

**Stock Code: 8050**



**IBASE TECHNOLOGY INC**

**2022  
Annual report**

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(<http://mops.twse.com.tw>)**

**The Company’s website: <https://www.ibase.com.tw/>**

- I. The name, title, telephone number, and email address of the spokesman or acting spokesman  
Name of spokesperson: Hsu Wu-Chun  
Title: President of the Network Communications Product Business Division  
TEL: (02)2655-7588  
Email address: jeffh@ibase.com.tw  
Name of acting spokesperson: Chen Yu-Nan  
Title: President  
TEL: (02)2655-7588  
Email address: ynchen@ibase.com.tw
- II. The address and telephone number of the company's headquarters and factories  
Headquarters Address: 11F., No. 3-1, Yuanqu St., NanKang Dist., Taipei City 115  
TEL: (02)2655-7588  
Sanchong Factory Address: 6F., No. 129, Xingde Road, Sanchong Dist., New Taipei City 241  
TEL: (02)2995-2088  
Xinzhuang Factory Address: No. 17, Ln. 83, Huacheng Rd., Xinzhuang Dist., New Taipei City 242  
TEL: (02)7729-2788  
Address of Pingzhen Factory: No. 12, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City 324  
TEL: (03)490-8968  
Address of Pingzhen Factory No.2: No. 10, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City 324  
TEL: (03)490-8968
- III. The name, address, email address, and telephone number of the agency handling shares transfer:  
Name: Taishin Securities Co.,Ltd.  
Address: Basement 1F., No. 96, Section 1, Jianguo N. Rd., Taipei City  
Website: <http://www.tssco.com.tw>  
TEL: (02)2504-8125
- IV. The names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong  
Name of CPA: Chen Chih-Yuan; Li Tung-Feng  
Accounting firm: Deloitte Taiwan  
Address: 20 F., No. 100, Songren Rd., Xinyi Dist., Taipei City  
Website: <http://www.deloitte.com.tw>  
TEL: (02)2725-9988
- V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None
- VI. Company website: <http://www.ibase.com.tw>

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Ladies and Gentlemen,

I. 2022 Business Report

(I) Operational performance

As stated in the Company's consolidated financial statements for 2022, the operating revenue totaled NT\$6,774,831 thousand, up 18.71% from 2021; post-tax profit NT\$1,139,571 thousand, up 416.21% from 2021; and earnings per share NT\$9.42.

(II) Budget execution status

Not applicable in that the Company did not publish a financial forecast for 2022.

(III) Analysis of income and expenditures and profitability

1. Consolidated

Unit: NT\$ thousand

Item	2022	2021	Increase (decrease)	Rate of change (%)
Operating revenue – net	6,774,831	5,706,855	1,067,976	18.71%
Operating cost	4,820,880	4,671,885	148,995	3.19%
Realized (unrealized) gains	12	-356	368	-103.37%
Operating profit	1,953,963	1,034,614	919,349	88.86%
Operating expenses	960,844	878,346	82,498	9.39%
Operating income	993,119	156,268	836,851	535.52%
Non-operating income and expenses	381,061	132,067	248,994	188.54%
Pre-tax profit	1,374,180	288,335	1,085,845	376.59%
Post-tax profit	1,139,571	220,759	918,812	416.21%

2. Standalone

Unit: NT\$ thousand

Item	2022	2021	Increase (decrease)	Rate of change (%)
Operating revenue – net	5,815,663	3,875,022	1,940,641	50.08%
Operating cost	4,257,048	3,174,251	1,082,797	34.11%
Realized (unrealized) gains	-14,584	1,090	-15,674	-1437.98%
Operating profit	1,544,031	701,861	842,170	119.99%
Operating expenses	614,538	449,055	165,483	36.85%
Operating income	929,493	252,806	676,687	267.67%
Non-operating income and expenses	406,607	108,060	298,547	276.28%
Pre-tax profit	1,336,100	360,866	975,234	270.25%
Post-tax profit	1,135,052	312,547	822,505	263.16%

Profitability

Item	2022	2021	
Return on assets (%)	12.26%	4.30%	
Return on shareholders' equity (%)	19.77%	6.32%	
As a ratio to paid-in capital (%)	Operating income	47.67%	14.28%
	Pre-tax profit	68.52%	20.38%
Net profit margin (%)	19.52%	8.07%	
earnings per share (NT\$)	9.42	2.69	

(IV) Research and development status

In terms of product research and development, aside from industrial computer PCB products, we have also developed multiple major products and projects, including the embedded system, Industrial PC motherboard, electronic signage, internet applications, industrial tablet PC system, smart transportation solutions, AIoT, 28.5" EN50155 (Railway Compliance Standard) certified long-strip display, high-end communications product, edge-computing, large, high- and medium-end cyber security solutions, charge station, ODM custom service, and OEM service.

We expect that system products will contribute more to the operating revenue year on year. (Research and development expenditures invested in the most recent three years are as follows)

Unit: NT\$ thousand

Item	2022	2021	2020
R&D expense	266,937	186,085	187,717
Operating revenue – net	5,815,663	3,875,022	2,779,674
Research and development expenses as a percentage of net operating revenue (%)	4.59%	4.80%	6.75%

## II. Summary of the Business Plan for 2022

### (I) Business policy

In order to enhance the Company's competitiveness and ensure business growth, the Company has formulated the following business policies:

1. Develop new, large projects and customers; adopt strategic management and tracking to increase the winning percentage.
2. Actively broaden and deepen existing product lines; expand the market area to head towards markets with high-growth opportunities, e.g. the United States, mainland China, Japan, New Zealand, and Australia; adopt a dual-agent system to promote new projects; and continue to focus on different key industries, so as to be at the forefront in terms of technological innovation, software–hardware integration, promotion, and sales.
3. Organizational adjustment - Match talents with duties and let them give full play to their talents.
4. Improve competitiveness
  - 4.1. Find and actively contact potential customers.
  - 4.2. Build better customer relationships.
  - 4.3. R & D design capabilities - Speedy / stable.
  - 4.4. Unique products/products with high market acceptance.
  - 4.5. Manufacturing capacity - quality, efficiency.
  - 4.6. Service - fast and flexible.
  - 4.7. Reduce operating costs.
  - 4.8. Market popularity.

### (II) Expected sales volume and its rationale

It is expected that the new crown epidemic will slow down and enter the post-epidemic era. After the unblocking, economic activities will gradually return to normal. The new business opportunity industry has changed the normal mode of the past. It is estimated that the related product market will maintain a relatively conservative and stable growth. However, because the company has a variety of product lines and applications, and must flexibly adjust the product mix according to changes in customer demand, it is difficult to estimate the sales volume.

### (III) Manufacture and sale policy

The Company's major products include industrial PCs and provision of solutions to relevant application industries, including PCB products and system outfit products, hoping to provide solutions to the various professional application industries such as AIoT, internet communications, medical application projects, smart retailing industry, and smart transportation control system. Our major products are as follows:

#### 1. Embedded Computing

Board Design, System Design, Integrated Vertical Application.

##### 1.1. Embedded Intelligent Systems

Application of 5G for AI Edge Computing; IIOT and Smart Automation Solution, including integration of the 5G and WiFi 6E technologies into the Advanced Gateway System, Compact-size Expandable Fanless System, Automatic Control Systems, and High

Performance/Reliability Fanless System; integration and development of the applications involving the use of autonomous mobile robots (AMRs) and AI-powered detection and inspection equipment in production lines.

#### 1.2. Industrial Motherboards

CPU modules and carrier boards (COM Express, QSeven, SMARC & ETX), Single Board Computer (3.5" Disk-sized), Advanced function-based Motherboards (ATX Motherboards, MiniITX Motherboards), CPU Card and Backplane (PICMG 1.3

#### 2. Digital Signage Players

Applications for use in public venues, advertisement, education, retail environment, or internal information system. Entry-Level Signage Players, Mid-Range Signage Players, Extreme Performance/Multi-port Signage Players, Outdoor/Waterproof Signage Players, AIO Bar-Type Panel PC, LED controller system.

#### 3. Network Computing

Applications for use in network security, web communication center, remote access server, web multimedia, IP TV, and uCPE/SD-WAN, MEC (Multi Access Edge Computing).

2U/1U Rackmount Network Appliances, Expansion Module Cards, Desktop Network Appliances, Networking Motherboards

#### 4. Industrial Panel PC

Outdoor Panel EV charging system, AIO Panel PC with expandable slot for Smart Retail, Compact Panel PC & Heavy-Duty Industrial Panel PC for Automation, Open-frame Panel PC for Smart Factory, KIOSK system for BTM or Point-Of-Sale system

#### 5. Intelligent Transportation Solution

EN50155: 2017 Certificated Railway Controller System, Smart In-Vehicle System, AIO Bar-Type Panel PC for Passenger Information System

#### 6. AIoT Solution

We integrate applications involving AI, deep learning, and machine learning, including hardware (image acceleration processing, IP camera, video capture card, NVIDIA, Jetson Xavier NX module, ARM, Qualcomm, VXP, SOC) and related software (Intel OpenVINO, Caffe, TensorFlow and other algorithms related to artificial intelligence applications). Those applications are currently deployed in the fields of smart retail, smart classroom, and smart automation.

#### 7. ODM custom design solutions and OEM solutions

The company, which has years of ODM/JDM experience, assists customers in quickly deploying solutions such as business high-end network firewalls, smart parking poles and smart power swap stations.



### III. Future outlook

As for the market demand for AIoT and AI applications and the vertical industry platform, we will actively satisfy new customers' new applications. We will develop system product customers in more diverse industries; expand R&D business; integrate software, hardware, and system and mechanism design capabilities; provide customers with more complete solutions; improve products' added value and reliability; and be close to trending application markets, thereby realizing a marketing expansion from points to lines to surfaces, thus achieving a comprehensive business expansion model.

### IV. Effect of external competition, the legal environment, and the overall business environment

As a result of the global pandemic lockdown being lifted, customer demand has rebounded significantly, maintaining a high growth rate for orders of Netcom, network security equipment, automation products, Panel PC systems, digital signage, etc. The company has developed a number of highly competitive products, new markets and new customers over the past few years. In addition, as a result of the efforts of the business, R&D, quality assurance and manufacturing departments, the company's revenues, gross profit margin, operating profit margin and net profit have increased substantially and continue to grow. IBASE Technology Inc. has been awarded the 2022 Asia Pacific Enterprise Awards (APEA) and the Master Entrepreneur Award, demonstrating its superiority in the field of industrial computers and its unique international competitiveness and technologies. Having obtained this distinction, we are grateful to all of our employees for their hard work and efforts, which have contributed to remarkable advancements in all areas, the result of concerted efforts. In accordance with market trends and competitiveness, the company will continue to develop AIOT and 5G application products in the coming years.

Lastly, thank you for coming. We hope that you continue to give your best support and encouragement to the Company.

Thank you and I wish you

Good health and all the best!

Chairperson: Lin Chiu-Hsu



President: Chen Yu-Na



Accounting Supervisor: Lin Ming-Nan



## Chapter 2. Company Profile

(I) Date of incorporation: February 15, 2000

(II) The address and telephone number of the company's headquarters, branch offices, and factories:

Headquarters Address: 11F., No. 3-1, Yuanqu St., NanKang Dist., Taipei City

TEL: (02)2655-7588

Sanchong Factory Address: 6F., No. 129, Xingde Rd., Sanchong Dist., New Taipei City

TEL: (02)2995-2088

Xinzhuang Factory Address: No. 17, Ln. 83, Huacheng Rd., Xinzhuang Dist., New Taipei City

TEL: (02)7729-2788

Address of Pingzhen Factory No.1: No. 12, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City

TEL: (03)490-8968

Address of Pingzhen Factory No.2: No. 10, Ln. 118, Shuanglian Sec. 2, Minzu Rd., Pingzhen Dist., Taoyuan City

TEL: (03)490-8968

(III) Company Profile:

Year / month	Milestones
February 2000	• The Company was officially incorporated, with a capital of NT\$7,800,000.
May 2000	• The Company's organization was officially established and put into operation.
July 2000	• Capital was increased to NT\$30,800,000. • Launched the world's first duo screen embedded control card.
August 2000	• Officially incorporated the ERP system into the operating procedures.
September 2000	• Developed the world's first multifunctional CPU Card that supports Intel 815E.
October 2000	• Capital was increased to NT\$33,000,000.
November 2000	• Capital was increased to NT\$74,000,000.
December 2000	• Became the first in the industry to launch the embedded little board that supports Transmeta crusoe low power CPU.
May 2001	• Became the first in the industry to launch the single board computer (SBC) with Transmeta CPU and three embedded network ports. • Became the first in the industry in Taiwan to launch the ETX CPU Module that is shipped with Intel 815E chipsets, capable of shortening the time required for customization from 4 months to 4 weeks.
September 2001	• Led the industry in launching high-level P4 PICMG products, and was given the "Best Industrial PC Design" award by <i>Euro Trade</i> , a computer magazine.
December 2001	• Capital was increased to NT\$100,000,000. • Passed the ISO 9001:2000 quality certification.
April 2002	• Capital was increased to NT\$167,000,000.
May 2002	• Started the public offering and TPEX-listing orientation plan. • Became the first to launch the motherboard for p4 IPCs that support INTEL 845G chipset.

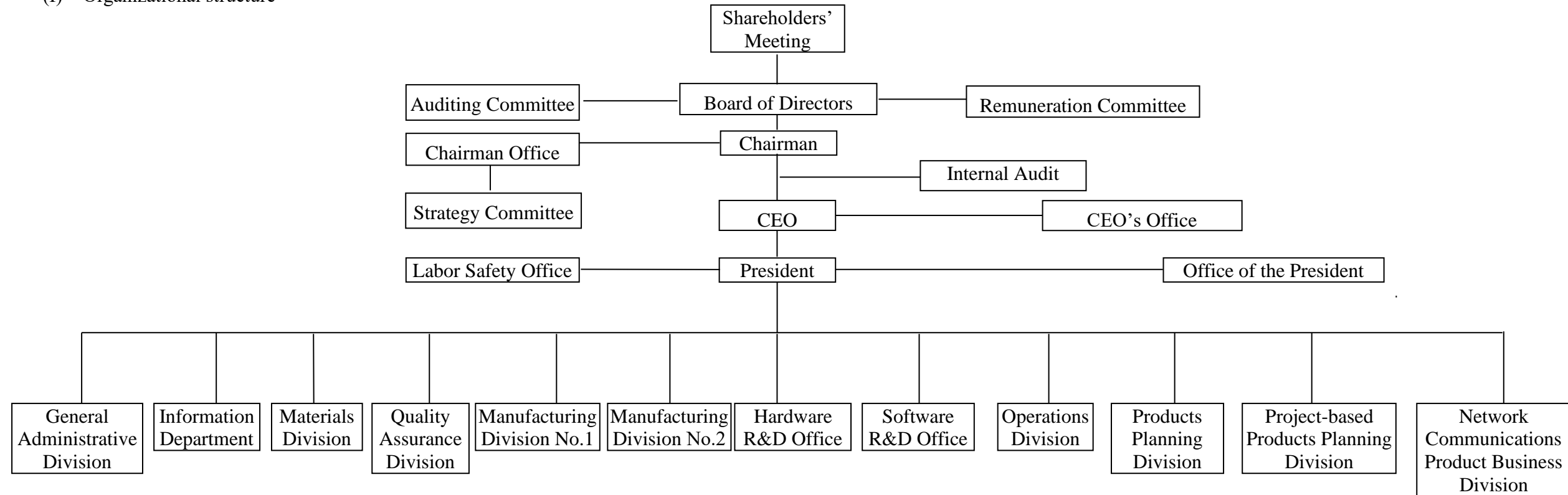
October 2002	<ul style="list-style-type: none"> <li>• Led the industry in developing and launching the world's first PC104 + products that use Transmeta crusoec CPU, which are still the quickest among PC104+products.</li> <li>• Led the industry in developing and launching ET863 that supported EDEN CPU (ETX CPU), which was rated the Best Product in the 3rd Taiwan Excellent Enterprise award in December 2002.</li> </ul>
December 2002	<ul style="list-style-type: none"> <li>• Led the industry in developing PICMG CPU cards supporting INTEL server-level XEON CPUs; the cards supported 64-bit Gigabit network interface cards, bringing IPCs into a higher-speed era.</li> <li>• Led the industry in developing NAS (Network Attached Storage) system products that support INTEL server-level XEON CPUs using the Free BSD operating system.</li> <li>• Led the industry in developing the ETX CPU Module that uses the INTEL 815E chipset and supports the INTEL PIII Mobile ULV (Ultra Low Power Consumption) CPU.</li> </ul>
January 2003	<ul style="list-style-type: none"> <li>• Became officially listed in TPEX as an emerging stock.</li> <li>• Developed digital video recorder system and monitoring products running the LINUX operating system.</li> <li>• Led the industry in using ETX CPU Modules to develop 3U Compact PCI which is equipped with Giga LAN and SCSI and is the fastest products among 3U Compact PCIs.</li> </ul>
March 2003	<ul style="list-style-type: none"> <li>• Led the industry in developing system products that support Transmeta crusoec Low power CPU and is used as cyber security products, e.g. Firewall/VPN.</li> <li>• Led the industry in developing systems that support INTEL XEON CPU and four 64-bit Gigabit network cards and are used in high-end firewall systems.</li> </ul>
April 2003	<ul style="list-style-type: none"> <li>• Received the 3rd Taiwan Golden Torch Award for Excellent Achievements.</li> </ul>
June 2003	<ul style="list-style-type: none"> <li>• Led the industry in the launch of PICMG products supporting INTEL P4 FSB 800MHZ CPU.</li> </ul>
July 2003	<ul style="list-style-type: none"> <li>• Relocated to the current address in NanKang Software Park.</li> </ul>
August 2003	<ul style="list-style-type: none"> <li>• The Board of Directors approved the proposal to apply for being listed on TPEX as shares traded OTC.</li> <li>• Capital was increased to NT\$198,000,000.</li> <li>• Led the industry in the launch of IPC motherboards that support INTEL P4 FSB 800MHZ CPU and ECC Function.</li> </ul>
September 2003	<ul style="list-style-type: none"> <li>• The Securities and Futures Commission approved the application for being traded on TPEX as shares traded OTC.</li> </ul>
October 2003	<ul style="list-style-type: none"> <li>• Became officially listed on TPEX as shares traded OTC.</li> <li>• Received the Distinction Award in the open competition for the Business Startup Award.</li> </ul>
December 2003	<ul style="list-style-type: none"> <li>• Launched 16-channel real-time high-end DVR system products.</li> </ul>
June 2004	<ul style="list-style-type: none"> <li>• Issued the first domestic unsecured convertible bonds in the amount of NT\$200,000,000.</li> </ul>
September 2004	<ul style="list-style-type: none"> <li>• Capital was increased to NT\$260,000,000.</li> </ul>
December 2004	<ul style="list-style-type: none"> <li>• Set up the mainland China marketing base in Shanghai through investment.</li> </ul>

January 2005	• Set up the Americas marketing base in the USA through investment.
March 2005	• Established the Sanchong factory capable of performing a lead-free process.
July 2005	• Set up the Europe marketing base in the Britain through investment.
October 2005	• Capital was increased to NT\$390,332,550.
October 2005	• Invested in WiBASE Industrial Solutions Inc.
November 2006	• Capital was increased to NT\$466,974,150.
March 2007	• Issued the first domestic unsecured convertible bonds and ceased to be listed on TPEX.
August 2007	• Carried out a follow-on offering in the amount of NT\$239,200,000, at NT\$104 per share.
September 2007	• Invested in VISWIS, INC.
October 2007	• Capital was increased to NT\$550,363,200.
November 2007	• Issued 3,500,000 shares in the form of employee stock option certificates.
December 2007	• Set up the Singapore marketing base in Singapore through investment.
November 2008	• Capital was increased to NT\$615,745,520.
October 2009	• Capital was increased to NT\$646,376,140.
February 2010	• Issued the second domestic unsecured convertible bonds in the amount of NT\$130,000,000.
April 2010	• Carried out a follow-on offering in the amount of NT\$192,400,000, at NT\$48.1 per share.
November 2010	• Capital was increased to NT\$701,196,980.
February 2011	• Reduced the capital to NT\$682,486,980 by retiring treasury shares.
March 2011	• Reduced the capital to NT\$677,946,980 by retiring treasury shares.
September 2011	• Reduced the capital to NT\$675,306,980 by retiring treasury shares.
October 2011	• Capital was increased to NT\$696,236,680.
November 2011	• Established the Xinzhuang Factory.
December 2011	• Incorporated IBASE SOLUTION CO., LTD through investment.
March 2012	• Increased the capital to NT\$715,403,210 by converting convertible bonds into common shares.
June 2012	• Increased the capital to NT\$716,679,250 by converting convertible bonds into common shares.

September 2012	• Increased the capital to NT\$719,116,210 by converting convertible bonds into common shares.
September 2012	• Issued the third domestic unsecured convertible bonds in the amount of NT\$200,000,000.
October 2012	• Carried out a follow-on offering in the amount of NT\$88,000,000, at NT\$32 per share.
December 2012	• Capital was increased to NT\$842,845,040.
March 2013	• Increased the capital to NT\$845,367,220 by converting convertible bonds into common shares.
June 2013	• Increased the capital to NT\$846,850,890 by converting convertible bonds into common shares.
September 2013	• Increased the capital to NT\$849,390,880 by converting convertible bonds into common shares.
September 2013	• Capital was increased to NT\$891,222,110.
December 2013	• Increased the capital to NT\$911,367,360 by converting convertible bonds into common shares.
March 2014	• Increased the capital to NT\$947,508,750 by converting convertible bonds into common shares.
June 2014	• Increased the capital to NT\$952,163,240 by converting convertible bonds into common shares.
September 2014	• Capital was increased to NT\$999,164,710.
September 2014	• Increased the capital to NT\$999,720,170 by converting convertible bonds into common shares.
January 2015	• Issued the fourth domestic unsecured convertible bonds in the amount of NT\$150,000,000.
March 2015	• Carried out a follow-on offering in the amount of NT\$83,500,000, at NT\$38.88 per share.
March 2015	• Invested in Shenzhen Huameishi Tech Co., Ltd. through investment.
March 2015	• Increased the capital to NT\$1,085,429,850 by converting convertible bonds into common shares.
September 2015	• Capital was increased to NT\$1,138,488,400.
June 2016	• Increased the capital to NT\$1,138,584,310 by converting convertible bonds into common shares.
July 2016	• Invested in IBASE Italy SRL.
September 2016	• Increased the capital to NT\$1,140,445,000 by converting convertible bonds into common shares.
October 2016	• Capital was increased to NT\$1,182,340,440.
November 2016	• Invested in IBASE JAPAN.
January 2017	• Increased the capital to NT\$1,202,126,730 by converting convertible bonds into common shares.
April	• Increased the capital to NT\$1,203,809,150 by converting convertible bonds

2017	into common shares.
July 2017	• Reduced the capital to NT\$1,193,386,410 by retiring treasury shares.
September 2017	• Converted convertible bonds into common shares and increased the capital to NT\$1,238,435,170.
October 2017	• Reduced the capital to NT\$1,234,405,170 by retiring treasury shares.
January 2018	• Increased the capital to NT\$1,234,655,930 by converting convertible bonds into common shares.
April 2018	• Increased the capital to NT\$1,234,726,190 by converting convertible bonds into common shares.
July 2018	• Increased the capital to NT\$1,234,843,300 by converting convertible bonds into common shares.
October 2018	• Capital was increased to NT\$1,764,061,860 after a share swap with AAEON.
December 2018	• Increased the capital to NT\$1,764,185,160 by converting convertible bonds into common shares.
September 2019	• Increased the capital to NT\$1,764,635,010 by converting convertible bonds into common shares.
November 2019	• Purchased Pingzhen Factory.
January 2020	• Increased the capital to NT\$1,770,997,730 by converting convertible bonds into common shares.
September 2020	• Issued the fifth domestic unsecured convertible bonds in the amount of NT\$800,000,000.
November 2022	• Issued the fifth domestic unsecured convertible bonds in the amount of NT\$1,600,000,000.
December 2022	• Increased the capital to NT\$1,949,966,930 by converting convertible bonds into common shares.
December 2022	• Procurement of office on 15F of Building F, NanKang Software Zone Phase II

Chapter 3. Corporate Governance Report  
 I. Company organization and systems  
 (I) Organizational structure



(II) Business activities of each segment

Type of Segment	Business duties
Chairman Office	<ul style="list-style-type: none"> <li>• Strategically plan and implement medium- and long-term development of the group.</li> <li>• Gather the information on industry competition strategy; plan and assess investment.</li> </ul>
CEO's Office	<ul style="list-style-type: none"> <li>• Manage the Group's operations and plan and analyze business policies.</li> <li>• Plan and implement the Group's projects.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Implement the various internal control systems and carry out audit work.</li> </ul>
Labor Safety Office	<ul style="list-style-type: none"> <li>• Protect the physical and mental safety and health of employees and make the Company comply with occupational safety and health regulations.</li> <li>• Share and use occupational safety and health information and provide suggestions.</li> <li>• Other matters related to occupational safety and health management.</li> </ul>
Office of the President	<ul style="list-style-type: none"> <li>• Be in charge of the Company's business development, decision-making, management matters, and formulation of business objectives.</li> <li>• Plan and implement the Company's projects.</li> </ul>
Information Department	<ul style="list-style-type: none"> <li>• Responsible for the planning and promotion of the Company's information operations, as well as the management and maintenance of computer software, hardware, and networks.</li> </ul>
General Administrative Division	<ul style="list-style-type: none"> <li>• Be in charge of iBase's financial, accounting, and administrative affairs and assisting and supervising such affairs of each entity of iBase Group.</li> </ul>
Materials Division	<ul style="list-style-type: none"> <li>• Matters related to supplier management, contractor management, production and sales coordination, procurement, materials control, and production control.</li> </ul>
Quality Assurance Division	<ul style="list-style-type: none"> <li>• Plan and implement product quality control and manage instrument calibration.</li> <li>• Deal with customer complaints.</li> <li>• Improve the manufacturing process and technologies.</li> </ul>
Manufacturing Division No.1	<ul style="list-style-type: none"> <li>• Product manufacturing, assembly, testing, and packaging operations.</li> <li>• DOA, RMA, defect repair operations.</li> <li>• Warehouse management of raw materials, semi-finished products, and finished products, as well as matters related to domestic sale and export.</li> </ul>
Manufacturing Division No.2	<ul style="list-style-type: none"> <li>• Product manufacturing, assembly, testing, and packaging operations.</li> <li>• DOA, RMA, defect repair operations.</li> <li>• Warehouse management of raw materials, semi-finished products, and finished products, as well as matters related to domestic sale and export.</li> </ul>
Operations Division	<ul style="list-style-type: none"> <li>• Marketing, order management, shipment and customs declaration, receivables collection, customer satisfaction survey, and customer complaints in relation to the field of application of products such as Digital Signage, POS, Kiosk, Medical, Infotainment, Automation, Networking, Industry Panel PC, and low power consumption ARMs.</li> </ul>
Hardware R&D Office	<ul style="list-style-type: none"> <li>• Product research and development (including circuit design, mechanism design, system design, and design verification).</li> </ul>
Software R&D Office	<ul style="list-style-type: none"> <li>• Research and develop product-related software and firmware.</li> <li>• Product compatibility and reliability verification.</li> </ul>



	<ul style="list-style-type: none"> <li>• Support after-sale services (FAE).</li> </ul>
Products Planning Division	<ul style="list-style-type: none"> <li>• Matters related to OBM products, e.g. market information collection, company product line planning, product specification formulation, cost estimation, price estimation, project management, and end of life (EOL) assessment.</li> </ul>
Project-based Products Planning Division	<ul style="list-style-type: none"> <li>• Matters related to ODM products, e.g. market information collection, company product line planning, product specification formulation, cost estimation, price estimation, project management, and end of life (EOL) assessment.</li> </ul>
Network Communications Product Business Division	<ul style="list-style-type: none"> <li>• Planning, R&amp;D and sales of Network communications products</li> </ul>

II. Information on the company's directors, supervisors, president, vice president, assistant vice presidents, and the chiefs of all the company's divisions and branch units

(I) Information on Directors and Supervisors

April 22, 2023; Unit: shares

Title	Nationality and Registry	Name	Gender, Age	Date of election / appointment to current term	Term	Date first elected	No. of shares held at time of election		No. of shares currently held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	Lin Chiu-Hsu	Male 61-70	June 17, 2020	3	November 15, 2002	1,478,015 (Note 1)	0.83	1,586,015 (Note 1)	0.81	222,017	0.11	0	0	Electronic Engineering Department, National Kaohsiung University of Applied Science Senior Vice President, Micron Communications Group Co., Ltd.	The Company's Chief Strategy Officer who holds a position in other company at the same time For details, see (Note ).	None	None	None	-
Director	Republic of China	Chunbao Investment Co., Ltd.	-	June 17, 2020	3	June 27, 2017	2,694,595	1.52	2,694,595	1.38	0	0	0	0	None	None	None	None	None	-
	Republic of China	Representative: Hsu Wu-Chun	Male 61-70	June 17, 2020	3-	June 27, 2017	0	0	319,254	0.16	4,615	0	0	0	Department of Business Administration, University of Phoenix Technoland's Chairman and CEO	The Company's CEO and President who holds a position in other company at the same time (Note )	None	None	None	-
Director	Republic of China	Chen Yu-Nan	Male 51-60	June 17, 2020	3	June 18, 2003	1,042,027 (Note 1)	0.59	878,027 (Note 1)	0.45	189,546	0.10	0	0	Electronics Department of Hungkuo Delin University of Technology Senior Manager, Research and Development Department, Micron Communications Group Co., Ltd.	The Company's Deputy CEO who holds a position in other company at the same time (Note )	None	None	None	-
Director	Republic of China	Shen Yao-Chang	Male 61-70	June 17, 2020	3	November 15, 2002	31,163	0.02	13,163	0.01	0	0	0	0	International Trade Division, Chihlee University of Technology Manager, Finance Department, MEANG DAUNG INDUSTRIAL CO., LTD.	None	None	None	None	-
Director	Republic of China	Lin Ting-Ping	Male 61-70	June 17, 2020	3	June 23, 2014	0	0	0	0	0	0	0	0	Ph.D., Electromechanical and Radio Wave Group, National Taiwan University Professor of the Department of Electronic Engineering, National Taiwan University of Science and Technology; Professor of the Department of Electronic Engineering, National Taipei University of Technology.	None	None	None	None	-
Director	Republic of China	AAEON Technology Inc.	-	June 17, 2020	3	June 15, 2018	52,921,856	29.88	52,921,856	27.14	0	0	0	0	None	None	None	None	None	-
	Republic of China	Representative: Chuang Yung-Shun	Male 61-70	June 17, 2020	3	June 15, 2018	0	0	0	0	0	0	0	0	Honorary Doctor of Engineering, National Taiwan University of Science and Technology Chairman, AAEON Technology Inc.	Position concurrently held at another company (Note )	None	None	None	-
Director	Republic of China	AAEON Technology Inc.	-	June 17, 2020	3	June 15, 2018	52,921,856	29.88	52,921,856	27.14	0	0	0	0	None	None	None	None	None	-
	Republic of China	Representative: Li Ying-Chen	Male 61-70	June 17, 2020	3	June 15, 2018	0	0	101,000	0.05	11,792	0.01	0	0	Ph.D. in Electrical Engineering, National Taiwan University Chairman, Litemax Electronics Inc. Chief Strategy Officer, AAEON Technology Inc.	Position concurrently held at another company (Note )	None	None	None	-
Director	Republic of China	Chen Shih-Hsiung	Male 51-60	June 17, 2020	3	November 15, 2002	1,279,885	0.72	1,185,885 (Note 1)	0.61	603,230	0.31	0	0	Electronics Department, Provincial Taipei Institute of Technology Project Manager, Research and Development Department, Micron Communications Group Co., Ltd.	The Company's Deputy CEO who holds a position in other company at the same time (Note )	None	None	None	-

Note 1: Excluding the number of shares which are under trust custody and of which the right to use has been reserved. Chairman Lin Chiu-Hsu deposited 1,200,000 shares with a trust; Director Chen Yu-Nan 1,300,000 shares; Director Chen Shih-Hsiung 1,200,000 shares.

2. Major shareholders of corporate shareholders

April 22, 2023

Name of corporate shareholder (Note 1)	Corporate shareholders' major shareholders (Note 2)	Shareholding percentage (%)
AAEON Technology Inc.	ASUSTeK Computer Inc.	29.26%
	iBase Technology Inc.	27.88%
	Chuang Yung-Shun	13.15%
	Hua Cheng Venture Capital Corp.	5.59%
	Hua-Min Investment Co., Ltd.	5.59%
	Jui Hai Investment Co., Ltd.	3.02%
	Huang Yu-Min	2.83%
	Hsu Ching-Yun	0.99%
	Li Ying-Chen	0.74%
	Li Chuang Shu-Hua	0.66%
Chunbao Investment Co., Ltd.	Hsu Wu Su-Ying	29.24%
	Hsu Wu-Chun	20.50%
	Lin Li-Ping	18.82%
	Hsu Wen-Bin	15.89%
	Hsu Yu-Yao	15.55%

Note 1: If a director is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

3. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form:

April 22, 2023

Name of corporate shareholder (Note 1)	Corporate shareholders' major shareholders (Note 2)	Shareholding percentage (%)
ASUSTeK Computer Inc.	Jonney Shih	2.78%
	Cathay United Bank managed Expert Union Limited Investment account	2.65%
	ASUS's Certificate of Depository with CitiBank	1.88%
	Yuanta Taiwan High Dividend Fund Account	1.69%
	New Labor Pension Fund	1.49%
	Morgan Stanley & Co. International Plc	1.35%
	Silchester International Investors International Value Equity Trust	1.34%
	Fubon Life Insurance Co., Ltd.	1.35%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.34%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.22%
HUA-CHENG VENTURE CAPITAL CORP.	ASUSTeK Computer Inc.	100%
HUA-MIN INVESTMENT CO.,LTD.	ASUSTeK Computer Inc.	100%
Jui Hai Investment Co.,Ltd.	FU LI INVESTMENT CO., LTD.	49.58%
	Hui-Mei,Huang	23.87%
	Yung-Shun, Chuang	11.43%
	Fu-Chieh,Chuang	7.56%
	Fu-Chun, Chuang	7.56%

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

4. Information Regarding the Professional Qualifications and Independence of Directors and Supervisors

Criteria Name	Professional qualifications and experience	Independence situation	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lin Chiu-Hsu	Graduated from Electronic Engineering National Kaohsiung University of Applied Sciences, he is currently the chairman and CSO of the company, with more than five years of work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	0
Chen Shih-Hsiung	Graduated from the Electronics Department, Provincial Taipei Institute of Technology, he is currently the CEO of the company. He has more than five years of work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	0
Chen Yu-Nan	Graduated from the Electronics Sihai Institute of Technology, he is currently the president of the company. He has more than five years of work experience required for business and corporate business, and has the ability to have industrial management and technology research and development.	There is no one of the circumstances of Section 30 of the Company Law.	0
Hsu Wu-Chun	Graduated from Department of Business Administration, University of Phoenix, he is currently the senior division president. He has more than five years of work experience required for business and corporate business, and he has the ability to have marketing.	There is no one of the circumstances of Section 30 of the Company Law.	0
Shen Yao-Chang	Graduated from the National Taiwan University of Science and Technology with an honorary doctor of engineering, he is currently the chairman of AAEON Technology Inc., the chairman of ONYX HEALTHCARE INC. and other listed companies. Committed to the field of industrial computer for nearly 30 years, with professional leadership, marketing, operation management and strategic planning capabilities.	There is no one of the circumstances of Section 30 of the Company Law.	2
Li Ying-Chen	Ph.D. Electrical Engineering National Taiwan University, is currently the CSO of AAEON Technology Inc, Chairman of LITEMAX ELECTRONICS INC. has more than five years of work experience required for business and corporate business, with professional skill of leadership, marketing, operational management and strategy planning.	There is no one of the circumstances of Section 30 of the Company Law.	2
Lin Ting-Ping (Independent Director)	Ph. D. in Electrical Engineering and Radio Waves graduated from the National Taiwan University, currently a Professor of Electronic Engineering, National Taiwan University of Science and Technology; used to be a professor of electronic engineering, National Taipei University of Technology; having accumulated hands-on experiences required for electronic engineering related science & technology for more than five (5) years.	In the two years before the election and during the term of office, the following independence assessment conditions have been met: (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 affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under another's name, in an aggregate amount of one percent or more of the total number of issued one of its top ten shareholders. (4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Article 27 Paragraph 1 or 2 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (7) Not the same person as the Company's Chairperson, President or person with equivalent position, or the director, supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks among its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NT\$ 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Remuneration Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to the relevant regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act. (10) Not a spouse or relative of the second degree or closer to any other directors. (11) Does not meet any descriptions stated in Article 30 of The Company Act. (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.	0
Shen Yao-Chang (Independent Director)	Graduated from the Department of International Trade, Chilee Institute of Technology; used to be the Manager, Department of Finance, Ming Dong Co., Ltd., having accumulated hands-on experiences required for commerce and business operations of a company for more than five (5) years, in possession of professional expertise in finance and accounting.	(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Article 27 Paragraph 1 or 2 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (7) Not the same person as the Company's Chairperson, President or person with equivalent position, or the director, supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks among its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NT\$ 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Remuneration Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to the relevant regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act. (10) Not a spouse or relative of the second degree or closer to any other directors. (11) Does not meet any descriptions stated in Article 30 of The Company Act. (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.	0

## 5. Board diversity policy:

The overall capabilities that the Board of Directors should possess are as enumerated below: The operating judgment capability; accounting and financial analysis capability; capability to deal with crises; industrial expertise; international market outlook, leadership and policymaking capability. In terms of composition of the Board of Directors membership, we should take into account sound diversification, including notably the operations of the Board itself, operating style, demand for development and, accordingly, we duly map out the policy of diversification, including fundamental conditions and values (gender, age, nationality, culture and the like), professional expertise and skills (professional backgrounds, professional skills and hands-on industrial backgrounds). Here at the Company, we put forth effort toward such goals with such substantial accomplishments as enumerated below:

Managerial goals	Facts of accomplishment
Among all directors, at least one-third possesses expertise in computer industry, marketing or science and technology.	Satisfactorily accomplished.
Among all independent directors, at least one-third minimum possesses expertise in laws, finance, accounting or science technology.	Satisfactorily accomplished.

