposure of such credit risk will increase in the deteriorating economic environment.

- (ii) The Company periodically monitors, reviews and adjusts the credit limits based on the market conditions and credit status of counterparties to timely manage the credit risk. The Company only transacts with banks and financial institutions with high credit quality, and therefore does not expect to assume the credit risk.
- (iii) The main credit risks arise from deposits with bank and financial institutions, financial assets at amortized cost and receivables.
- ii. The situation that the Company regards as breach of contract specified in the contract are as follows: when the contract payments may not be recovered and have to be transferred to overdue receivables, the default has occurred.
- iii. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies loss rate methodology to estimate expected credit loss under the provision matrix basis.
- iv. The Company adopts following assumptions to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments.
- vi. The Company used the historical information and the forecastability of Taiwan Institute of Economic Research boom observation report to assess the default possibility of accounts receivable.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, The Company will continue executing the recourse procedures to secure their rights.
- viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

<u>December 31, 2022</u>	<u>Accounts and notes receivable</u>		
	<u>Individual</u>	<u>Group</u>	<u>Total</u>
Expected loss rate		5.55%~7.89%	
Total book value	\$ -	\$ 907,144	\$ 907,144
Loss allowance	\$ -	\$ 82,017	\$ 82,017

December 31, 2021	Accounts and notes receivable		
	Individual	Group	Total
Expected loss rate		5.55%~7.89%	
Total book value	\$ -	\$ 1,463,056	\$ 1,463,056
Loss allowance	\$ -	\$ 82,017	\$ 82,017

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	2021
	Accounts receivable	Accounts receivable
At January 1	\$ 82,017	\$ 122,045
Gain on reversal of expected credit loss	-	(40,028)
At December 31	\$ 82,017	\$ 82,017

x. As of December 31, 2022 and 2021, the collateral held by the Company as security for accounts receivable was letters of credit, promissory note and cheques with book value amounting to \$778,776 and \$707,060, respectively.

xi. Movements in loss allowance for investments in debt instruments carried at amortized cost are as follows:

	2022		
	12 months	Significant increase in credit	Impairment of credit
January 1 (December 31)	\$ -	\$ 63,000	\$ -
	2021		
	12 months	Significant increase in credit	Impairment of credit
At January 1	\$ -	\$ -	\$ -
Transfer and measurement stages	-	-	-
Provision for impairment	-	63,000	-
At December 31	\$ -	\$ 63,000	\$ -

(c) Liquidity risk

i. The objective of liquidity risk management is to ensure sufficient liquidity to meet operating requirements for the coming year.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

Non-derivative financial liabilities	Between 1 and		
	Less than 1 year	5 years	Over 5 years
December 31, 2022			
Short-term borrowings	\$ 1,088,285	\$ -	\$ -
Notes payable	752	-	-
Accounts payable (including related parties)	676,746	-	-
Other payables	240,461	-	-
Lease liability	11,773	28,685	131,176
Long-term liabilities, current portion	210,943	-	-
Bonds payable	-	794,400	-
Long-term borrowings	-	578,316	4,284
Guarantee deposits received	-	78,987	-

Non-derivative financial liabilities	Between 1 and		
	Less than 1 year	5 years	Over 5 years
December 31, 2021			
Short-term borrowings	\$ 140,926	\$ -	\$ -
Notes payable	1	-	-
Accounts payable (including related parties)	928,058	-	-
Other payables	323,895	-	-
Lease liability	24,821	23,745	136,534
Long-term liabilities, current portion	781,347	-	-
Long-term borrowings	-	498,485	5,679
Guarantee deposits received	-	17,225	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks classified as financial assets at fair value through profit or loss is included to Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities and long-term borrowings are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 56,919	\$ -	\$ -	\$ 56,919
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call and put options of convertible bonds	\$ -	\$ -	\$ 8,662	\$ 8,662
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts and foreign exchange swao contracts	\$ -	\$ 4,396	\$ -	\$ 4,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	39,308	39,308
	<u>\$ -</u>	<u>\$ 4,396</u>	<u>\$ 39,308</u>	<u>\$ 43,704</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed share</u>
Market quoted price	Closing price

- (b) When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts and foreign exchange swap contracts are usually valued based on the current forward exchange rate.
- (d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. If one or more of the significant inputs are not based on observable market data, such financial instrument is included in level 3.

G. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>Equity securities</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 39,308	\$ 40,444
Gain or loss recognised in other comprehensive	35,449	29,444
Disposal in the year	(74,757)	(30,580)
At December 31	<u>\$ -</u>	<u>\$ 39,308</u>

H. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

I. Investment segment is in charge of valuation procedures for fair value measurements being adopted within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis to valuation model used in Level 3 fair value measurement:

December 31, 2022: None.

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 39,308	Market price method	Discount for lack of marketability	20%	Discount for lack of marketability

K. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

December 31, 2022: None.

		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 393	(\$ 393)

(4) The impact of the COVID-19 pandemic to the Company's operations

Based on the Company's assessment, the entire supply chain and industry in 2022 have adjusted and adapted to the pandemic. The Company has taken the relevant countermeasures and will continue to monitor the development of pandemic and adjust its strategies in time.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None
- B. Provision of endorsements and guarantees to others: None
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Note 6 (2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The details of commissions expense and service expense paid by the Company to Fullboom Electronics (Shenzhen) Co., Ltd. for the years ended December 31, 2022 and 2021, and their outstanding balances (shown as 'other payables') as of December 31, 2022 and 2021 are as follows:

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Commissions expense	\$ 15,382	\$ 14,629
Service expense	\$ 4,667	\$ 3,055
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables	\$ 2,222	\$ 3,985

(4) Information on major shareholders

None.

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				
					Number of shares	Book value	Ownership (%)	Fair value	Footnote
Kingwell Investment Corp.	Stock	Macronix International Co., Ltd	The general manager of the investee and the chairman of the Company are relatives within second degree of kinship	Current financial assets at fair value through profit or loss	15,840	\$ 534	-	\$ 534	
Kingcharm Investment Corp.	Stock	Walton Advanced Engineering, Inc	None	Current financial assets at fair value through profit or loss	10,000	114	-	114	
Kingcharm Investment Corp.	Stock	ProMos Technology, Inc.	None	Current financial assets at fair value through profit or loss	6	-	-	-	
Etron Technology, Inc.	Stock	Taiwan Semiconductor Manufacturing Company	None	Current financial assets at fair value through profit or loss	110,000	49,335	-	49,335	
Etron Technology, Inc.	Stock	uPI semiconductor corp.	None	Current financial assets at fair value through profit or loss	32,000	7,584	-	7,584	
Plusway Corp.	Convertible bonds	Cognito Health International, Inc.	None	Current financial assets at fair value through profit or loss	-	3,327	-	3,327	
Creative Ally Limited	Stock	Cognito Health International, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,010,101	-	1.26%	-	
Etron Technology (HK) Limited	Equity investment	Shanghai Walden Venture Capital Enterprise	None	Non-current financial assets at fair value through other comprehensive income	-	150,843	1.52%	150,843	
Etron Technology (HK) Limited	Equity investment	Walden Technology Ventures II, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	152,716	2.64%	152,716	
Etron Technology (HK) Limited	Equity investment	Arm IoT Fund, L.P	None	Non-current financial assets at fair value through other comprehensive income	-	27,950	4.65%	27,950	
Etron Technology (HK) Limited	Equity investment	WI Harper Fund IX, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	13,110	1.10%	13,110	
Kinglord Corp.	Stock	Senti Bioscience, Inc.	The chairman of the investee and the chairman of the Company are relatives within second degree of kinship	Non-current financial assets at fair value through other comprehensive income	41,475	1,796	0.09%	1,796	
Kinglord Corp.	Stock	Personal Genomics, Inc.	None	Non-current financial assets at fair value through other comprehensive income	741,926	15,095	1.34%	15,095	
Plusway Corp.	Stock	Personal Genomics, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,261,456	30,217	2.28%	30,217	
Plusway Corp.	Equity investment	WI Harper Fund IX, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	19,547	1.64%	19,547	

