

Sitronix Technology Corporation
2023 Annual Shareholders' Meeting Minutes
(Translation)

Time: 9:00 a.m., June 21, 2023 (Wednesday)

Place: 2F., No. 3, Taiyuan 1st Street, Jhubei City, Hsinchu County (Multi-functional Conference Room, Tai Yuen Hi-Tech Industrial Park Phase III)

Type of the meeting: Physical shareholders meeting.

Attendants : The total number of shares issued by the company is 120,136,876 shares. The outstanding shares of the company is 120,136,876 shares. All shareholders and their proxy holders, representing 86,673,107 shares (Including 54,148,721 shares voted via electronic), or 72.14% of the total 120,136,876 outstanding shares, constitutes a quorum. The following persons were present: Vincent Mao (the chairman of the Board of Directors), Cheng-Chieh Dai (Independent Director & Chairman of the Audit Committee), Yu-Nu Lin (Independent Director), Jui-Hsiang Lo (Independent Director), Ching-Jung Hsu (Independent Director), the number of Directors present at the meeting is more than half of total number of Directors.

Others Present : Cheng Chih Lin, CPA of Deloitte & Touche

Chairman : Mr. Vincent Mao, the chairman of the Board of Directors

Minute Recorder : Shu-Fang Hsu

I. Chairman announced commencement. (The aggregate shareholding of the shareholders present in person or by proxy constitutes a quorum. The Chairman called the meeting to order.)

II. Chairman's Address (omitted)

III. Report Items

1. 2022 Business Report (see Attachment I).
2. 2022 Audit Committee's Review Report (see Attachment II).
3. Report on the distribution of remuneration for employees and directors for 2022.

Explanation: In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of NT\$58,816,417 and NT\$317,180,305 have been distributed to directors and employees in cash, respectively.

4. Report on cash dividends of earnings distribution for 2022.

Explanation: (1) According the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.

(2) Allocate the shareholders dividends of NT\$2,643,011,272 for the distribution in cash at NT\$22 per share. The calculation method of "unconditional leaving out the number less than NT\$1" was adopted for the distribution of cash dividends, and the total number of decimal fraction less than NT\$1 shall be adjusted on the decimal number from big to small and the account number from front to back to accord with the total cash dividend distribution.

IV. Matters for Ratification

1. 2022 Financial Statements and Business Report is submitted for approval.

(Proposed by the Board of Directors)

Explanation:

(1) The Board of Directors has delivered the Company's 2022 Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited and completed by CPA Cheng-Chih Lin and Mei-Chen Tsai of the Deloitte & Touche Taipei, Taiwan Republic of China, together with the business report, to the Audit Committee for verification, and the audit report has been issued.

(2) 2022 Business Report please refer to Attachment I, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment III and IV.

(3) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares represented at the time of voting: 86,673,107 (54,148,721)*

Voting Results*		% of the total represented share present
Votes in favor:	80,538,936 votes (48,021,651 votes)	92.92%
Votes against:	7,350 votes (7,350 votes)	0.00%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	6,126,821 votes (6,119,720 votes)	7.06%

* Including votes casted electronically (numbers in brackets)

2. 2022 Profit Distribution Proposal is submitted for approval.

(Proposed by the Board of Directors)

Explanation:

- (1) The 2022 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 16, 2023.
- (2) For the 2022 Profit Distribution Proposal, please refer to Attachment V.
- (3) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares represented at the time of voting: 86,673,107 (54,148,721)*

Voting Results*		% of the total represented share present
Votes in favor:	80,972,363 votes (48,455,078 votes)	93.42%
Votes against:	32,351 votes (32,351 votes)	0.03%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	5,668,393 votes (5,661,292 votes)	6.53%

* Including votes casted electronically (numbers in brackets)

V. Extemporary Motions : None.

Shareholder's speech : None.

VI. Adjournment : 9:11 a.m.

Sitronix Technology Corp.