The Company continues to work hard to achieve the specific management objectives of the diversity policy of the Board of Directors. It is expected that in the future selection of Board members, priority will be given to recruiting at least one female director with a legal, accounting, or financial background to join the Board.

Name of director	Diversity items	Basic information							Specialized Background					Ability to execute duties									
		Nationality	Gender	Concurrently serving as an	Age			Term of independent directors			Accounting	Finance	Industry	Marketing	Technology	Operating judgment	Ability to perform accounting and	Operational and Management	Crisis management ability	Knowledge of Industry	Understanding of International Markets	Leadership	Decision Making
					41 to 50	51 to 60	61 to 70	Less than 3 years	3-9 years	More than 9 years													
Lin Chiu-Hsu	Republic of China	Male	√			√					√	√	√	√	√	√	√	√	√	√	√	√	√
Chen Yu-Nan	Republic of China	Male	√		√							√	√	√	√	√	√	√	√	√	√	√	√
Chen Shih-Hsiung	Republic of China	Male	√		√							√	√	√	√	√	√	√	√	√	√	√	√
Hsu Wu-Chun	Republic of China	Male	√			√						√	√	√	√	√	√	√	√	√	√	√	√
Chuang Yung-Shun	Republic of China	Male				√						√	√	√	√	√	√	√	√	√	√	√	√
Li Ying-Chen	Republic of China	Male				√						√	√	√	√	√	√	√	√	√	√	√	√
Shen Yao-Chang	Republic of China	Male				√			√	√					√								√
Lin Ting-Ping	Republic of China	Male				√		√						√					√				√

## 6. Board Independence situation

The members of the Board of Directors are selected according to the Company's operations, operation type and development needs, and all have different expertise in various fields. There are currently eight directors, including two independent directors (one with 3 years (inclusive) to 9 years in office); one with 9 years (inclusive) to 12 years in office; and three representatives of institutional directors. They are all males of R.O.C. nationality, and four of them serve as employees of the Company concurrently. The Company's Board members have extensive experiences and qualifications, have worked in various fields for many years. They are stable and outstanding professionals with diversified professional backgrounds and ability to perform duties. None of the directors and independent directors has a spouse or relative within the second degree, which meets the requirements of Items 3 and 4 of Article 26-3 of the Securities Exchange Act. Therefore, the company's board of directors is independent.

## (II) Information on the company's president, executive vice presidents, vice presidents, assistant vice presidents, and the chiefs of all the company's divisions and branch units April 22, 2023

Title	Nationality	Name	Gender	Date of election / appointment to current term	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Chief Strategy Officer	Republic of China	Lin Chiu-Hsu	Male	November 15, 2002	1,586,015 (Note 1)	0.81	222,017	0.11	0	0	Electronic Engineering Department, National Kaohsiung University of Applied Science Senior Vice President, Micron Communications Group Co., Ltd.	None	None	None	None	
President and adviser, Network Products Planning Division	Republic of China	Hsu Wu-Chun	Male	October 11, 2018	319,254	0.18	4,615	0.00	0	0	Department of Business Administration, University of Phoenix Technoland's Chairman and CEO	None	None	None	None	
President	Republic of China	Chen Yu-Nan	Male	November 15, 2003	878,027 (Note 1)	0.45	189,546	0.10	0	0	Electronics Department of Hungkuo Delin University of Technology Senior Manager, Research and Development Department, Micron Communications Group Co., Ltd.	None	None	None	None	
CEO	Republic of China	Chen Shih-Hsiung	Male	November 15, 2002	1,185,885 (Note 1)	0.61	603,230	0.31	0	0	Electronics Department, Provincial Taipei Institute of Technology Project Manager, Research and Development Department, Micron Communications Group Co., Ltd.	None	None	None	None	
Vice President	Republic of China	Chen Chang-Tai	Male	October 1, 2013	65	0	323	0	0	0	Department of Computer Science, National Taipei University of Technology Vice President, ADLINK TECHNOLOGY INC.	None	None	None	None	
Assistant Vice President, Netcom Products Planning Department	Republic of China	Chiang Chia-Shih	Male	December 1, 2020	0	0	0	0	0	0	Master of Electrical Engineering, University of Michigan (Ann Arbor) Deputy Chief, BU9 Product Division, Quanta Computer Inc.	None	None	None	None	
Vice President	Republic of China	Shang Chih-Hung	Male	April 7, 2021	105,045	0.05	20,300	0.01	0	0	Grand Canyon University MBA, I.B. President, IBASE TECHNOLOGY INC.	None	None	None	None	
Senior Executive Vice President and Chief of the Business Division	Republic of China	Lin Tai-Sheng	Male	March 31, 2019	86,874	0.04	0	0	0	0	Department of International Trade, National Chengchi University; EMBA, Cranfield University. President, TMC	None	None	None	None	
Senior Assistant Vice President, Business Department No.3	Republic of China	Chang Kuo-Wei	Male	August 21, 2017	32,880	0.02	0	0	0	0	Institute of Shipbuilding, National Taiwan University Engineer, Avalue Technology Incorporation	None	None	None	None	
Market Department	Republic of China	Chen Pi-Chun	Female	January 1, 2019	,654	0	0	0	0	0	MBA, University of Leicester, UK Senior Marketing Specialist, EDOM TECHNOLOGY CO., LTD.	None	None	None	None	
Senior Special Assistant	Republic of China	Tsai Yu-Fu	Male	May 23, 2017	0	0	0	0	0	0	I.T. Management and Industrial Engineering Department, Mapua University (Philippines) Technological Editor, Micron Communications Group Co., Ltd.	None	None	None	None	
Products Planning Department	Republic of China	Lin Wei-Cheng	Male	January 1, 2019	15,459	0.01	0	0	0	0	Bachelor of Political Science, Soochow University Assistant Vice President, G-BAO TECHNOLOGY CO., LTD., for 5 years	None	None	None	None	
Applied Products Planning Department	Republic of China	Chien Yi-Fang	Male	January 1, 2019	0	0	0	0	0	0	EMBA and M.S., University of South Australia Business Manager, Asian Business Department, ACROSSER TECHNOLOGY CO., LTD.	None	None	None	None	
Senior Director, Hardware Research and Development Division	Republic of China	Tung Hui-Kuo	Male	January 18, 2013	260,443	0.13	0	0	0	0	Department of Electronic Engineering and Technology, National Taiwan Institute of Technology Vice President, R&D Department, Baohua Technology Co., Ltd.	None	None	None	None	
Senior Assistant Vice President, Research and Development Division	Republic of China	Wang Yung-Kuan	Male	February 3, 2012	249,035	0.13	31,541	0.02	0	0	Department of Information, Chinese Culture University Project Manager, Research and Development Department, Micron Communications Group Co., Ltd.	None	None	None	None	
Senior Executive Vice President	Republic of China	Li Chia-Fu	Male	February 3, 2012	158,880	0.08	0	0	0	0	Department of Electrical Engineering, Feng Chia University Deputy Manager, Research and Development Department, Micron Communications Group Co., Ltd.	None	None	None	None	
Vice President, Materials Department	Republic of China	Lo Yu-Jung	Female	April 12, 2021	0	0	0	0	0	0	EMBA, National Chung Hsing University Vice President of the Materials Department, iBASE Gaming Inc.; Assistant Vice President of the Materials Department, IBASE TECHNOLOGY INC.	None	Vice President, Manufacturing Division No.2	Yang Jih-Tsung	Spouse	
Assistant Vice President, purchasing department	Republic of China	Yen Chung-Lien	Male	February 22, 2011	528,642	0.27	0	0	0	0	Industrial Management Division, Tamsui Institute of Business Administration Specialist, Production Management Department, Micron Communications Group Co., Ltd.	None	None	None	None	
Vice President, Manufacturing Division No.1	Republic of China	Chang Pao-Fei	Male	March 31, 2011	135,000	0.07	0	0	0	0	Department of Electronics, Kai Ping Vocational School Manager, Production Department, Micron Communications Group Co., Ltd.	None	None	None	None	
Assistant Vice President, Manufacturing Department No.2	Republic of China	Chen Ti-Sen	Male	July 1, 2019	126,973	0.07	0	0	0	0	Electronics Department, Provincial Taipei Institute of Technology Deputy Manager, Research and Development Department, Micron Communications Group Co., Ltd.	None	None	None	None	
President, Manufacturing Division No.2	Republic of China	Yang Jih-Tsung	Male	August 17, 2020	0	0	0	0	0	0	Department of Electrical Engineering, National Taiwan University of Science and Technology Chief of the Quality Management Division, Acer Inc.	None	Vice President, Materials Department	Lo Yu-Jung	Spouse	
Senior Manager, Quality Assurance Department	Republic of China	Wang Chih-Hsuan	Male	April 1, 2018	18,000	0.01	0	0	0	0	Department of Electronics, Technology & Science Institute of Northern Taiwan Engineer, Wei Ger Technology LLC.	None	None	None	None	
Assistant Vice President, General Administrative Division	Republic of China	Lin Ming-Nan	Male	October 11, 2000	31,049	0.02	129	0	0	0	Department of Finance and Taxation, Tamsui Institute of Business Administration Deputy Section Chief, Accounting Division, Nanchow Chemical Industrial Co., Ltd.; Deputy Manager, Finance Department, FARADEND ELECTRONICS CO., LTD.	None	None	None	None	
Assistant Vice President, Audit Office	Republic of China	Pan Yen-Chuan	Male	June 29, 2016	118,487	0	0	0	0	0	Department of Automatic Control Engineering, Feng Chia University Section Chief, Administrative Department, Micron Communications Group Co., Ltd.; advisory specialist of the President's Office, KAULIN MANUFACTURING CO. LTD. Advisory Specialist, President's Office, Yu Yuan Disc Co., Ltd.	None	None	None	None	
Assistant Vice President, Information Department	Republic of China	Chen Lin-Hsing	Male	October 3, 2016	149,205	0.08	0	0	0	0	Department of Information Science, Chinese Culture University Section Chief of the MIS, AUROTEK CORPORATION	None	None	None	None	
Vice general manager, Netcom Business Department	Republic of China	Lin Yu-Chuang	Female	June 24, 2023	2,000	0	0	0	0	0	Master, Graduate School of Electrical Engineering, Chung Yuan Christian University Senior researcher of Standard Laboratory, Industrial Technology Research Institute, Chief Executive Officer (CEO) of Accton Technology; Associate Hardware Manager of Delta Electronics.	None	None	None	None	

Senior Assistant Vice President, Hardware Research and Development Division	Republic of China	Chen Hong-Siang	Male	June 15, 2020	12,000	0	0	0	0	0	Bachelor in Electrical Engineering, National Taiwan University; Master in Electrical Engineering, UCLA of the United States MSI Research and Development Manager; Assistant Research & Development Manager of Mitac/Getac; Assistant Research & Development Manager, Advantech; Senior Research & Development Manager of Hon Hai Group	None	None	None	None
Assistant Vice President, Business Department No.1	Republic of China	Long Peng-Wen	Male	May 6, 2021	112,557	0.06	60,700	0.03	0	0	Department of Electronic Engineering, Jinwen University of Science and Technology University of Science and Technology Deputy Research & Development Manager, Xinzhong Computer Co., Ltd.	None	None	None	None
Assistant Vice President, Business Department No.3	Republic of China	Li Jui-Yun	Female	October 7 2021	168	0	0	0	0	0	Master of Product Innovation and Research & Development, University of Brighton, UK Business Development Manager, Lanner Electronics Inc.	None	None	None	None
Assistant Vice President, Software Department No.1	Republic of China	Jian Si-En	Male	June 23, 2023	20,000	0.01	0	0	0	0	Department of Information Management, China University of Science and Technology Engineer of Taiwan Mycomp Co, Ltd.	None	None	None	None
Assistant Vice President, R&D Department No.2	Republic of China	Ye Jian-Jhong	Male	August 1, 2022	37,162	0.02	2,180	0	0	0	Mechanical Engineering Department, United Engineering College Research & Development Engineer of Mitac Incorporated; High Ranking Research & Development Mechanism Engineer of Shih Ta Technology Co., Ltd.; Research & Development Mechanism Engineer of Zhih En Technology Co., Ltd.	None	None	None	None
Assistant Vice President, Netcom Business Department	Republic of China	Bai Shun-Ren	Male	March 27, 2023	0	0	0	0	0	0	Master in Industrial Engineering, University of Michigan; Department of Electronic Engineering, National Chiao Tung University Senior Manager of Quanta Computer; Business Division Head of Tailyn Technologies, Inc.	None	None	None	None

Note 1: Excluding the number of shares which are under trust custody and of which the right to use has been reserved. Chairman and CEO Lin Chiu-Hsu deposited 1,200,000 shares with a trust; Director and Deputy CEO Chen Yu-Nan 1,300,000 shares; Director and Deputy CEO Chen Shih-Hsiung 1,200,000 shares.



(III) Remuneration paid during the most recent fiscal year to directors, supervisors, presidents, and vice presidents

(1) Remuneration to Ordinary Directors and Independent Directors

Unit: NTD thousand; December 31, 2022

Title	Name	Remuneration of directors								The sum of A, B, C, and D as a percentage of post-tax profit (Note 11)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of post-tax profit (Note 10)		Whether received remuneration from invested businesses other than the subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to Directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Retirement pay and pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company	Companies in the financial statements (Note 7)	The Company (Note 12)	Companies in the financial statements (Note 7) (Note 12)	The Company		Companies in the financial statements (Note 7)		The Company	All consolidated entity (Note 7)			
												Cash Amount	Stoch Amount	Cash Amount	Stoch Amount							
Director	Lin Chiu-Hsu																					
Director	Chen Yu-Nan																					
Director	Chunbao Investment Co., Ltd. – Hsu Wu-Chun																					
Director	AAEON Technology Inc. – Chuang Yung-Shun	0	0	0	0	3,000	3,150	252	306	3,252/0.29%	3,456/0.30%	19,703	21,384	432	432	7,335	0	7,335	0	30,722/2.71%	32,607/2.86%	14,767
Director	AAEON Technology Inc. – Li Ying-Chen																					
Director	Chen Shih-Hsiung																					
Independent Director	Lin Ting-Ping																					
Independent Director	Shen Yao-Chang	0	0	0	0	1,375	1,375	114	114	1,489/0.13%	1,489/0.13%	0	0	0	0	0	0	0	0	1,489/0.13%	1,489/0.13%	659
Independent Director	Chen Kun-Chih (Note 13)																					

1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of payment of remuneration according to the responsibilities, risks, time invested and other factors: According to Article 20 of the Company's Articles of Incorporation, if the Company has earnings in the final account, 1%–15% of such earnings shall be provided as employee compensation, which shall be distributed in stock or cash as determined by the Board of Directors and may be distributed to employees of affiliates who meet certain criteria, and no more than 3% of such earnings shall be allocated as compensation to directors and supervisors. Any proposal to distribute compensation to employees or directors or supervisors must be reported to the Shareholders' Meeting.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultant: None.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All consolidated entity (Note 9)	The Company (Note 8)	All consolidated entity (Note 9)
Less than NT\$1,000,000	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung (Note); Shen Yao-Chang; Lin Ting-Ping; Chunbao Investment Co., Ltd. representative – Hsu Wu-Chun; AAEON Technology Inc. representative – Chuang Yung-Shun; AAEON Technology Inc. representatives – Li Ying-Chen, Chen Kun-Chih.	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung (Note); Shen Yao-Chang; Lin Ting-Ping; Chunbao Investment Co., Ltd. representative – Hsu Wu-Chun; AAEON Technology Inc. representative – Chuang Yung-Shun; AAEON Technology Inc. representatives – Li Ying-Chen, Chen Kun-Chih.	Shen Yao-Chang; Lin Ting-Ping; AAEON Technology Inc. representative – Chuang Yung-Shun; AAEON Technology Inc. representatives – Li Ying-Chen, Chen Kun-Chih.	Shen Yao-Chang; Lin Ting-Ping; AAEON Technology Inc. representative – Chuang Yung-Shun; AAEON Technology Inc. representatives – Li Ying-Chen, Chen Kun-Chih.
1,000,000(inclusive)–2,000,000 (exclusive)				
2,000,000(inclusive)–3,500,000 (exclusive)				
3,500,000 (inclusive)–5,000,000 (exclusive)				
5,000,000(inclusive)–10,000,000 (exclusive)			Lin Chiu-Hsu; Chen Shih-Hsiung; Chen Yu-Nan; Chunbao Investment Co., Ltd. representative – Hsu Wu-Chun	Lin Chiu-Hsu; Chen Shih-Hsiung; Chen Yu-Nan; Chunbao Investment Co., Ltd. representative – Hsu Wu-Chun
10,000,000 (inclusive)–15,000,000 (exclusive)				
15,000,000 (inclusive)–30,000,000 (exclusive)				
30,000,000 (inclusive)–50,000,000 (exclusive)				
50,000,000 (inclusive)–100,000,000 (exclusive)				
> 100,000,000				
Total	9	9	9	9

- Note 1: The name of each director shall be stated separately (for a corporate shareholder, and list directors and independent directors respectively the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a president or a vice president, please complete this Table and Table (3-1), or Tables (3-2).
- Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives).
- Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors distribution for the most recent fiscal year before the Shareholders' Meeting.
- Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.
- Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as president, vice president, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.
- Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as president, vice president, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecast, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.
- Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).
- Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.
- Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).
- Note 10: Post-tax profit means the net income after tax for the most recent fiscal year.
- Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries (if none, state "None").  
b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries, that remuneration shall be added into the amount in Columns I and J of the Remuneration Range Table, and the name of that column shall be changed to "All investee enterprises."  
c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries, including rewards, base compensation, profit-sharing compensation and expenses and perquisites.
- Note 12: The Company paid NT\$0 of retirement pay and pension in 2022; the provision or contribution as retirement pay and pension recognized as expenses was NT\$432 thousand.
- Note 13: Director Chen Kun-Chih resigned from the directorship on October 4, 2022
- \*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.
- (2) Remuneration paid to supervisors: The Company already substituted the Audit Committee, which was established on June 17, 2020, for supervisors' functions.

(3) Remuneration paid to president and vice presidents

1. Remuneration paid to president and vice presidents

Unit: NT\$1,000; 1,000 shares; December 31, 2022

Title	Name	Salary (A) (Note 2)		Pension (B)		Rewards and special disbursements (C) (Note 3)		Employee compensation (D) (Note 4)				The sum of A, B, C, and D as a percentage of post-tax profit (%) (Note 8)		Remuneration from invested businesses other than the subsidiaries (Note 9)	
		The Company	Companies in the financial statements (Note 5)	The Company (Note 10)	Companies in the financial statements (Note 5) (Note 10)	The Company	Companies in the financial statements (Note 5)	The Company		Companies in the financial statements (Note 5)		The Company	Companies in the financial statements (Note 5)		
								Cash Amount	Stoch Amount	Cash Amount	Stoch Amount				
Chief Strategy Officer	Lin Chiu-Hsu	19,894	21,576	432	432	0	0	7,335	0	7,335	0	27,661/ 2.44%	29,343/ 2.57%	0	
CEO	Chen Shih-Hsiung														
President	Chen Yu-Nan														
Senior Division President	Hsu Wu-Chun														

**Table of salaries scale**

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 7)	All consolidated entities (Note 8) E
Less than NT\$1,000,000		
1,000,000(inclusive)–2,000,000 (exclusive)		
2,000,000(inclusive)–3,500,000 (exclusive)		
3,500,000 (inclusive)–5,000,000 (exclusive)		
5,000,000(inclusive)–10,000,000 (exclusive)	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung; Hsu Wu-Chun	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung; Hsu Wu-Chun
10,000,000 (inclusive)–15,000,000 (exclusive)		
15,000,000 (inclusive)–30,000,000 (exclusive)		
30,000,000 (inclusive)–50,000,000 (exclusive)		
50,000,000 (inclusive)–100,000,000 (exclusive)		
> 100,000,000		
Total	4	4

- Note 1: The name of each president and vice president shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a president or vice president, please complete this table and Table (1-1), or Tables (1-2).
- Note 2: This includes salary, duty allowances, and severance pay to the president(s) and vice president(s) in the most recent fiscal year.
- Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the president(s) and vice president(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.
- Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the president(s) and vice president(s) as approved or expected to be approved by the board of directors for the most recent fiscal year before the Shareholders' Meeting (including concurrent service as president, vice president, other managerial officer, or non-managerial employee). If the amount cannot be forecast, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.
- Note 5: Disclose the total amount of remuneration in each category paid to the president and vice presidents of the Company by all companies in the consolidated financial report (including the Company).
- Note 6: Disclose the names of the president(s) and vice president(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each president and vice president by the Company.
- Note 7: Disclose the names of the president(s) and vice president(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each president and vice president of the Company by all companies in the consolidated financial report (including the Company).
- Note 8: Post-tax profit means the net income after tax for the most recent fiscal year.
- Note 9: a. In this column, specifically disclose the amount of remuneration received by the president or vice president of the Company from investee enterprises other than subsidiaries (if none, state "None").
- b. If a president or vice president of the Company has received remuneration from investee enterprises other than subsidiaries, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "All investee enterprises."
- c. Remuneration means remuneration received by a president or vice president of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries, including rewards, base compensation, profit-sharing compensation and expenses and perquisites.
- Note 10: The Company paid NT\$0 thousand of retirement pay and pension in 2022; the provision or contribution as retirement pay and pension recognized as expenses was NT\$432 thousand.
- \* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

## 2 Names and Distributions of Employee Compensation to Managerial Officers

Unit: NT\$1,000; December 31, 2022

	Title (Note 1)	Name (Note 1)	Amount of stock (Note 4)	Amount of cash (Note 4)	Total	Total as a percentage of after-tax net profit (%)
Manager	Chief Strategy Officer	Lin Chiu-Hsu	0	25,400	25,400	2.24%
	CEO	Chen Shih-Hsiung				
	President	Chen Yu-Nan				
	Senior Division President	Hsu Wu-Chun				
	Vice President	Chen Chang-Tai				
	Senior Executive Vice President and Chief of the Operations Division	Lin Tai-Sheng				
	Senior Assistant Vice President, Business Department No.3	Chang Kuo-Wei				
	Senior Special Assistant	Tsai Yu-Fu				
	Assistant Vice President, Hardware R&D Office	Tung Hui-Kuo				
	Senior Assistant Vice President, Research and Development Division	Wang Yung-Kuan				
	Senior Executive Vice President	Lee Chia-Fu				
	Assistant Vice President, Audit Office	Pan Yen-Chuan				
	Vice President, Materials Department	Lo Yu-Jung				
	Assistant Vice President, Purchasing Department	Yen Chung-Lien				
	Assistant Vice President, Manufacturing Department No.2	Chen Ti-Sen				
	Assistant Vice President, Products Planning Department	Lin Wei-Cheng				
	Assistant Vice President, Applied Products Planning Department	Chien Yi-Fang				
	Assistant Vice President, General Administrative Division	Lin Ming-Nan				
	Vice President, Manufacturing Division No.1	Chang Pao-Fei				
	President, Manufacturing Division No.2	Yang Jih-Tsung				
	Assistant Vice President, Information Department	Chen Lin-Hsing				
	Senior Assistant Vice President, Hardware Research and Development Division	Chen Hung-Hsiang				
	Assistant Vice President, Netcom Products	Chiang Chia-Shih				

	Planning Department				
	Vice President	Shang Chih-Hung			
	Assistant Vice President, Quality Assurance Department	Wang Chih-Hsuan			
	Assistant Vice President, Business Department No.1	Lung Peng-Wen			
	Assistant Vice President, Business Department No.3	Lee Jui-Yun			
	Vice general manager of Netcom Business Department	Lin Yu-Chuang			
	Assistant Vice President, Software Department No.1	Jian Si-En			
	Assistant Vice President, R&D Department No.2	Ye Jian-Jhong			
	Assistant Vice President, Netcom Business Department	Bai Shun-Ren			

Note 1: The name and title must be disclosed separately; earnings distribution may be disclosed in the aggregate.

Note 2: This refers to employee compensation (including stocks and cash) received by the managerial officers as approved by the board of directors for the most recent fiscal year. If the amount cannot be forecast, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Post-tax profit means the net income after tax for the most recent year. If the Company has already adopted the IFRS, post-tax profit means the net income after tax on the parent company only or individual financial report for the most recent fiscal year..

Note 3: The applicable scope of “managerial officers” is defined under the March 27, 2003 FSC Order No. Tai-Cai-Zheng-San-Zi-0920001301 as persons in the following positions:

- (1) President or a person in an equivalent level
- (2) Vice President or a person in an equivalent level
- (3) Assistant Vice President or a person in an equivalent level
- (4) Chief officer of the Financial Department
- (5) Chief officer of the Accounting Department
- (6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, president, or vice president receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

- (4) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. An analysis of total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents

Item/ Name (Note 1)	The Company				Consolidated financial statements			
	2022		2021		2022		2021	
	Total	Percentage of the net profit after tax (%)	Total	Percentage of the net profit after tax (%)	Total	Percentage of the net profit after tax (%)	Total	Percentage of the net profit after tax (%)
Director	27,661	2.44%	18,397	5.89%	29,343	2.57%	19,974	9.05%
Presidents and Vice Presidents	27,661	2.44%	18,397	5.89%	29,343	2.57%	19,974	9.05%
Net profit after tax	1,135,052	—	312,547	—	1,139,571	—	220,759	—

Note 1: Remuneration paid to supervisors: The Company already substituted the Audit Committee, which was established on June 17, 2020, for supervisors' functions.

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

- (1) Remuneration policies, standards, and packages, the procedure for determining remuneration:

Directors:

According to Article 16 of the Company's Articles of Incorporation, the compensation paid to the Company's directors and supervisors must be determined by the Board of directors through deliberation, and must be paid according to the prevailing payment standards among industry peers regardless of the Company being in the black or red. And according to Article 20 of the Company's Articles of Incorporation, if the Company has earnings in the final account, 1%–15% of such earnings shall be provided as employee compensation, which shall be distributed in stock or cash as determined by the Board of Directors and may be distributed to employees of affiliates who meet certain criteria, and no more than 3% of such earnings shall be allocated as compensation to directors and supervisors. Any proposal to distribute compensation to employees or directors or supervisors must be reported to the Shareholders' Meeting.

Presidents and Vice Presidents:

According to Article 17 of the Company's Articles of Incorporation, Their base salary and duty allowance are based on the Company's salary structure. Their salary is between 150 thousand and 250 thousand depending on their academic and career achievements, performance, and the length of service years. Remuneration includes salary, monetary rewards, employee bonus, and employee stock subscription.

- (2) The relevance of the business performance and the future risks:

Remuneration paid to the Company's directors, presidents and vice presidents, which was determined based on the Company's Articles of Incorporation, their extent of contribution to the Company, the duties they assumed, the extent of association with risks in the future, and prevailing payment standards in the industry, correlated to business performance, and was disclosed in the annual report as required by law; therefore, the risks in the future should be limited.

3. Status of training for directors and supervisors (including independent directors, as well as the supervisors with independent occupational functions)

- (1) Continuing education measures for directors and supervisors

To improve the professional knowledge of directors and supervisors and cultivate their decision-making capability so as to effectively implement the corporate governance system, the Company has not only actively promoted the independent director system, but also referenced the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" to establish mechanisms and channels through which directors and supervisors may pursue continuing education. In addition, the Company has also regularly and irregularly gathered information on corporate governance courses on finance, business, commerce, law, and accounting affairs held by institutions recognized by the competent authority, based on the professional background of each director and supervisor, taking into account the Company's main business activity and main business development direction, as well as professional fields other than directors' or supervisors' professional domain, so as to arrange the continuing education time and content and obtain continuing education certificates. The status of continuing education is disclosed on the "Market Observation Post System."

## (2) Status of continuing education of directors and supervisors in 2022

Title	Name	Training date	Organizer	Course name	Training hours
Director	Chen Yu-Nan	April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		November 14, 2022	Accounting Research and Development Foundation in Taiwan	Practical analysis on the latest corporate governance policy and corporate governance evaluation.	3
Director	Chen Shih-Hsiung	April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		November 15, 2022	Accounting Research and Development Foundation in Taiwan	Trends in ESG information disclosure and relevant specifications	3
Representative of corporate shareholder	Hsu Wu-Chun	April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		November 14, 2022	Accounting Research and Development Foundation in Taiwan	Practical analysis on the latest corporate governance policy and corporate governance evaluation.	3
Representative of corporate shareholder	Li Ying-Chen	March 9, 2022	Taiwan Institute of Directors	Leadership Academy Forum under the New Reality for a Reboot—See the Digital New Taiwan	3
		April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
Director	Lin Chiu-Hsu	April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		November 4, 2022	Accounting Research and Development Foundation in Taiwan	Implementation of Green Transition: Toward Net Zero Carbon Emission	3
Representative of corporate shareholder	Chuang Yung-Shun	March 10, 2022	Taiwan Stock Exchange Corporation QIC Broad Volume International Georgeson	On independent directors and 2022 shareholders' meeting through an international perspective	1
		April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		May 23, 2022	Taiwan Corporate Governance Association	What do investors have in mind—Talking about sustainable transformation from ESG investment and financing	3
Independent Director	Lin Ting-Ping	May 9, 2022	Accounting Research and Development Foundation in Taiwan	Practical study on the profit-seeking enterprise income tax return in the latest year	3
		November 14, 2022	Accounting Research and Development Foundation in Taiwan	Practical analysis on the latest corporate governance policy and corporate governance evaluation.	3
Independent Director	Shen Yao-Chang	April 22, 2022	Taiwan Sustainable Energy Research Foundation	Taishin 30 Sustainable Net Zero Summit Forum—Earnest Net Zero Achievement Sustainable 2030	3
		November 14, 2022	Accounting Research and Development Foundation in Taiwan	Practical analysis on the latest corporate governance policy and corporate governance evaluation.	3
Independent Director	Chen Kun-Chih (Note 1)	March 9, 2022	Taiwan Institute of Directors	Leadership Academy Forum under the New Reality for a Reboot—See the Digital New Taiwan	3
		September 29, 2022	Taiwan Stock Exchange Corporation, GreTai Securities Market ("GTSM")	2022 OTC companies—Publicity forum on promulgation of the independent directors and Audit Committee in exercise of their functions as well as directors and supervisors	3

Note 1 : Independent Director Chen Kun-Chih resigned from the directorship on October 4, 2022



III. Corporate governance implementation status

(I) The operation of the Board of Directors

The number of board meetings held in the most recent fiscal year (i.e. 2022) was seven (A); the attendance by directors and supervisors was as follows:

December 31, 2022

Title	Name (Note 1)	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Lin Chiu-Hsu	7	0	100	
Director	Chen Yu-Nan	7	0	100	
Director	Chunbao Investment Co., Ltd. representative – Hsu Wu-Chun	7	0	90	
Director	Chen Shih-Hsiung	7	0	100	
Director	AAEON Technology Inc. representative – Chuang Yung-Shun	7	0	100	
Director	AAEON Technology Inc. representative – Li Ying-Chen	7	0	100	
Independent Director	Shen Yao-Chang	7	0	100	
Independent Director	Lin Ting-Ping	7	0	100	
Independent Director	Chen Kun-Chih	4	0	100	Resigned from the directorship on October 4, 2022

Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors.

(I) On issues stated in Article 14-3 of the Securities and Exchange Act.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution. : None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions.

Date	Agenda	Name of director	Reason for interest avoidance	Participation in Resolution
November 2, 2022	The proposal to distribute performance bonus of the third quarter of 2021.	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung; Chunbao Investment Co., Ltd. Representative: Hsu Wu-Chun	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung; Chunbao Investment Co., Ltd. Representative: Hsu Wu-Chun are the concerned parties	Lin Chiu-Hsu; Chen Yu-Nan; Chen Shih-Hsiung; Chunbao Investment Co., Ltd. Representative: Hsu Wu-Chun avoided the interest pursuant to the law, and did not participate in voting.

III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table Implementation of Evaluations of the Board of Directors.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	January 1, 2022 to December 31, 2022	Board of Directors	Questionnaire for assessment of the Board of Directors as a whole	<ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Improvement in the quality of decision making by the board of directors.</li> <li>3. The composition and structure of the board of directors.</li> <li>4. Election and continuing education of directors</li> <li>5. Internal controls.</li> </ol>
		Board of Directors members	Questionnaire for assessment of individual Board of Directors members	<ol style="list-style-type: none"> <li>1. Their grasp of the company's goals and missions.</li> <li>2. Their recognition of director's duties.</li> <li>3. The degree of participation in the company's operations.</li> <li>4. Their management of internal relationships and communication.</li> <li>5. Their professionalism and continuing professional education.</li> <li>6. Internal controls.</li> </ol>
		Auditing Committee	Questionnaire on self-evaluation of individual Audit Committee members	<ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Recognition of the duties of a functional committee.</li> <li>3. Improvement in the decision making quality of the functional committee.</li> <li>4. Composition and election of members of the functional committee.</li> <li>5. Internal controls.</li> </ol>
		Remuneration Committee	Questionnaire on self-evaluation of individual Remuneration Committee members	<ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Recognition of the duties of a functional committee.</li> <li>3. Improvement in the decision making quality of the functional committee.</li> <li>4. Composition and election of members of the functional committee.</li> <li>5. Internal controls.</li> </ol>

Details:

1. On December 15, 2020, the Company's Board of Directors passed the Regulations on Implementation of the Board of Directors' Self-evaluation or Peer Evaluation; evaluation must be completed and reported to the Board of Directors before the specified date. The Board of Directors completed the evaluation and reported it to the Board of Directors on February 24, 2023.
2. Below is the evaluation result for 2022:
  - (1) Board of Directors performance evaluation result: 4.91 points (out of 5 points)
  - (2) Board of Directors member performance evaluation result: 4.90 points (out of 5 points)
  - (3) Audit Committee performance evaluation result: 5.00 points (out of 5 points)
  - (4) Remuneration Committee performance evaluation result: 5.00 points (out of 5 points)
- IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, and improving information transparency), and the progress of such

enhancements.