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				
					Number of shares	Book value	Ownership (%)	Fair value	Footnote
Plusway Corp.	Equity investment	IT-Farm J-Tech Fund Investment Limited Partnership	None	Non-current financial assets at fair value through other comprehensive income	-	\$ 5,355	7.09%	\$ 5,355	
Kingwell Investment Corp.	Stock	Foho Technology Corp.	None	Non-current financial assets at fair value through other comprehensive income	3,872,234	-	19.54%	-	
Kingwell Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,375,000	-	5.75%	-	
Kingwell Investment Corp.	Stock	Innorich Venture Capital Corp.	None	Non-current financial assets at fair value through other comprehensive income	6,000,000	32,618	11.19%	32,618	
Kingwell Investment Corp.	Stock	Raytek Semiconductor, Inc.	None	Non-current financial assets at fair value through other comprehensive income	1,852,000	21,416	1.54%	21,416	
Kingwell Investment Corp.	Stock	Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within second degree of kinship	Non-current financial assets at fair value through other comprehensive income	3,712,457	184,137	0.76%	184,137	
Kingwell Investment Corp.	Stock	Anqing Innovation Investment Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,000,000	13,642	4.33%	13,642	
Kingwell Investment Corp.	Stock	Mosa Industrial Corporation	None	Non-current financial assets at fair value through other comprehensive income	38,000	923	0.02%	923	
Kingwell Investment Corp.	Equity investment	Arm IoT Fund L.P	None	Non-current financial assets at fair value through other comprehensive income	-	9,257	1.54%	9,257	
Kingwell Investment Corp.	Stock	IQE PLC	None	Non-current financial assets at fair value through other comprehensive income	55,916	1,029	0.01%	1,029	
Kingcharm Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Non-current financial assets at fair value through other comprehensive income	1,988,970	-	8.32%	-	
Kingcharm Investment Corp.	Stock	Digitimes Inc.	None	Non-current financial assets at fair value through other comprehensive income	78,750	859	0.42%	859	
Etron Technology, Inc.	Preference share	Foho Technology Corp.	None	Non-current financial assets at amortised cost	4,200,000	-	-	-	

Etron Technology, Inc.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Etron Technology, Inc.	Etron Technology(HK) Limited	An indirectly held subsidiary of the Company	Sales	(\$ 123,034)	2.73%	90 days end of month	Not applicable	Not applicable	\$ 58,115	6.47%	

Etron Technology, Inc.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Service expense	\$ 17,735	-	0.38%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Commissions expense	28,263	-	0.60%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Other accrued expense	2,246	-	0.03%
0	Etron Technology, Inc.	Anzon Corporation	1	Service expense	2,123	-	0.05%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Commissions expense	15,382	-	0.33%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Service expense	4,667	-	0.10%
0	Etron Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	1	Other accrued expense	2,222	-	0.03%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Sales revenue	123,034	-	2.62%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Notes receivable	31,756	-	0.39%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Accounts receivable	26,359	-	0.32%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other receivables	3,847	-	0.05%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other income	13,999	-	0.30%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Support service income	3,411	-	0.07%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Support service income	4,887	-	0.10%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other receivables	28,104	-	0.34%
0	Etron Technology, Inc.	eYs3D Microelectronics, Co.	1	Other income	17,643	-	0.38%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Sales revenue	49,342	-	1.05%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Accounts receivable	9,915	-	0.12%
1	eYs3D Microelectronics, Co.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Service expense	9,679	-	0.21%
1	eYs3D Microelectronics, Co.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Other accrued expense	1,658	-	0.02%
1	eYs3D Microelectronics, Co.	AiYs3D Technology, Inc.	3	Service expense	6,481	-	0.14%
1	eYs3D Microelectronics, Co.	AiYs34D Technology, Inc.	3	Other accrued expense	1,704	-	0.02%
2	eEver Technology, Inc.	Fullboom Electronic (Shenzhen) Co., Ltd.	3	Service expense	2,832	-	0.06%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The prices and credit terms for the transactions between parent company and subsidiaries would be available for third parties. The terms for incomparable transactions are negotiated by the both parties.