Business Report

Attachment I

I. 2022 Business Report

(I.) Business Plan Implementation Results

In 2022, the annual consolidated operating revenue of Sitronix totaled about NT\$18.0 billion, the consolidated operating gross profit was NT\$8.25 billion, the consolidated net profit after tax was NT\$4.23 billion, and the after-tax EPS was NT\$30.1 per share.

During the year, the market was volatile: Russia-Ukraine war, rapid inflation and China lockdown led to a reversal of supply and demand, and the supply chain shifted from tight supply to huge pressure on inventory accumulation; the management team noticed the change in demand in the first half of the year and took decisive action to bring the tape-out and downstream inventory under control in no time. Despite the conservative economic environment, Sitronix continues to optimize its product portfolio to achieve long-term profitability by actively developing new products with competitive advantages in the in-vehicle market.

As a global leader in small and medium-sized display driver ICs (DDI), Sitronix offers zero-capacitor, low-power consumption green products for Artificial Internet of Things (AIoT), industrial control, and in-vehicle applications, and continues to expand into the automotive, medical, education, and touch markets. At the same time, the Company has laid out the application of mobile phone under-screen distance and ambient light sensor chip, specific absorption rate sensor chip, and air pressure sensor chip, and has entered the global brand gradually, with promising future growth.

(II.) Profitability Analysis

Year		2022 (Note 2)	2021 (Note 2)
Items			
Return on total assets (%)		19.86%	38.79%
Return on equity (%)		28.23%	57.79%
Ratio in paid-in capital (%)	Operating income	394.75%	678.96%
	Pre-tax income	425.05%	695.35%
Net margin (%)		23.46%	31.78%
Basic earnings per share (NT\$) (Note 1)		30.10	50.03

Note 1: This is calculated based on the number of weighted average shares issued in the current year.

Note 2: The International Financial Reporting Standards for consolidated financial information were adopted.

II. Future Outlook

Looking forward to the future, we will continue to develop differentiated products and expand the market with diversified applications. Despite the challenges of the downturn, the Company will strive to reduce costs, control expenses and optimize the organization to maintain competitiveness.

The Company is dedicated to corporate sustainability and corporate governance, and continues to pay attention to the external competitive environment, regulatory trends, climate risks and changes in the overall operating environment so as to steadily respond to the dynamic external environment.

Once again, we would like to thank you for the long-term interest and support. Sitronix will integrate the wisdom of our team to expand new customers and new application markets, create corporate value, and allow shareholders, customers and employees to share the fruits of our operations.

Sitronix Technology Corp.

2022 Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the profit distribution proposal for 2022, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial statements, and profit distribution proposal have been verified by the Audit Committee and deemed as appropriate, and reported as above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act for approval.

Sincerely,

2023 Annual Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 16, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2022, the revenue recognized was NT\$11,589,599 thousand, refer to Notes 4 and 22 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' orders and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, then the production unit would issue packing lists and invoices from the system, and the Company would obtain a signed packing list or the bill of lading from the shipping companies when those shipping

companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Company whose revenue significantly changed in 2022 are subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Company's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders for each sale and were approved appropriately.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed the collection amounts, and counterparties were consistent with the revenue recognized.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2023