1. The Company has formulated the “Regulations Governing Procedure for Board of Directors Meetings,” which specify the regulations for convening a Board of Directors meeting, so as to provide a compliance standard for meeting proceedings, thereby enhancing the Board of Directors’ functions.
2. The Company has set up the Audit Committee and the position of independent director to enhance the corporate governance function of the Board of Directors; independent directors also fulfill their duties to supervise the operation of the Board of Directors.
3. The Company has also set up the Remuneration Committee in charge of assisting directors in implementing and assessing the Company’s overall remuneration and welfare system.

(II) The state of operation of the audit committee or the state of participation in board meetings by the supervisors

1. The operation of the Audit Committee:

The Board of Directors held seven (A) meetings in the most recent year, with attendance as follows:

Title	Name	Attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Chen Kun-Chih		0	100	Resigned from the directorship on October 4, 2022
Independent Director	Lin Ting-Ping		0	100	
Independent Director	Shen Yao-Chang		0	100	

Other remarks:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(I) On issues stated in Article 14-5 of the Securities and Exchange Act.

Time	Important Resolution	Items listed in Article 14-5 of Securities and Exchange Act	Independent directors’ dissenting opinions or reservations or major suggestions	Resolution	The Company’s response to the Audit Committee’s opinions
February 25, 2022	<ol style="list-style-type: none"> <li>1. Proposal to appoint CPAs and determine the compensation thereof.</li> <li>2. Proposal on the Company’s 2021 Business Report and Financial Statements.</li> <li>3. 2021 Earnings distribution proposal.</li> <li>4. Proposal to revise the “Regulations Governing the Acquisition and Disposal of Assets.”</li> <li>5. Proposal regarding the Company’s follow-on offering for investment in Asuka Autotronics Inc.</li> </ol>	V	None	Approved by all Audit Committee members present as proposed.	None
May 4, 2022	<ol style="list-style-type: none"> <li>1. Proposal regarding the Company’s Financial Statements for the three months ended March 31, 2022.</li> </ol>	V	None	Approved by all Audit Committee members present	None

				as proposed.	
August 3, 2022	1. 1. Proposal regarding the Company's Financial Statements for the three months ended June 30, 2022.	V	None	Approved by all Audit Committee members present as proposed.	None
August 12, 2022	1. 1. The motion as the Company intends to procure office(s) of Phase II in the NanKang Software Park.	V	None	Approved by all Audit Committee members present as proposed.	None
October 4, 2022	1. 1. The motion that the Company intends to issue the 6th domestic unsecured convertible corporate bonds of the Year 2022.	V	None	Approved by all Audit Committee members present as proposed.	None
November 2, 2022	1. 1. Proposal regarding the Company's Financial Statements for the three months ended September 30, 2022.	V	None	Approved by all Audit Committee members present as proposed.	None
December 12, 2022	1. 1. Proposal on the internal control and internal audit plan of 2023.	V	None	Approved by all Audit Committee members present as proposed.	None
February 24, 2023	1. Proposal to appoint CPAs and determine the compensation thereof. 2. Proposal on the Company's 2022 Business Report and Financial Statements. 3. Proposal on the Declaration of Internal Control Policies of 2022. 1. 4. The motion for decree the Company's "Regulations Governing Review for Advance Approval in Response to Non-confirmed Services Rendered by a Certified Public Accountant".	V	None	Approved by all Audit Committee members present as proposed.	None
April 10, 2022	1. 2022 Earnings distribution proposal. 2. Proposal on the Company's 2022 Business Report and Financial Statements. 3. Proposal to release treasury shares for employees to subscribe to. 1. 4. Lifting of non-competition restrictions for newly appointed directors and their representatives has been made.	V	None	Approved by all Audit Committee members present as proposed.	None
May 10, 2023	1. Proposal regarding the Financial Statements for the three months ended March 31, 2023. 2. Proposal regarding the Company's follow-on offering for investment in IBASE SOLUTION CO., LTD. 3. The Motion that the Company	V	None	Approved by all Audit Committee members present as proposed.	None

	intends to purchase shares of IBASE SOLUTION CO., LTD. 4. The motion that the Company intends to dispose of WiBASE Industrial Solutions Inc.				
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(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors:None.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditors (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication):

(I) Communication between independent directors and the internal audit officer.

The Independent Directors and internal audit officer communicate with each other via email, telephone, depending on the needs. Where there are significant abnormal events. There are diverse and smooth communication channels between them. The internal audit officer will for every month submit the audit report of the previous month or the follow up report to every Independent Director for review. The Independent Directors will make responses or opinions where necessary for the reports. In 2022 and in the current year up to the publication date of this annual report, the audit results did not show significant abnormal events, and there were no dissenting opinions by the Independent Directors. The communication situations for this year are summarized as follows:

Date	Communication method	Communication matter	Communication results
2022/01/21	Email delivery	Submit the audit report(AU-R2111,AU-R2113-A)	No question raised.
2022/02/15	Email delivery	Submit the audit report (AU-R2112,AU-R2113-B, AU-R2113-C, AU-R2114-C)	No question raised.
2022/02/25	Board of Directors	Internal audit implementation report (2021/Q4)	No question raised.
2022/03/23	Email delivery	Submit the audit report (AU-R2201,AU-E2201)	No question raised.
2022/04/26	Email delivery	Submit the audit report (AU-R2202,AU-R2213-1)	No question raised.
2022/05/04	Board of Directors	Internal audit implementation report (2022/Q1)	No question raised.
2022/06/06	Email delivery	Submit the audit report (AU-R2203,AU-R2213-2)	No question raised.
2022/06/27	Email delivery	Submit the audit report (AU-R2204,AU-R2213-3,AU-R2214-3)	No question raised.
2022/07/27	Email delivery	Submit the audit report (AU-R2205,AU-R2213-4)	No question raised.
2022/08/03	Board of Directors	Internal audit implementation report (2022/Q2)	No question raised.
2022/08/25	Email delivery	Submit the audit report(AU-R2206,AU-R2213-5)	No question raised.
2022/09/27	Email delivery	Submit the audit report(AU-R2207,AU-R2213-6,AU-R2214-6)	No question raised.
2022/10/27	Email delivery	Submit the audit report(AU-R2208,AU-R2213-7)	No question raised.
2022/11/28	Email delivery	Submit the audit report(AU-R2209,AU-R2213-8)	No question raised.
2022/12/29	Email delivery	Submit the audit report(AU-R2210,AU-R2213-9,AU-R2214-9)	No question raised.
2023/01/18	Email delivery	Submit the audit report(AU-R2211,AU-R2213-A)	No question raised.
2023/02/16	Email delivery	Submit the audit report(AU-R2212,AU-R2213-B, AU-R2213-C, AU-R2214-C)	No question raised.

2023/02/24	Board of Directors	Internal audit implementation report (2022/Q4)	No question raised.
2023/03/23	Email delivery	Submmit the audit report(AU-R2301)	No question raised.
2023/04/21	Email delivery	Submmit the audit report(AU-R2302,AU-R2313-1)	No question raised.
2023/05/10	Board of Directors	Internal audit implementation report (2032/Q1)	No question raised.

(II) Communication between the independent directors and CPA:

The CPA explained the audit (review) matters for the financial statements and the audit results related to the key audit matters for the financial statements for 2022 at an Audit Committee meeting and engaged in discussion with the independent directors, and the communication was smooth.

Date	Communication method	Communication matter	Communication results
2022/02/25	Audit Committee	Briefed and discussed the 2021 financial statements.	No question raised
2022/05/04	Audit Committee	Briefed and discussed the consolidated financial statements for Q1, 2022.	No question raised
2022/08/03	Audit Committee	Briefed and discussed the consolidated financial statements for Q2, 2022.	No question raised
2022/11/02	Audit Committee	Briefed and discussed the consolidated financial statements for Q3, 2022.	No question raised
2023/02/24	Audit Committee	Briefed and discussed the 2022 financial statements.	No question raised
2023/05/10	Audit Committee	Briefed and discussed the consolidated financial statements for Q1, 2023.	No question raised

Note 1: The Audit Committee was established on June 17, 2020.

(III) The state of the company’s implementation of corporate governance, any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	✓		The Company has formulated the "Code of Corporate Governance Practice"	(I) No significant deviation.
II. Shareholding structure and shareholders’ equity				
(I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I) The Company has put in place a spokesperson system and an acting spokesperson system, and disclosed the telephone number of the spokesperson on the Market Observation Post System to provide a channel for handling shareholder suggestions, doubts, and disputes, so as to ensure shareholder interests.	(I) No significant deviation.
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(II) The Company has commissioned a professional stock transfer agent to handle its day-to-day shareholder affairs. A dedicated person is also readily available to handle related affairs and grasp the list of ultimate controllers of the controlling company.	(II) No significant deviation so far.
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(III) The Company has formulated the “Regulations for Related Party Transactions” and the “Regulations for Supervision and Management of Subsidiaries” to regulate transactions with affiliates, which should be capable of controlling risks.	(III) No significant deviation so far.
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(IV) The Company has formulated the “Procedures for Handling Material Inside Information”, which prohibits insiders from trading securities using information not publicly disclosed in the market.	(IV) No significant deviation so far.
III. The constitution and obligations of the board of directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(I) The Company has had nine directors (including two to three directors) as required by its Articles of Incorporation. Board membership is diversified and Board members take continuing education courses regularly.	(I) No significant deviation so far.
(II) Has the Company voluntarily established other functional committees in addition to the		✓	(II) The Company has put in place the Audit Committee system and the Remuneration Committee system as	(II) Please see the left description.

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
remuneration committee and the audit committee?			required by law, and will set up other functional committees in the future if the actual operations or laws and regulations require.	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors and implemented the performance evaluation on an annual basis?	✓		(III) On December 15, 2020, the Company's Board of Directors passed the Regulations on Implementation of the Board of Directors' Self-evaluation or Peer Evaluation; evaluation must be completed and reported to the Board of Directors before the specified date. Regularly conduct performance evaluation according to the method. Please refer to P.34~P.35 for the evaluation method and results. The individual directors' performance evaluation results are taken into consideration when the Remuneration Committee discusses their individual remuneration and are provided to the Board of directors when nominating director candidates.	(III) No significant deviation so far.
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		(IV) The Company evaluates the independence of attesting CPAs annually on its own, and had the evaluation results submitted to and approved by the Board of Directors meeting dated February 24, 2023. According the Company's evaluation, CPA Chen Chih-Yuan and CPA Li Tung-Feng of Deloitte & Touche meet the Company's independence evaluation criteria (Note 3) and are therefore qualified to be the Company's attesting CPAs. Deloitte & Touche has also issued a statement (Note 4).	(IV) No significant deviation so far.



Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The assistant vice president Lin Ming-Nan took over the position after approved by the board of directors on February 24, 2023, responsible for corporate governance related matters. Main responsibilities of Chief Corporate Governance Officer are as follows: Arranging for directors to communicate with or consult external professionals like CPAs, and for handling matters related to Board of Directors meeting and Shareholders' Meeting, carrying out business registration and any modification thereof, and keeping meeting minutes for the Board of Directors meetings and Shareholders' Meetings. Education of Directors and Chief Corporate Governance Officer Training date: March 21, 2023 -March 22, 2023 Organizer: Accounting Research and Development Foundation Course name: (Independent) Directors and Supervisors and Corporate Governance Officer Practices Seminar Training hours: 12 hours.	(IV) No significant deviation so far.
V. Has the Company established channels for communicating with its stakeholders and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has designated a spokesperson and an acting spokesperson to provide a channel for communication with stakeholders. In the future, the Company will set up a stakeholder zone on the website where stakeholders can leave a message, and will have a designated person responsible for responding to related questions.	No significant deviation so far.
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has commissioned the Stock Transfer Department of Taishin International Bank to handle matters related to Shareholders' Meeting.	No significant deviation so far.
VII. Disclosure of information (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		(I) The Company has disclosed material information and financial and business information on the Market Observation Post System, and set up a corporate governance section wherein information is disclosed. <a href="https://www.ibase.com.tw/tc/List/IR/">https://www.ibase.com.tw/tc/List/IR/</a>	(I) No significant deviation so far.
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and	✓		(II) The Company has designated dedicated personnel to gather and disclose company information and set up a spokesperson system, so as to ensure timely and proper disclosure of decision-making	(II) No significant deviation so far.

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
disclosure, appointing spokespersons, webcasting investors conference)? (III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		✓	information which might affect shareholders or stakeholders.  (III) The company will announce and declare the financial report, the first, second and third quarter financial reports and the operating conditions of each month before the prescribed deadline. In the future, we will strive to improve the company's internal operation efficiency and make early announcements and declarations.	(III) Please see the left description.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>1. Employee rights and employee care: The Company has established the Employee Welfare Committee according to law and designated it to take charge of the planning, contribution, custody, and drawdown of employee benefit fund and matters required by relevant laws and regulations, and holds labor-management meetings regularly to provide a communication channel between labors and the Company. The employee benefit system and good education and training system enable employees to make contribution on their post. In addition, the Company provides a free-of-charge health check to employees to help them attend to and improve their health.</p> <p>2. Investor relations: To maintain shareholders' interests and enable investors to understand the Company's operational status, the Company has set up the "Investors Zone" on the Company's website, an alternative to making an inquiry through the Market Observation Post System.</p> <p>3. Supplier relations: The Company has established a long-term, closed relationship with suppliers based on the principle of reciprocal benefits, hoping to gain mutual trust and benefits, thereby jointly pursuing sustainable growth.</p> <p>4. Stakeholders' rights: Aside from having a spokesperson and an acting spokesperson, the Company has also commissioned a professional stock transfer agency to handle issues and suggestions regarding shareholders and the Company's stakeholders. If</p>	No significant deviation so far.

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
	✓		what is at issue involves law, the Company will hire a lawyer to address the issue, so as to maintain stakeholders' rights.	
	✓		5. State of continuing education of directors and supervisors: The Company regularly provides regulatory information that directors need to pay attention to, as well as information on professional knowledge and continuing education courses. Directors have taken continuing education courses as required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."	
	✓		6. State of implementation of risk management policy and risk evaluation criteria: The Company has formulated internal regulations according to law; carried out risk assessment; and implemented internal audit work.	
	✓		7. State of implementation of customer policy: The Company maintains a good and stable partnership with customers so as to create profits for the Company.	
	✓		8. State of purchase of liability insurance by the Company for directors and supervisors: The Company purchases liability insurance for directors and supervisors every year, and regularly reports to the Board of Directors.	

IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.

Item	No.	Evaluation Indicators	Improvements and measures
Improved items	1.3	Did more than half of the directors (including at least one independent director) and the audit committee convener (or at least one supervisor) attend the AGM in person, and did the company disclose in the minutes the names of those who attended?	The company's 2023 general meeting of shareholders attended a total of 7 directors (including independent directors - the convener of the audit committee), which has exceeded half of the 8 directors, and the list has been disclosed in the meeting minutes.
	1.9	Did the company simultaneously provide the Chinese and English versions of the meeting notice 30 days prior to the day of the AGM?	The company has uploaded it 30 days before the regular meeting of shareholders in 2023.
	1.10	Did the company disclose the English versions of the meeting agenda handbook and supplemental meeting materials 30 days before the day of the AGM?	The company has uploaded it 30 days before the regular meeting of shareholders in 2023.
	2.5	Is it true that the number of the directors on the company's board of directors who are employees of the company or of its parent, subsidiary, or	After the re-election of the company's shareholders' meeting on June 20, 2023, there will be a total of 9 directors and 3 employees, which is less than

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
		sister company is less than or equal to one-third of the total number of directors?	(including) one-third of the directors.	
	2.6	Did the company's board members include at least one female director?	After the re-election of the shareholders' meeting on June 20, 2023, the company already has a female director.	
	2.7	Did the company's independent directors reach one-third or more of all of the directors?	After the re-election of the company's shareholders' meeting on June 20, 2023, there will be a total of 9 directors and 4 independent directors, which has reached more than one-third of the directors.	
	3.2	Did the company disclose material information in English and Chinese at the same time?	The company has disclosed material information in English and Chinese at the same time from August 2023.	
Priority enhancements	4.4	Did the company, following the Global Reporting Initiative (GRI) Standards, by the end of September, prepare and upload its sustainability report to the MOPS and to the company website?	The company expects to upload sustainability report to the MOPS and to the company website before September 30.	
	4.7	Did the company upload the English version of its sustainability report to the MOPS and the company website?	The company expects to upload the English version of sustainability report to the MOPS and to the company website before September 30.	

Note 3: Evaluation of the independence of attesting CPAs for 2022

The Company designated CPA Chen Chih-Yuan and CPA Li Tung-Feng of Deloitte & Touche to audit and attest the financial statements for 2022. The Company evaluated the independence of the two CPAs against items formulated according to Article 47 of the Certified Public Accountant Act and Statement No.10 "Integrity, Fairness, Objectivity, and Independence" of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and did not find them to violate any independence criteria and thus should be qualified. The evaluation result was reported to the Board of Directors meeting dated February 24, 2023 for future reference.

The Company's Board of Directors holds a Board of Directors meeting between February and March every year to assess the independence of attesting CPAs.

For the commissioned CPAs assessment form, see the attachment.

Circumstances under which independence is affected:

1. Not a CPA who has not been replaced for more than 7 years, up to the date of the nearest attestation work.
2. Not having material financial or interest relationship with the client.
3. Avoidance of any improper relationship with the Company.
4. The CPA shall have their assistants be honest, fair, and independent.
5. The CPA is not allowed to audit or attest the financial statements of the institution that the CPA served two years before the CPA practiced his/her trade.
6. The CPA's name shall not be used by others.
7. Not holding the shares of the Company or its affiliates.
8. Not borrowing money from the Company or its affiliates.
9. Not jointly making investment or sharing profits with the Company or its affiliates.
10. Not concurrently performing recurring work for the Company or its affiliates and receiving fixed salary.
11. Not involving in the managerial function of decision making for the Company or affiliates.
12. Not running a business that might impact the CPA's independence.
13. Not a spouse, lineal relative by blood, lineal relative by marriage, or a collateral relative by blood within second degree of kinship of the Company's managerial officer.
14. Not receiving any commission for the CPA's duties.
15. Not being punished or engaged in affairs that impacted the principle of independence up to the current time.
16. Whether or not the Company has proven consistent with Certified Public Accountant Occupational Ethic Gazette #10 regarding independence and has acquired the "Declaration on Independence" issued by the Certified Public Accountants".

Note 4: The CPA firm has issued a statement.

Chin-Shen No. 11109901 dated December 15, 2022

Attn.: IBASE TECHNOLOGY INC.

Subject: We, the Undersigned CPA Firm, have accepted entrustment to audit the financial statements of your Company for the Year 2022. Exactly in accordance with the provisions set forth under the “Certified Public Accountant Occupational Ethic Gazette #10 regarding independence,” all members of the Audit Committee declare having faithfully complied with the specifications as enumerated below without violation of independence at all.

Descriptions:

- I. On all members of the Audit Committee and their spouse(s) as well as their dependent(s), such facts as enumerated below prove non-existent:
  1. Holding the Company's major financial interests either directly or indirectly.
  2. In a business relationship that tends to adversely affect independence with the Company or its directors, members of Audit Committee and managerial officers.
- II. During the auditing period, all members of the Audit Committee and their spouses and dependents have not served as the Company's directors, members of the Audit Committee, managerial officers or a job position having a significant direct impact upon the auditing duty.
- III. No member of the Audit Committee is in a relationship as the spouse, lineal relative by blood, lineal relative by marriage or a collateral relative by blood within the second degree of kinship.
- IV. No member of the Audit Committee has received any significant offer or gift from Your Company and its director, members of the Audit Committee, managerial officer or major shareholder (with value not beyond the ordinary social courtesy criteria).
- V. The members of the Audit Committee have executed all essential independence/interest conflict procedures and have not found any facts in contravention of independence or any outstanding conflict of interest.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

CPA:Chen Chih-Yuan  
CPA:Lee Tung-Feng

(IV) If the company has a remuneration committee in place, the composition and operation of such committee shall be disclosed.

The major duties of the Company's Remuneration Committee are to formulate and regularly review the policy, system, standard, and package of performance evaluation and remuneration for directors and managers. The Remuneration Committee is composed of two independent directors and one committee member of the company.

(1) Profile of the members of the Remuneration Committee

April 22, 2023

Identity	Qualifications Name	Professional qualifications and experience	Status of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director (Convener)	Shen Yao-Chang	Manager, Finance Department, MEANG DAUNG INDUSTRIAL CO., LTD.	(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 affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	0
Independent Director	Lin Ting-Ping	Professor, Department of Electronic Engineering, National Taiwan University of Science and Technology	(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	0
Member	Hong Ming-Chang (Note 1)	Department of Electronic Engineering, National Kaohsiung College of Technology; Business Manager of Fung-Ye Computer Co., Ltd.	(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of a company of which more than half of the board seats or	0

			<p>voting shares are controlled by the same person who controls more than half of the board seats or voting shares of the Company.</p> <p>(7) Not a director, supervisor, or employee of a company or institution whose chairman, president, or any person holding an equivalent position are the person who is also the chairman, president, or a person holding an equivalent position of the Company, or a spouse thereof.</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received compensation, or a spouse thereof.</p> <p>(10) Not a spouse or relative of second degree or closer to any other directors.</p>	
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Note 1: Committee member Hung Ming-Chang was newly appointed to the post on November 2, 2022.

(2) The operation of the Remuneration Committee

- I. The Company's Remuneration Committee is composed of three members.  
 II. The tenure of members of this term: June 17, 2020 through June 16, 2023. The Remuneration Committee held five meetings (A) in the most recent year, with members' qualifications and attendance as follows:

Title	Name	Attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Convener	Shen Yao-Chang	5	0	100	
Members	Lin Ting-Ping	5	0	100	
Members	Chen Kun-Chih	3	0	100	Resigned from the directorship on October 4, 2022
Members	Hong Ming-Chang	1	0	100	Newly appointed to the post on November 2, 2022.

Other remarks:

- I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g. the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): None.  
 II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.

Time	Important Resolution	Resolution	Execution
February 25, 2022	1. A review on the proposal to release treasury shares for employees to subscribe to. 2. A review on the proposal to distribute performance bonus of the fourth quarter of 2021.	Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
May 4, 2022	1. A review on the proposal to distribute performance bonus of the first quarter of 2022.	Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
August 3, 2022	1. Proposal concerning the distribution of compensation to employees of 2021. 2. A review on the proposal to distribute performance bonus of the second quarter of 2022.	Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
November 2, 2022	1. A review on the proposal to distribute performance bonus of the third quarter of 2022.	Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
December 12, 2022	1. Proposal concerning remuneration of managers's mid-autumn festival bonus of 2022.	Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
February 24, 2023	1. A review on the proposal to distribute performance bonus of	Approved by all Remuneration	Carried out according to resolutions.



		the fourth quarter of 2022.	Committee members present as proposed.	
April 10, 2023	1. A review on the proposal to release treasury shares for employees to subscribe to.		Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.
May 10, 2023	1. A review on the proposal to distribute performance bonus of the first quarter of 2023.		Approved by all Remuneration Committee members present as proposed.	Carried out according to resolutions.

(IV) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The company has set up an ESG implementation team, with the general manager as the chairperson. Regular meetings are held every year to discuss issues including climate change risks that may arise from the company's operations, energy and resource use efficiency, and various environmental impacts related to the product life cycle. , regularly report climate change issues and implementation status to the board of directors every year. Each year, the Working Group will make regular report to the Board of Directors. The last report to the board was made on 2023/02/24 on the company's 2021 execution outcomes and highlights relating to sustainable development. The major sustainable development implementation results for 2022 will be reported to the soonest board meeting.	No significant difference
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues	✓		The Company has established the “Sustainable Development Best Practice Principles” to	No significant difference

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?			<p>guide its business management in actively meeting the international sustainable development trend balancing environment, social and corporate governance development.</p> <p>Upholding the business philosophy of "Teamwork; Innovation; Efficiency; Service; Sharing," the Company pursues sustainable operations and profits while fulfilling its corporate social responsibilities, attaching importance to stakeholders' rights, and paying attention to issues concerning the environment, society, and corporate governance. In addition, by incorporating such issues into the Company's business administration policy and operations, the Company aims to achieve the sustainable development goals.</p>	
<p>III. Environmental Issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p>	V		(I) The Company has established a complete environmental management system based on its industry character in that it has passed the ISO14001 certification (latest valid period: 2022.09.05–2024.10.30).	No significant difference
(II) Is the Company committed to enhance the utilization efficiency of resources and use renewable low-impact materials?	V		(II) The Company has implemented waste sorting, leftover recycling, use of electronic approval process instead of traditional approval paperwork, use of LED lights instead of	No significant difference

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies												
	Yes	No	Summary description													
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>traditional fluorescent lights, and installation of a heat recovering system for the air conditioning system.</p> <p>(III) The Company pays close attention to the topics and issues relating to climate change and its impact on business operations, constructs adaptation capability, and commits to promoting energy management, energy saving and carbon management, water resource management, and waste management. We continue to communicate with our stakeholders with the release of our sustainability report and concurrently inspect our own company's development history in constructing sustainable operation capability.</p>	No significant difference												
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>(IV) <u>Greenhouse gas emissions:</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Greenhouse gas emissions (CO2e(Ton))</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>2,673.58</td> </tr> <tr> <td>2023</td> <td>3,226.47</td> </tr> </tbody> </table> <p><u>Water Usage:</u> The company only uses water for livelihood and has no statistical data.</p> <p><u>Total waste amount:</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total waste amount (Ton)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>6,505.27</td> </tr> <tr> <td>2023</td> <td>21,880.80</td> </tr> </tbody> </table>	Year	Greenhouse gas emissions (CO2e(Ton))	2022	2,673.58	2023	3,226.47	Year	Total waste amount (Ton)	2022	6,505.27	2023	21,880.80	Please see the left description.
Year	Greenhouse gas emissions (CO2e(Ton))															
2022	2,673.58															
2023	3,226.47															
Year	Total waste amount (Ton)															
2022	6,505.27															
2023	21,880.80															

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
			<p><u>Greenhouse gas inventory:</u>  The company has established a greenhouse gas inventory team to conduct an inventory of the company's electricity consumption, transportation, and product procurement materials. Currently, it plans to provide counseling by external consultants, with the goal of obtaining ISO-14064-1 certification (greenhouse gas verification).  The Company has put in place relevant plans under the environmental management project; the plans are designed to implement the policy on energy conservation and carbon reduction, water consumption reduction, and other waste management, and have been implemented for years. The Company will continue to refine its energy conservation and carbon reduction plan to include the following measures:</p> <ol style="list-style-type: none"> <li>1. Energy conservation measures in the office: <ol style="list-style-type: none"> <li>(1) Employees turn off the computer, air conditioner, and lights when they leave, so as to reduce power consumption.</li> <li>(2) Replace all lights</li> </ol> </li> </ol>	

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
			<p>with LED ones, thereby reducing the amount of heat dissipation from a light source while achieving the energy conservation goal.</p> <p>(3) Additionally install motion sensor lights in unmanned working areas.</p> <p>2. The project to have air conditioners and pumps equipped with an inverter to conserve energy.</p> <p>3. Others:</p> <p>(1) Continue to promote electronic document management systems to reduce paper consumption, and make use of recycled paper at the same time.</p> <p>(2) Fully implement the recycling and management of, and sorting resources into, general industrial waste, hazardous industrial waste, and resource-type industrial waste, and designate dedicated personnel to be in charge of waste treatment and sorting.</p>	

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
IV. Social issues				
(I) Does the Company have the relevant management policies and procedures formulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) The Company abides by relevant labor laws and regulations, complies with the International Bill of Human Rights, and formulates Work Rules and Human Rights Management Procedures, which stipulate prohibition of the use of child labors, gender equality, right to work, and human-rights protection regulations like prohibition of illegal discrimination.	No significant difference
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(II) The Company has formulated "Work Rules" and relevant personnel regulations, the content of which covers base wage, working hours, leave, pension payment, health and labor insurance payment, and occupational accident compensation provided by the Company to employees, all of which comply with the Labor Standards Act. The Company has set up the Employee Benefit Committee, whose members are elected by employees to take care of the various benefit items.	No significant difference
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) The Company provides employees with a safe workplace and abides by relevant laws and regulations. By referring to the "Occupational Safety and Health Act," "Fire Services Act," and "Toxic and Concerned	No significant difference

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>Chemical Substances Control Act,” the Company has formulated the Work Rules to prevent occupational accidents. The Company regularly (twice a year) holds a fire drill and an emergency response drill; organizes a health check for all employees every two years; offers employees in specific job posts a special-purpose health check; arranges a sports day and company tour; and sets up the Employee Benefit Committee in charge of carrying out employee benefit measures and subsidy work.</p> <p>(IV) The Company aims to cultivate talent in the long term and will arrange internal and external training programs tailored to the needs of the organization as a whole and each department and employee, so as to improve and update employees’ knowledge and skills and build rich human capital. Employee career capability development programs focus on the development of both core professional capabilities and employees’ physical, mental, and spiritual health.</p>	No significant difference
(V) Does the company comply with the relevant laws and international standards	V		<p>(V) The Company complies with relevant laws and</p>	No significant difference

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
<p>with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</p> <p>(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	V		<p>regulations and international standards with respect to the marketing and labeling of products and services and, if customers require, will issue a Declaration of Conformity stating our compliance with international laws and standards including CE, FCC, UL, and RoHS environmental protection standard. In addition, the Company also abides by non-disclosure agreements and the Personal Data Protection Act when it comes to protection of customer privacy; grievance redress channels are also made available.</p> <p>(VI) To manage suppliers, the Company has formulated various supplier management procedures, which stipulate a document review or onsite evaluation of major suppliers, secondary suppliers, and raw material suppliers, primarily to ensure quality and product safety. In addition, the Company also audits all suppliers with which the Company transacts with regards to their quality management and hazardous substance management and evaluates major suppliers' environmental protection system and safety and health</p>	No significant difference



Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
			management system, so as to ensure that suppliers comply with environmental, safety, and health regulations. Meanwhile, the Company demands that raw materials suppliers present a Declaration of Conformity stating therein that their materials comply with relevant laws and regulations, so as to ensure safety of use. Furthermore, suppliers are required to fully comply with laws and regulations and social norms, and are evaluated for their fulfillment of human rights, occupational safety and health, and corporate social responsibilities; only those passing the evaluation will be listed as approved suppliers.	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information?	V		All contents disclosed through the Company's Sustainable Development Report have been duly worked out exactly in accordance with the core choices disclosed through the GRI Standards 2016 promulgated by Global Reporting Initiative (GRI) and are exactly consistent with the requirements set forth under "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".	The Company has yet to compile a corporate social responsibility report so far.
Does the company obtain third party assurance or certification for the reports above?		V	The Sustainable Development Report of IBASE TECHNOLOGY INC. was worked out by itself at its own	Please see the left description.

Assessment items	Implementation status			Deviation and causes of deviation from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX-Listed Companies
	Yes	No	Summary description	
			discretion with reference to guideline specifications in both the international community and the government. Such Report has not yet obtained confirmation or guarantee opinions from a third party verification unit. That company is to carry out relevant operations exactly in accordance with the substantial requirements in the days and years ahead.	
<p>VI. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:  So far, the Company has duly decreed the Sustainable Development Best Practice Principles the contents of which prove no significant deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.</p>				
<p>VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:</p> <p>(I) Environmental work: To fulfill its corporate social responsibility for protecting the Earth, the Company does not use contaminated substances; retired objects are also recycled by a commissioned resource recycling company and thus do not impact the environment. In addition, the Company has also adopted ISO 14001.</p> <p>(II) Social welfare: The Company helps the vulnerable groups in that it purchases handmade cookies made by mentally challenged children every Mid-Autumn Festival and give them as a present to employees and suppliers.</p> <p>(III) Social service: In support of the government's policy to promote the "Tobacco Hazards Prevention Act," the Company urges employees to attach importance to their physical health.</p> <p>(IV) Human Rights: The Company greatly values human rights, and gives equal employment opportunity to all irrespective of their race, gender, or age.</p> <p>(V) Employee health care:  (1) To take care of employees' physical and mental health, the Company arranges for employees to have a health check, so as to let them be aware of their health condition and thus care for and improve their own health.  (2) Provision of seminar courses "Great Battle upon 3C Education" and "Use of Long-Term Care Resources in Such a Way."  (3) The Company hires blind massagers as its regular full-time employees to render massage services toward the entire staff to relieve stress.</p> <p>(VI) Recycle retired document and reuse the document's blank side.</p> <p>(VII) Set up a resource recycling bin to sort resources and actively implement resource recycling.</p> <p>(VIII) Control the air conditioning temperature to effectively use energy, thereby achieving the objective of energy conservation and carbon reduction.</p>				

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Assessment items	Implementation status		Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
I. Business Integrity Policy and action plans			
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and by-laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) No significant deviation so far.
(II) Does the company establish an assessment mechanism for the risk of unethical conduct; regularly analyze and evaluate, within a business context, the business activities with a higher risk of unethical conduct; have formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) No significant deviation so far.
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly	✓		(III) No significant deviation so far.

Assessment items	Implementation status		Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
review and revise the plan?			basis for the Company's personnel in charge of important management affairs to follow. In addition, through the audit and prevention mechanism carried out by the internal audit unit, the Company is able to prevent operating activities from unethical conduct, so as to avert the occurrence of bribing or taking bribes or providing illegal political donations.
<p>II. Proper enforcement of business integrity</p> <p>(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The Company assesses its transaction counterparties by conducting a credit investigation on customers and an evaluation on suppliers, so as to avoid unethical business activities, and phases in the inclusion of an ethical conduct clause in the contract with transaction counterparties.</p> <p>(II) The Company did not set up an exclusively (or concurrently) dedicated unit to promote ethical corporate management under the Board of Directors so far, but rather designated internal auditors to report to the Board of Directors at the first sight of any anomalies during daily audit work.</p> <p>(III) The Company's "Rules of Procedure for Board of Directors Meetings" clearly sets out a system of recusal of conflict of interests; according to the recusal system, directors shall exercise a high degree of self-discipline. If a director or a</p>	<p>(I) No significant deviation so far.</p> <p>(II) No significant deviation so far. The Company will assess whether to set up an exclusively (or concurrently) responsible unit in charge of promoting ethical corporate management depending on actual needs.</p> <p>(III) No significant deviation so far.</p>

Assessment items	Implementation status		Summary description	Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		<p>juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.</p> <p>(IV) The Company has formulated its internal control system and implemented it accordingly. In addition, internal auditors also periodically audit the compliance with the system and compile an audit report and submit it to the Board of Directors. Furthermore, to ensure continuous effectiveness of the design and implementation of the system, the Company reviews and revises the system every year, so as to establish a good corporate governance system and a risk control system, thereby providing a basis for assessing the effectiveness of the internal control system as a whole and presenting the Internal Control Statement.</p>	(IV) No significant deviation so far.
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?		✓	(V) Currently, the company did not provide internal and external ethical corporate management training programs on a regular basis.	(V) The company will assess whether to provide internal and external ethical corporate

Assessment items	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
				management training programs on a regular basis, where appropriate.
<p>III. The operation of the Company's Whistleblowing System</p> <p>(I) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p> <p>(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has formulated multiple personnel regulations, e.g. "Ethical Corporate Management Best-Practice Principles," "Guidelines for the Adoption of Codes of Ethical Conduct," "Employee Assessment Regulations," and "Employee Rewards and Disciplinary Regulations"; in addition, the whistleblowing hotline for employees is answered by the Administration Department which has put in place a rigorous whistleblowing system which enables employees to convey messages confidentially.</p> <p>(II) Same as the description above.</p> <p>(III) Same as the description above.</p>	<p>(I) No significant deviation so far.</p> <p>(II) No significant deviation so far.</p> <p>(III) No significant deviation so far.</p>
<p>IV. Enhanced information disclosure</p> <p>(I) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	<p>✓</p>		<p>The Company already disclosed its "Ethical Corporate Management Best-Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" on its company website.  <a href="https://www.ibase.com.tw/tc/List/IR/">https://www.ibase.com.tw/tc/List/IR/</a></p>	<p>No significant deviation so far.</p>
<p>V. If the company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:  The Company has formulated the "Ethical Corporate Management Best-Practice Principles," which</p>				

Assessment items	Implementation status		Summary description	Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
<p>specifies the items that company personnel must comply with. In addition, whistleblowing and disciplinary measures are specified in various internal regulations. In this way, the Company did not significantly deviate from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.</p>				
<p>VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g. the company's reviewing and amendment of its ethical corporate management best-practice principles):</p> <p>(I) As specified in its "Ethical Corporate Management Best-Practice Principles," the Company complies with the "Company Act," "Securities and Exchange Act," "Business Accounting Act," "Political Donations Act," "Anti-Corruption Act," "Government Procurement Act," "Act on Recusal of Public Servants Due to Conflicts of Interest," and TWSE or TPEX regulations or other laws and regulations governing business conduct, so as to provide a basis for implementing ethical corporate management.</p> <p>(II) According to the Company's Procedures for Handling Material Inside Information, no director, managerial officer, or employee may divulge the Company's material information they are aware of to others, or inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, or disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</p> <p>(III) According to the Company's "Regulations Governing Procedure for Board of Directors Meetings," if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>(IV) The Company regularly holds a management meeting and carries out the inspection and audit of the accounting system, and reports the results thereof to directors. The content that requires improvement is revised accordingly in the Company's internal control document and the revision is submitted to the Board of Directors meeting, so as to implement the ethical corporate management system.</p>				
<p>(VII) If the company has adopted corporate governance best-practice principles or related by-laws, disclose how these are to be searched. Search website: <a href="https://www.ibase.com.tw/tw/ir/corporate">https://www.ibase.com.tw/tw/ir/corporate</a></p>				
<p>(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: None.</p>				
<p>(IX) The state of implementation of the company's internal control system</p> <p>1. Statement of Internal Control</p>				

iBase Technology Inc.  
Declaration of Internal Control Policies

Revision Date: February 24, 2023

According to the result of a self-evaluation, the Company states the following for its internal control system for 2022:



- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. Based on the aforementioned assessment, the Company concludes that its internal control system (including management and supervision of subsidiaries) as at December 31, 2021 was designed and implemented in a way that can reasonably assure the achievement of the aforementioned goals, namely, the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and compliance of reporting, and the compliance with regulations, laws, and by-laws.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on February 24, 2023, with all of the eight directors present consenting to this Statement.

iBase Technology Inc.