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Etron Technology, Inc.	Eutrend Technology, Inc.	Taiwan	Testing service for high-frequency or high-power radio frequency, analog, digital, and mixed-signal components	\$ 112,099	\$ 112,099	2,702,522	93.57%	\$ 333	\$ 126	(\$ 64)	Subsidiary
Etron Technology, Inc.	Kinglord Corp.	British Virgin Islands	Investment holdings	853,849	853,849	25,458	100.00%	412,666	(4,472)	(4,472)	Subsidiary
Etron Technology, Inc.	Plusway Corp.	British Virgin Islands	Investment holdings	511,185	511,185	10,485	100.00%	184,619	1,208	1,208	Subsidiary
Etron Technology, Inc.	Kingwell Investment Corp.	Taiwan	Investment holdings	22,861	22,861	14,083,000	100.00%	336,369	8,128	8,128	Subsidiary
Etron Technology, Inc.	Kingcharm Investment Corp.	Taiwan	Investment holdings	188,512	188,512	18,000,000	100.00%	30,555	(14,368)	(14,368)	Subsidiary
Etron Technology, Inc.	Intercosmos Group Limited	British Virgin Islands	Investment holdings	142,188	142,188	5,292	100.00%	226,458	7,885	7,885	Subsidiary
Etron Technology, Inc.	Creative Ally Limited	British Virgin Islands	Investment holdings	111,921	111,921	3,720	100.00%	11,144	(9,946)	(9,946)	Subsidiary
Etron Technology, Inc.	NetVinci, Inc.	Cayman Islands	Investment holdings	-	38	-	-	-	(457)	-	Investee company(Note)
Etron Technology, Inc.	eCapture Ltd. Co.	Cayman Islands	Investment holdings	31,051	31,051	11,666,667	100.00%	2,337	(280)	(280)	Subsidiary
Etron Technology, Inc.	Insignis Technology, Inc.	Cayman Islands	Investment holdings	60,488	60,488	24,500,000	100.00%	23,881	10,351	10,351	Subsidiary
Etron Technology, Inc.	eEver Technology Limited	Cayman Islands	Investment holdings	44,857	44,857	14,250,001	50.42%	41,252	(52,256)	(29,053)	Subsidiary
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	429,195	306,761	49,130,350	61.98%	91,312	(135,040)	(79,853)	Subsidiary
Etron Technology, Inc.	DeCloak Intelligence Co.	Taiwan	Information and software services	35,600	18,622	2,994,053	80.31%	10,873	(17,102)	(13,438)	Subsidiary
Etron Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	6,309	-	1,689,600	4.71%	436	(4,046)	(197)	Third-tier subsidiary
Etron Technology, Inc.	TAT Technonogt, Inc	Cayman Islands	Investment holdings	4,730	-	1,267,200	5.01%	346	(1,892)	(98)	Third-tier subsidiary
Kingwell Investment Corp.	Pioneer Chip Technology Limited	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	2,000	2,000	200,000	100.00%	77	(24)	(24)	Second-tier subsidiary
Kingwell Investment Corp.	nD-HI Technologies Lab, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	12,093	12,093	1,300,000	92.67%	728	(9,664)	(8,956)	Second-tier subsidiary
Kingwell Investment Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	33,737	33,737	1,868,009	5.29%	37,546	20,943	1,470	Investee company of the subsidiary
Kingcharm Investment Corp.	eEver Technology Limited	Cayman Islands	Investment holdings	58,969	58,969	5,838,680	20.66%	18,132	(52,256)	(10,675)	Subsidiary
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	21,654	21,654	2,084,340	2.63%	3,920	(135,040)	(3,809)	Subsidiary
Kinglord Corp.	Etron Technology America, Inc.	U.S.A	Sales agent of electronic components	172,590	155,562	47,666,666	100.00%	28,064	(982)	(1,287)	Second-tier subsidiary
Kinglord Corp.	Anzon Technology, Inc.	British Virgin Islands	Investment holdings	11,086	9,992	1,681,000	70.85%	2,403	(99)	(72)	Second-tier subsidiary

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Kinglord Corp.	Etron Technology (HK) Limited	Hong Kong	Electronic components manufacturing, design, research, development, sales and marketing	\$ 147,408	\$ 132,864	37,440,000	100.00%	\$ 358,758	(\$ 1,176)	(\$ 1,176)	Second-tier subsidiary
Kinglord Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,609	7,760	785,273	0.99%	1,476	(135,040)	(1,443)	Subsidiary
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	25,544	23,024	2,329,918	2.94%	4,382	(135,040)	(4,274)	Subsidiary
Anzon Technology, Inc.	Anzon Corporation	Japan	Sales agent of electronic components	17,368	15,655	185	100.00%	3,312	(157)	(118)	Third-tier subsidiary
Intercosmos Group Limited	Grandsino Technology Limited	British Virgin Islands	Investment holdings	78,346	70,616	4,611	100.00%	210,760	7,641	7,641	Second-tier subsidiary
Intercosmos Group Limited	Fullboom International Limited	Samoa	Investment holdings	32,246	29,064	1,050,000	100.00%	14,246	354	657	Second-tier subsidiary
Grandsino Technology Limited	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	75,186	67,767	9,583,909	27.15%	207,850	20,943	7,546	Investee company of the second-tier subsidiary
Plusway Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	76,151	68,637	2,755,508	8.95%	90,714	20,943	2,488	Investee company of the subsidiary
Plusway Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,990	8,103	887,121	1.12%	1,669	(135,040)	(1,624)	Subsidiary
Creative Ally Limited	NetVinci, Inc.	Cayman Islands	Investment holdings	-	35,633	-	-	-	(457)	-	Investee company of the subsidiary(Note)
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Singapore	Research and development, consulting and design services of semiconductor technology	15,362	13,846	5,214,000	81.11%	10,063	(14,181)	(11,502)	Second-tier subsidiary
eCapture Ltd. Co.	eCapture Co., Limited	Hong Kong	Marketing, sales and development of electronic products	29,175	26,296	950,000	100.00%	1,960	(108)	(108)	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Corporation	U.S.A	Electronic components manufacturing, design, research, development, sales and marketing	58,810	53,007	1,915,000	100.00%	23,752	10,096	10,782	Second-tier subsidiary
eEver Technology Limited	eEver Technology, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	200,772	164,684	29,450,000	100.00%	96,596	(49,357)	(49,357)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	eYs3D Microelectronics, Co.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	779,718	571,876	85,800,000	100.00%	149,165	(132,698)	(132,698)	Second-tier subsidiary
eYs3D Microelectrions, Inc.	AiYs3D Technology, Inc	U.S.A	Marketing and customer services	307	277	10,000	100.00%	600	(375)	(375)	Second-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	Invention and Collaboration Laboratory, Inc.	Taiwan	Electronic components manufacturing, design, research, development, sales and marketing	1,477	1,331	134,000	100.00%	1,178	(58)	(58)	Third-tier subsidiary