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 3,172,013	22	\$ 4,186,154	26	Short-term borrowings (Notes 4, 18, 27 and 29)	\$ 18,119	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	311,208	2	297,258	2	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	35,362	-	1,228	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 29)	244,225	2	327,380	2	Trade payables (Note 29)	480,668	3	1,039,587	7
Financial assets at amortized cost - current (Notes 4, 9, 29 and 31)	766,087	5	1,588,226	10	Payables to related parties (Notes 29 and 30)	179,646	1	489,488	3
Notes receivable and trade receivables (Notes 4, 10, 23 and 29)	637,606	4	1,141,792	7	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	375,996	3	635,637	4
Notes receivable and trade receivables from related parties (Notes 4, 22, 29 and 30)	34,294	-	28,891	-	Other payables (Notes 19 and 29)	1,071,845	8	1,071,351	7
Other receivables (Notes 4, 10 and 29)	86,718	1	79,320	-	Other payables to related parties (Notes 29 and 30)	21,709	-	6,951	-
Other receivables from related parties (Notes 4, 29 and 30)	30,243	-	27,018	-	Current tax liabilities (Notes 4 and 24)	630,146	4	775,760	5
Inventories (Notes 4, 5 and 11)	2,203,749	15	798,822	5	Lease liabilities - current (Notes 4, 14, 27 and 29)	25,642	-	24,052	-
Prepayments (Notes 17 and 30)	78,764	1	103,312	1	Other current liabilities (Notes 19, 22 and 29)	92,228	1	66,622	-
Other current assets (Note 4 and 29)	6,917	-	5,533	-					
Total current assets	7,571,824	52	8,583,706	53	Total current liabilities	2,931,361	20	4,110,676	26
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	240,177	2	88,241	1	Deferred tax liabilities (Notes 4 and 24)	11,697	-	10,706	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	424,719	3	476,394	3	Lease liabilities - non-current (Notes 4, 14, 27 and 29)	62,871	1	80,613	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	30,983	-	28,019	-	Net defined benefit liabilities - non-current (Notes 4 and 20)	31,391	-	38,277	-
Investment accounted for using the equity method (Notes 4, 12, 26 and 30)	4,613,240	31	5,043,853	31	Other non-current liabilities (Notes 27, 29, 30 and 32)	147,758	1	75,075	-
Property, plant and equipment (Notes 4, 13 and 30)	450,432	3	390,531	3	Total non-current liabilities	253,717	2	204,671	1
Right-of-use assets (Notes 4 and 14)	87,435	1	104,192	1	Total liabilities	3,185,078	22	4,315,347	27
Investment properties (Notes 4 and 15)	452,069	3	459,928	3	EQUITY (Notes 4, 21, 26)				
Intangible assets (Notes 4 and 16)	38,282	-	21,520	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	9,191	-	12,993	-	Ordinary shares	1,201,369	8	1,201,369	7
Other non-current assets (Notes 4, 17, 29 and 32)	689,679	5	861,145	5	Capital surplus	1,690,740	11	1,610,911	10
Total non-current assets	7,036,207	48	7,486,816	47	Retained earnings				
					Legal reserve	1,801,820	12	1,200,307	8
					Special reserve	105,464	1	180,223	1
					Unappropriated earnings	6,961,331	48	7,699,611	48
					Total retained earnings	8,868,615	61	9,080,141	57
					Other equity				
					Exchange differences on translating the financial statement of foreign operations	9,186	-	(14,086)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(290,948)	(2)	(91,377)	(1)
					Total other equity	(281,762)	(2)	(105,463)	(1)
					Treasury shares	(56,009)	-	(31,783)	-
					Total equity	11,422,953	78	11,755,175	73
TOTAL	\$ 14,608,031	100	\$ 16,070,522	100	TOTAL	\$ 14,608,031	100	\$ 16,070,522	100