Chairperson: Lin Chiu-Hsu



Signature

President: Chen Yu-Nan



Signature



2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) Any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of a shareholders' meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and a review of the implementation:

1. Shareholders' Meeting's material resolutions and the implementation thereof

Time	Shareholders' Meeting's material resolutions	Execution
June 22, 2022	<p>Material resolutions of the 2022 Shareholders' Meeting</p> <p>Reporting matters</p> <p>(I) Report on the distribution of employee compensation and director compensation for 2021.</p> <p>(II) 2021 Business Report</p> <p>(III) 2021 Audit Committee Review Report</p> <p>(IV) Report on the distribution of earnings in cash and distribution of capital surplus in cash for 2021.</p> <p>(V) Report on the progress of buyback of the Company's shares.</p> <p>(VI) Amendment of the Company's Code of Ethical Conduct</p> <p>(VII) Amendment of the Company's Ethical Corporate Management Best-Practice Principles</p> <p>(VIII) Amendment of the "Regulations for Transfer of Treasury Shares to Employees for 2018," "Regulations for Transfer of Treasury Shares to Employees for 2020," and "Regulations for Transfer of Treasury Shares to Employees for 2021."</p> <p>Adoption and discussions</p> <p>(I) Proposal on the Company's 2021 Business Report and Financial Statements.</p> <p>(II) 2021 Earnings distribution proposal.</p> <p>(III) Amendment of the "Regulations Governing the Acquisition and Disposal of Assets."</p> <p>(IV) Amendment of the Company's "Rules of Procedures for Shareholders' Meeting."</p>	<p>Implementation of resolutions:</p> <p>Record date: July 22, 2022</p> <p>Cash dividend payable date: August 5, 2022</p> <p>(Distribution of cash dividend of NT\$2.16454935 per share [i.e. NT\$1.66809308 per share from earnings and NT\$0.49645627 per share from capital surplus])</p>

2. Board of Directors' material resolutions and the implementation thereof

Time	Important Resolution	Resolution	Execution
February 25, 2022	<p>1. Proposal to appoint CPAs and determine the compensation thereof.</p> <p>2. Proposal to distribute employee compensation and director/supervisor compensation for 2021.</p> <p>3. Proposal on the Company's 2021 Business Report and Financial Statements.</p> <p>4. Proposal on the Company's periodical assessment of the independence and suitability of attesting CPAs.</p> <p>5. Earnings distribution proposal for 2021.</p> <p>6. Proposal on the distribution of earnings in cash and</p>	<p>All directors present consulted by the chair unanimously approved the proposal.</p>	<p>Carried out according to resolutions.</p>

	<p>distribution of capital surplus in cash for 2021.</p> <p>7. Proposal on the Declaration of Internal Control Policies of 2021.</p> <p>8. A review on the proposal to release treasury shares for employees to subscribe to.</p> <p>9. Proposal to take out a loan from Taishin International Bank.</p> <p>10. Proposal on matters regarding convention of the 2021 General Shareholders' Meeting.</p>		
May 4, 2022	<p>1. Passed the Company's Financial Statements for the three months ended March 31, 2022.</p> <p>2. Proposal to amend the Company's "Regulations for Transfer of Treasury Shares to Employees for 2018," "Regulations for Transfer of Treasury Shares to Employees for 2020," and "Regulations for Transfer of Treasury Shares to Employees for 2021."</p> <p>3. Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings."</p> <p>4. Proposal to amend the Company's "Internal Control System – Computer System Cycle" and "Internal Audit System – Computer System Cycle."</p> <p>5. Proposal to set the Company's greenhouse gas inventory and verification schedule.</p> <p>6. Proposal on the Company's intention to take out a loan from Hua Nan Commercial Bank, Ltd. Peinankang Branch.</p> <p>7. Proposal to distribute performance bonus of the first quarter of 2022.</p> <p>8. Proposal to add a cause to the causes of convention of the 2022 General Shareholders' Meeting.</p>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.
August 3, 2021	<p>1. Passed the Company's Financial Statements for the three months ended June 30, 2022.</p> <p>2. Proposal concerning the distribution of compensation to employees of 2021.</p> <p>3. Proposal to distribute performance bonus of the second quarter of 2022.</p>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.
August 12, 2022	<p>1. The motion as the Company intends to procure office(s) of Phase II in the NanKang Software Park</p>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.
October 4, 2022	<p>1. The motion that the Company intends to issue the 6th domestic unsecured convertible corporate bonds of the Year 2022.</p>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.
November 2, 2021	<p>1. Passed the Company's Financial Statements for the three months ended September 30, 2022.</p> <p>2. Amendment of the "Regulations for Transfer of Treasury Shares to Employees for 2018," "Regulations for Transfer of Treasury Shares to Employees for 2020," and "Regulations for Transfer of Treasury Shares to Employees for 2021."</p> <p>3. The motion to appoint one Committee member for the Remuneration Committee.</p> <p>4. Proposal regarding the Company's follow-on offering for investment in NOVAKON CO., LTD.</p>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.

	<ol style="list-style-type: none"> <li>5. Proposal to amend the Company's "Audit Committee Charter."</li> <li>6. Proposal to amend the Company's "Rules of Procedure for Board of Directors Meetings."</li> <li>7. Proposal regarding the Company's investment in the equity of Asuka Autotronics Inc.</li> <li>8. The motion where the Company intends to apply to Chang Hwa Commercial Bank for bank loan in response to its need to procure office(s) in the Industrial Park.</li> <li>9. Proposal to distribute performance bonus of the third quarter of 2022.</li> </ol>		
December 12, 2022	<ol style="list-style-type: none"> <li>1. The Company's 2023 business goals.</li> <li>2. Proposal on the internal control and internal audit plan of 2023.</li> <li>3. The motion to decree the benchmark date for the Company's capital increase toward issuance of the 5th domestic unsecured convertible corporate bonds.</li> <li>3. Proposal to distribute performance bonus of the third quarter of 2021.</li> <li>4. The motion that the Company intends to apply to Taishin International Commercial Bank for a bank loan to augment its working capital.</li> <li>5. Proposal regarding the Company's for investment in AMPIRE CO., LTD.</li> <li>6. Proposal concerning remuneration of directors and managers.</li> <li>7. Proposal concerning year-end bonus of managers.</li> <li>8. The motion to draw up the Company's "Sustainable Development Best Practice Principles."</li> <li>9. The motion to draw up the Company's "Corporate Governance Best-Practice Principles."</li> <li>10. The motion to draw up the Company's "Regulations Governing Evaluation of Performance by the Board of Directors."</li> <li>11. The motion to draw up the Company's "Operating Procedures on Management over the Handling of Major Internal Information and Prevention of Insider Trading."</li> </ol>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.
February 24, 2023	<ol style="list-style-type: none"> <li>1. Proposal to appoint CPAs and determine the compensation thereof.</li> <li>2. Proposal to distribute employee compensation and director compensation for 2022.</li> <li>3. Proposal on the Company's 2022 Business Report and Financial Statements.</li> <li>4. Proposal on the Company's periodical assessment of the independence and suitability of attesting CPAs.</li> <li>5. The motion to draw up the Company's "Corporate Governance Best-Practice Principles."</li> <li>6. The motion to set up the Company's head for corporate governance.</li> <li>7. Amendment of the "Articles of Incorporation."</li> <li>8. Proposal on the Declaration of Internal Control Policies of 2022.</li> <li>9. The motion for reelection of directors.</li> <li>10. Proposal to distribute performance bonus of the fourth quarter of 2022.</li> <li>11. Proposal on matters regarding convention of the 2022</li> </ol>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.

	General Shareholders' Meeting.		
May 10, 2022	<ol style="list-style-type: none"> <li>1. Passed the Company's Financial Statements for the three months ended March 31, 2023.</li> <li>2. Proposal on the Company's intention to take out a loan from Hua Nan Commercial Bank, Ltd. Peinankang Branch.</li> <li>3. The motion to decree the benchmark date for the Company's capital increase toward issuance of the 6th domestic unsecured convertible corporate bonds.</li> <li>4. Proposal to distribute performance bonus of the firth quarter of 2023.</li> <li>5. Proposal regarding the Company's follow-on offering for investment in IBASE SOLUTION CO., LTD.</li> <li>6. The Motion that the Company intends to purchase shares of IBASE SOLUTION CO., LTD.</li> <li>7. The motion that the Company intends to dispose of WiBASE Industrial Solutions Inc.</li> </ol>	All directors present consulted by the chair unanimously approved the proposal.	Carried out according to resolutions.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, president, chief accounting officer, and chief internal auditor: None.

IV. Information on the professional fees of the attesting CPAs

1. Information on the professional fees of the attesting CPAs:

Unit: NT\$ Thousand

<b>Auditor's firm</b>	<b>Name of CPA</b>	<b>CPA auditing period</b>	<b>Audit remuneration</b>	<b>Non-audit remuneration</b>	<b>Total</b>	<b>Remarks</b>
Deloitte Taiwan	Chen Chih-Yuan	January 1, 2022 – December 31, 2022	2,650	460	3,110	Note
	Li Tung-Feng					

Note: The non-auditing fees include NT\$30 thousand for rechecking of the annual report; NT\$300 thousand for taxation verification, NT\$30 thousand for capital audit and NT\$100 thousand for the 6th auditing over convertible liabilities.

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
3. Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more: None.

V. Information on replacement of certified public accountant: None.

VI. Information on the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VII. Information on transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or major shareholder

1. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Title	Name	2022		Year-to-date through April 22	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Lin Chiu-Hsu	108,000	0	0	0
Director	Chen Yu-Nan	106,000	0	(100,000)	0
Director	Chen Shih-Hsiung	(94,000)	0	0	0
Director	Chunbao Investment Co., Ltd.	0	0	0	0
Representative of director	Hsu Wu-Chun	106,000	0	0	0
Director	AAEON Technology Inc.	0	0	0	0
Representative of director	Chuang Yung-Shun	880,000	0	0	0
Director	AAEON Technology Inc.	0	0	0	0
Representative of director	Li Ying-Chen	0	0	0	0
President	Lin Chiu-Hsu	108,000	0	0	0
President	Chen Yu-Nan	106,000	0	(100,000)	0
President	Chen Shih-Hsiung	(94,000)	0	0	0
President	Hsu Wu-Chun	106,000	0	0	0
Vice President	Chen Chang-Tai	0	0	(9,000)	0
Vice President	Chang Pao-Fei	4,000	0	0	0
Vice President	Li Chia-Fu	25,000	0	0	0
Vice President	Tung Hui-Kuo	8,000	0	0	0
Vice President	Lin Tai-Sheng	(34,000)	0	0	0
Vice President	Yang Jih-Tsung	0	0	0	0
Vice President	Chiang Chia-Shih	0	0	0	0
Vice President	Shang Chih-Hung	25,000	80,000	0	0
Vice President	Lo Yu-Jung	0	0	0	0
Vice President	林玉窓	0	0	0	0
Assistant Vice President	Wang Yung-Kuan	10,000	0	0	0
Assistant Vice President	Lin Ming-Nan	6,000	0	(2,000)	0
Assistant Vice President	Pan Yen-Chuan	(19,000)	0	0	0
Assistant Vice President	Chen Lin-Hsing	(28,000)	0	0	0
Assistant Vice President	Tsai Yu-Fu	0	0	0	0
Assistant Vice President	Chang Kuo-Wei	13,000	0	(3,000)	0
Assistant Vice President	Lin Wei-Cheng	(5,000)	0	0	0
Assistant Vice President	Chien Yi-Fang	0	0	0	0
Assistant Vice President	Yen Chung-Lien	0	0	(9,000)	0
Assistant Vice President	Chen Ti-Sen	(1,000)	0	0	0

Assistant Vice President	Chao Tzu-Chin (Dismissal date: March 11, 2022)	0	0	N/A	N/A
Assistant Vice President	Chen Hung-Hsiang	5,000	0	0	0
Assistant Vice President	Wang Chih-Hsuan	0	0	0	0
Assistant Vice President	Lung Peng-Wen	30,000	0	0	0
Assistant Vice President	Li Jui-Yun	0	0	0	0
Assistant Vice President	簡錫(火恩)	0	0	(10,000)	0
Assistant Vice President	葉建忠	0	0	0	0
Assistant Vice President	白舜仁	0	0	0	0
Major Shareholder	AAEON Technology Inc.	0	0	0	0
Independent Director	Shen Yao-Chang	(18,000)	0	0	0
Independent Director	Lin Ting-Ping	0	0	0	0
Independent Director	Chen Kun-Chih(Dismissal date: October 4, 2022)	0	0	N/A	N/A
Chief officer of the Finance Department	Lin Ming-Nan	6,000	0	(2,000)	0
Chief officer of the Accounting Department	Lin Ming-Nan	6,000	0	(2,000)	0

Note 1: Shareholders who hold 10% or more of the Company's shares must be marked "Major Shareholder" and presented separately.

Note 2: Including the number of shares which are under trust custody and of which the right to use has been reserved. Chairman and CEO Lin Chiu-Hsu deposited 1,200,000 shares with a trust; Director and Deputy CEO Chen Yu-Nan 1,300,000 shares; Deputy CEO Chen Shih-Hsiung 1,200,000 shares.

2. Equity transfer: None.

3. Where the counterparty of equity pledge is a related party: None.

VIII. Information of top ten shareholders with mutual relationship of related parties or spouse, or relatives in the 2nd degree:

April 22, 2023; Unit: shares

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Information of top ten shareholders with mutual relationship of related parties or spouse, or relatives in the 2 <sup>nd</sup> degree, their titles or names and relationship.		Remarks
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name (or Name)	Relation	
AAEON Technology Inc.	52,921,856	27.14%	0	0.00%	0	0.00%			
AAEON Technology Inc. Representative: Chuang Yung-Shun	880,000	0.45%	0	0.00%	0	0.00%	—	—	—
AAEON Technology Inc. Representative: Li Ying-Chen	101,000	0.05%	11,792	0.01%	0	0.00%	—	—	—
Chunbao Investment Co., Ltd.	2,694,595	1.38%	0	0.00%	0	0.00%			—
Chunbao Investment Co., Ltd. Representative: Hsu Wu-Chun	319,254	0.16%	4,615	0.00%	0	0.00%	—	—	—
Winmate Inc.	2,039,100	1.05%	0	0.00%	0	0.00%	—	—	—
Lin Chiu-Hsu	1,586,015	0.81%	222,017	0.11%	0	0.00%	—	—	—
The Banking Department of Standard Chartered Bank as a custodian of the investment account of SPDR Portfolio Emerging Markets ETF of SPDR (R) ETF Fund.	1,505,222	0.77%	0	0.00%	0	0.00%	—	—	—
Labor Pension Fund	1,468,000	0.75%	0	0.00%	0	0.00%	—	—	—
AMPIRE CO., LTD	1,451,000	0.74%	0	0.00%	0	0.00%	—	—	—
Public Service Pension Fund Supervisory Board	1,331,000	0.68%	0	0.00%	0	0.00%			—
Chen Yang Mei-Lin as a custodian of the dedicated account of trust asset	1,300,000	0.67%	0	0.00%	0	0.00%			—
Fuli Investment Management Ltd.	1,203,000	0.62%	0	0.00%	0	0.00%			—

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

March 31, 2023; Unit: 1,000 shares; %

Investee (Note)	The Company's investment		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	No. of shares	Percentage of Ownership	No. of shares	Percentage of Ownership	No. of shares	Percentage of Ownership
IBASE INC.	1,389	100.00	0	0	1,389	100.00
IBASE SOLUTION CO., LTD	13,511	31.19	60	0.14	13,571	31.33
WiBASE Industrial Solutions Inc.	8,050	20.60	1,107	2.83	9,157	23.43
AAEON Technology Inc.	41,698	27.88	20,777	14.00	62,475	41.88
Novakon Co., Ltd.	4,816	70.00	267	3.88	5,083	73.88
VISWIS, INC.	1,353	64.44	0	0	1,353	64.44
IBASE JAPAN	1	100.00	0	0	1	100.00
IBASE INC.	10,255	100.00	0	0	10,255	100.00

Note: This is the Company's long-term investment accounted for using the equity method.



Chapter 4. Funding Status

I. Company's capital and shares:

(I) Source of capital

Unit: 1,000 shares; NT\$1,000

Month/Year	Issuing price	Authorized capital		Paid-up capital		Remarks		
		No. of shares (in 1,000 shares)	Amount (in NT\$1,000)	No. of shares (in 1,000 shares)	Amount (in NT\$1,000)	Source of capital	Paid in properties other than cash	Others
February 2000	10	3,120	7,800	780	7,800	Capital upon incorporation	None	Note 1
September 2000	10	3,120	31,200	3,080	30,800	Issuance of common stock for cash	None	Note 2
October 2000	10	3,300	33,000	3,300	33,000	Issuance of common stock for cash	None	Note 3
December 2000	22	7,400	74,000	7,400	74,000	Issuance of common stock for cash	None	Note 4
January 2002	15	17,800	178,000	10,000	100,000	Issuance of common stock for cash	None	Note 5
April 2002	10	17,800	178,000	14,200	142,000	Recapitalization of earnings and reserves in the amount of 40,000 Recapitalization of employee bonus in the amount of 2,000	None	Note 6
April 2002	13	17,800	178,000	16,700	167,000	Issuance of common stock for cash	None	Note 6
September 2003	10	25,800	258,000	19,800	198,000	Recapitalization of earnings and reserves in the amount of 25,050 Recapitalization of employee bonus in the amount of 5,950	None	Note 7
September 2004	10	44,600	446,000	26,000	260,000	Recapitalization of earnings in the amount of 49,500 Recapitalization of employee bonus in the amount of 12,500	None	Note 8
October 2004	10	44,600	446,000	26,652	266,520	Conversion of convertible bonds into common shares	None	Note 9
January 2005	10	44,600	446,000	26,831	268,308	Conversion of convertible bonds into common shares	None	Note 10
April 2005	10	44,600	446,000	28,424	284,240	Conversion of convertible bonds into common shares	None	Note 11
July 2005	10	44,600	446,000	29,020	290,204	Conversion of convertible bonds into common shares	None	Note 12
October 2005	10	44,600	446,000	39,033	390,333	Recapitalization of earnings in the amount of 80,492 Recapitalization of employee bonus in the amount of 14,460 Conversion of convertible bonds into common shares in the number of 5,177	None	Note 13
January 2006	10	44,600	446,000	39,228	392,282	Conversion of convertible bonds into common shares	None	Note 14
April 2006	10	44,600	446,000	39,519	395,195	Conversion of convertible bonds into common shares	None	Note 15
October 2006	10	86,800	868,000	46,697	466,974	Recapitalization of earnings and capital surplus in the amount of 59,279 Recapitalization of employee bonus in the amount of 12,500	None	Note 16

January 2007	10	86,800	868,000	46,730	467,299	Conversion of convertible bonds into common shares	None	Note 17
March 2007	10	86,800	868,000	46,820	468,208	Conversion of convertible bonds into common shares	None	Note 18
August 2007	104	86,800	868,000	49,121	491,208	Issuance of common stock for cash	None	Note 19
October 2007	10	86,800	868,000	55,036	550,363	Recapitalization of earnings and capital surplus in the amount of 4,635 Recapitalization of employee bonus in the amount of 12,800	None	Note 20
November 2008	10	86,800	868,000	61,574	615,745	Recapitalization of earnings in the amount of 52,582 Recapitalization of employee bonus in the amount of 12,800	None	Note 21
October 2009	10	86,800	868,000	64,638	646,375	Recapitalization of earnings and capital surplus in the amount of 28,589 Recapitalization of employee bonus in the amount of 2,041	None	Note 22
February 2010	48.10	126,800	1,268,000	68,638	686,376	Issuance of common stock for cash	None	Note 23
March 2010	10	126,800	1,268,000	68,675	686,748	Conversion of convertible bonds into common shares	None	Note 24
November 2010	10	126,800	1,268,000	70,120	701,196	Recapitalization of earnings and capital surplus in the amount of 13,114 Recapitalization of employee bonus in the amount of 1,334	None	Note 25
February 2011	10	126,800	1,268,000	68,249	682,486	Capital reduction by retiring treasure shares	None	Note 26
March 2011	10	126,800	1,268,000	67,795	677,946	Capital reduction by retiring treasure shares	None	Note 27
September 2011	10	126,800	1,268,000	67,531	675,306	Capital reduction by retiring treasure shares	None	Note 28
October 2011	10	126,800	1,268,000	69,624	696,237	Recapitalization of earnings in the amount of 19,539 Recapitalization of employee bonus in the amount of 1,391	None	Note 29
May 2012	10	126,800	1,268,000	71,540	715,403	Conversion of convertible bonds into common shares	None	Note 30
June 2012	10	126,800	1,268,000	71,679	716,679	Conversion of convertible bonds into common shares	None	Note 31
October 2012	32	126,800	1,268,000	80,468	804,679	Issuance of common stock for cash	None	Note 32
December 2012	10	126,800	1,268,000	84,285	842,845	Conversion of convertible bonds into common shares in the number of 2,436,960 Recapitalization of earnings in the amount of NT34,062 thousand. Recapitalization of employee bonus in the amount of NT\$1,666 thousand.	None	Note 33
March 2013	10	126,800	1,268,000	84,537	845,367	Conversion of convertible bonds into common shares	None	Note 34

September 2013	10	126,800	1,268,000	88,868	888,682	Conversion of convertible bonds into common shares in the number of 1,483,670 Recapitalization of earnings in the amount of 40,067 Recapitalization of employee bonus in the amount of 1,764	None	Note 35
December 2013	10	126,800	1,268,000	89,122	891,222	Conversion of convertible bonds into common shares	None	Note 36
March 2014	10	126,800	1,268,000	91,137	911,367	Conversion of convertible bonds into common shares	None	Note 37
June 2014	10	126,800	1,268,000	94,751	947,509	Conversion of convertible bonds into common shares	None	Note 38
September 2014	10	126,800	1,268,000	99,916	999,165	Conversion of convertible bonds into common shares in the number of 4,654 Recapitalization of earnings in the amount of NT\$46,043 thousand. Recapitalization of employee bonus in the amount of NT\$958 thousand.	None	Note 39
November 2014	10	126,800	1,268,000	99,972	999,720	Conversion of convertible bonds into common shares	None	Note 40
April 2015	10	126,800	1,268,000	100,193	1,001,930	Conversion of convertible bonds into common shares	None	Note 41
April 2015	38.88	126,800	1,268,000	108,543	1,085,430	Issuance of common stock for cash	None	Note 41
September 2015	10	126,800	1,268,000	113,849	1,138,488	Recapitalization of earnings in the amount of 51,704 Recapitalization of employee bonus in the amount of 1,356	None	Note 42
June 2016	10	126,800	1,268,000	113,858	1,138,584	Conversion of convertible bonds into common shares	None	Note 43
September 2016	10	126,800	1,268,000	118,234	1,182,340	Recapitalization of earnings in the amount of 40,403 Recapitalization of employee compensation in the amount of 1,493 Conversion of convertible bonds into common shares in the number of 1,861	None	Note 44
January 2017	10	126,800	1,268,000	120,213	1,202,127	Conversion of convertible bonds into common shares	None	Note 45
April 2017	10	126,800	1,268,000	120,381	1,203,809	Conversion of convertible bonds into common shares	None	Note 46
July 2017	10	126,800	1,268,000	119,339	1,193,386	Conversion of convertible bonds into common shares in the number of 1,577 Capital reduction by retiring treasure shares in the number of 12,000	None	Note 47
September 2017	10	126,800	1,268,000	123,844	1,23,844	Recapitalization of earnings in the amount of 43,159 Recapitalization of employee compensation in the amount of 1,406 Conversion of convertible bonds into common shares in the number of 484	None	Note 48

October 2017	10	126,800	1,268,000	123,441	1,234,405	Capital reduction by retiring treasury shares	None	Note 49
December 2017	10	126,800	1,268,000	123,466	1,234,656	Conversion of convertible bonds into common shares	None	Note 50
March 2018	10	126,800	1,268,000	123,473	1,234,726	Conversion of convertible bonds into common shares	None	Note 51
June 2018	10	126,800	1,268,000	123,484	1,234,843	Conversion of convertible bonds into common shares	None	Note 52
September 2018	40.25	188,800	1,888,000	176,406	1,764,062	Share swap with AAEON in the number of 52,922	None	Note 53
November 2018	10	188,800	1,888,000	176,419	1,764,185	Conversion of convertible bonds into common shares	None	Note 54
August 2019	10	218,800	2,188,000	176,464	1,764,635	Conversion of convertible bonds into common shares	None	Note 55
December 2019	10	218,800	2,188,000	177,100	1,770,998	Conversion of convertible bonds into common shares	None	Note 56
January 2023	10	218,800	2,188,000	194,997	1,949,967	Conversion of convertible bonds into common shares	None	Note 57

- Note 1: Bei-Shi-Shang-Jian-Er-Zi No.89260943 dated February 15, 2000.  
Note 2: Bei-Shi-Shang-Jian-Er-Zi No.89330099 dated September 29, 2000.  
Note 3: Bei-Shi-Shang-Jian-Er-Zi No.89343432 dated November 03, 2000.  
Note 4: Bei-Shi-Shang-Jian-Er-Zi No.89355253 dated December 22, 2000.  
Note 5: Jing-Shou-Shang-ZiNo.09101015560 dated January 18, 2002.  
Note 6: Jing-Shou-Shang-ZiNo.09101156650 dated May 09, 2002.  
Note 7: Fu-Jian-Shang-Zi No.09219056200 dated September 08, 2002.  
Note 8: Fu-Jian-Shang-Zi No.09320434300 dated September 24, 2004.  
Note 9: Fu-Jian-Shang-Zi No.09321088200 dated October 15, 2004.  
Note 10: Fu-Jian-Shang-Zi No.09400307810 dated January 19, 2005.  
Note 11: Fu-Jian-Shang-Zi No.09407914910 dated April 19, 2005.  
Note 12: Fu-Jian-Shang-Zi No.09411551200 dated July 28, 2005.  
Note 13: Fu-Jian-Shang-Zi No.09423814200 dated October 28, 2005.  
Note 14: Fu-Jian-Shang-Zi No.09571845400 dated January 20, 2006.  
Note 15: Fu-Jian-Shang-Zi No.09575582400 dated April 17, 2006.  
Note 16: Fu-Jian-Shang-Zi No.09584555100 dated October 19, 2006.  
Note 17: Fu-Jian-Shang-Zi No.09680390400 dated January 15, 2007.  
Note 18: Fu-Jian-Shang-Zi No.09683519700 dated April 24, 2007.  
Note 19: Jing-Shou-Shang-ZiNo.09689564300 dated September 17, 2007.  
Note 20: Jing-Shou-Shang-ZiNo.09601268020 dated October 31, 2007.  
Note 21: Jing-Shou-Shou-Zi No.09701288960 dated November 14, 2008.  
Note 22: Jing-Shou-Shang-Zi No.09801224420 dated September 30, 2009.  
Note 23: Jing-Shou-Shang-Zi No.09901073390 dated April 16, 2010.  
Note 24: Jing-Shou-Shang-Zi No.09901099180 dated May 14, 2010.  
Note 25: Jing-Shou-Shang-Zi No.09901221370 dated October 01, 2010.  
Note 26: Jing-Shou-Shang-Zi No.10001023120 dated February 09, 2011.  
Note 27: Jing-Shou-Shang-Zi No.10001044360 dated March 07, 2011.  
Note 28: Jing-Shou-Shang-Zi No.10001215970 dated September 15, 2011.  
Note 29: Jing-Shou-Shang-Zi No.10001238390 dated October 21, 2011.  
Note 30: Jing-Shou-Shang-Zi No.10101081040 dated May 04, 2012.  
Note 31: Jing-Shou-Shang-Zi No.10101177810 dated August 28, 2012.  
Note 32: Jing-Shou-Shang-Zi No.10101220500 dated October 23, 2012.  
Note 33: Jing-Shou-Shang-Zi No.10102546100 dated December 12, 2012.  
Note 34: Jing-Shou-Shang-Zi No.10201099300 dated May 28, 2013.  
Note 35: Jing-Shou-Shang-Zi No.10201202180 dated October 04, 2013.  
Note 36: Jing-Shou-Shang-Zi No.10201267280 dated January 08, 2014.  
Note 37: Jing-Shou-Shang-Zi No.10301076500 dated April 29, 2014.  
Note 38: Jing-Shou-Shang-Zi No.10301136240 dated July 15, 2014.  
Note 39: Jing-Shou-Shang-Zi No.10301201690 dated October 08, 2014.  
Note 40: Jing-Shou-Shang-Zi No.10301244360 dated November 26, 2014.  
Note 41: Jing-Shou-Shang-Zi No.10401061520 dated April 23, 2015.  
Note 42: Jing-Shou-Shang-Zi No.10401204700 dated September 25, 2015.

Note 43: Jing-Shou-Shang-Zi No.10501128920 dated June 16, 2016.  
 Note 44: Jing-Shou-Shang-Zi No.10501227740 dated September 20, 2016.  
 Note 45: Jing-Shou-Shang-Zi No.10501302210 dated January 03, 2017.  
 Note 46: Jing-Shou-Shang-Zi No.10601045720 dated April 21, 2017.  
 Note 47: Jing-Shou-Shang-Zi No.10601096890 dated July 13, 2017.  
 Note 48: Jing-Shou-Shang-Zi No.10601131350 dated September 19, 2017.  
 Note 49: Jing-Shou-Shang-Zi No.10601143600 dated October 13, 2017.  
 Note 50: Jing-Shou-Shang-Zi No.10701000500 dated January 10, 2018.  
 Note 51: Jing-Shou-Shang-Zi No.10701037180 dated April 11, 2018.  
 Note 52: Jing-Shou-Shang-Zi No.10701077040 dated July 19, 2018.  
 Note 53: Jing-Shou-Shang-Zi No.10701128870 dated October 23, 2018.  
 Note 54: Jing-Shou-Shang-Zi No.10701154380 dated December 18, 2018.  
 Note 55: Jing-Shou-Shang-Zi No.10801120580 dated September 04, 2019.  
 Note 56: Jing-Shou-Shang-Zi No.10801197450 dated January 15, 2020.  
 Note 57: Jing-Shou-Shang-Zi No.11101247930 dated January 03, 2023.

(II) Share category

April 22, 2023

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	194,998 thousand shares	23,802 thousand shares	218,800 thousand shares	(1) OTC (Over-The-Counter) stocks. (2) Including 10,044 thousand treasury shares bought back by the Company.

Shelf registration system: None.

(III) Shareholders structure

April 22, 2023

Quantity/Shareholder Structure	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	2	34	178	36,966	72	37,252
No. of shares held	2,799,000	9,388,754	76,090,230	100,686,812	6,033,230	194,998,026
Percentage of Ownership	1.44%	4.81%	39.02%	51.63%	3.09%	100.00%

## (IV) Share ownership dispersion

## 1. Common shares

April 22, 2023; Unit: number of shareholders; shares; %

Shareholding interval	Number of shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	21,989	1,276,273	0.65
1,000 ~ 5,000	12,061	23,659,643	12.13
5,001 ~ 10,000	1,598	12,312,031	6.31
10,001 ~ 15,000	524	6,618,854	3.39
15,001 ~ 20,000	284	5,227,749	2.68
20,001 ~ 30,000	265	6,792,109	3.48
30,001 ~ 40,000	128	4,625,321	2.37
40,001 ~ 50,000	73	3,392,972	1.74
50,001 ~ 100,000	175	11,704,911	6.00
100,001 ~ 200,000	79	10,826,387	5.55
200,001 ~ 400,000	37	10,523,943	5.40
400,001 ~ 600,000	11	5,504,923	2.82
600,001 ~ 800,000	5	3,306,230	1.70
800,001 ~ 1,000,000	9	8,097,007	4.15
1,000,001 and above	14	81,129,673	41.61
Total	37,252	194,998,026	100.00

## 2. Preferred shares

The Company did not issue any preferred shares as of April 22, 2023.

## (V) List of major shareholders

List of all shareholders with a stake of 5 percent or greater, or shareholders who rank in the top 10 in shareholding percentage, and the number and percentage of shares and stake held by each shareholder on the list

April 22, 2023; Unit: shares; %

Name of major shareholder/shares	No. of shares held	Percentage of Ownership
AAEON Technology Inc.	52,921,856	27.14%
Chunbao Investment Co., Ltd.	2,694,595	1.38%
Winmate Inc.	2,039,100	1.05%
Lin Chiu-Hsu	1,586,015	0.81%
The Banking Department of Standard Chartered Bank as a custodian of the investment account of SPDR Portfolio Emerging Markets ETF of SPDR (R) ETF Fund.	1,505,222	0.77%
Labor Pension Fund	1,468,000	0.75%
AMPIRE CO., LTD	1,451,000	0.74%
Public Service Pension Fund Supervisory Board	1,331,000	0.68%
Chen Yang Mei-Lin as a custodian of the dedicated account of trust asset	1,300,000	0.67%
Fuli Investment Management Ltd.	1,203,000	0.62%

(VI) Market price, net value, earnings, dividend per share and related information in the last 2 years

Item		Year	2021	2022	Year-to-date through March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		43.45	89.80	89.80
	Lowest		34.10	37.80	70.70
	Average		39.54	70.50	81.29
Net worth per share (Note 2)	Before dividend distribution		27.30	34.08	36.10
	After dividend distribution		27.30	29.00	Not yet appropriated
Earnings per share (EPS)	Weighted average outstanding shares		116,299	120,515	132,032
	Earnings per share (EPS) (Note 3)		2.69	9.42	1.87
Dividends per share	Cash dividends		2.18	5.60	Not yet appropriated
	Stock dividends	Dividends from earnings (NT\$)	—	—	Not yet appropriated
		From capital reserves	—	—	Not yet appropriated
	Accumulated undistributed dividends (Note 4)		—	—	Not yet appropriated
Analysis of investment returns	Price/earnings ratio (Note 5)		14.70	7.48	43.47
	Price/dividend ratio (Note 6)		18.14	12.59	Not yet appropriated
	Cash dividend yield (Note 7)		5.51	7.94	Not yet appropriated

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved in the following year's shareholders' meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash

dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VII) The Company's dividend policy and implementation status

1. Dividend policy specified in the Company's current Articles of Incorporation is as follows:

a. The Company must pay all taxes and duties in the first place, and then make up for losses in previous years; 10% of the remainder must be set aside as legal reserves. After that, special reserves must be provided or reversed as required by law. Next, 1–15% of the remainder must be allocated as employee bonus and no greater than 3% as director/supervisor compensation. Following that, 20–100% of the sum of the remainder and undistributed earnings in the previous years must be taken by the Board of Directors to draft a shareholder dividend distribution proposal, and may be distributed after being approved by the Shareholders' Meeting.