Etron Technology, Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Invention and Collaboration Laboratory Pte. Ltd.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	\$ 614	\$ -	20,000,000	55.80%	\$ 5,161	(\$ 4,046)	(\$ 2,258)	Third-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	TAT Technology, Inc.	Cayman Islands	Investment holdings	430	-	14,000,000	55.38%	3,829	(1,892)	(1,048)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	T-Era Architecture Technology Corp.	Taiwan	Research and development, consulting and design services of semiconductor technology	10,281	-	1,000,000	100.00%	6,321	(3,679)	(3,679)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	TAT Technology, Inc.	Cayman Islands	Investment holdings	2,211	-	576,000	2.28%	160	(1,892)	(41)	Third-tier subsidiary
TAT Technology, Inc.	TAT Technology Corp.	Taiwan	Research and development, consulting and design services of semiconductor technology	7,711	-	750,000	100.00%	5,987	(1,513)	(1,513)	Third-tier subsidiary
TAT Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	2,948	-	768,000	2.14%	199	(4,046)	(86)	Third-tier subsidiary

Note: Note: NetVinci, Inc. has completed the liquidation process in the fourth quarter of 2022.

Etron Technology, Inc.
Information on investments in Mainland China
Year ended December 31, 2022

Table 5
1. Basic information

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	as of December 31, 2022					December 31, 2022	
Great Team Backend Foundry (Dongguan), Ltd.	Other transistors	\$ 2,706,061	(2)	\$ 248,045	\$ -	\$ -	\$ 248,045	\$ 208,386	12.42%	\$ 25,875	\$ 253,893	\$ -	Notes 3, 4 and 5
Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trading of electronic components	30,710	(2)	32,285	-	-	32,285	436	100.00%	436	13,306	-	Note 6
Shanghai Walden Venture Capital Enterprise	Investment in new venture companies	39,640	(2)	572	34,582	-	35,154	-	1.52%	-	150,843	-	Note 7
Walden Technology Venture II, L.P.	Investment in new venture companies	3,177,944	(2)	95,442	226	-	95,668	-	2.64%	-	152,716	-	Note 7

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income from Fullboom Electronics (Shenzhen) Co., Ltd. was recognized based on the financial statements that are audited and attested by R.O.C. parent company's CPA;

Investment income from Great Team Backend Foundry (Dongguan), Ltd. was recognized based on the financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 3: Investing through Great Team Backend Foundry, Inc., which is invested by Kingwell Investment Corp.

Note 4: Investing through Great Team Backend Foundry, Inc., which is invested by Grandsino Technology Limited and Grandsino Technology Limited is invested by Intercosmos Group Limited.

Note 5: Investing through Great Team Backend Foundry, Inc., which is invested by Plusway Corp.

Note 6: Investing through Fullboom International Limited, which is invested by Intercosmos Group Limited.

Note 7: Investing through Etron Technology (HK) Limited, which is invested Kinglord Corp.

2. Ceiling on reinvestments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Etron Technology, Inc.	\$ 411,152 (USD 12,464 thousands)	\$ 437,157 (USD 14,235 thousands)	\$ 2,569,249

Etron Technology, Inc.
Chairman:Nicky Lu