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 30)	\$ 11,589,599	100	\$ 12,570,005	100
OPERATING COSTS (Notes 4, 11, 23, 30 and 32)	<u>6,576,347</u>	<u>57</u>	<u>5,677,518</u>	<u>45</u>
GROSS PROFIT	<u>5,013,252</u>	<u>43</u>	<u>6,892,487</u>	<u>55</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 30)				
Selling and marketing expenses	221,654	2	264,838	2
General and administrative expenses	320,269	2	444,304	4
Research and development expenses	<u>1,491,072</u>	<u>13</u>	<u>1,732,658</u>	<u>14</u>
Total operating expenses	<u>2,032,995</u>	<u>17</u>	<u>2,441,800</u>	<u>20</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)	<u>1,458</u>	<u>-</u>	<u>6,156</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>2,981,715</u>	<u>26</u>	<u>4,456,843</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES(Notes 4, 12, 23, 30)				
Interest incomes	46,694	-	17,803	-
Other incomes	94,057	1	71,870	1
Other gains and losses	110,131	1	52,324	-
Finance costs	(1,444)	-	(2,289)	-
Share of profit of subsidiaries	<u>940,642</u>	<u>8</u>	<u>2,089,618</u>	<u>17</u>
Total non-operating income and expenses	<u>1,190,080</u>	<u>10</u>	<u>2,229,326</u>	<u>18</u>
INCOME BEFORE INCOME TAX	4,171,795	36	6,686,169	53
INCOME TAX EXPENSE (Notes 4 and 24)	<u>561,630</u>	<u>5</u>	<u>680,409</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>3,610,165</u>	<u>31</u>	<u>6,005,760</u>	<u>48</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 2,065	-	\$ 4,358	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(98,259)	(1)	46,339	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(70,096)	-	37,622	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	23,272	-	(3,642)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(695)	-	1,283	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(9,897)	-	(1,825)	-
Other comprehensive (loss) income for the year, net of income tax	(153,610)	(1)	84,135	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 3,456,555	30	\$ 6,089,895	48
EARNINGS PER SHARE (Note 25)				
Basic	\$ 30.10		\$ 50.03	
Diluted	\$ 29.57		\$ 49.29	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4 and 21)		Capital Surplus (Notes 21 and 26)	Retained Earnings (Note 21)			Other Equity (Notes 4 and 21)		Treasury Share (Note 21)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	120,137	\$ 1,201,369	\$ 1,662,839	\$ 1,082,588	\$ 77,526	\$ 2,805,919	\$ (10,444)	\$ (169,780)	\$ (8,879)	\$ 6,641,138
Appropriation of 2020 earnings										
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895
BALANCE AT DECEMBER 31, 2021	120,137	1,201,369	1,610,911	1,200,307	180,223	7,699,611	(14,086)	(91,377)	(31,783)	11,755,175
Appropriation of 2021 earnings										
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555
BALANCE AT DECEMBER 31, 2022	120,137	\$ 1,201,369	\$ 1,690,740	\$ 1,801,820	\$ 105,464	\$ 6,961,331	\$ 9,186	\$ (290,948)	\$ (56,009)	\$ 11,422,953

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,171,795	\$ 6,686,169
Adjustments for:		
Depreciation expense	130,558	120,360
Amortization expense	21,848	20,903
Net gain on fair value changes of financial assets at fair value through profit or loss	(4,309)	(72,918)
Finance costs	1,444	2,289
Interest income	(46,694)	(17,803)
Dividend income	(26,097)	(15,411)
Compensation cost of share-based payment	12	2,580
Share of profits of subsidiaries	(940,642)	(2,089,618)
Loss (gain) on disposal of property, plant and equipment	2	(4,874)
Loss on disposal of financial instruments	-	1,797
Write-down of inventories	113,000	19,790
Loss on impairment of prepayment in advance	167,520	-
Unrealized net (gain) loss on foreign currency exchange	(139,301)	21,166
Other income	(19,009)	(17,646)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	501,938	(449,061)
Receivables from related parties	(5,403)	(16,072)
Other receivables	(5,661)	(4,282)
Other receivables from related parties	(69,588)	(704)
Inventories	(1,517,927)	(58,846)
Prepayments	24,548	(305,126)
Other current assets	(1,384)	970
Trade payables	(554,762)	252,704
Payables to related parties	(312,752)	334,574
Other payables	7,476	549,926
Other payables to related parties	14,758	(1,216)
Other current liabilities	25,606	(7,602)
Net defined benefit liabilities	(4,821)	(2,242)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(259,641)	473,954
Cash generated from operations	1,272,514	5,423,761
Interest received	44,970	14,604
Interest paid	(97)	(1,421)
Income tax paid	(702,451)	(78,647)
Net cash generated from operating activities	614,936	5,358,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(55,112)	(136,284)
Disposal of financial assets at fair value through other comprehensive income	90,975	28,562
Purchase of financial assets measured at amortized cost	(1,165,136)	(2,210,721)
Proceeds from the return of principle of financial assets at amortized cost	1,987,275	736,925
Purchase of financial assets at fair value through profit or loss	(370,238)	(238,893)
Proceeds from sale of financial assets at fair value through profit or loss	242,795	176,861
Acquisition of subsidiaries	(136,965)	(261,161)