When employee bonus takes the form of stock dividends, eligible recipients may include employees of affiliates who meet certain criteria. The criteria and distribution method should be determined by the Board of Directors.

b. Since the Company is at a steady growth stage, it must account for future capital needs and long-term financial planning. A distribution proposal is drafted by the Board of Directors and submitted to the Shareholders' Meeting for resolution every year. Shareholder dividends to be distributed should be paid preferentially in cash, and may also be paid in stocks; however, cash dividends distributed must account for 5–100% of all dividends distributed.

c. According to the resolution adopted at the Board of Directors meeting dated April 10, 2023, the Company intends to distribute the earnings of 2022 as shareholder dividends in cash in the amount of NT\$665,834,494, or NT\$3.6 per share. The Chairman is authorized to determine the record date and payable date, among other relevant matters of this proposal.

2. Report on dividend distribution at this Shareholders' Meeting:

The Company intends to distribute NT\$665,834,494, which is taken from the distributable earnings of 2022, to 184,954,026 shares, which are calculated based on the number of shares outstanding as of March 31, 2023; therefore, NT\$3.6 will be distributed in cash to each share in possession. Cash dividends distributed to each shareholder are rounded to the nearest integral. As for the sum of the fractional amount less than NT\$1, the decimal fraction of the cash dividends distributed to each shareholder, starting from the greatest decimal fraction in a descending order, must be rounded up to NT\$1 (in case of equal decimal fractions, the decimal fraction belonging to the shareholder with a smaller account number, starting from the smallest in an ascending order, should be rounded up to NT\$), until the amount of total cash dividends distributed is reached. After this proposal is passed by the General Shareholders' Meeting, the Board of Directors will set the record date and payable date for distribution of cash dividends. If the payout ratio changes because the number of outstanding shares is changed due to the Company



subsequently buying back its own shares or transferring treasury shares to employees or due to any other reason, the Board of Directors is authorized to handle the matter at its discretion.

3. If a material change in dividend policy is expected, provide an explanation:  
None.

(VIII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this Shareholders' Meeting:

Given that the Shareholders' Meeting of 2022 did not plan to distribute stock dividends and that the Company is not mandatorily required to disclose its financial forecast for 2023, the Company is not required to disclose the effect of stock dividend distribution on its business performance and earnings per share.

(IX) Employee bonus and director/supervisor compensation:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:
  - a. If the Company has earnings in the final account, 1%–15% of such earnings shall be provided as employee compensation, which shall be distributed in stock or cash as determined by the Board of Directors and may be distributed to employees of affiliates who meet certain criteria, and no more than 3% of such earnings shall be allocated as compensation to directors. Any proposal to distribute compensation to employees or directors must be reported to the Shareholders' Meeting. However, if the Company is still in deficit, an amount of earnings equal to such deficit must be reserved in the first place before distributing the said percentage of earnings as employee compensation and director compensation.
  - b. Employee compensation in stock or in cash is distributed only to the Company's regular employees who have worked at the Company for at least three months, or to employees who have worked at the Company for no more than three months if the Chairman agrees, in which case the Chairman is authorized to determine the compensation based on the employee's job rank, service years, performance, and special contribution to the Company. To fulfill the spirit of corporate governance, share subscription by assistant vice presidents or officers of even higher rank must be reported to the Board of Directors for review. When bonus takes the form of stock dividends, eligible recipients may include employees of affiliates who meet certain criteria. The criteria and distribution method should be determined by the Board of Directors.
2. The basis for estimating the amount of employee, and director, compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
  - a. According to Article 20 of the Company's Articles of Incorporation, the Company should allocate 1% to 15% of the profits of 2021 (i.e. pre-tax profits inclusive of compensation to employees, and directors) as employee compensation and 3% or less as director compensation.
  - b. According to the Company's dividend policy, which considers current and future development plans, the investment environment, capital needs, domestic and foreign competition, as well as shareholders' interests, the distributable earnings shall be appropriated as shareholder dividends, except when the accumulated distributable earnings are less than 10% of the paid-in capital, in which case the Company may elect not to distribute shareholder dividends. Shareholder dividends distributed may take the

- form of either stock or cash, but cash dividends must not be less than 5% of total dividends.
- c. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Adjustment will be made through expenses of the year of distribution.
3. Information on any approval by the board of directors of distribution of compensation:
    - a. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.
      - (1) According to the resolution reached at the Board of Directors meeting dated February 24, 2023, the Company will distribute 6.93% of the annual profits, or NT\$100,000,000, as employee compensation, and 0.3% of the annual profits, or NT\$4,375,000 as director compensation.
      - (2) The amount of employee compensation and director compensation approved and distributed by the Board of Directors is consistent with the amount estimated in the year in which expenses were recognized.
    - b. The amount of any employee compensation distributed in stocks as a percentage of the sum of the current after-tax net income and total employee compensation: None.
  4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:
    - (1) The Company reported on its distribution of compensation for 2021 at the General Shareholders' Meeting dated June 22, 2022; 4.05% of the annual profits, or NT\$15,300,000, was allocated as employee compensation and another 0.48% of the annual profits, or NT\$1,800,000, was provided as director compensation, both were distributed in cash.
    - (2) If there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: No discrepancy.

(X) Buy-back of the Company's shares by the Company: (Completed)

1. Completed:

April 22, 2023

Repurchase no.	21st	22nd	23rd	24th	25th
Purpose of repurchase	Transfer to employees	Transfer to employees	Transfer to employees	Transfer to employees	Transfer to employees
Repurchase period	April 23, 2018 – May 9, 2018	December 25, 2018 – February 22, 2019	February 3, 2020 – March 19, 2020	May 10, 2021 – July 2, 2021	September 8, 2021 – November 3, 2021
Repurchase price range	43-60	35-50	40-55	35-55	35-55
Types and numbers of shares bought back	Common shares 515 thousand shares	Common shares 1,530 thousand shares	Common shares 1,999 thousand shares	Common shares 3,000 thousand shares	Common shares 3,000 thousand shares
Amount of shares bought back (NT\$)	23,484,290	60,266,360	89,061,168	124,941,631	118,579,841
Ratio of the purchased Shares to the planned Shares (%)	23.75%	76.50%	99.95%	100.00%	100.00%
The number of repurchased shares that have been cancelled or transferred	0	0	0	0	0
Accumulated number of the Company's shares held by the Company	515 thousand shares	2,045 thousand shares	4,044 thousand shares	7,044 thousand shares	10,044 thousand shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0.26%	1.05%	2.07%	3.61%	5.15%

2. Still in progress:None.

II. Issuance of corporate bonds:

Type of corporate bonds	The 5th domestic unsecured convertible bonds	The 6th domestic unsecured convertible bonds
Issue (transaction) date	September 7, 2020	November 22, 2022
Face value	A face value of NT\$100,000 per 1,000 shares	A face value of NT\$100,000 per 1,000 shares
Place of issue and trading	Domestic	Domestic
Issuing price	At the face value	At the face value
Total	NT\$800 million	NT\$1,600 million
Interest rate	Coupon rate 0%	Coupon rate 0%
Term	5 years; maturity date: September 7, 2025	5 years; maturity date: November 22, 2027
Guarantor	None	None
Trustee	Trust Department of Hua Nan Commercial Bank, Ltd.	Trust Department of Hua Nan Commercial Bank, Ltd.
Underwriter	Taishin Securities Co., Ltd.	Taishin Securities Co., Ltd.
Attesting lawyer	N/A	N/A
Attesting CPA	CPA Chang Ching-Jen and CPA Chen Chih-Yuan from Deloitte & Touche	CPA Chen Chih-Yuan and CPA Li Tung-Feng from Deloitte & Touche
Redemption method	Lump sum payment at the bonds' face value upon maturity	Lump sum payment at the bonds' face value upon maturity
Unredeemed balance	NT\$ 0	NT\$ 1,599,900,000.
Conditions for redemption or early redemption	For details, see the attached Regulations for Issuance and Conversion of the Company's 5th Domestic Unsecured Convertible Bonds.	For details, see the attached Regulations for Issuance and Conversion of the Company's 6th Domestic Unsecured Convertible Bonds.
Restrictive clauses	For details, see the attached Regulations for Issuance and Conversion of the Company's 5th Domestic Unsecured Convertible Bonds.	For details, see the attached Regulations for Issuance and Conversion of the Company's 5th Domestic Unsecured Convertible Bonds.
Name of rating agency, date and result of rating	None	None
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	None
	None	N T\$ 13,330.

	The issuance and conversion, exchange, or subscription rules	For details, see the attached Regulations for Issuance and Conversion of the Company's 5th Domestic Unsecured Convertible Bonds.	For details, see the attached Regulations for Issuance and Conversion of the Company's 5th Domestic Unsecured Convertible Bonds.
	The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.	The Company already terminated OTC transactions on November 23, 2022.	Calculated as the sum of the Company's 184,955,359 issued outstanding shares plus convertible shares. The maximum dilution effect on the original shareholder equity would be 10.34% if all convertible bonds in this plan were all converted into common shares.
	Name of the custodian institution of the exchangeable underlyings	None	None

### Convertible Corporate Bonds

Type of corporate bonds		The 5th domestic unsecured convertible bonds		
Year		September 7, 2020– August 6, 2021	August 7, 2021– July 21, 2022	July 22, 2022– November 23, 2022
Item				
Market price of convertible corporate bonds	Highest	113.50	150.00	200.00
	Lowest	103.00	103.75	134.05
	Average	107.15	110.73	160.52
Conversion price		48.8	48.8	46.6
Issue (transaction) date and conversion price at issuance		September 7, 2020	August 7, 2021	July 22, 2022
		48.8	46.6	44.7
Method for performance of conversion obligations		Price anti-dilution clause	Price anti-dilution clause	Price anti-dilution clause

Type of corporate bonds		The 6th domestic unsecured convertible bonds	
Year		November 22, 2022–March 31, 2023	
Item			
Market price of convertible corporate bonds	Highest	118.50	
	Lowest	103.60	
	Average	112.18	
Conversion price		75	
Issue (transaction) date and conversion price at issuance		November 22, 2022	
		75	
Method for performance of conversion obligations		Price anti-dilution clause	

- III. Issuance of preferred shares: None.
- IV. Issuance of global deposit receipt: None.
- V. Issuance of employee stock option certificates: None.
- VI. Issuance of new restricted employee stock option: None.
- VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:
- (I) The Company's completion of any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:
1. Opinion prepared by the managing underwriter concerning any issuance of new shares in connection with any merger or acquisition or with any acquisition of shares of any other company within the past quarter: None.
  2. State of implementation of issuance of new shares in connection with acquisition of shares of another company in the past quarter: None.
- (II) Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company, the annual report shall disclose the state of the plan's implementation together with the basic identifying information of the company (or companies) to be merged or acquired or whose shares are to be acquired.
1. Where the board of directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.
- VIII. The company's capital allocation plans and implementation thereof: Issuance of the 6th domestic unsecured convertible bonds in 2022.

Monetary Unit: NT\$1,000

Item \ program	Completion date	Total capital required	Capital utilization progress
			The fourth quarter of 2022
Repayment of bank borrowings	The fourth quarter of 2022	1,285,000	1,285,000
Enrich working capital	The fourth quarter of 2022	315,000	315,000
Total		1,600,000	1,600,000

**iBase Technology Inc.**  
**Regulations for Issuance and Conversion of the Company's 5th Domestic  
Unsecured Convertible Bonds**

I. Bond name

iBase Technology Inc. ("The Company" hereinafter) 5th Domestic Unsecured Convertible Bonds ("The Convertible Bonds" hereinafter)

II. Issue date:

September 7, 2020 ("Issue Date" hereinafter)

III. Issue size

Each of the 8,000 Convertible Bonds has a face value of NT\$100,000; therefore, the total face value is NT\$800 million. Since the Convertible Bonds are issued at the face value, the issue size is NT\$800 million.

IV. Term:

The Convertible Bonds have a term of 5 years, from September 7, 2020 to September 7, 2025 ("Maturity Date" hereinafter).

V. Bond coupon rate:

The Convertible Bonds have an annual coupon rate of 0%.

VI. Principal repayment date and method:

The Convertible Bonds will be redeemed with a lump sum payment in cash at the face value upon maturity, except when the holders convert the Convertible Bonds into the Company's common shares by Article 10 of these regulations or exercise the put option by Article 19 of these regulations, or when the Company redeems the Convertible Bonds early by Article 18 of these regulations or purchases the Convertible Bonds back from the OTC market and retires them.

VII. Provision of security

Although the Convertible Bonds are unsecured bonds, they should have the creditor's rights or security interest that are the same as those attached to any secured warrant bonds or secured convertible bonds that the Company subsequently issues through public offering or private placement, if any.

VIII. Conversion targets:

The Convertible Bonds may be converted into the Company's common shares. The Company will perform its conversion obligation by issuing new shares, which will be delivered by book-entry transfer as opposed to a physical delivery.



IX. Conversion period;

Starting from the day following three months after the Issue Date of the Convertible Bonds (i.e. December 8, 2020) till the Maturity Date (i.e. September 7, 2025), bond holders may, by relaying the conversion request to securities dealer, Taiwan Depository & Clearing Corporation (TDCC), and to the Company's stock transfer agent, convert the Convertible Bonds into the Company's common shares and act by Articles 10, 11, 13, and 15 of these regulations at any time, except during (1) the book closure period for common shares that is set by law; (2) the period between 15 business days before the book closure date for stock dividend distribution, cash dividend distribution, or subscription to a follow-on offering, and the record date for distribution; (3) the period between capital reduction record date and the day prior to the date on which the shares after capital reduction via returning share proceeds to shareholders start trading; and (4) the period between the date on which conversion (subscription) is suspended due to conversion of the denomination of shares and the day prior to the date on which the shares with the new denomination start trading.

X. Procedures for conversion request

- (I) Bond holders go to the place of the transacting securities dealers and fill in the "Requisition of Convertible Bonds Conversion/Redemption/Selling Back via Book-entry Transfer" (annotate the requisition with "Conversion"); the securities dealer will then apply to TDCC. If the application is accepted, TDCC will notify the Company's stock transfer agent via electronic means. Conversion is deemed effective upon delivery and application for revocation is not allowed. The conversion process will be completed within 5 business days after delivery, and the Company's common shares will be deposited in the bond holders' account with TDCC.
- (II) In the case in which an R.O.C. citizen living abroad or a foreigner of a nationality other than the R.O.C. applies to convert the Convertible Bonds into the common shares, such common shares will be delivered by TDCC via a book-entry transfer.

XI. Conversion price and the adjustment thereof:

(I) Method for setting the conversion price

As for the pricing of conversion price of the Convertible Bonds, the Company first sets August 28, 2020 as the pricing record date, then takes the arithmetic mean of the closing price of the common shares on the date which is either one, three, or five business days before the pricing record date as the benchmark price, and then multiplies it by 102.71% to arrive at the conversion price of the Convertible Bonds (rounded up to the tenth place of NT\$1). If the ex-rights date or ex-dividend date lies before the pricing record date and the closing price on the ex-rights date or ex-dividend date is taken as a sample for calculating the conversion price, the conversion price should be calculated preferentially by taking the closing price exclusive of dividend and rights. If the ex-rights date or ex-dividend date lies between the date on which conversion price is determined and the Issue Date, the conversion price must be adjusted by using the formula stated in Paragraph (II) of this article. After calculation using the said method, the Convertible Bonds' conversion at the time of issuance is NT\$48.8.

(II) Adjustment of the conversion price

1. After the issuance of the Convertible Bonds, if the number of the Company's common shares increases not due to issuance of new shares to pay employee compensation or the conversion of securities which the Company issued through public offering or private placement and have a warrant to subscribe to, or be

converted into, common shares, but rather due to reasons, including but not limited to ,capital increase via public offering or private placement, recapitalization of earnings, recapitalization of capital surplus, issuance of new shares in connection of mergers or acquisitions or obtainment of another company’s shares, stock split, issuance of new shares for participation in the issuance of global deposit receipts, the Company must adjust the conversion price using the following formula (rounded up to the tenth place of NT\$1; the conversion price must be adjusted when the conversion price goes up, and need not be adjusted if the conversion price goes down), and must give an official letter to TPEX and request it to make an announcement. Conversion price will be adjusted on the ex-rights record date (Note 1) for the newly issued shares (or on the date when share subscription proceeds are fully collected if required).

$$\text{Post-adjustment conversion price} = \text{Pre-adjustment conversion price} \times \frac{\text{Issued shares (Note 2)} + \frac{\text{Subscription proceeds per share (Note 3)} \times \text{the number of newly issued shares or privately placed shares}}{\text{Current price per share (Note 4)}}}{\text{Number of issued shares (Note 2) + the number of newly issued shares or privately placed shares}}$$

When stock denomination changes

$$\text{Post-adjustment conversion price} = \text{Pre-adjustment conversion price} \times \frac{\text{The number of common shares issued before the change of stock denomination (Note 2)}}{\text{The number of common shares issued after the change of stock denomination}}$$

Note 1: The conversion price will be adjusted on the split record date in the case of a stock split; on the merger or acquisition record date in the case of capital increase in connection with mergers or acquisitions; on the date on which share subscription proceeds are fully paid in the case of a follow-on offering through book building or for participation in the issuance of global deposit receipts, since there is no ex-rights date; or on the date of delivery of privately placed securities in the case of a follow-on offering through private placement. If the price of newly issued shares is changed after the ex-dividend record date of a follow-on offering, the conversion price must be adjusted for the change in the price of the new shares; if the conversion price so adjusted is lower than the conversion price that was adjusted through announcement before the original ex-dividend record date, an official letter must be given to TPEX to request it to make an adjustment through announcement.

Note 2: The number of issued shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

Note 3: In the case of stock dividend distribution or stock split, the subscription proceeds per share is NT\$0. In the case of issuance of new shares in connection with mergers, the subscription proceeds per share is the net worth per share before the merger record date as indicated on the financial statements for the latest period of the

dissolved company that have been audited or reviewed by CPAs, multiplied by the share swap ratio. In the case of issuance of new shares in connection with acquisition of another company's shares, the subscription proceeds per share is the net worth per share indicated on the financial statements for the latest period of such another company that have been audited or reviewed by CPAs, multiplied by the share swap ratio.

Note 4: To set the current price per share, it is required to calculate based on the arithmetic mean of the closing price of common shares on the date which is either one, three, or five business days before the ex-rights record date, pricing record date, stock merge or split record date, or the date on which privately placed securities are delivered.

2. If after the issuance of the Convertible Bonds the Company issued cash dividends to common share holders, the conversion price must be adjusted down on the ex-dividend record date using the following formula (rounded up to the tenth place of NT\$1; the conversion price is adjusted if it goes down, and need not be adjusted if it goes up). An official letter must be sent to TPEX to request it to announce the post-adjustment conversion price. This regulation on adjusting down the conversion price does not apply to those requesting conversion before the ex-dividend record date. The adjustment formula is as follows:

Conversion price adjusted down = Conversion price before being adjusted down × (1 - the ratio of cash dividends distributed to each common share to the current price per share)

Note: Current price per share must be calculated based on the arithmetic mean of the closing price of common shares on the date that is either one, three, or five business days before the book closure date for cash dividends.

3. If after the issuance of the Convertible Bonds the Company publicly offers (or privately places) securities with a warrant to subscribe to, or be converted into, common shares at a conversion price or subscription price lower than the current price per share, the Company must use the following formula to adjust the conversion price of the Convertible Bond (rounded to the tenth place of NT\$1; adjusted if the conversion price goes down and need not be adjusted if the conversion price goes up), and must give an official letter to TPEX to request it to make an announcement. The conversion price will be adjusted on the issue date of the said securities or warrants, or on the date of delivery of privately place securities.

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 \text{Current price per share (Note 1)}
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The number of issued shares (Note 2) + the number of shares newly issued (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares can subscribe to, or be converted into.

Note 1: The current price per share is calculated based on the arithmetic mean of the closing price of the Company's common shares on the date which is either one, three, or five business days before the pricing record date of subsequently offered (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares. If the ex-rights date or ex-dividend date lies before the pricing record date and the closing price on the ex-rights date or ex-dividend date is taken as a sample for calculating the conversion price, the conversion price should be calculated preferentially by taking the closing price exclusive of dividend and rights.

Note 2: The number of issued shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire. If subsequently offered (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares will be settled with treasury shares, "The number of issued shares" in the formula should be exclusive of the number of shares the subsequently offered (or privately placed) securities can subscribe to, or be converted into.

4. If after the issuance of the Convertible Bonds the number of the Company's common shares reduces due to reasons other than retirement of treasury shares, the following formula must be used to calculate the post-adjustment conversion price, and an official letter requesting TPEX to make an announcement must be sent to TPEX. The conversion price will be adjusted on the capital reduction record date, or on the record date for issuance of shares with a new denomination in the case of change of stock denomination.

(1) When capital reduction is to make up for deficits:

Post-adjustment conversion price = pre-adjustment conversion price × (The number of common shares issued before the capital reduction (Note) / The number of common shares issued after the capital reduction)

(2) Capital reduction by returning share subscription proceeds to shareholders:

Post-adjustment conversion price = (pre-adjustment conversion price - The amount of cash returned to each share in possession) × (The number of common shares issued before the capital reduction (Note) / The number of common shares issued after the capital reduction)

Note: The number of issued common shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

(3) When stock denomination changes:

Post-adjustment conversion price = pre-adjustment conversion price × (The number of common shares issued before the change of stock denomination (Note) / The number of common shares issued after the change of denomination)

Note: The number of issued common shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

XII. Application for the Convertible Bonds to start (cease) trading in the OTC market

The Company applies to TPEX for having the Convertible Bonds traded in the OTC market before the Issue Date, and for having the Convertible Bonds ceased to be traded in the OTC market when all of the Convertible Bonds are converted into common shares or bought back or redeemed by the Company. The matters mentioned above will be announced by the Company after being approved by TPEX.

XIII. OTC listing of new shares obtained from conversion:

The common shares converted from the Convertible Bonds start trading in the OTC market on TPEX upon the date of delivery. The matters mentioned above will be announced by the Company after being approved by TPEX.

XIV. Registered capital modification:

The Company must announce the number of shares converted from the Convertible Bonds in the previous quarter within 15 days after the end of each quarter, and must apply to the competent authority with which the Company registered for modification of registered capital at least once per quarter.

XV. Handling of the monetary amount less than one share during conversion:

If there is any monetary amount less than one share during conversion into the Company's common shares, the Company will pay that amount in cash (rounded up to NT\$1).

XVI. Attribution of the rights to cash dividends and stock dividends in the conversion year:

(I) Cash dividends

1. If the convertible bond holder requests conversion in the period between January 1 of the current year and the date which is at least 16 business days before the book closure date for cash dividend distribution which is registered by the Company with TPEX, the bond holder may participate in the cash dividends for the previous year that are determined by the Shareholders' Meeting in the current year.
2. The Convertible Bonds may not be converted in the period from the date which is 15 business days before the book closure date for cash dividend distribution that is registered by the Company with TPEX, through the ex-cash dividend record date.
3. If the convertible bond holder requests conversion during the period from the day following the ex-cash dividend record date through December 31 in the current year, the bond holder may not be entitled to the cash dividends for the previous year that are determined by the Shareholders' Meeting of the current year, but may participate in the cash dividends for the current year that will be determined by the Shareholders' Meeting of the following year.

(II) Stock dividends

1. If the convertible bond holder requests conversion in the period between January 1 of the current year and the date which is at least 15 business days before the book closure date for stock dividend distribution which is registered by the Company with TPEX, the bond holder may participate in the stock dividends for the previous year that are determined by the Shareholders' Meeting in the current year.

2. The Convertible Bonds may not be converted in the period from the date which is 15 business days before the book closure date for stock dividend distribution that is registered by the Company with TPEx, through the ex-rights record date.
3. If the convertible bond holder requests conversion during the period from the day following the ex-rights record date through December 31 in the current year, the bond holder may not be entitled to the stock dividends for the previous year that are determined by the Shareholders' Meeting of the current year, but may participate in the stock dividends for the current year that will be determined by the Shareholders' Meeting of the following year.

XVII. Post-conversion rights and obligations:

The rights and obligations of holders of the Convertible Bonds whose application for conversion has become effective are the same as the rights and obligations of holders of the Company's originally issued common shares.

XVIII. The Company's redemption rights

- (I) If during the period between the day following 3 months after Issue Date of the Convertible Bonds (i.e. December 8, 2020) and the day 40 days before the Maturity Date (i.e. August 29, 2025) the closing price of the Company's common shares on TPEx have been higher than the conversion price at the moment by 30% or more for 30 business days in a row, the Company may, within the following 30 business days, send bond holders (i.e. those on the bond holder register on the 5th business day after the "Bond Call Notice" is sent) a 30-day term "Bond Call Notice" via registered mail (the said period should be counted from the date on which the mail is sent by the Company, and the last day of the period should be the bond call record date; in addition, the call period must not fall in the conversion suspension period as stated in Article 9). The Company may redeem all the bonds at face value with cash, and may give an official letter to TPEx to request it to make an announcement. The Company must exercise its call option within 5 business days after the bond call record date, and may redeem all the outstanding Convertible Bonds at face value with cash.
- (II) If during the period between the day following 3 months after Issue Date of the Convertible Bonds (i.e. December 8, 2020) and the day 40 days before the Maturity Date (i.e. August 29, 2025) the balance of the Convertible Bonds is lower than the original total face value by 10% or more, the Company may, at any time thereafter, send bond holders (i.e. those on the bond holder register on the 5th business day after the "Bond Call Notice" is sent; an announcement will be made instead to holders who obtain the Convertible Bonds through transaction or by any other means thereafter) a 30-day term "Bond Call Notice" via registered mail (the said period should be counted from the date on which the mail is sent by the Company, and the last day of the period should be the bond call record date; in addition, the call period must not fall in the conversion suspension period as stated in Article 9). The Company may redeem all the bonds at face value with cash, and may give an official letter to TPEx to request it to make an announcement regarding the Company's exercise of its call option. The Company must exercise its call option within 5 business days after the bond call record date, and may redeem all the outstanding Convertible Bonds at face value with cash.
- (III) If a bond holder fails to respond to the Company's stock transfer agency in writing before the bond call record date specified on the Bond Call Notice (effective upon delivery, on the stamp date if delivered by post), the Company may redeem all the Convertible Bonds in the bond holder's possession at face value with cash within 5

business days after the bond call record date.

XIX. Bond holders' put option:

The dates at which the Convertible Bonds have been issued for 2 years (September 7, 2022) and 3 years (September 7, 2023) are the record dates at which holders of the Convertible Bonds may exercise their put option and early sell the Convertible Bonds back to the Company. The Company must send a registered mail containing the "Put Option Exercise Notice" to bond holders (i.e. those on the bond holder register on the 5th business day after the "Put Option Exercise Notice" is sent; an announcement will be made instead to holders who obtain the Convertible Bonds through transaction or by any other means thereafter) 40 days before the put record dates (August 29, 2022 and August 29, 2023), and must give an official letter to TPEx to request it to make an announcement concerning the exercise of put option by holders of the Convertible Bonds. Holders of the Convertible Bonds may, within 40 days after the put record date, notify the Company's stock transfer agent in writing demanding that the Company redeem all the Convertible Bonds under the bond holder's possession with cash in the amount equal to the bond's face value plus interest compensation (i.e. 100.50% of the bond's face value for a possession period of 2 years or more [with a yield-to-put of 0.25%], and 100.75% of the bond's face value for a possession period of 3 years or more [with a yield-to-put of 0.25%]). When accepting a put request, the Company must redeem the Convertible Bonds with cash within 5 days after the put record date. The said dates, if coinciding with a close date of the centralized securities exchange market in Taipei City, will be postponed to the next business day.

XX. All of the Convertible Bonds that have been redeemed (including those redeemed from the OTC market) or settled by the Company or converted will be cancelled and may not be sold or issued again; the conversion rights attached thereto are also eliminated.

XXI. The common shares convertible from the Convertible Bonds are all registered common shares, whose ownership transfer, change modification, creation of pledge, and loss must be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the Company Act. In addition, matters regarding taxation must be carried out according to the tax code prevailing at that time.

XXII. The Trust Department of Hua Nan Commercial Bank, Ltd. is the trustee of the Convertible Bonds of bond holders, and thus acts on behalf of the bond holders to audit and supervise the Company's performance of duties in relation to the terms and conditions of the issuance of the Convertible Bonds. All holders of the Convertible Bonds who purchased the bonds upon issuance or at a later time agree to the mandate contract between the Company and their Trustee, the Trustee's rights and obligations, and these issuance and conversion regulations, and agree to authorize the Trustee to handle any entrusted matters at the Trustee's discretion; such authorization may not be revoked throughout the lifetime of the bonds. As for the content of the mandate contract, it is readily available at the Company for the bond holders to inquire about at any time during business hours.

XXIII. The Company's stock transfer agent is mandated to handle matters regarding principal repayment and conversion of the Convertible Bonds.

XXIV. As required by Article 8 of the Securities and Exchange Act, no physical bond certificates are printed for the Convertible Bonds.

XXV. Matters not provided herein shall be handled according to applicable laws and regulations.

**iBase Technology Inc.**  
**Regulations for Issuance and Conversion of the Company's 6th Domestic  
Unsecured Convertible Bonds**

I. Bond name

iBase Technology Inc. ("The Company" hereinafter) 6th Domestic Unsecured Convertible Bonds ("The Convertible Bonds" hereinafter)

II. Issue date:

November 22, 2022 ("Issue Date" hereinafter)

III. Issue size

Each of the 16,000 Convertible Bonds has a face value of NT\$100,000; therefore, the total face value is NT\$1,600 million. Since the Convertible Bonds are issued at the face value, the issue size is NT\$1,600 million.

IV. Term:

The Convertible Bonds have a term of 5 years, from November 22, 2022 to November 22, 2027 ("Maturity Date" hereinafter).

V. Bond coupon rate:

The Convertible Bonds have an annual coupon rate of 0%.

VI. Principal repayment date and method:

Except for an event where a holder of the present convertible corporate bonds converts the bonds into the Company's common shares in accordance with Article 10 of these Regulations or exercises the rights of redemption in accordance with Article 19 of these Regulations or redeems ahead of schedule in accordance with Article 18 of these Regulations or where the Company repurchases and writes the bonds off through the business premises of a securities dealer, the Company shall repay the present convertible corporate bonds from the bondholders in cash in a lump-sum at the denomination within ten (10) business days from the expiring date of the corporate bonds. Where the aforementioned day falls on a date when the centralized securities trading market is closed, it shall be extended to the next business day.

VII. Provision of security

Although the Convertible Bonds are unsecured bonds, they should have the creditor's rights or security interest that are the same as those attached to any secured warrant bonds or secured convertible bonds that the Company subsequently issues through public offering or private placement, if any.

VIII. Conversion targets:

The Convertible Bonds may be converted into the Company's common shares. The Company will perform its conversion obligation by issuing new shares, which will be delivered by book-entry transfer as opposed to a physical delivery.



IX. Conversion period;

Starting from the day following three months after the Issue Date of the Convertible Bonds (i.e. February 23, 2023) till the Maturity Date (i.e. November 22, 2027), bond holders may, by relaying the conversion request to securities dealer, Taiwan Depository & Clearing Corporation (TDCC), and to the Company's stock transfer agent, convert the Convertible Bonds into the Company's common shares and act by Articles 10, 11, 13, and 15 of these regulations at any time, except during (1) the book closure period for common shares that is set by law; (2) the period between 15 business days before the book closure date for stock dividend distribution, cash dividend distribution, or subscription to a follow-on offering, and the record date for distribution; (3) the period between capital reduction record date and the day prior to the date on which the shares after capital reduction via returning share proceeds to shareholders start trading; and (4) the period between the date on which conversion (subscription) is suspended due to conversion of the denomination of shares and the day prior to the date on which the shares with the new denomination start trading.

The starting date to stop conversion (subscription) with changes in the denomination mentioned in the preceding Paragraph means the business day preceding application to the Ministry of Economic Affairs for alteration registration. The Company shall promulgate the period to stop conversion four business days prior to the aforementioned starting date.

X. Procedures for conversion request

- (I) Bond holders go to the place of the transacting securities dealers and fill in the "Requisition of Convertible Bonds Conversion/Redemption/Selling Back via Book-entry Transfer" (annotate the requisition with "Conversion"); the securities dealer will then apply to TDCC. If the application is accepted, TDCC will notify the Company's stock transfer agent via electronic means. Conversion is deemed effective upon delivery and application for revocation is not allowed. The conversion process will be completed within 5 business days after delivery, and the Company's common shares will be deposited in the bond holders' account with TDCC.
- (II) In the case in which an R.O.C. citizen living abroad or a foreigner of a nationality other than the R.O.C. applies to convert the Convertible Bonds into the common shares, such common shares will be delivered by TDCC via a book-entry transfer.

XI. Conversion price and the adjustment thereof:

(I) Method for setting the conversion price

As for the pricing of conversion price of the Convertible Bonds, the Company first sets November 14, 2022 as the pricing record date, then takes the arithmetic mean of the closing price of the common shares on the date which is either one, three, or five business days before the pricing record date as the benchmark price, and then multiplies it by 106.53% to arrive at the conversion price of the Convertible Bonds (rounded up to the tenth place of NT\$1). If the ex-rights date or ex-dividend date lies before the pricing record date and the closing price on the ex-rights date or ex-dividend date is taken as a sample for calculating the conversion price, the conversion price should be calculated preferentially by taking the closing price exclusive of dividend and rights. If the ex-rights date or ex-dividend date lies between the date on which conversion price is determined and the Issue Date, the conversion price must be adjusted by using the formula stated in Paragraph (II) of this article. After calculation using the said method, the Convertible Bonds' conversion at the time of issuance is NT\$75.0.

(II) Adjustment of the conversion price

1. After the issuance of the Convertible Bonds, if the number of the Company's common shares increases not due to issuance of new shares to pay employee compensation or the conversion of securities which the Company issued through public offering or private placement and have a warrant to subscribe to, or be converted into, common shares, but rather due to reasons, including but not limited to ,capital increase via public offering or private placement, recapitalization of earnings, recapitalization of capital surplus, issuance of new shares in connection of mergers or acquisitions or obtainment of another company's shares, stock split, issuance of new shares for participation in the issuance of global deposit receipts, the Company must adjust the conversion price using the following formula (rounded up to the tenth place of NT\$1; the conversion price must be adjusted when the conversion price goes up, and need not be adjusted if the conversion price goes down), and must give an official letter to TPEX and request it to make an announcement. Conversion price will be adjusted on the ex-rights record date (Note 1) for the newly issued shares (or on the date when share subscription proceeds are fully collected if required).

$$\text{Post-adjustment conversion price} = \frac{\text{Pre-adjustment conversion price} \times \left( \text{Issued shares (Note 2)} + \frac{\text{Subscription proceeds per share (Note 3)} \times \text{the number of newly issued shares or privately placed shares}}{\text{Current price per share (Note 4)}} \right)}{\text{Number of issued shares (Note 2) + the number of newly issued shares or privately placed shares}}$$

When stock denomination changes

$$\text{Post-adjustment conversion price} = \frac{\text{Pre-adjustment conversion price} \times \text{The number of common shares issued before the change of stock denomination (Note 2)}}{\text{The number of common shares issued after the change of stock denomination}}$$

Note 1: The conversion price will be adjusted on the split record date in the case of a stock split; on the merger or acquisition record date in the case of capital increase in connection with mergers or acquisitions; on the date on which share subscription proceeds are fully paid in the case of a follow-on offering through book building or for participation in the issuance of global deposit receipts, since there is no ex-rights date; or on the date of delivery of privately placed securities in the case of a follow-on offering through private placement. If the price of newly issued shares is changed after the ex-dividend record date of a follow-on offering, the conversion price must be adjusted for the change in the price of the new shares; if the conversion price so adjusted is lower than the conversion price that was adjusted through announcement before the original ex-dividend record date, an official letter must be given to TPEX to request it to make an adjustment through announcement.

Note 2: The number of issued shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

Note 3: In the case of stock dividend distribution or stock split, the subscription proceeds per share is NT\$0. In the case of issuance of new shares in connection with mergers, the subscription proceeds per share is the net worth per share before the merger record date as indicated on the financial statements for the latest period of the dissolved company that have been audited or reviewed by CPAs, multiplied by the share swap ratio. In the case of issuance of new shares in connection with acquisition of another company's shares, the subscription proceeds per share is the net worth per share indicated on the financial statements for the latest period of such another company that have been audited or reviewed by CPAs, multiplied by the share swap ratio.

Note 4: To set the current price per share, it is required to calculate based on the arithmetic mean of the closing price of common shares on the date which is either one, three, or five business days before the ex-rights record date, pricing record date, stock merge or split record date, or the date on which privately placed securities are delivered.

2. If after the issuance of the Convertible Bonds the Company issued cash dividends to common share holders, the conversion price must be adjusted down on the ex-dividend record date using the following formula (rounded up to the tenth place of NT\$1; the conversion price is adjusted if it goes down, and need not be adjusted if it goes up). An official letter must be sent to TPEx to request it to announce the post-adjustment conversion price. This regulation on adjusting down the conversion price does not apply to those requesting conversion before the ex-dividend record date. The adjustment formula is as follows:

Conversion price adjusted down = Conversion price before being adjusted down × (1 - the ratio of cash dividends distributed to each common share to the current price per share)

Note: Current price per share must be calculated based on the arithmetic mean of the closing price of common shares on the date that is either one, three, or five business days before the book closure date for cash dividends.

3. If after the issuance of the Convertible Bonds the Company publicly offers (or privately places) securities with a warrant to subscribe to, or be converted into, common shares at a conversion price or subscription price lower than the current price per share, the Company must use the following formula to adjust the conversion price of the Convertible Bond (rounded to the tenth place of NT\$1; adjusted if the conversion price goes down and need not be adjusted if the conversion price goes up), and must give an official letter to TPEx to request it to make an announcement. The conversion price will be adjusted on the issue date of the said securities or warrants, or on the date of delivery of privately place securities.

$$\text{Post-adjustment conversion price} = \text{Pre-adjustment conversion price} \times \frac{\text{The number of issued shares (Note 2)} + \left[ \begin{array}{l} \text{Conversion price or subscription price carried by newly issued (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares} \\ \text{The number of shares newly issued (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares can subscribe to, or be converted into.} \end{array} \right]}{\text{Current price per share (Note 1)}}$$

The number of issued shares (Note 2) + the number of shares newly issued (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares can subscribe to, or be converted into.

Note 1: The current price per share is calculated based on the arithmetic mean of the closing price of the Company’s common shares on the date which is either one, three, or five business days before the pricing record date of subsequently offered (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares. If the ex-rights date or ex-dividend date lies before the pricing record date and the closing price on the ex-rights date or ex-dividend date is taken as a sample for calculating the conversion price, the conversion price should be calculated preferentially by taking the closing price exclusive of dividend and rights.

Note 2: The number of issued shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire. If subsequently offered (or privately placed) securities with a warrant to subscribe to, or be converted into, common shares will be settled with treasury shares, “The number of issued shares” in the formula should be exclusive of the number of shares the subsequently offered (or privately placed) securities can subscribe to, or be converted into.

4. If after the issuance of the Convertible Bonds the number of the Company’s common shares reduces due to reasons other than retirement of treasury shares, the following formula must be used to calculate the post-adjustment conversion price, and an official letter requesting TPEX to make an announcement must be sent to TPEX. The conversion price will be adjusted on the capital reduction record date, or on the record date for issuance of shares with a new denomination in the case of change of stock denomination.

(1) When capital reduction is to make up for deficits:

Post-adjustment conversion price = pre-adjustment conversion price × (The number of common shares issued before the capital reduction (Note) / The number of common shares issued after the capital reduction)

(2) Capital reduction by returning share subscription proceeds to shareholders:

The post-adjustment price for conversion = [ Pre-adjustment price for conversion × (1 — The percentage of amount refunded in cash per share to the price closed on the last transaction day for conversion into new share certificates) ] × (The number of common shares having been issued prior to

capital decrease (Note)/ The number of common shares having been issued after capital decrease)

Note: The number of issued common shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

(3) When stock denomination changes:

Post-adjustment conversion price = pre-adjustment conversion price × (The number of common shares issued before the change of stock denomination (Note) / The number of common shares issued after the change of denomination)

Note: The number of issued common shares means the number of issued common shares (including publicly offered shares and privately placed shares), less the number of treasury shares that the Company has bought back but has yet to cancel or retire.

XII. Application for the Convertible Bonds to start (cease) trading in the OTC market

The Company applies to TPEX for having the Convertible Bonds traded in the OTC market before the Issue Date, and for having the Convertible Bonds ceased to be traded in the OTC market when all of the Convertible Bonds are converted into common shares or bought back or redeemed by the Company. The matters mentioned above will be announced by the Company after being approved by TPEX.

XIII. OTC listing of new shares obtained from conversion:

The common shares converted from the Convertible Bonds start trading in the OTC market on TPEX upon the date of delivery. The matters mentioned above will be announced by the Company after being approved by TPEX.

XIV. Registered capital modification:

The Company must announce the number of shares converted from the Convertible Bonds in the previous quarter within 15 days after the end of each quarter, and must apply to the competent authority with which the Company registered for modification of registered capital at least once per quarter.

XV. Handling of the monetary amount less than one share during conversion:

If there is any monetary amount less than one share during conversion into the Company's common shares, the Company will pay that amount in cash (rounded up to NT\$1).

XVI. Attribution of the rights to cash dividends and stock dividends in the conversion year:

(I) Cash dividends

1. If the convertible bond holder requests conversion in the period between January 1 of the current year and the date which is at least 16 business days before the book closure date for cash dividend distribution which is registered by the Company with TPEX, the bond holder may participate in the cash dividends for the previous year that are determined by the Shareholders' Meeting in the current year.
2. The Convertible Bonds may not be converted in the period from the date which is 15 business days before the book closure date for cash dividend distribution that is registered by the Company with TPEX, through the ex-cash dividend record date.
3. If the convertible bond holder requests conversion during the period from the day following the ex-cash dividend record date through December 31 in the

current year, the bond holder may not be entitled to the cash dividends for the previous year that are determined by the Shareholders' Meeting of the current year, but may participate in the cash dividends for the current year that will be determined by the Shareholders' Meeting of the following year.

(II) Stock dividends

1. If the convertible bond holder requests conversion in the period between January 1 of the current year and the date which is at least 15 business days before the book closure date for stock dividend distribution which is registered by the Company with TPEX, the bond holder may participate in the stock dividends for the previous year that are determined by the Shareholders' Meeting in the current year.
2. The Convertible Bonds may not be converted in the period from the date which is 15 business days before the book closure date for stock dividend distribution that is registered by the Company with TPEX, through the ex-rights record date.
3. If the convertible bond holder requests conversion during the period from the day following the ex-rights record date through December 31 in the current year, the bond holder may not be entitled to the stock dividends for the previous year that are determined by the Shareholders' Meeting of the current year, but may participate in the stock dividends for the current year that will be determined by the Shareholders' Meeting of the following year.

XVII. Post-conversion rights and obligations:

The rights and obligations of holders of the Convertible Bonds whose application for conversion has become effective are the same as the rights and obligations of holders of the Company's originally issued common shares.

XVIII. The Company's redemption rights

- (I) If during the period between the day following 3 months after Issue Date of the Convertible Bonds (i.e. February 23, 2023) and the day 40 days before the Maturity Date (i.e. October 16, 2027) the closing price of the Company's common shares on TPEX have been higher than the conversion price at the moment by 30% or more for 30 business days in a row, the Company may, within the following 30 business days, send bond holders (i.e. those on the bond holder register on the 5th business day after the "Bond Call Notice" is sent) a 30-day term "Bond Call Notice" via registered mail (the said period should be counted from the date on which the mail is sent by the Company, and the last day of the period should be the bond call record date; in addition, the call period must not fall in the conversion suspension period as stated in Article 9). The Company may redeem all the bonds at face value with cash, and may give an official letter to TPEX to request it to make an announcement. The Company must exercise its call option within 5 business days after the bond call record date, and may redeem all the outstanding Convertible Bonds at face value with cash.
- (II) If during the period between the day following 3 months after Issue Date of the Convertible Bonds (i.e. February 23, 2023) and the day 40 days before the Maturity Date (i.e. October 16, 2027) the balance of the Convertible Bonds is lower than the original total face value by 10% or more, the Company may, at any time thereafter, send bond holders (i.e. those on the bond holder register on the 5th business day after the "Bond Call Notice" is sent; an announcement will be made instead to holders who obtain the Convertible Bonds through transaction or by any other means thereafter) a 30-day term "Bond Call Notice" via registered mail (the

said period should be counted from the date on which the mail is sent by the Company, and the last day of the period should be the bond call record date; in addition, the call period must not fall in the conversion suspension period as stated in Article 9). The Company may redeem all the bonds at face value with cash, and may give an official letter to TPEX to request it to make an announcement regarding the Company's exercise of its call option. The Company must exercise its call option within 5 business days after the bond call record date, and may redeem all the outstanding Convertible Bonds at face value with cash.

- (III) If a bond holder fails to respond to the Company's stock transfer agency in writing before the bond call record date specified on the Bond Call Notice (effective upon delivery, on the stamp date if delivered by post), the Company may redeem all the Convertible Bonds in the bond holder's possession at face value with cash within 5 business days after the bond call record date.
- (IV) Where the Company exercises the request of recovery, the last deadline of a bondholder to request conversion shall be the second business day from the date on which the Company terminates OTC transaction.

XIX. Bond holders' put option:

The dates at which the Convertible Bonds have been issued for 2 years (November 22, 2024) and 3 years (November 22, 2025) are the record dates at which holders of the Convertible Bonds may exercise their put option and early sell the Convertible Bonds back to the Company. The Company must send a registered mail containing the "Put Option Exercise Notice" to bond holders (i.e. those on the bond holder register on the 5th business day after the "Put Option Exercise Notice" is sent; an announcement will be made instead to holders who obtain the Convertible Bonds through transaction or by any other means thereafter) 40 days before the put record dates, and must give an official letter to TPEX to request it to make an announcement concerning the exercise of put option by holders of the Convertible Bonds. Holders of the Convertible Bonds may, within 40 days after the put record date, notify the Company's stock transfer agent in writing demanding that the Company redeem all the Convertible Bonds under the bond holder's possession with cash in the amount equal to the bond's face value plus interest compensation (i.e. 100.50% of the bond's face value for a possession period of 2 years or more [with a yield-to-put of 0.25%], and 100.75% of the bond's face value for a possession period of 3 years or more [with a yield-to-put of 0.25%]). When accepting a put request, the Company must redeem the Convertible Bonds with cash within 5 days after the put record date. The said dates, if coinciding with a close date of the centralized securities exchange market in Taipei City, will be postponed to the next business day.

- XX. All of the Convertible Bonds that have been redeemed (including those redeemed from the OTC market) or settled by the Company or converted will be cancelled and may not be sold or issued again; the conversion rights attached thereto are also eliminated.
- XXI. The common shares convertible from the Convertible Bonds are all registered common shares, whose ownership transfer, change modification, creation of pledge, and loss must be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the Company Act. In addition, matters regarding taxation must be carried out according to the tax code prevailing at that time.
- XXII. The Trust Department of Hua Nan Commercial Bank, Ltd. is the trustee of the Convertible Bonds of bond holders, and thus acts on behalf of the bond holders to audit and supervise the Company's performance of duties in relation to the terms and conditions of the issuance of the Convertible Bonds. All holders of the Convertible Bonds who purchased the bonds upon issuance or at a later time agree to the mandate

contract between the Company and their Trustee, the Trustee's rights and obligations, and these issuance and conversion regulations, and agree to authorize the Trustee to handle any entrusted matters at the Trustee's discretion; such authorization may not be revoked throughout the lifetime of the bonds. As for the content of the mandate contract, it is readily available at the Company for the bond holders to inquire about at any time during business hours.

- XXIII. The Company's stock transfer agent is mandated to handle matters regarding principal repayment and conversion of the Convertible Bonds.
- XXIV. As required by Article 8 of the Securities and Exchange Act, no physical bond certificates are printed for the Convertible Bonds.
- XXV. Matters not provided herein shall be handled according to applicable laws and regulations.



## Chapter 5. Operational Highlights

### I. Content of business

#### 1. Business scope

##### (1) Major business activities:

- A. Automatic Control Equipment Engineering
- B. Computer Equipment Installation
- C. Retail Sale of Electronic Materials
- D. Wholesale of Computer Software
- E. Retail Sale of Computer Software
- F. Data Processing Services
- G. Digital Information Supply Services
- H. Manufacture of Power Generation, Transmission and Distribution Machinery
- I. Data Storage Media Units Manufacturing
- J. International Trade

##### (2) Operating weight

Unit: NTD thousand; %

Product type	Year	2021		2022	
		Consolidated amount	%	Consolidated amount	%
High-level system products		3,241,385	56.80	4,649,642	68.63
Single board computer (SBC) motherboard		589,272	10.33	877,427	12.95
Embedded motherboard		244,868	4.29	459,528	6.79
Energy products		1,266,573	22.19	155,337	2.29
Maritime engineering and technical service		82,434	1.44	-	-
Others		282,323	4.95	632,897	9.34
Total		5,706,855	100.00	6,774,831	100.00

##### (3) The Company's current products (services)

- A. Single Board Computer (SBC)
- B. Embedded Motherboard
- C. Computer-on-Module
- D. Carrier Board
- E. CPU Card
- F. Backplane
- G. Multi-functional Interface Card
- H. Networking Security & Firewall Appliance system
- I. Intelligent Computing Barebone System
- J. AIoT Gateway system
- K. Smart Retail & Digital signage player system
- L. Intelligent transportation system
- M. Industrial-grade Open Frame Panel PC with Touch Screen
- N. Industrial-grade Outdoor Panel PC
- O. RISC platform based Motherboard
- P. Medical application Panel PC
- Q. AI Machine automation system
- R. AI System for Smart Classroom Management
- S. Smart KIOSK

##### (4) New products (services) planned for development

- A. Continue to develop embedded products with low power consumption, high integration, high reliability, and long delivery period.
- B. Continue to develop products with diverse specifications and multiple form factors that support INTEL's high-level Xeon & Core CPU series
- C. Continue to develop industrial-grade embedded products with low power consumption, high performance, and wide temperature operation that support INTEL's next-generation Atom CPUs.
- D. Continue to develop industrial-grade embedded products that support AMD's next-generation high-performance V3000 APU.
- E. Continue to develop RISC-based embedded products that support NXP's next-generation high-performance I.MX series.
- F. Continue to develop the Smart Retail & Digital Signage Player system.
- G. Continue to develop the Networking Security & Firewall Appliance system.
- H. Continue to develop the Intelligent Computing Barebone System.
- I. Continue to develop the Intelligent Transportation System
- J. Continue to develop the next generation of industrial-grade tablet computers with low power consumption and high performance RISC CPU.
- K. Develop industrial-grade embedded products that support the 5G technology.
- L. Develop Retail and Digital Signage Player systems that support INTEL's Core CPU platform with low power consumption, high performance, and wide temperature operation.
- M. Develop embedded modular systems that support Qualcomm's new-generation high-performance QCS series
- N. Develop SD-WAN application management system.
- O. Develop smart retail solutions powered by AI technologies such as facial recognition, gesture operation, and voice command and recognition.
- P. Develop solutions for electric vehicle-related applications and peripherals such as charging stations.

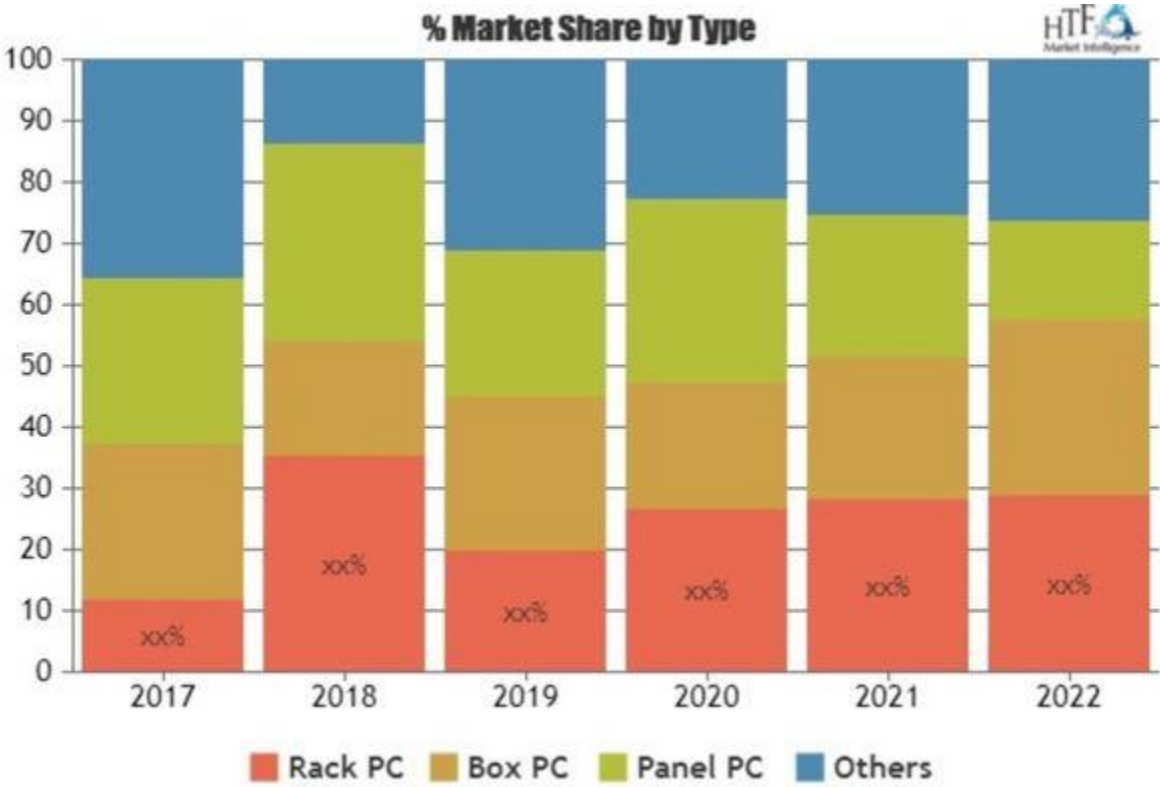
## 2. Industry overview

### (1) Present state of the industry and development

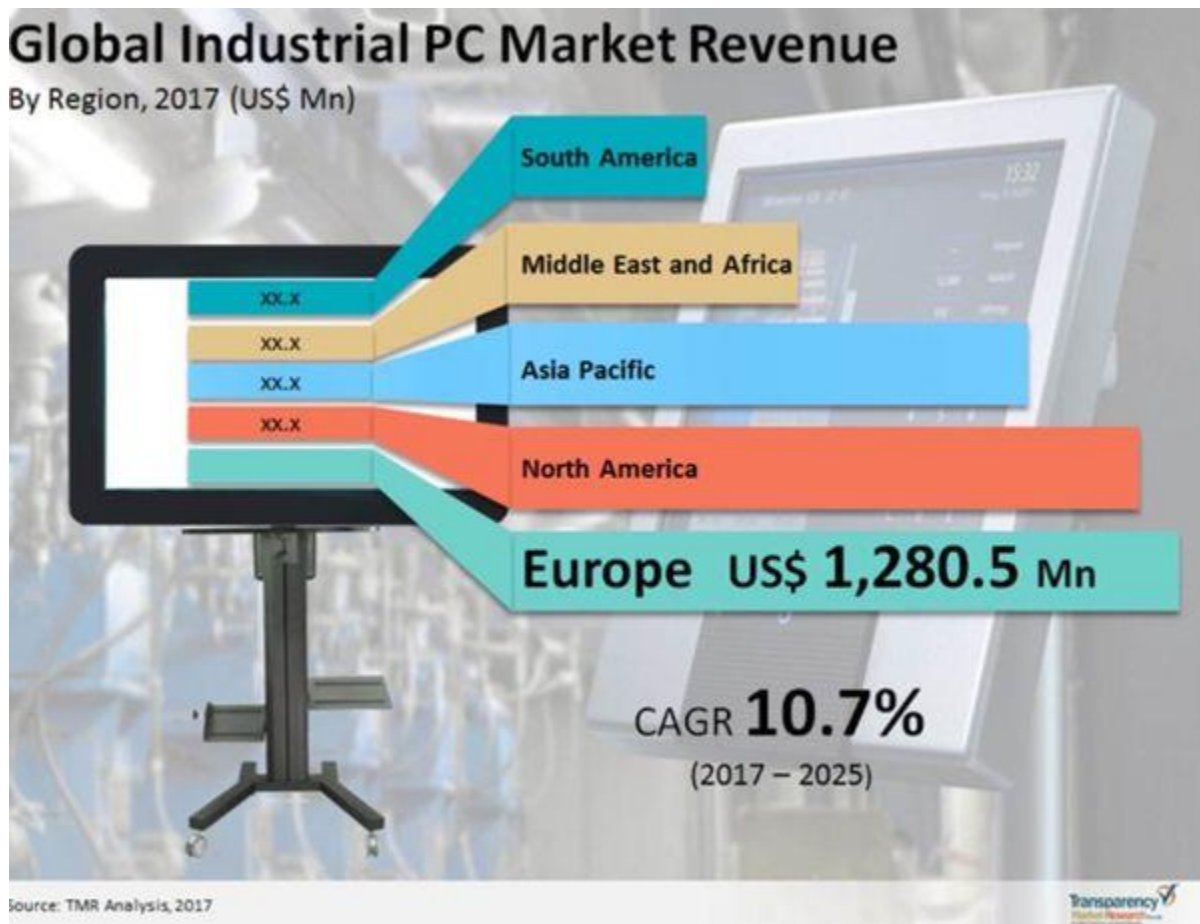
Industrial PCs (IPCs) are personal computers for industrial use, and may be used as an industrial controller. Although the performance and compatibility of IPCs are similar to commercial PCs with the same specifications, IPCs have more protection measures, emphasize stability under different environments, e.g. beverage production line control, and car production line control, and possess functions, e.g. being dustproof, waterproof, antistatic, that enable them to operate stably under severe environment. IPCs do not require the utmost cutting-edge performance but simply need to meet system requirements. That is to say, IPCs must be stable and reliable when operating under industrial environment, otherwise severe damage might occur upon breakdown of computers in the production line. Therefore, the standard value required of IPCs fully complies with strict specifications and must be scalable. Since IPCs have reliable performance, rich software, and are of low price, they come from behind to top the list of industrial computers; their applications have become more extensive. At present, IPC has been widely used in communications, industrial automation, medical treatment, environmental protection, aviation, and other aspects of people's life.



With the advent of an IoT era, many smart devices can assess highly custom services when connecting to the cloud, and are therefore capable of undertaking various important jobs expected of IPCs, e.g. data gathering, computing, communication, and networking. In this way, IPCs serve as the key promoters of the IoT tide. In addition, since industrial IoT helps improve the industry’s sustainable development, reduce operating costs, and increase productivity, it will play a key role in the development of the industry, value chain, business models, and labor force in the coming decade. This trend will bring the IPC industry tremendous potential demand and strongly drive the growth of the IPC industry. (Source credit: Economic Daily News)



The growth momentum of IPCs mainly comes from the demand from the various user sectors, e.g. factory automation, infrastructure construction, automated building construction, medical treatment, transportation, and other non-industrial sectors. The number of IPCs consumed by the industrial sectors accounted for more than half of the total consumption in 2014 and 2015 worldwide. Nevertheless, since the applications of IPCs gradually become diverse and span across different industries, it is expected that the performance of non-industrial sectors will surpass that of industrial sectors.



Driven by the IoT and Industrial 4.0, the output of global IPC markets has risen in recent years. According to IHS, an industrial study institution, the output value of global IPC markets will feature a 6% compound annual growth rate (CAGR) during the 5 years from 2014 through 2019, and will reach US\$4.3 billion by 2019. (Source credit: United Evening News)

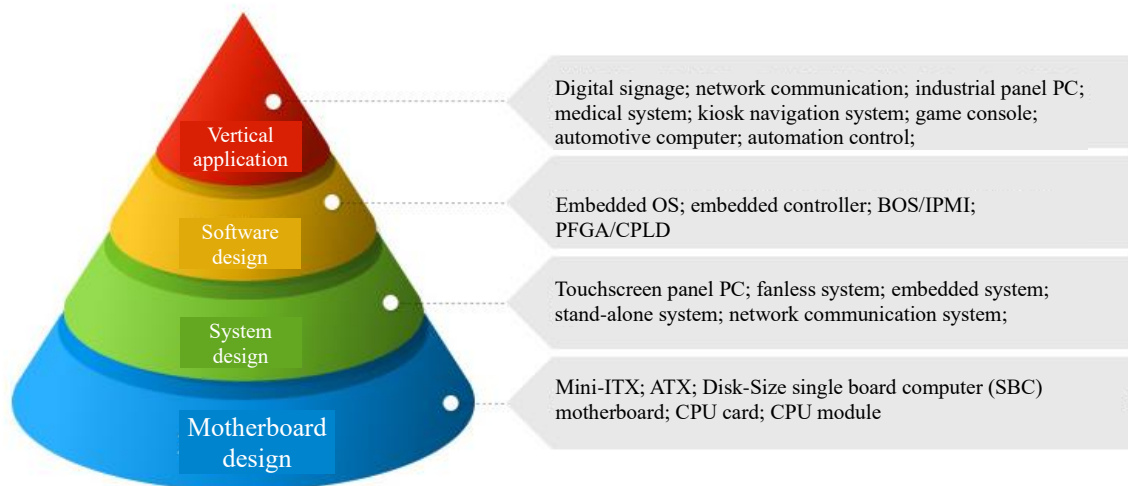
The application of IPC has extended from industrial automation in the past to office automation, and then to home automation. In the future, the various unmanned services, e.g. unmanned shops, unmanned restaurants, and unmanned banks, will be everywhere. In addition, as the tide of industrial mergers and acquisitions and cross-industry collaboration gradually yields benefits, expanding business cope has become the force driving the growth of the IPC industry.

As a supplier in the fields of IPC and IIoT, iBase is also a professional manufacturer of industrial motherboards, embedded systems, IPCs with touch panel, digital signage player systems, and network communications products. Since incorporation in 2000, iBase has been upholding the

provision of high quality products and services as its mission; it has been listed on TPEx as an OTC share (stock code: 8050) and become a global leader in innovative embedded IPCs.

Being an IPC design and manufacture specialist, iBase is able to produce products tailored to customers' needs. In addition to acting as an OEM, we also provide ODM and JDM services, including motherboard/system specification design, software design, manufacturing, verification, and after-sales service, so as to fully meet customers' expectations and requirements, and as well as the requirements for the various application fields. With our well-trained R&D talents, richly experienced project management specialists, and a sound in-factory manufacturing system and after-sales system, the Company is able to physically realize consumers' design derived purely from pure concepts and manufacture quality products that fully comply with their requirements.

iBase greatly values the R&D work, and has invested enormous manpower and resources so as to continue to provide innovative and quality products, thereby assisting customers in providing best solutions. The Company's R&D department comprises hardware and software R&D professionals, 50% of whom have more than 15 years of R&D experience, and 45% has 5 to 15 years of work experience in related fields. With the professional knowledge and experience accumulated over the years, iBase has established a complete set of innovative core technologies and is therefore capable of providing excellent technical service. Such core technologies serve as an architecture that facilitates the R&D and design of PCBs in the front-end as well as the design, assembly, and manufacture of system products in the back end. Given so, iBase's R&D team is always able to swiftly judge the current market condition and use the most up-to-date technologies to design products that meet the market's demands. Such technologies are further used to develop the various custom ODM/OJM products.



## iBase's main products

### (1) Embedded computer

Since its establishment, iBase has designed hundreds of different types of embedded computer products, including 3.5-inch/5.25-inch SBC, Mini-ITX/ATX motherboard, computer-on-CPU module, PCB products like long CPU card and PC /104 Plus computer modules, and system products such as fanless systems, Mini-ITX systems, SBC systems, automation control systems, railway computer systems, and automotive computer systems. In addition to acting as an OEM, we

also provide ODM and JDM services, including motherboard/system specification design, software design, manufacturing, verification, and after-sales service, so as to fully meet customers' expectations and requirements, and as well as the requirements for the various application fields.

## (2) Touchscreen IPCs

iBase develops various highly reliable, fanless, multi-functional or anti-reflective touchscreen IPCs that can be applied in various harsh environments. Irrespective of how harsh the indoor or outdoor production operation environment is, iBase's products can always meet various needs with respect to machine operation, data processing, monitoring, and motion control. Including various stainless steel, fanless, omni-functional, HMI human-machine interface with x86 or ARM architecture, or rugged touchscreen IPCs from 4" to 21.5" or larger, as well as IPCs with a projected capacitive, resistive, or infrared touch screen.

## (3) Digital signage player system

iBase provides a full range of digital signage player systems which can meet customers' demand for either entry-level, mid-level, or expert-level products. At any rate, our products' features, from single to multi-output display functions, fanless feature, to independent air flow design, can fully meet customers' requirements in different application environments, such as retail, outdoor premises, advertising, public transportation, casinos, medical care, banks, hotels, and campuses. iBase's digital signage player can help improve customers' user experience in that it can perfectly present ultra-high resolution image and multi-monitor video wall that require complicated computation. In addition, its remote management feature enables easy update of broadcasting content, which reduces costs and increases system uptime.

## (4) Network communication products

As a professional manufacturer of network and communication products, iBase offers a wide variety of network communication solutions, e.g. 1U rack equipment, desktop equipment, and network communication motherboard, which have multiple applications, e.g. cyber security monitoring, network multi-media, PCoIP remote control, remote access server, network communication center, cellphone + WiFi router, and IP TV.

## (5) RISC platform

Products on iBase's RISC platform include RISC-based SBCs, such as Freescale i.MX6 SBCs, SMARC modules, ARM-based touchscreen computers, HMI human-machine interfaces, and SMARC R&D kits, and so on, which can be used in automation control, smart buildings, smart transportation, and other application fields. The RISC platform not only supports Linux or Android platform, but also provides options of a variety of I/O interfaces.

The global IPC industry's current conditions and the markets for the Company's products' major application fields are stated as follows:

### (1) IPC

In its early stage, IPC was mainly used for industrial machinery and equipment automation control. The evaluation of PCs and the standardization and population of computer platforms have created a powerful and economical PC architecture, which has gradually become the mainstream of industrial automation. Aside from the application in the field of traditional industrial automation, IPC also

comes in diverse and custom design as it has been constructed as the control core of the various hardware in response to customers' needs. On the other hands, rapid development in commerce and information products and the establishment of internet have caused IPC applications to extend to a wider range of fields, e.g. the markets for measuring instruments, daily life information provision, retail, medical instruments, gambling machines, security monitoring, and portable devices.

## (2) Smart retail

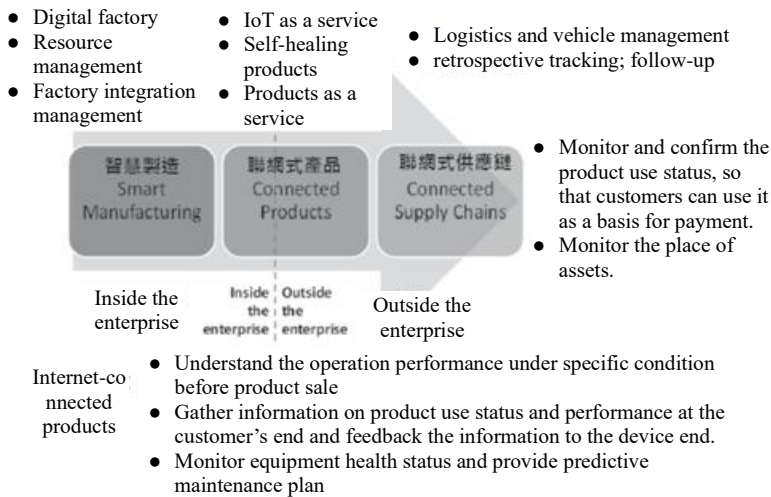
The added value of the traditional retail industry mainly depends on the quality and speed of production and the convenience of retail outlets. Nowadays, the added value under a new retail era mainly lies in innovation and consumer consumption behavior. Therefore, it is important to provide consumers with more shopping experience, build a closer relationship with consumers, and thereby create a more valuable business model. The development and applications of the information and communication technology has shaped the retail industry. Through the installation of hardware like sensors, displays, and actuators, devices and equipment in retail shops are connected, which, coupled with communication system and big data analysis and aided by online cash flow and mobile payment service, has led to a "smart retail system"; this has caused the retail industry to transition away from the traditional transaction procedures to a cyber-physical selling model which features mainly sensing technologies, data analysis, and real-time response.

The point-of-sale (POS) system, the fundamental IT tool of the retail industry, took the form of an electronic cash register in the past, mainly used for calculating total transaction amount and printing invoice and receipts in the course of product transaction. Later, to facilitate inventory management, the retailers have introduced computer systems into the POS system, speeding up the checkout process and reducing the risk of manual input errors. With time, the internet, scanners, and touch control technologies were further incorporated into the POS system, adding new features like personnel attendance management, incoming and outgoing goods management, transaction behavior analysis, and so on, thereby making the POS system widely used in not only the retail industry but also the catering industry, hotel industry, and other industries. Nowadays, since many shops tend to develop towards large-scale and franchised ones, the POS system has become a necessary tool for smart retail and logistics management. Therefore, the POS system has become a development focus of the various IPC manufacturers.

## (3) Smart manufacturing

Smart manufacturing means incorporating smart elements, e.g. information, technology, and AI, into the manufacturing process and influencing every aspect of the manufacturing system such that the scheduled work can be done in a proper and efficient manner at the right time and any incidents during the manufacturing process can be properly addressed. Shrinking labor force worldwide, faster market change, and shortened manufacturing cycle have given rise to the IIoT, making smart manufacturing the industrial development focus of major countries in the world in recent years. Smart manufacturing will completely change the procedures for the various value activities, e.g. the design, manufacture, logistics, and sale of products, and will effectively improve the safety of labors and the working environment, thereby achieving the goals of zero emissions and zero accident. In addition, smart manufacturing can make factories more flexible, reduce energy consumption, improve the environment to achieve sustainability, lower product costs, and use next-generation materials to develop new products.

## Application of IoT in the manufacturing



Source Credit: IEK, ITRI (November 2015)

### (4) Intelligent Transportation Systems

The Intelligent Transportation System means the system platform's processing of gathered data on personnel, cars, and roads of the transportation system into adequate and useful information by deploying technologies of information, electronics, sensing, communications, control, and management. The information so processed is then further communicated and connected via the communication system; this improves not only the interaction between personnel, cars, and roads, but also drivers' transportation service quality and performance, thereby increasing the safety, efficiency, and coziness of the transportation system while reducing transpiration's impact on the environment.

The Intelligent Transportation System is an important application of IPCs. Since what the transportation system urgently requires are stability and robustness rather than performance, it is the market ideal for IPC manufacturers to tap into. In addition, electronics installed with an intelligent transportation control system must be able to operate under two conditions, namely, "severe environment" and "long-time operation," as opposed to the environment under which consumer electronics operate. Therefore, transportation control products tend to have specifications higher than the industrial specifications, a reason why system integrators tend to collaborate with IPC manufacturers in attaining the goals by using electronic components of high-level specifications.