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from capital reduction of subsidiary	\$ -	\$ 180,000
Payments for property, plant and equipment	(160,256)	(84,173)
Proceeds from disposal of property, plant and equipment	123	10,010
Increase in refundable deposits	(970)	(563,074)
Decrease in refundable deposits	59,335	20
Decrease in other receivable from related parties	66,028	36,831
Payment of intangible assets	(39,263)	(19,217)
Dividends received	1,552,196	658,338
Disposal of expertise	<u>-</u>	<u>6,543</u>
Net cash generated from (used in) investing activities	<u>2,070,787</u>	<u>(1,679,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	73,695	1,903,150
Repayments of short-term borrowings	(55,650)	(2,151,100)
Proceeds from guarantee deposits received	88,866	43,853
Repayments of guarantee deposits	(29,686)	(21,881)
Repayment of the principal portion of lease liabilities	(26,957)	(25,002)
Cash dividends distributed	<u>(3,844,380)</u>	<u>(901,026)</u>
Net cash used in financing activities	<u>(3,794,112)</u>	<u>(1,152,006)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>94,248</u>	<u>(22,869)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,014,141)</u>	<u>2,503,989</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,186,154</u>	<u>1,682,165</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,172,013</u>	<u>\$ 4,186,154</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Recognition of sales revenue

The Group's main source of revenue comes from the sale of goods. For the year ended December 31, 2022, the revenue recognized was NT\$18,027,827 thousand, refer to Notes 4, 22 and 36 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' orders

and checking the transaction conditions, the business unit creates a manufacturing notice in the system and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, then the Group would obtain a signed packing list or the bill of lading on sight from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Group whose revenue significantly changed in 2022 are subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Group's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders existed for each sale and were appropriately approved.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed the collection amounts, and counterparties were consistent with the revenue recognized.

Other Matter

We have also audited the parent company only financial statements of Sitronix Technology Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2023

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 5,661,717	28	\$ 7,930,508	35	Short-term borrowings (Notes 4, 18, 28 and 30)	\$ 18,119	-	\$ 55,360	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	424,634	2	737,137	3	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	37,725	-	1,228	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	564,206	3	723,885	3	Notes payable and trade payables (Note 30)	992,089	5	2,480,335	11
Financial assets at amortized cost - current (Notes 4, 9, 30 and 32)	2,416,889	12	3,978,720	18	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	611,743	3	1,102,781	5
Notes receivable and trade receivables (Notes 4, 10, 22 and 30)	1,226,520	6	1,951,395	9	Other payables (Notes 19 and 30)	1,853,492	10	1,832,532	8
Notes receivable and trade receivables from related parties (Notes 4, 22, 30 and 31)	1,469	-	715	-	Other payables to related parties (Notes 30 and 31)	182	-	210	-
Other receivables (Notes 4, 10 and 30)	98,837	1	90,899	-	Current tax liabilities (Notes 4 and 24)	984,450	5	1,365,698	6
Inventories (Notes 4, 5 and 11)	4,399,343	22	2,450,568	11	Lease liabilities - current (Notes 4, 14, 28 and 30)	45,301	-	44,125	-
Prepayments (Notes 17 and 31)	141,882	1	212,207	1	Other current liabilities (Notes 19, 22 and 30)	<u>153,855</u>	<u>1</u>	<u>96,301</u>	<u>1</u>
Other current assets (Notes 4, 17 and 30)	<u>9,941</u>	<u>-</u>	<u>10,886</u>	<u>-</u>	Total current liabilities	<u>4,696,956</u>	<u>24</u>	<u>6,978,570</u>	<u>31</u>
Total current assets	<u>14,945,438</u>	<u>75</u>	<u>18,086,920</u>	<u>80</u>	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Deferred tax liabilities (Notes 4 and 24)	11,697	-	10,706	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	435,199	2	168,352	1	Lease liabilities - non-current (Notes 4, 14, 28 and 30)	87,613	-	121,400	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	950,102	5	950,057	4	Net defined benefit liabilities - non-current (Notes 4 and 20)	31,391	-	38,277	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	30,983	-	28,019	-	Other non-current liabilities (Notes 28, 30, 31 and 33)	<u>362,810</u>	<u>2</u>	<u>326,757</u>	<u>1</u>
Property, plant and equipment (Notes 4 and 13)	1,801,838	9	1,460,550	6	Total non-current liabilities	<u>493,511</u>	<u>2</u>	<u>497,140</u>	<u>2</u>
Right-of-use assets (Notes 4 and 14)	129,164	1	163,826	1	Total liabilities	<u>5,190,467</u>	<u>26</u>	<u>7,475,710</u>	<u>33</u>
Investment properties (Notes 4 and 15)	730,506	4	673,098	3	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 21, 26 and 27)				
Intangible assets (Notes 4 and 16)	76,898	-	48,574	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	9,191	-	12,993	-	Ordinary shares	<u>1,201,369</u>	6	<u>1,201,369</u>	5
Other non-current assets (Notes 4, 17, 30 and 33)	<u>847,020</u>	<u>4</u>	<u>1,080,388</u>	<u>5</u>	Capital surplus	<u>1,690,740</u>	8	<u>1,610,911</u>	7
Total non-current assets	<u>5,010,901</u>	<u>25</u>	<u>4,585,857</u>	<u>20</u>	Retained earnings				
					Legal reserve	1,801,820	9	1,200,307	5
					Special reserve	105,464	-	180,223	1
					Unappropriated earnings	<u>6,961,331</u>	<u>35</u>	<u>7,699,611</u>	<u>34</u>
					Total retained earnings	<u>8,868,615</u>	<u>44</u>	<u>9,080,141</u>	<u>40</u>
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	9,186	-	(14,086)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(290,948)</u>	<u>(1)</u>	<u>(91,377)</u>	<u>-</u>
					Total other equity	<u>(281,762)</u>	<u>(1)</u>	<u>(105,463)</u>	<u>-</u>
					Treasury shares	<u>(56,009)</u>	<u>-</u>	<u>(31,783)</u>	<u>-</u>
					Total equity attributable to owners of the Company	11,422,953	57	11,755,175	52
					NON-CONTROLLING INTERESTS (Notes 12, 21 and 27)	<u>3,342,919</u>	<u>17</u>	<u>3,441,892</u>	<u>15</u>
					Total equity	<u>14,765,872</u>	<u>74</u>	<u>15,197,067</u>	<u>67</u>
TOTAL	<u>\$ 19,956,339</u>	<u>100</u>	<u>\$ 22,672,777</u>	<u>100</u>	TOTAL	<u>\$ 19,956,339</u>	<u>100</u>	<u>\$ 22,672,777</u>	<u>100</u>

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22, 31 and 36)	\$ 18,027,827	100	\$ 22,255,670	100
OPERATING COSTS (Notes 4, 11, 23 and 33)	<u>9,773,803</u>	<u>54</u>	<u>9,904,534</u>	<u>44</u>
GROSS PROFIT	<u>8,254,024</u>	<u>46</u>	<u>12,351,136</u>	<u>56</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23 and 31)				
Selling and marketing expenses	316,064	1	423,043	2
General and administrative expenses	694,860	4	850,467	4
Research and development expenses	2,502,919	14	2,928,328	13
Expected credit (gain) loss	<u>(1,004)</u>	<u>-</u>	<u>849</u>	<u>-</u>
Total operating expenses	<u>3,512,839</u>	<u>19</u>	<u>4,202,687</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 23)	<u>1,339</u>	<u>-</u>	<u>8,448</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>4,742,524</u>	<u>27</u>	<u>8,156,897</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)				
Interest income	97,465	-	50,897	-
Other income	115,334	1	60,964	-
Other gains and losses	155,074	1	90,137	1
Finance costs	<u>(3,919)</u>	<u>-</u>	<u>(5,123)</u>	<u>-</u>
Total non-operating income and expenses	<u>363,954</u>	<u>2</u>	<u>196,875</u>	<u>1</u>
INCOME BEFORE INCOME TAX	5,106,478	29	8,353,772	38
INCOME TAX EXPENSE (Notes 4 and 24)	<u>875,775</u>	<u>5</u>	<u>1,280,754</u>	<u>6</u>
NET INCOME FOR THE YEAR	<u>4,230,703</u>	<u>24</u>	<u>7,073,018</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,065	-	4,358	-