In recent years, all countries in the world, especially developed countries such as the United States, Japan, and Europe, have devoted their resources to promote projects such as the intelligent transportation system. It is expected that the promotion of intelligent transportation policies can effectively reduce casualties and injuries from traffic accidents and lower the national cost of transportation congestion while helping to stimulate economic growth and improving national productivity.

### (5) Network security

Network security solutions comprise two categories: network security and traffic management, both are installed in a company's server rooms. Network security solutions, aka firewall solutions, aim to provide security protection to enterprises connecting to the internet, so as to prevent intrusion from external network. Network traffic control, which is newly developed in recent years, is also a kind of network security solutions. The product's end application is installed in the server rooms of an enterprise, including large online gaming companies and large shopping websites, which are in need of purchasing a new product or replacing an old product every 1 to 2 years. Brand companies of network solutions specialize in software and each has diverse and tremendous software products.



They need hardware products of special specifications in order to derive benefits from operation. Some hardware is developed and produced by IPC manufacturers.

IPC manufacturers are playing an increasingly important role in this application field. IPC manufacturers, due to their specialization in rugged IPCs of diverse varieties and little quantity, meet the requirements of the network security industry. Since the port number, hardware, and heat dissipation function of IPCs are not of standardized specifications, high-level products mostly come with functions like failover and hot swapping.

The popularization of mobile devices and users' habit of uploading personal data (photos, videos, etc.) to the network service platform have put the global network traffic into explosive growth. Under this trend, cloud computing and traffic management have become increasingly important. On the other hand, the prevalence of internet applications and the gradual popularization of cloud computing have also constantly increased the threat of intrusion of computer virus and hackers as well as the resulting damage, giving rise to a constant demand for network security systems.

## (6) Edge computing

Edge computing, a distributed computing architecture, processes the computation of applications, data, and services at the nodes at the edge of network logic, as opposed to the nodes at the center.

Being closer to the client device, the edge nodes can accelerate data processing and transmission while reducing latency. This architecture enables data analysis and knowledge generation to be closer to the data source, and is therefore suitable for processing big data. (Source Credit: Wikipedia) The development of edge computing effects the rapid implementation of AI applications. Currently, AI operates based on powerful cloud computing capability. That is to say, all data is uploaded to the cloud, where the result is calculated via deep learning and returned. This not only fails to meet the need for real-time response but also increases the cost of network bandwidth required for computation services. Fortunately, increasingly powerful chips and matured edge computing platform have enabled client-end devices and gateways to possess AI's inference capability; this in turn enables computation to be completed at the client end or a place closer to the data source, thereby shortening network transmission latency and rapidly obtaining the data analysis result.

The autonomous cars can be a paradigm. Sensors on the autonomous cars generate huge data at all time to provide a judgement basis for controlling the cars. If all data is uploaded to the cloud for computation, the autonomous cars will be actuated after a lag of a few seconds or even lose control in case of lagged or disrupted internet connection, which will lead to unimaginable severe consequences. In contrast, if the autonomous cars' system can perform part of the computation via edge computing and make judgement and the other part of computation is done via cloud computing, the autonomous cars can be operated safely while still making use of the powerful cloud computing capability. It is foreseeable that edge computing will be increasingly important, given the need to deploy IoT and the various innovative services.

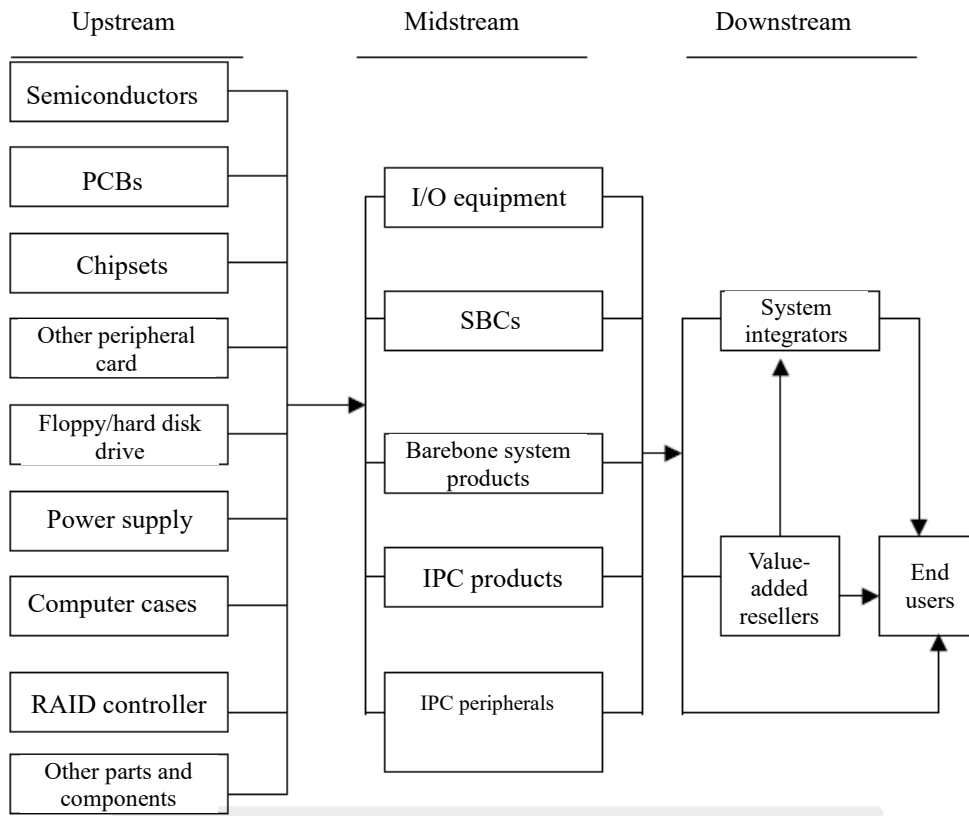
## 2. Relationship between upstream, midstream, and downstream industry participants

The Company's products are mainly SBCs and IPCs, of which the suppliers in the upstream and midstream are roughly the same as those for general motherboard manufacturers and computer system providers, with different downstream consumers though. SBCs or IPCs are mostly sold to system integrators, which will integrate the systems in the final stage, or sell to distributors with a professional engineering background to develop local potential customers. Relationship between upstream, midstream, and downstream industry participants is as follows (see the following figure for detail):

Upstream: Manufacturers of semiconductors, connectors, software, PCBs, floppy disk drives, hard disk drives, power supplies, and other electronic components.

Midstream: Manufacturers of I/O equipment, SBCs, industrial computer products, system products, and peripherals.

Downstream: system integrators, resellers, end users.



### (3) Product development trends

IPCs' application in industrial automation has steadily pushed the growth of the IPC industry. Integration and application of IPCs is present everywhere. For instance, embedded PCs, a type of IPC, have been prominently used in the automation of the various industries, e.g. communications, consumer electronics, information, the internet, entertainment, finance, and goods logistics.

#### A. Embedded PCs

Embedded PCs, whose PCB is similar to the motherboard of PCs, usually have a built-in embedded CPU; they are characterized by small size and can be designed to possess different forms and functions that are tailored to customers' needs. The industry has a high entry barrier and features diverse models with little quantity, in addition to highly integrated functions. In this way, it is must that market participants deeply engage in the market and provide after-sales services, making it harder for competitors to tap into the market. Since the EPC has a wide range of applications, it will be the trend in the future that EPC as an interface or platform will be used in the automation equipment of the various industries. In this respect, the market potential of the EPC is tremendous. Due to its little quantity and high unit price, the EPC has a higher gross margin, and is therefore a niche product. For the convenience of portability, the EPC will be trending towards a compact and omni-present PC platform.

#### B. Industrial PC (IPC)

The applications of IPCs are becoming increasingly extensive, progressing from simple automation control and monitoring in factories in the early days to automated monitoring in modern buildings, to automated communications, and to factory-wide automation, making their way in different forms into peoples' daily life. In addition, the IPC as an on-board computer specifically designed for cars and railway vehicles is increasingly used for vehicle fleet management, onboard safety monitoring, and electronic ticket processing.

#### C. Panel PC

The panel PC is an all-in-one computer that integrates the functions of the host, screen, and

keyboard, and can therefore adopt to various space requirements. The prevalence of the internet has widened product applications. In the future, ultra-thin panel PCs will be widely used in household automation, online information hub, and telecommunication network.

#### D. Network Appliance

On the other hand, the prevalence of internet applications and the gradual popularization of cloud computing have also constantly increased the threat of intrusion of computer virus and hackers as well as the resulting damage, giving rise to a constant demand for network security systems. Currently, most network appliance manufacturers are trending towards the united threat management (UTM), which mainly uses firewalls and VPN to form a total solution that features virus prevention, intrusion detection/prevention, spam filtering, content filtering, and other functions.

As telecom services take various forms, networking and communication have become an increasing important business for telecom operators, most of which have shifted their business focus to networking services. However, the support provided by traditional telecom appliance manufacturers for the new service patterns can hardly meet operators' expectations. That's why the development of software-defined networking (SDN), network function virtualization (NFV), and virtual customer premises equipment (vCPE) has become popular.

#### E. Rugged Tablet Computer (RTC)

The RTC is characterized by its small, light, portable, full-functional, and easy-operational characteristics, which, coupled by the popularization of network communication technologies, leads to emerging vertical applications in various industries.

The RTC is widely used in many fields, e.g. automatic field inspection, military units, law enforcement units, transportation, smart logistics, smart warehousing, and smart retail.

#### (2) Competition status

IPCs are roughly the same in terms of hardware specifications; what mainly distinguishes them from one another is the service. Prices vary with pre-sales service, after-sales service, and the fulfillment of commitments to customers. In addition, the required quality standards differ markedly. As for the lead time, it has to do with the level of integration. Manufacturers with a higher integration level mostly have their own production lines, thus larger production flexibility, so they are more capable of satisfying customers' delivery time. The state of completion among domestic competitors can be classified by the level of vertical integration into the following four patterns:

- A. Fully vertically integrated manufacturers: Manufacturers which independently perform the functions of R&D, manufacturing, testing, and marketing.
- B. Companies without own production lines: Companies which completes the R&D, product testing, packaging, and marketing on their own but outsources the manufacturing process.
- C. R&D companies: Companies that engage solely in innovative R&D work and, after concrete output of product pattern and design, outsource the manufacturing and selling process to downstream companies.
- D. Trade companies: Companies which have taken charge of only the marketing and selling process and have their own project managers; such companies devise specifications per customers' requirements and then outsource the design process to external design houses, as well as the manufacturing process, i.e. they only engage in the selling process.

In recent years, some motherboard manufacturers have branched out into the market; although their price offer is rather competitive, their products are mainly standardized ones. Therefore, they are at a disadvantage to IPC manufacturers when it comes to support, e.g. flexibility, service, and product life cycle.

**Difference between IPCs and consumer computers**

Item	IPC industry / products	PC industry / products
End user	Large industrial and commercial users and government agencies.	Mainly individuals
Application environment	Severe operation conditions Long operation hours; indoor and outdoor application; high/low temperature; moisture; vibration; electromagnetic interference, etc.	Stable operation conditions Short operation hours; indoor application; constant temperature
Application fields	In fields relating to safety, monitoring, production, communication, medical care, transportation, industrial control, etc.	Business office; home
Commissioning	Long (6 months to 2 years)	Short
Product life cycle	Long (3–7 years)	Short (9 months–2 years)
Product specification	Semi-standardized/customized	Standardized
Need for supply of goods	Attaching importance to long-term supply and after-sales technical support	Without the need for long-term supply/Less after-sales technical support
Key requirements for products	Demanding consistent quality rather than the speediest or most up-to-date features	Most up-to-date, speediest, and most powerful functions
Production needs	Small quantity; flexible production	Large quantity; economies of scale
Delivery pattern	Small quantity and broad varieties	Large quantity and small varieties
Raw materials inventory period	Long	Short
Customer loyalty	High	Low
Industry entry barrier	Medium	Low
Industry rate of return	High (30%–40%)	Low (10% or under)
Product application pattern	Part of the application system	Final product

Generally speaking, the IPC industry has a rather high entry barrier in that larger manufacturers do not want to produce products whose production is unable to reach the economies of scale and small manufacturers can hardly enter the industry because of lack of funding. The Company's current competitors include Advantech, ICP Electronics, Axiomtek, Portwell, and NEXCOM in domestic market and Kontron and JumpTec (already merged with Kontron) in foreign markets.

As early as at its incorporation, the Company adopted a product strategy which mainly focused on IPC PCBs (i.e. its most competitive products), notably medium- and high-level, power, highly integrated niche products whose design was relatively difficult. In addition, by giving full play to its R&D advantages, the Company launched innovative and pioneering products ahead of competitors, which, coupled with stringent quality control and services, made it a professional leader in the IPC PCB industry. Therefore, the Company's standardized products have won accreditation and orders from international giants worldwide, and more renowned industry giants have also elected to collaborate with the Company on an ODM basis. Long-term collaboration has also been strengthened. What's more, collaboration with such an internationally renowned giant has also further improved the Company's technology and quality control capability, as well as its reputation, laying a solid foundation for the Company to be highly competitive in the IPC PCB industry.

### 3. Technological research and development

- Technological level

The Company has a strong R&D team in that most R&D personnel have 15 or more years of experience in the IPC industry; they possess solid technological capability for designing IPC motherboards, peripheral interface cards, and computer-on-modules. The Company even stays ahead of industry peers when it comes to products which require extremely demanding technologies, e.g. highly integrated products and products with high-level functions.

- Research and development status

- A. Develop energy-efficient, highly integrated, and highly reliable products with embedded applications

This product is rather suitable for applications, e.g. intelligent control, monitoring systems, medical instruments, and portable products, that require high stability, long life, compactness, high-density, and capability to operate under extreme environment.

- B. Develop IPC-related interface cards

The company is good at the design of commonly used peripheral products, including Ultra High-speed LAN, PoE++, USB3.2, Thunderbolt, CAN Bus, Digital I/O, and other circuit designs.

- C. Develop high-level products that support PCIe Gen.5 and 100 Giga bit LAN.

- D. Continue to develop a series of products with different specifications and form factors that support the latest generation of Intel Xeon / Core series CPU

- E. Provide the various industries with fanless system products which fit the use requirements of long uptime, high stability, and low repair rate.

- F. Develop COM Express products

Such products, due to their modular feature (i.e. convenient plugging function), anti-vibration structural design, and ease of maintenance and upgrade, are ideal for the application markets such as communication development, smart factories, and smart cities.

- G. Develop the Network Security & Firewall system

With the rapid growth in network bandwidth and the popularization of cloud-based data storage, the demand for network security stays high, increasing the importance of the Network Security and Firewall systems, products that fall into the category of network security and information management. In response to such tremendously growing markets, the Company keeps investing more resources and deepening the development of such kind of systems and products.

- H. Develop Industrial Box PCs

Develop system products for applications such as communications, industrial control, and smart manufacturing.

- I. Develop AIoT Edge Computing System

- J. Develop electronic control units (ECUs), as well as the panel PC for smart railroad transportation, both of which must comply with the N 50155:2017 requirements.

- K. Develop AI-powered applications, such as solutions based on AI-powered technologies, e.g. facial recognition, license plate recognition, and machine vision.

(2) R&D personnel and their educational and career qualifications

A. Educational qualifications dispersion March 31, 2022

Educational qualifications	Head count	Percentage (%)
PhD.	0	0
Master's degree	19	16
Bachelor's degree (junior college degree)	99	81
Senior high school (vocational school)	4	3
Total	122	100

B. Educational and career qualifications of major R&D personnel

Title	Name	Main educational and career qualifications
CEO	Chen Shih-Hsiung	Provincial Taipei Institute of Technology; project manager of the R&D Department, Micron
President	Chen Yu-Nan	Hungkuo Delin University of Technology; manager of the R&D Department, Micron
Senior director	Tung Hui-Kuo	Department of Electronic Engineering and Technology, National Taiwan Institute of Technology; Vice President, R&D Department, Baohua Technology Co., Ltd.
Assistant Vice President	Wang Yung-Kuan	Chinese Culture University; project manager of the R&D Department, Micron
Senior Executive Vice President	Li Chia-Fu	Feng Chia University; deputy manager of the R&D Department, Micron

(3) A list of research and development expenditures as well as technologies and/or products successfully developed every year for the most recent 5 years

A. Research and development expenditures invested in the most recent 2 years

Unit: NT\$ thousand

Item	Year (Note)		
	2021	2022	As of March 31, 2023
R&D expense	186,085	266,937	62,533

Note: As early as its incorporation in February 2000, the Company set up the R&D Department to engage in the development of related products.

B. Technologies and/or products successfully developed in the most recent 2 years

Year	Item
2021	<ol style="list-style-type: none"> <li>1. Completed development of COM Express modular motherboard for Intel 12<sup>th</sup> generation Core-I mobile processor series to be extensively applied onto general-purpose industrial control.</li> <li>2. Completed development of SBC motherboard for Intel 12<sup>th</sup> generation Core-I mobile processor series to be extensively applied onto general-purpose industrial control.</li> <li>3. Completed development of smart retail system of Intel 12<sup>th</sup> generation Core I mobile processor series.</li> <li>4. Announced to the public the Intel 11<sup>th</sup> generation Core I fanless system coupled with HAILO artificial intelligence modules and software, well applicable to smart manufacturing and unmanned factories.</li> <li>5. Completed development and use of AMD R1000/V1000 SD-WAN products.</li> <li>6. Completed development and use of Intel Xeon Ice Lake SP high-end network security server products.</li> <li>7. Completed development and use of Intel the 10<sup>th</sup> generation Core I Comet Lake mainstream network security server products.</li> <li>8. Developed the outdoor digital signage playback system that supports OOB.</li> <li>9. Developed Intel the 12<sup>th</sup> generation Core I mobile processor series smart retail-use system.</li> <li>10. Developed the outdoor smart retail system using Intel Atom CPU that supports wide temperature environment operation.</li> <li>11. Developed and used AMD R1000/V1000 SD-WAN products.</li> <li>12. Developed and used Intel Xeon Ice Lake-D SD-WAN products.</li> <li>13. Developed and used Intel Xeon Ice Lake SP high-end network security server products.</li> <li>14. Developed and used Intel the 10<sup>th</sup> generation Core I Comet Lake mainstream network security server products.</li> </ol>
2022 to the publication date in 2023	<ol style="list-style-type: none"> <li>1. Developed Intel 13<sup>th</sup> generation Core I mobile processor series industry-oriented single-board computer motherboards, well applicable to the high-end industry and automatic control devices.</li> <li>2. Developed Intel the 13<sup>th</sup> Core I high-end fanless system of the desktop processor series, well applicable to smart manufacturing and unmanned factories.</li> <li>3. Developed Intel 13<sup>th</sup> generation Core I fanless system coupled with HAILO-8 artificial module and software, well applicable to smart manufacturing and unmanned factories.</li> <li>4. Developed and used Intel Atom CPU edge computing system to back up wide temperature environment operation, well applicable to Internet of Things and the relevant applications.</li> <li>5. Developed and used Intel Atom CPU with built-in display and touch screen computer that supports wide temperature environment operation.</li> <li>6. Developed and used Intel Atom CPU outdoor smart retail system that backs up wide temperature environment operations.</li> <li>7. Developed the digital signage playback system that backs up both In-band and OOB.</li> <li>8. Developed Intel 12<sup>th</sup> generation Core I to integrate Nvidia MXM graphic card series smart retail high-speed play system.</li> <li>9. Developed and used Intel Core I CPU outdoor oriented smart retail system that</li> </ol>

	<p>backs up the wide temperature environment operations.</p> <ol style="list-style-type: none"> <li>10. Developed and used AMD EPYC 9004 chip high-end network security server products.</li> <li>11. Developed and used Intel Xeon Sapphire Rapids SP high-end network security server products.</li> <li>12. Developed and used Intel Xeon Ice Lake-D edge computing server products.</li> <li>13. Developed and used Intel Xeon Tatlow platform mainstream network security server products.</li> <li>14. Developed and used Intel 12<sup>th</sup> generation Core I Alder Lake mainstream network security server products.</li> <li>15. Developed and used Intel 13<sup>th</sup> generation Core I Raptor Lake mainstream network security server products.</li> </ol>
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Note: The Company was incorporated in February 2000.



4. Long and short term business development plans
  - (1) Short term business development plans
    - A. Marketing strategy
      - a. Actively leverage R&D advantages to explore opportunities for collaboration with well-known manufacturers on OEM/ODM projects, and establish an image of a professional custom service provider.
      - b. Expand the product lines including IPC SBC and its interface card and mainly promote IPCs with market potential and high added value, so that the diversified product lines can satisfy the needs of customers in different industries.
      - c. Strengthen the product application service (FAE) and rapid maintenance ability (RMA), and provide considerate after-sales service for products.
      - d. Actively participate in IPC exhibitions in various potential countries around the world to increase visibility and develop new customers.
      - e. Establish a database of potential customers, and actively publish new products and related technical information through the internet.
      - f. Strengthen gathering the information in the upstream and downstream industry in order to quickly respond to market demand and create niche products.
      - g. Enhance the establishment of online marketing channels to cope with the advent of the post-pandemic era, so as to provide customer with timely services, quickly grasp business opportunities, and boost business growth.
    - B. Research and develop
      - a. Actively recruit and cultivate excellent R&D talents and pool them together to form a strong R&D team, so as to maintain technological advantages and quickly launch niche products.
      - b. Launch competitive new products ahead of the market by fully leverage the Company's current R&D advantages and grasp the trend of changes in the market for CPU and chipsets.
      - c. Continue to develop IPC SBCs that support P4 CPU series, Compact PCI series, and low power, small, highly integrated embedded products.
      - d. Focus on developing certain IPC system products, e.g. DVR, Firewall/VPN, and IPC series.
      - e. Research and develop AIoT and 5G application products that are competitive more in line with market trends.
    - C. Business administration and management
      - a. Strengthen product planning capabilities and fully grasp market changes and product trends.
      - b. Focus the R&D work on developing products that are a perfect combination of innovation, speed, and technology, so as to create new products that are pioneering and catering to market demand at the moment and in the future.
      - c. Implement the "all-round quality system" to continuously improve product quality and strengthen customer service.
      - d. Expand the production base in order to be more competitive in terms of production capacity, delivery time, quality, and cost, thereby strengthening the capability to take ODM/OEM orders.
      - e. Recruit professional talents, integrate internal resources, and actively promote the sales of system products, so as to increase the proportion of system product sales.

- f. Give full play to the effectiveness of the information management system to enhance the Company's operational performance and competitive advantage.
- (2) Long-term plans
- A. Marketing strategy
    - a. Establish long-term partnerships with key component suppliers and excellent outsourcees to create a win-win situation.
    - b. Form a strategic alliance with well-known customers and support the collaborative products with professional technologies, so as to create prosperity together.
    - c. Deeply engage in the Greater China and Asian markets, and simultaneously expand the markets in Europe and the United States.
    - d. Shift the strategy away from focusing solely on selling IPC SBCs to focusing on both IPC SBCs and system products as the system integration capability increases.
    - e. Plan and assess the establishment of overseas operations in order to facilitate penetration into the local markets.
  - B. Research and develop
    - a. Actively cultivate R&D talents specializing in system integration and application, so as to lay the foundation for the expansion of IPC system product lines.
    - b. Form a strategic alliance with companies taking hold of key industry technologies, so as to technologically collaborate with them and enhance R&D strength.
    - c. Create a market-oriented, fast-response R&D team. .
  - C. Business administration and management
    - a. Build upstream and downstream strategic alliances and establish a highly stable supply chain, technical cooperation partners, and customer bases, so as to facilitate business growth.
    - b. Manufacture products with high durability and stable quality and possess a process capability which is highly responsive and able to produce a wide range of products in small quantities.
    - c. Integrate the management information system such that effective management information can be provided to enable the senior management to make correct decisions in the shortest possible time.
    - d. Forge the corporate culture characteristic of teamwork, innovation, efficiency, service, sharing, and harmony, and strive to become the third largest company in Taiwan's IPC PCB market.
    - e. Launch customer relationship management (CRM) projects to effectively grasp customers' needs and improve their satisfaction, thereby establishing long-term close partnerships, in the hope to create a win-win situation.
- II. Market as well as the production and marketing situation
- 1. Market analysis
    - (1) Geographic areas in which major products are sold (expressed as a combined value)

Unit: NTD thousand; %

Year		2021		2022	
		Combined sales	Percentage	Combined sales	Percentage
Domestic sales		870,756	15.26	953,949	14.08
Exports	Asia	605,293	10.61	971,144	14.33
	Americas	3,004,460	52.65	2,860,864	42.23
	Europe	1,187,949	20.82	1,872,439	27.64
	Others	38,397	0.67	116,435	1.72
Total		5,706,855	100.00	6,774,831	100.00

(2) Market share

The Company has solid research and development capabilities in that the time-to-market of its products is often the quickest among competitors and that it has an established reputation for product quality, a reason why the Company’s revenue has soared recently. By upholding the business philosophy of “teamwork, innovation, efficiency, service,” the Company will keep launching new products that cater to market demand and tapping into new markets. Given its growth potential, the Company expects itself to occupy a prominent place in the IPC marketplace, and to obtain a steadily growing market share.

(3) Future market supply/demand and growth potentials

On the supply side, according to the statistics in the MIC ITIS plan of the Institute for Information Industry (III), Taiwan ranks third in the world in terms of the output value of the information hardware industry, next only to the U.S. and Japan; in addition, multiple information products (e.g. surveillance camera, motherboard, power supply, computer case, scanner, keyboard, mouse, hub, and modem, and so on) have grabbed a market share of a whopping 40% or more in the world. In this sense, Taiwan can be said to be the place with the richest manufacturing resources for the PC industry and the most sufficient and convenient supply of the various parts and components. Therefore, the IPC industry, which is developed under a PC-based architecture, can also make good use of Taiwan’s advantages in the PC manufacturing industry to cope with future industrial competition trend. In this way, Taiwan’s IPC industry has great development potential so long as the greater business environment is positive. According to the estimates of the Electronics Trend Publications (ETP), a market survey institution, the compound annual growth rate (CAGR) of global IPC industry during 2006 and 2011 was roughly 6.4%.

The forces that will drive continuous growth of the IPC industry in the future will be the expanding IPC applications because enterprises, which increase capital expenditures during good economic times, tend to increase their automation equipment during economic downturns in order to reduce the expenditure of human capital. Because IPC manufacturers produce custom products in small quantity, the growth momentum comes not mainly from the growth and scale of the industry as a whole, but rather from the relationship with customers and the capability to develop technological applications. From the perspective of product application scope, the market where IPCs are likely to grow rapidly in the future is the market for the applications like medical treatment, smart buildings, in-vehicle electronics, self-service products, energy-efficient products, and renewable energy products.

The global demand for IPCs mainly comes from Europe and North America,

about 60% from North America, 25% from Europe, and 10% from Asia. The North America market has become saturated, while the greatest growth momentum in Europe comes from the demand of emerging Eastern Europe countries. As for Asia, it is the area with the greatest growth potential, notably from the explosive growth in China. What's more, benefited from the launch of China's 125-year plan in 2011, China's economy will continue to assume the explosive growth momentum.

(4) Competitive niche

The Company has a product line portfolio that mainly comprises SBC products (i.e. SBC, Embedded Board, Compact PCI etc.) and their interface cards, and has also gradually added IPC system products (Firewall/VPN, DVR, etc.) to its product line portfolio to accommodate market demand, hoping to provide communications, networking, industrial, and military solutions tailored to customers' needs. Since the IPC industry features products with high durability, highly stable quality, and a long lifecycle and in diverse variates and small quantity, its product price can stay high, so do manufacturers' rate of return (a gross margin that averages 30% or more) and customer loyalty (due to higher customization). Aside from seizing the development trend of the PC-Based computer industry, the Company also develops market-oriented products, as well as products with high technical threshold and high added value, so as to maintain technological advantages, create profits, and maintain competitiveness in the long run, thereby laying the cornerstone of sustainable operations.

Below are the Company's competitive niche:

- A. A strong R&D team, a guarantee of swift response to market demand.  
Technological advantages are the lifeblood necessary for the Company's survival and profitability. Therefore, the Company has been attaching importance to the R&D work ever since its incorporation, and has invested enormous human capital and budget therein. The R&D personnel, who account for 20.43% of the Company's staff, have been blending innovation, speed, and technology into products that are pioneering and cater to market demand at the moment and in the future; they also assist customers in providing the best solutions. The Company have developed a series of low-power and highly integrated embedded products; it also led the industry in launching high-level P4 PICMG products, and was given the "Best Industrial PC Design" award by Euro Trade, a computer magazine. The Company's excellent R&D team is the best guarantee of swift provision of new products that are in line of market trends.
- B. The Company's core management team has more than 15 years of experience in IPC-related fields; in addition, they also have an engineering background, so they are quite at home with the market, products, and customers and therefore able to make quick and correct decisions on products and market strategy as well as the development strategy.
- C. The Company's products have been adopted by many internationally renowned giants; moreover, it has forged an image of professional, outstanding IPC PCB designer and manufacturer. As early as at its incorporation, the Company adopted a product strategy which mainly focused on medium-range and high-level products that were small and highly integrated, a reason why it could launch innovative and pioneering products ahead of competitors. Therefore, the Company quickly won accreditation and recognition from international giants worldwide, and has undertaken multiple ODM/OEM projects recently, which greatly helps the growth in sales and

long-term competitiveness.

D. Strong employee cohesion and ambition and team consensus:

As early as at its incorporation, the Company's core management team reached a consensus that cohesion and ambition among employees were the momentum that would drive the Company's growth. Therefore, the Company was keen to share the operating fruits with employees by allowing them employees to subscribe to shares and enjoy bonus, a reason that employee turnover rate has been rather low. In addition, strong cohesion and ambition have been omnipresent in the Company, so the business performance features exponential growth every year.

(5) Favorable and unfavorable factors and response measures

A. Favorable factors

a. The information industry is well structured and in good shape.

The information industry has gained advantages in terms of both vertical integration and vertical division of labor. In addition, domestic manufacturers have made a giant leap in developing key parts and components. Such a perfect information industry structure and increasingly complete production and distribution system can underpin the development of the IPC industry and create an environment conducive to industrial development.

b. Broad applications of the IPC open up tremendous business opportunities.

The applications of IPCs cover multiple professional fields, e.g. automation, networking, communications, military, and medical treatment; such a scope of applications is rather extensive, and must be able to bring infinite business opportunities to industry participants.

c. The characteristics of the IPC industry create profits.

(a) Since products come in a wide variety and small quantity, it's not possible that they are mass produced to the extent of economies of scale, a reason that their price can stay high.

(b) High product quality requirements lead to high rate of return for manufacturers. IPC manufacturers must be able to tailor their products to customers' special requirements. It's likely that products are used in extremely tough environment, e.g. low-temperature, high-temperature, vibrating, or damp environment. Therefore, customers prioritize a product's reliability and stability over its price. That's why IPC manufacturer's gross margin averages 30% or more, a rather high standard.

(c) Long product lifecycle and high customer loyalty. The lifecycle of IPCs usually lasts 3–5 years compared to 6–9 months of PCs, which will be phased out as a new generation of CPU is launched. Due to its stable product quality, the IPC is less likely to be eliminated from the market. Since the IPC is usually tailored to customers' requirements, the chance of subsequent collaboration is rather high so long as the customers' are quite satisfied. Therefore, customer loyalty in this industry remains quite high.

d. An excellent R&D team with technological advantages

The Company had a good grasp of the IPC's development trend at its incorporation in that it focused on the development of IPC SBCs, IPC-related interface cards, and IPC system products. More often than not products based on new technologies were developed ahead of the

industry and swiftly launched in the market.

- e. Insistence on production and sale of high quality products  
The key to a business’s survival and development is to provide high quality products. The quality requirements for the IPC are even more stringent. Therefore, the Company always prioritizes improving product quality; it passed the ISO 9001 quality certification in 2001, which is conducive to promoting products and winning customers’ trust.
- f. Establishment of a management information system which improves the operational performance  
The Enterprise Resource Planning (ERP) system has been established as scheduled, and the Company’s internal management system is transitioning to a systematic and digital one. Making good use of the management information system will improve the quality of decision-making, enhance operational performance, and facilitate the Company’s future development.

**B. Unfavorable factors and response measures**

Unfavorable factors	Response measures
a. Lack of easy access to key parts and components.	<ul style="list-style-type: none"> <li>a. Collaborate with existing suppliers in the long run and build a good relationship with them.</li> <li>b. Adequate diversification of purchase sources to reduce risks.</li> <li>c. Infer supply and demand from the orders taken so as to have a good grasp of inventory.</li> </ul>
b. Quotations are given mainly in the USD, putting the Company at potential risk from exchange rate changes.	<ul style="list-style-type: none"> <li>a. Sales representatives giving a quotation must pay attention to where the exchange rate is trending.</li> <li>b. Gather information on exchange rate changes and always pay attention to any change in the run chart.</li> <li>c. Make good use of banks’ consultation service on exchange rate hedging strategy.</li> </ul>

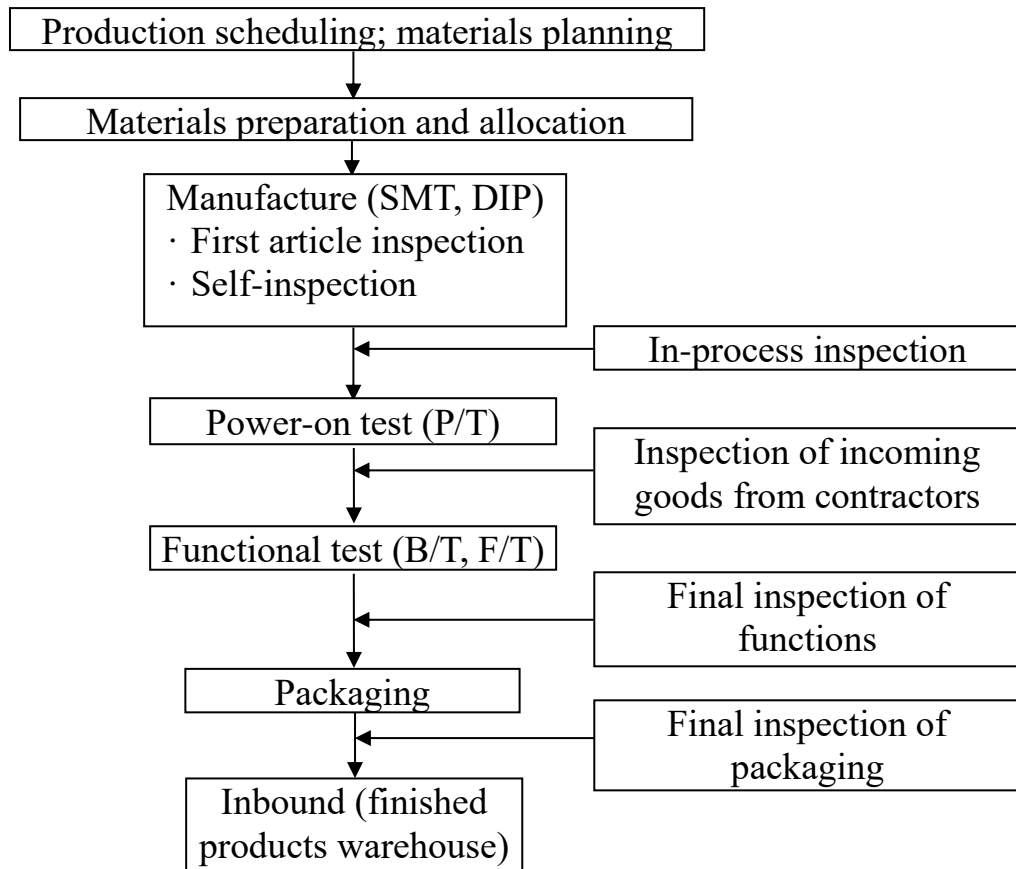
**2. Intended use and production processes of the main products**

**(1) Intended use of the main products**

Main products	Intended use
Single board computer motherboard	Applications include automation control, network security, point-of-sale (POS) system, automatic teller machine (ATM), and portable devices.
Embedded motherboard	The emphasis falls on the capability to operate under a wide range of environments and be embedded into a wide range of application products. Common applications include unmanned control interface systems, edge computing controllers, medical application and equipment, smart transportation, etc.
High-level system products	Rack-mount high-level systems are mainly for cloud-based services, e.g. network security monitoring, network disk array, distributed

	<p>computing, anti-virus system, and anti-hacking system. They are also used in servers that requires high stability.</p> <p>Fanless systems for high-level applications are mainly used for real-time control of high-speed automated production equipment, and in machine learning and deep learning solutions fed by real-time information gathered using AI technologies.</p> <p>High-level digital signage system products that support multiple display outputs (up to 12 display outputs) are provided to customers and used as video walls, in a situation room, or for the display and computation of multitasking and interactive media.</p>
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(2) Production process of main products



3. The supply of main raw materials

Name of raw materials	Supplier
Semiconductor IC	World Peace; RichPower; Avnet
PCBs	EVERLAST WIN; HANNSTAR BOARD; EISO
Memory	Transcend; Innodisk; Jet One

Major suppliers are well known and reputational in the industry, and maintain a stable and good collaborative relationship with the Company, so the supply of raw materials should be stable and sufficient.