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (177,014)	(1)	\$ 93,840	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	23,770	-	(3,729)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>(9,087)</u>	<u>-</u>	<u>(1,903)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(160,266)</u>	<u>(1)</u>	<u>92,566</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,070,437</u>	<u>23</u>	<u>\$ 7,165,584</u>	<u>32</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,610,165	20	\$ 6,005,760	27
Non-controlling interests	<u>620,538</u>	<u>3</u>	<u>1,067,258</u>	<u>5</u>
	<u>\$ 4,230,703</u>	<u>23</u>	<u>\$ 7,073,018</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,456,555	19	\$ 6,089,895	27
Non-controlling interests	<u>613,882</u>	<u>4</u>	<u>1,075,689</u>	<u>5</u>
	<u>\$ 4,070,437</u>	<u>23</u>	<u>\$ 7,165,584</u>	<u>32</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 30.10</u>		<u>\$ 50.03</u>	
Diluted	<u>\$ 29.57</u>		<u>\$ 49.29</u>	

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company (Notes 4, 21, 26 and 27)											
							Other Equity					
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Share	Total	Non-controlling Interests (Notes 12, 21 and 27)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2021	120,137	\$ 1,201,369	\$ 1,662,839	\$ 1,082,588	\$ 77,526	\$ 2,805,919	\$ (10,444)	\$ (169,780)	\$ (8,879)	\$ 6,641,138	\$ 2,637,939	\$ 9,279,077
Appropriation of 2020 earnings												
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)	(26,821)	(49,725)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)	53,586	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760	1,067,258	7,073,018
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135	8,431	92,566
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895	1,075,689	7,165,584
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	302,816	302,816
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(601,317)	(601,317)
BALANCE AT DECEMBER 31, 2021	120,137	1,201,369	1,610,911	1,200,307	180,223	7,699,611	(14,086)	(91,377)	(31,783)	11,755,175	3,441,892	15,197,067
Appropriation of 2021 earnings												
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)	(28,369)	(52,595)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373	(73,373)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165	620,538	4,230,703
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)	(6,656)	(160,266)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555	613,882	4,070,437
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	354,995	354,995
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(966,108)	(966,108)
BALANCE AT DECEMBER 31, 2022	120,137	\$ 1,201,369	\$ 1,690,740	\$ 1,801,820	\$ 105,464	\$ 6,961,331	\$ 9,186	\$ (290,948)	\$ (56,009)	\$ 11,422,953	\$ 3,342,919	\$ 14,765,872

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,106,478	\$ 8,353,772
Adjustments for:		
Depreciation expense	355,839	319,180
Amortization expense	48,183	41,563
Expected credit loss recognized (reversed) on trade receivables	(1,004)	849
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	7,349	(115,795)
Finance costs	3,919	5,123
Interest income	(97,465)	(50,897)
Dividend income	(43,858)	(28,225)
Compensation costs of share-based payments	70	8,605
Loss (gain) on disposal of property, plant and equipment	33	(6,383)
Loss on disposal of financial instruments	-	1,797
Write-down of inventories	285,708	59,881
Impairment loss recognized on prepayment for purchase	230,540	-
Unrealized net (gain) loss on foreign currency exchange	(182,911)	29,661
Gain on modification of lease agreements	(215)	(961)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	723,769	(582,130)
Receivables from related parties	(754)	157
Other receivables	(6,198)	(6,315)
Inventories	(2,234,483)	(966,715)
Prepayments	79,933	(457,527)
Other current assets	945	8,976
Notes payable and trade payables	(1,484,301)	600,599
Other payables	38,900	688,669
Other payables to related parties	(28)	(841)
Other current liabilities	57,554	(5,329)
Net defined benefit liabilities	(4,821)	(2,242)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(203,403)	811,991
Cash generated from operations	2,679,779	8,707,463
Interest received	96,751	50,534
Interest paid	(689)	(1,784)
Income tax paid	(1,252,595)	(334,682)
Net cash generated from operating activities	1,523,246	8,421,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(261,334)	(229,348)
Disposal of financial assets at fair value through other comprehensive income	248,086	28,562

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets measured at amortized cost	\$ (3,479,338)	\$ (6,840,173)
Proceeds from the return of principal of financial assets at amortized cost	5,041,169	4,423,168
Acquisitions of financial assets at fair value through profit or loss	(542,428)	(491,969)
Disposal of financial assets at fair value through profit or loss	617,232	326,777
Acquisition of property, plant and equipment	(649,183)	(835,529)
Proceeds from disposal of property, plant and equipment	485	9,115
Increase in refundable deposits	(3,177)	(637,862)
Decrease in refundable deposits	60,006	1,629
Payment of intangible assets	(80,470)	(40,792)
Acquisition of investment properties	(67,996)	(308,857)
Dividends received	<u>43,858</u>	<u>28,225</u>
Net cash generated from (used in) investing activities	<u>926,910</u>	<u>(4,567,054)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	659,582	2,574,315
Repayments of short-term borrowings	(697,017)	(2,786,785)
Increase in guarantee deposits	109,079	152,331
Decrease in guarantee deposits	(110,189)	(60,589)
Repayment of the principal portion of lease liabilities	(50,359)	(45,733)
Cash dividends distributed	(3,830,363)	(899,368)
Payments for buy back of treasury shares	(52,595)	(49,725)
Dividends paid to non-controlling interests	(966,108)	(601,317)
Increase in non-controlling interests	58,000	244,519
Employee compensation issued in the form of stock that are not vested	<u>1,729</u>	<u>2,369</u>
Net cash used in financing activities	<u>(4,878,241)</u>	<u>(1,469,983)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>159,294</u>	<u>(40,527)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,268,791)	2,343,967
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,930,508</u>	<u>5,586,541</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,661,717</u>	<u>\$ 7,930,508</u>

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

(Concluded)

Sitronix Technology Corp.

2022 Profit Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings	3,328,477,971
Net profit after tax for current period	3,610,165,635
Disposal of financial assets measured at fair value through other comprehensive income to adjust retained earnings	20,624,183
Actuarial profit and loss for adjustment of retained earnings	2,064,057
Items other than net profit for the current period are included in the amount of undistributed surplus for the current year	3,632,853,875
Less: appropriation of legal surplus reserve of 10%	(363,285,388)
Less: special reserve in accordance with law	(182,761,534)
Retained earnings available for distribution for current period	6,415,284,924
Less: allocated items	
Shareholders' dividends (cash dividends of N\$22per share)	(2,643,011,272)
Unappropriated retained earnings	3,772,273,652

Note:

- (I.) The registered number of paid-in shares of the Company on Mar. 16, 2023 was 120,136,876. If the number of shares outstanding of the Company is affected by the change of the share capital, and the dividend ratio of the shareholders is changed and need to be revised, it is proposed that the annual shareholders' meeting shall give the Chairman full authority to handle.
- (II.) According to the provisions of TCS No. 871941343 promulgated by the Ministry of Finance on Apr. 30, 1998, the earnings shall be distributed with the method of individual identification. According to the principle for distribution of earnings of the Company, the earnings of 2022 shall be distributed first. In case of any insufficient section, the distributable earnings accumulated previously shall be distributed in the order of first in first out and the order of year of generation of earnings.