4. List of major suppliers and customers, expressed in combined value

(1) A list of any customers accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years

Unit: NT\$ thousand; %

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to March 31 of the current fiscal year (%)	Relationship with the issuer
1	Customer A	1,227,498	21.51	None	Customer A	1,941,411	28.66	None	Customer A	614,923	38.03	-
2	Customer B	1,253,077	21.96	None	-	-	-	-	-	-	-	-
	Others	3,226,280	56.53		Others	4,833,420	71.34		Others	1,002,193	61.97	
	Net sales	5,706,855	100.00		Net sales	6,774,831	100.00		Net sales	1,617,116	100.00	

Reason for changes: The products for the projects for Customer B were mass produced and shipped mainly in 2021; the projects were nearly finished at the end of 2021, so the sales in 2022 reduced.

(2) A list of any suppliers accounting for 10 percent or more of the company's total purchase amount in either of the 2 most recent fiscal years

Unit: NT\$ thousand; %

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of the net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase up to March 31 of the current fiscal year (%)	Relationship with the issuer
1	Contemporary Amperex Technology Co., Limited	823,384	17.01	None	World Peace	1,168,814	24.83	None	World Peace	818,776	27.29	None
2	World Peace	797,981	16.49	None	-	-	-	-	-	-	-	-
	Others	3,218,000	66.50	None	Others	3,538,808	75.17	None	Others	595,356	72.71	None
	Purchase – net	4,839,365	100.00		Purchase – net	4,707,622	100.00		Purchase – net	818,776	100.00	

Reason for changes: Yangzhou Fengwei and Contemporary Amperex are suppliers designated by customers and provide parts of high unit price. Since the projects for Customer B was coming to an end, the purchase amount reduced accordingly.

5. Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; sets

Production volume and value Major products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Single Board Computer	133,130	102,407	572,184	145,170	111,668	877,428
Embedded Motherboard	54,893	42,225	226,102	75,012	57,701	422,965
High-level system products	251,939	215,733	2,871,923	332,532	287,850	4,126,838
Energy products	0	1,252	1,165,209	0	72	600,156
Total	439,962	360,365	3,670,209	552,714	457,219	5,427,231

Note: Other items include revenue from sales of spare parts, goods and labor. However, these are not listed due to wide diversity and immateriality of amount.

6. Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; sets

Sales Volume/Value Major products (or segment)	2021		2021		2022		2022	
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Single Board Computer	32,858	194,276	61,402	394,996	35,217	218,388	74,907	659,039
Embedded Motherboard	7,669	38,125	34,688	206,743	4,350	29,062	52,527	430,466
High-level system products	38,372	445,583	194,809	2,795,802	56,658	416,836	199,299	4,232,806
Energy products	5,168	5,138	11,344	1,261,435	28,173	117,481	1,063,739	37,856
Maritime engineering projects	-	82,434	-	-	-	-	-	-
Others (Note)	-	115,861	-	166,462	-	230,558	-	402,339
Total	84,067	881,417	302,243	4,825,438	124,398	1,012,325	1,390,472	5,762,506

Note: Other items include revenue from sales of spare parts, goods and labor. However, these are not listed due to wide diversity and immateriality of amount.

III. The number of employees employed for the 2 most recent fiscal years

Unit: person; %

Year		2021	2022	As of March 31, 2023
Number of employees	Administrative staff	95	91	94
	Sales and marketing personnel	120	135	142
	Technological support personnel	527	678	673
	Total	742	904	909
Average age		41.29	40.39	41.16
Average service years		7.43	6.53	6.54
Academic qualification dispersion (%)	PhD.	0	0	0
	Master's degree	6.65	5.92	6.52
	Junior college	55.52	52.07	49.86
	Senior high school	32.22	35.50	36.67
	Below high school	5.61	6.51	6.96

IV. Information on spending on environmental protection

Since the Company is engaged in the research and development, manufacture, and sale of IPC products and their interface cards, it does not arouse any concern of environmental pollution.

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
2. Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None.
3. Describing the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: None.
4. Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.
5. Explaining the current condition of pollution and the impact of its improvement on the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

V. Employer and employee relationships

1. Employee benefits
  - (1) Labor insurance: Employees are covered by the labor insurance the first day they start work.
  - (2) Health insurance: Employees are covered by the health insurance the first day they start work.

- (3) Meal allowance.
  - (4) Employees may apply for a variable amount of monetary gifts or condolence money for marriage or funeral.
  - (5) Employees are given gift vouchers on the Dragon Boat Festival and Mid-Autumn Festival.
  - (6) Year-end party and lucky draw.
  - (7) Group insurance.
  - (8) Company tour to a domestic distant place: Two or three days, held irregularly.
  - (9) Overseas travel, at the option of employees and subsidized by the Company.
  - (10) Birthday gift: Employees whose birth is in the current month will be given a birthday voucher as a means of congratulation.
  - (11) Allowance for personal parking fees.
  - (12) Year-end bonus and share subscription for employees
  - (13) Provision of seminar courses “Great Battle upon 3C Education” and “Use of Long-Term Care Resources in Such a Way.”
  - (14) The Company hires blind massagers as its regular full-time employees to render massage services toward the entire staff to relieve stress.
  - (15) Establishment of nursery room (breastfeeding room).
2. Employees’ continuing education and training:  
To improve employees’ occupational competency, work efficiency and work quality, and thereby achieve human resource development goals, the Procedures for Employee Education and Training is formulated; the procedures cover the survey, planning, implementation, recording, and review of employee education and training. The Company’s education and training system comprises employee orientation training and on-the-job training, which will be carried out by the Company or an external training institution according to the nature of courses. The Company surveys employees at the end of every year for their education and training needs in order to formulate an annual education and training plan. The Company organizes the education and training courses as planned, while employees submit their class reflection paper as required; meanwhile, the Administrative Department keeps an employee training record and regularly carries out an assessment of the training.
  3. Employee retirement scheme  
Labor Pension Act: The Company makes a contribution equal to 6% of an employee’s monthly salary to their personal pension account with the Labor Insurance Bureau every month. For those who opt to voluntarily make additional pension contribution, the Company will deduct the amount equal to the voluntary contribution percentage of their monthly salary from their monthly salary every month and deposit the amount in the employee’s personal account with the Labor Insurance Bureau.
  4. Negotiation between employees and employer  
Upholding the philosophy of “Employees and employer as one integral body,” the Company adopts a reasonable and employee-oriented management approach, sets up a clear communication channel, and maintains a good employee–employer relationship, thereby jointly creating productivity, sharing profits, and forging a stable and harmonious employee–employer relationship.
  5. Describing any losses suffered by the company in the most recent 2 fiscal years and up to the prospectus publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Information security management

1. List the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.
  - (1) Information security risk management framework: ISO27001.
  - (2) The Company has formulated the Regulations for Information Security Operation, which specifies the Company's computer and information security management mechanism, the content of which covers server rooms, the internet, email, information application management system, network attack and response, and hardware and software asset management.
  - (3) Specific management plan: ISO27001 ISMS Manual.
  - (4) Invest resources in security management: Resource Service-Information Devision.
2. List the losses, possible impacts and countermeasures suffered from major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.: None.

VII. Important contracts: None.

## Chapter 6. Financial Highlights

### I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

#### 1. Condensed Balance Sheet – IFRS (Consolidated)

Unit: NT\$ thousand

Item		Financial Information for the Most Recent 5 Fiscal Years					Year-to-date through March 31, 2023 (Note 2)
		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	
Current asset		3,259,189	2,890,779	4,432,800	5,503,123	5,616,501	5,682,283
Property, Plant and Equipment		1,050,473	1,629,626	2,251,983	2,229,005	3,727,413	3,732,631
Intangible asset		10,355	14,441	13,948	18,234	97,965	94,541
Other assets		2,928,686	3,249,209	3,286,108	2,799,936	2,970,046	3,099,829
Total assets		7,248,703	7,784,055	9,984,839	10,550,298	12,411,925	12,609,284
Current liability	Before dividend distribution	1,707,793	2,210,287	1,129,958	3,034,399	2,078,957	1,720,537
	After dividend distribution	2,054,172	2,555,431	1,439,327	3,395,999	3,114,699	(Note 1)
Non-current liabilities		33,077	234,036	2,972,518	1,699,749	2,924,708	3,101,025
Total liabilities	Before dividend distribution	1,740,870	2,444,323	4,102,476	4,734,148	5,003,665	4,821,562
	After dividend distribution	2,087,249	2,789,467	4,411,845	5,095,748	6,039,407	(Note 1)
Equity attributable to owners of the parent company Shareholders' equity		5,109,048	4,986,919	5,053,428	4,835,604	6,646,404	7,038,528
Share capital		1,764,185	1,770,998	1,770,998	1,770,998	1,949,967	1,949,967
Capital surplus		1,803,460	1,778,806	2,040,853	1,882,750	2,556,111	2,561,678
Retained earnings	Before dividend distribution	1,731,206	1,673,207	1,501,847	1,680,370	2,515,328	2,761,868
	After dividend distribution	1,384,827	1,414,349	1,364,350	1,401,705	1,849,494	(Note 1)
Other Equity		(82,544)	(83,005)	(18,121)	(12,844)	41,331	181,335
Treasury stock		(107,259)	(153,087)	(242,149)	(485,670)	(416,333)	(416,333)
Non-controlling interests		398,785	352,813	828,935	980,546	761,856	749,194
Total equity	Before dividend distribution	5,507,833	5,339,732	5,882,363	5,816,150	7,408,260	7,787,722
	After dividend distribution	5,161,454	4,994,588	5,572,994	5,454,550	6,372,518	(Note 1)

Note 1: Because the Shareholders' Meeting has yet to be held, the Earnings Distribution Proposal is still pending.

Note 2: The financial data was reviewed by CPAs.

## 2. Condensed Statement of Comprehensive Income -IFRS (Consolidated)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Most Recent 5 Fiscal Years					Year-to-date through March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	3,929,252	3,840,356	4,239,154	5,706,855	6,774,831	1,617,116
Operating profit	965,074	950,555	767,036	1,034,614	1,953,963	454,379
Operating gains and losses	132,074	140,838	(39,690)	156,268	993,119	199,299
Non-operating income and expenses	244,823	126,400	105,540	132,067	381,061	72,974
Profit before tax	376,897	267,238	65,850	288,335	1,374,180	272,273
Business units in continuing operation	342,000	259,160	60,386	220,759	1,139,571	233,714
Net income						
gain (loss) from discontinued operations	0	0	0	0	0	0
Current period net profit (loss)	342,000	259,160	60,386	220,759	1,139,571	233,714
Other comprehensive income for the period (post-tax profit or loss)	(85,454)	(2,196)	63,344	9,144	53,740	140,178
Total comprehensive income	256,546	256,964	123,730	229,903	1,193,311	373,892
Net income attributable to owners of the parent company	307,134	255,432	88,412	312,547	1,135,052	246,550
Net income attributable to non-controlling interests	34,866	3,728	(28,026)	(91,788)	4,519	(12,836)
Total comprehensive income attributable to owners of the parent company	221,397	253,334	152,359	321,843	1,188,678	386,554
Total comprehensive income attributable to non-controlling interests	35,149	3,630	(28,629)	(91,940)	4,633	(12,662)
Earnings per share (EPS)	2.58	2.12	0.74	2.69	9.42	1.87

Note 1: The financial data was reviewed by CPAs.

3. Condensed Balance Sheet – IFRS (Parent-company Only)

Unit: NT\$ thousand

Year Item		Financial Information for the Most Recent 5 Fiscal Years (Note 1)				
		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Current asset		2,162,933	1,955,312	2,265,072	3,050,769	4,245,254
Property, Plant and Equipment		1,024,546	1,046,504	1,725,910	1,746,140	2,820,402
Intangible asset		8,089	12,220	11,500	9,797	23,256
Other assets		3,534,220	3,646,357	3,333,666	3,304,952	3,722,226
Total assets		6,729,788	6,660,393	7,336,148	8,111,658	10,811,138
Current liability	Before dividend distribution	1,590,269	1,646,341	554,088	1,926,436	1,526,580
	After dividend distribution	1,936,648	1,991,485	863,457	2,288,036	2,562,322
Non-current liabilities		30,471	27,133	1,728,632	1,349,618	2,638,154
Total liabilities	Before dividend distribution	1,620,740	1,673,474	2,282,720	3,276,054	4,164,734
	After dividend distribution	1,967,119	2,018,618	2,592,089	3,637,654	5,200,476
Share capital		1,764,185	1,770,998	1,770,998	1,770,998	1,949,967
Capital surplus		1,803,460	1,778,806	2,040,853	1,882,750	2,556,111
Retained earnings	Before dividend distribution	1,731,206	1,673,207	1,501,847	1,680,370	2,515,328
	After dividend distribution	1,384,827	1,414,349	1,364,350	1,401,705	1,849,494
Other Equity		(82,544)	(83,005)	(18,121)	(12,844)	41,331
Treasury stock		(107,259)	(153,087)	(242,149)	(485,670)	(416,333)
Total equity	Before dividend distribution	5,109,048	4,986,919	5,053,428	4,835,604	6,646,404
	After dividend distribution	4,762,669	4,641,775	4,744,059	4,474,004	5,610,662

Note 1: The financial data was audited and attested by CPAs.



4. Condensed Statement of Comprehensive Income - IFRS (Parent-company Only)  
Unit: NT\$ thousand

Item	Financial Information for the Most Recent 5 Fiscal Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	2,723,538	2,952,318	2,779,674	3,875,022	5,815,663
Operating profit	528,967	588,254	452,629	701,861	1,544,031
Operating gains and losses	47,509	116,019	16,166	252,806	929,493
Non-operating income and expenses	276,020	150,771	83,964	108,060	406,607
Profit before tax	323,529	266,790	100,130	360,866	1,336,100
Profit or loss of continuing operations	307,134	255,432	88,412	312,547	1,135,052
Profit or loss from discontinued operations	0	0	0	0	0
Net income (loss) for current period	307,134	255,432	88,412	312,547	1,135,052
Other comprehensive income	(85,737)	(2,098)	63,947	9,296	53,626
Total comprehensive income	221,397	253,334	152,359	321,843	1,188,678
Net profit for the year	2.58	2.12	0.74	2.69	9.42

Note 1: The financial data was audited and attested by CPAs.

III. Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Attesting CPA	Opinion	Name of firm
2018	Chang Ching-Jen; Chen Chih-Yuan	Unqualified opinion with Other Matters paragraph	Deloitte Taiwan
2019	Chang Ching-Jen; Chen Chih-Yuan	Unqualified opinion with Other Matters paragraph	Deloitte Taiwan
2020	Chang Ching-Jen; Chen Chih-Yuan	Unqualified opinion with Other Matters paragraph	Deloitte Taiwan
2021	Chen Chih-Yuan; Li Tung-Feng	Unqualified opinion with Other Matters paragraph	Deloitte Taiwan
2022	Chen Chih-Yuan; Li Tung-Feng	Unqualified opinion with Other Matters paragraph	Deloitte Taiwan

## II. Financial analyses for the past 5 fiscal years

### 1. Financial Analysis – Consolidated

Items of analysis (Note 2)		Financial analyses for the past 5 fiscal years					Year-to-date through March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure	Debt to assets ratio (%)	24.02	31.40	41.09	44.87	40.31	38.24
	Ratio of long-term capital to property, plant, and equipment (%)	526.61	341.89	393.07	337.18	276.83	291.28
Solvency	Current ratio (%)	109.84	130.79	392.30	181.36	270.16	330.26
	Quick ratio (%)	117.79	71.70	247.41	116.65	152.83	201.26
	Interest coverage ratio (%)	31.47	15.18	3.11	7.58	25.92	17.72
Operating ability	Account receivable turnover (times)	5.39	5.35	5.68	7.09	6.79	5.43
	Days sales in account receivable	67.71	68.20	64.25	51.48	53.75	67.21
	Inventory turnover (times)	2.57	2.32	2.51	2.73	2.26	2.07
	Account payable turnover (times)	6.04	6.16	6.60	6.43	5.57	6.49
	Average days in sales	142.02	157.40	145.71	133.69	161.50	176.32
	Rate of real estate, plant buildings and equipment turnover (times)	3.71	2.87	2.22	2.55	2.28	1.73
	Total asset turnover (times)	0.66	0.51	0.48	0.56	0.59	0.52
Profitability	Return on assets (%)	5.89	3.66	0.96	2.49	10.31	7.89
	Return on shareholders' equity (%)	7.71	4.78	1.08	3.77	17.23	12.30
	Ratio of income before tax to paid-in capital (%)	21.36	15.09	3.72	16.28	70.47	55.85
	Net profit margin (%)	8.70	6.75	1.40	3.87	16.82	14.45
	Earnings per share (\$)	2.58	2.12	0.74	2.69	9.42	1.87
Cash flow	Cash flow ratio (%)	(5.45)	8.28	(32.98)	13.33	20.81	2.91
	Cash flow adequacy ratio (%)	63.49	52.26	13.85	4.88	9.75	14.00
	Cash re-investment ratio (%)	(1.57)	(2.66)	(7.68)	1.18	0.65	0.43
Leverage	Operating leverage	1.52	1.83	(2.02)	1.95	1.15	1.25
	Financial leverage	1.10	1.15	0.56	1.39	1.06	1.09

Please describe the reasons for the changes in the financial ratios over the last two years: (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. The increase in current ration and quick ratio is mainly due to the facts that the corporate bonds redeemable within one year decreased, leading to decrease in the current liabilities.
2. The increase in Interest coverage ratio is mainly due to the increase in profits.
3. The increase in Average days in sales is mainly due to the increase in inventory.
4. The increase in return on assets, return on equity, the ratio of net income before tax to paid-in capital, profit margin and eps is mainly due to the increase in profits.
5. The increase in cash flow ratio is mainly due to the facts that the corporate bonds redeemable within one year decreased, leading to decrease in the current liabilities..
6. The decrease in cash flow adequacy ratio is mainly due to the increase in net cash flowout from operating activities for 2022.
7. The decrease in cash re-investment ratio is mainly due to the increase in property, plant and equipment.
8. The decrease in Operating leverage is mainly due to the increase in operating income.

## 2. Financial Analysis – Parent-company Only

Items of analysis (Note 2)		Year	Financial analyses for the past 5 fiscal years					Year-to-date through March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022		
Financial structure	Debt to assets ratio (%)	24.08	25.13	31.12	40.39	38.52	NA	
	Ratio of long-term capital to property, plant, and equipment (%)	501.02	514.14	472.69	364.05	328.70	NA	
Solvency	Current ratio (%)	136.01	118.77	408.79	158.36	278.09	NA	
	Quick ratio (%)	78.75	62.07	212.29	79.10	152.71	NA	
	Interest coverage ratio	27.18	20.21	6.13	15.79	44.13	NA	
Operating ability	Account receivable turnover (times)	6.93	5.38	5.90	7.44	7.26	NA	
	Days sales in account receivable	52.67	67.82	61.82	49.05	50.26	NA	
	Inventory turnover (times)	2.55	2.60	2.32	2.44	2.49	NA	
	Account payable turnover (times)	5.17	5.91	6.85	5.98	5.41	NA	
	Average days in sales	143.25	140.44	157.40	149.47	146.41	NA	
	Rate of real estate, plant buildings and equipment turnover (times)	2.64	3.00	2.31	2.47	2.57	NA	
	Total asset turnover (times)	0.50	0.44	0.40	0.50	0.62	NA	
Profitability	Return on assets (%)	5.88	3.99	1.49	4.30	12.26	NA	
	Return on shareholders' equity (%)	7.66	5.06	1.76	6.32	19.77	NA	
	Ratio of income before tax to paid-in capital (%)	18.34	15.06	5.65	20.38	68.52	NA	
	Net profit margin (%)	11.28	8.65	3.18	8.07	19.52	NA	
	Earnings per share (\$)	2.58	2.12	0.74	2.69	9.42	NA	
Cash flow	Cash flow ratio (%)	(7.32)	10.43	(36.34)	15.18	25.98	NA	
	Cash flow adequacy ratio (%)	11.84	77.25	24.14	8.06	11.04	NA	
	Cash re-investment ratio (%)	(2.14)	(3.24)	(7.59)	(0.25)	0.36	NA	
Leverage	Operating leverage	2.18	1.67	5.65	1.32	1.12	NA	
	Financial leverage	1.35	1.14	(4.80)	1.11	1.03	NA	

Please describe the reasons for the changes in the financial ratios over the last two years: (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. The increase in current ration and quick ratio is mainly due to increase in accounts receivable and inventories and the facts that the corporate bonds redeemable within one year decreased, leading to decrease in the current liabilities.
2. The increase in Interest coverage ratio is mainly due to the increase in profits.
3. The increase in Total asset turnover is mainly due to the increase in net sales.
4. The increase in return on assets, return on equity, the ratio of net income before tax to paid-in capital, profit margin and eps is mainly due to the increase in profits.
5. The increase in cash flow ratio is mainly due to the facts that the corporate bonds redeemable within one year decreased, leading to decrease in the current liabilities.
6. The decrease in cash flow adequacy ratio is mainly due to the increase in net cash flowout from operating activities for 2022.
7. The decrease in cash re-investment ratio is mainly due to the increase in property, plant and equipment.
8. The decrease in Operating leverage is mainly due to the increase in operating income.

Note 1: The financial data was reviewed by CPAs.

Note 2: Company's whose stock is traded on TWSE or TPEX should also analyze the financial data up to the end of the quarter immediately before the publication of this annual report.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
  - (1) The ratio of total liabilities to total assets = total liabilities / total assets
  - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
  - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
  - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
  - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
  - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
  - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
  - (5) Average days in sales = 365 / Inventory turnover (times)
  - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
  - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
  - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
  - (2) Return on shareholders' equity = after tax net profit / total average equity.
  - (3) Profit ratio = net income / net sales
  - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred share dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
  - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / Operating profit (Note 6)
  - (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semiannual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred share.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced with the equity attributable to owners of the parent company on the balance sheet.

### III. Audit committee's report for the most recent year's financial statements

## iBase Technology Inc. Audit Committees' Review Report

Whereas,

The Board of Directors has prepared the 2022 Business Report, Parent-company Only Financial Statements, and Consolidated Financial Statements for review; the Parent-company Financial Statements and Consolidated Financial Statements were audited by CPA Chen Chih-Yuan and CPA Li Tung-Feng from Deloitte & Touche, who have also issued an independent auditors' report.

Having reviewed the said 2022 Business Report, Parent-company Only Financial Statements, and Consolidated Financial Statements and found no non-conformity, the Audit Committee hereby presents this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your approval.

Best regards

iBase Technology Inc. 2023 General Shareholders' Meeting

iBase Technology Inc.

Chair of the Audit Committee: Shen Yao-Chang



February 24, 2023

# iBase Technology Inc.

## Audit Committees' Review Report

Whereas,

The Board of Directors has prepared the 2022 Earnings Distribution Proposal for review. Having reviewed the said 2022 and Earnings Distribution Proposal and found no non-conformity, the Audit Committee hereby presents this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your approval.

Best regards

iBase Technology Inc. 2023 General Shareholders' Meeting

iBase Technology Inc.

Chair of the Audit Committee: Shen Yao-Chang



April 10, 2023

- IV. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant: Refer to p.156–p.230 of this annual report.
- V. Consolidated financial statements for the most recent fiscal year that have been audited and attested by CPAs: Refer to p.231–p.322 of this annual report.
- VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Chapter 7. Review and analysis of the financial position and financial performance, as well as risks.

I. Analysis of financial position

Item \ Year	December 31, 2022	December 31, 2021	Unit: NT\$ thousand	
			Difference	
			Amount	%
Current asset	\$5,616,501	\$5,503,123	\$113,378	2.06
Investments accounted for using the equity method	3,727,413	2,302,949	1,498,408	67.22
Property, Plant and Equipment	97,965	2,229,005	17,770	22.16
Investment Property	2,970,046	0	232,071	8.48
Right-of-use asset	12,411,925	82,139	1,861,627	17.65
Intangible asset	2,078,957	18,234	(955,442)	-31.49
Other assets	2,924,708	414,848	1,224,959	72.07
Total assets	5,003,665	10,550,298	269,517	5.69
Current liability	1,949,967	3,034,399	178,969	10.11
Non-current liabilities	2,556,111	1,699,749	673,361	35.76
Total liabilities	2,515,328	4,734,148	834,958	49.69
Share capital	3,727,413	1,770,998	1,498,408	67.22
Capital surplus	97,965	1,882,750	17,770	22.16
Retained earnings	2,970,046	1,680,370	232,071	8.48
Details:				
1. The increase in property, plant and equipment is mainly due to acquirement of office.				
2. The increase in intangible asset is mainly due to acquirement of software.				
3. The increase in total assets in mainly due to the increase in property, plant and equipment.				
4. The decrease in current liability is mainly due to the facts that the corporate bonds redeemable within one year decreased, leading to decrease in the current liabilities.				
5. The increase in non-current liabilities is mainly due to issue the 6th domestic unsecured convertible bonds by the company.				
6. The increase in capital surplus is mainly due to the convertible bonds converted to ordinary shares.				
7. The increase in retained earnings is mainly due to the the increase in profits.				

## II. Financial performance

Unit: NT\$ thousand

Item \ Year	Year 2022	Year 2021	Increase (decrease)	Rate of change (%)
Operating revenue – net	6,774,831	5,706,855	1,067,976	18.71
Operating cost	4,820,880	4,671,885	148,995	3.19
Unrealized loss from sales	12	(356)	368	-103.37
Operating profit	1,953,963	1,034,614	919,349	88.86
Operating expenses	960,844	878,346	82,498	9.39
Operating income	993,119	156,268	836,851	535.52
Non-operating income and expenses	381,061	132,067	248,994	188.54
Profit before tax	1,374,180	288,335	1,085,845	376.59
Income tax expense	234,609	67,576	167,033	247.18
Net profit for the year	1,139,571	220,759	918,812	416.21
Other comprehensive income	53,740	9,144	44,596	487.71
Total comprehensive income for the year	1,193,311	229,903	963,408	419.05
Analysis and description of changes in percentage terms:				
<ol style="list-style-type: none"> <li>1. The increase in operating revenue is mainly because the Company received orders for network communications equipment and mass produced and shipped them.</li> <li>2. The increase in operating costs is mainly due to the increase in shipments.</li> <li>3. The increase in gross profit is mainly due to the increase in shipments.</li> <li>4. The increase in non-operating income and expenses is mainly due to the increase in investment gains.</li> <li>5. The increase in income tax expenses is mainly due to the increase in profits in 2022.</li> <li>6. The increase in other comprehensive income is mainly due to the facts that the differential gap converted in the financial statements of overseas operating units increased as a result of appreciation of the exchange rate of the US dollars.</li> </ol>				

## III. Cash flow analysis

### (I) Analysis of liquidity over the past two years:

Unit: NT\$ thousand

Item \ Year	2022	2021	Increase (decrease)	Rate of change (%)
Net Cash Flow from the Year's Operating activities	432,652	404,507	28,145	6.96%
Net Cash Flow from the Year's Investment activities	(940,287)	341,170	(1,281,457)	375.61%
Net Cash Flow from the Year's Financing activities	251,844	(150,458)	402,302	267.38%
Analysis and description of changes in percentage terms:				
<ol style="list-style-type: none"> <li>1. Operating activities: It is mainly due to the increase in net profit before tax in 2022.</li> <li>2. Investment activities: It is mainly due to the increase in property, plant and equipment acquired in 2022 compared with 2021.</li> <li>3. Financing activities: It is mainly due to get a loan and issue the 6th domestic unsecured convertible bonds by the company.</li> </ol>				

### (II) Remedy plans for insufficient liquidity: None.



(III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected net cash inflow (outflow) from investment activities for the year	Expected net cash inflow (outflow) from financing activities for the year	Expected cash surplus (deficit)	Remediation measures against expected cash flow deficit	
					Investment plans	Financing plans
1,285,773	1,162,398	(214,639)	(1,035,742)	1,197,790	—	—
<p>1. Cash flow analysis for the next year:</p> <p>(1) Operating activities: Mainly the increase in expected operating revenue and profit for the coming year.</p> <p>(2) Investment activities: Mainly the increase in property, plant and equipment acquired in 2023.</p> <p>(3) Financing activities: Mainly the distribution of cash dividends.</p> <p>2. Remediation measures against expected cash flow deficit: None</p>						

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: In order to meet the needs of business expansion, and considering the geographical location and the convenience of contacting each department after expansion in the future, the company purchased an additional office in NanKang Software Park in 2022. Due to the sound operating conditions of the company and stable cash inflows from operating activities, the source of funds for major capital expenditures in recent years is mainly from working capital, so there is no major impact on the company's finances.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year  
Rationality of benefits possibly generated from strategic reinvestment

Unit: NT\$ thousand

Item	Amount	Policy	Main reason for profit or loss	Improvement plan	Other investment plan in the future
TMC UK	45,523	Expansion of the Britain operation	Increase in operating revenue	N/A	None
IBASE USA	24,302	Expansion of the U.S. operation	Increase in operating revenue	N/A	None
Shanghai Guangjia Information Technology Co., Ltd.	(16,692)	Expansion of the China operation	Decrease in operating revenue	N/A	None
iBase Solution Technology	851	Tapping into the gambling industry	Increase in gross margin	N/A	None
Novakon Co., Ltd.	32,003	Tapping into the data storage media industry	Increase in operating revenue	N/A	None
VISWIS, INC.	1	Tapping into the physical access control industry	Decrease in operating revenue	N/A	None
WiBASE Industrial Solutions Inc.	22,984	Tapping into the in-vehicle system industry	Increase in operating revenue	N/A	None
AAEON Technology Inc.	1,074,460	Integration of enterprise resources to jointly expand operational scale.	Increase in operating revenue	N/A	None
IBASE Singapore PTE. Ltd.	(1,571)	Expansion of the Singapore operation	Decrease in operating revenue	N/A	None
IBASE JAPAN	12,503	Expansion of the Japan operation	Increase in operating revenue	N/A	None
IBASE Italy SRL	81	Establishment of the Italy selling base	Increase in operating revenue	N/A	None
Shenzhen Huameishi Tech Co., Ltd.	(881)	Expansion of the China operation and integration of enterprise resources	Decrease in operating revenue	N/A	None
IBG INC.	(74)	Expansion of the U.S. operation	Yet to yield operating revenue because it was only established recently.	N/A	None
Terrence Maritime Technology Service Co., Ltd.	(3,727)	Provision of a wide range of maritime engineering and technical service	Yet to yield operating revenue because it was only established recently.	N/A	None

- VI. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report
1. Impacts of interest rates, exchange rates, and inflation on The Company's earnings, and the response measures
    - (1) Effect from interest rate changes
 

The Company's interest income in 2022 and the current year up to the publication date of this annual report was NT\$2,267 thousand and NT\$5,984 thousand, respectively, mainly from the interest income accrued on bank deposits. The Company's interest expenses on long-term borrowings in 2022 and the current year up to the publication date of this annual report was NT\$20,249 thousand and NT\$5,554 thousand, respectively. When electing to do business with a bank, the Company considers not only the interest rate, but also the chemistry of cooperation. The Company also has dedicated personnel closely interact with banks. Therefore, interest rate changes should not have significant effect on the Company.
    - (2) Effect from exchange rate changes
 

Since the Company mainly exports, exchange rate changes will partially affect the Company's operating revenue. Depreciation of TWD will increase the Company's operating revenue and profits; conversely, appreciation of TWD will erode the Company's operating revenue and profits. To hedge the exchange rate risk, the Company mainly enters into a FX forward to sell its foreign currency position from O/A and D/A transaction payment in 1–3 months in a conservative manner, so as to hedge exchange rate fluctuation risks. Measures taken by the Company in response to exchange rate changes are as follows:

      - A. Always pay close attention to the development of domestic and foreign political and economic situations, and keep in touch with various financial institutions at any time, in order to grasp any changes in exchange rates.
      - B. Judge the future exchange rate movement to adjust the US dollar position at an appropriate time, thereby reducing exchange risk.
      - C. Enter into a FX forward contract with a creditworthy financial institution in advance to hedge any potential exchange risks.
      - D. Principally adopt a secure hedging approach, rather than speculative transaction tactics, to address the risk of exchange rate changes
    - (3) Effect from inflation: The Company was not significantly affected by inflation in 2022 and in the current year up to the publication date of the annual report.
  2. Policies on high risk and highly leveraged investments, loans to others, endorsements/guarantees, and the trading of derivative instruments in the most recent year; describe the main causes of profit or loss and response measures in the future
    - (1) The Company focus on the management of their principal business. The financial policy adopts a more conservative and stable principle, prohibiting engagement in high risk and high leverage investments. Every investment needs to be prudently evaluated before execution begins in 2022 and in the current year up to the publication date of this annual report.
    - (2) When the Company engage in loaning funds to others, the management regulations and related regulations of the competent authority and the Company shall be adhered to in the processing. Regular audits need to be done and announcement and filings to be carried out according to the legal requirements. The details are as below:

Lending of funds to others: As of 2023/4/30, the state of lending funds are as below:

Unit: NTD in thousand

Financing company	Counterparty	The highest balance, accumulated up till current month (2023/4/30)	Balance at end of period	Actual amount drawn	Transaction Amount	Interest range
The Company	Shanghai Guangjia Information Technology Co., Ltd.	78,024	78,024	78,024	78,024	—
The Company	IBASE JAPAN	37,908	37,908	37,908	37,908	—
The Company	IBASE TECHNOLOGY(USA), INC.	43,330	—	—	—	—

- (3) The Company did not making endorsements/guarantees in 2022 and in the current year up to the publication date of this annual report.
- (4) The Company did not reap gains or suffer losses due to trading of derivatives in 2022 and in the current year up to the publication date of this annual report.

### 3. Future research and development plans, and the projected expenses

R&D plan	Current progress	R&D expenses further required	Expected time of completion of mass production	Estimated R&D expense
Development of new IPC PCB products	In trial production	54,000	2023	126,000
Development of new network-attached storage device.	In trial production	6,300	2023	14,770
Development of new digital image recorder.	In trial production	6,300	2023	14,770
Development of new IPC barebone system.	In trial production	18,000	2023	42,000
Development of new dedicated global positioning system.	In trial production	5,400	2023	12,600

4. The effect of major changes in policies and legal practices, whether domestic or foreign, on the company's financial and business performance, and the responsive actions:

The operation of the Company and its subsidiaries are in compliance with relevant laws and regulations at home and abroad, and are always updated with the latest changes in the legal environment at home and abroad. There has been no effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad in the most recent fiscal year and as of the printing date of the annual report.

5. Effect of technological and industrial changes on the company's financial and business performance, and the responsive actions

Due to the advancement of industrial computer technology and the expansion of application scope, the company will continue to improve the quality and efficiency of its products to maintain its competitive advantage.

Information security risk: The company has passed the ISO 27001 certification, please refer to P.133 for information management.

The Company's financial and business performance was not affected by any technological changes in 2022.

6. Effect of changes in corporate image on the company's crisis management, and the responsive measures

Since the Company's establishment, it has worked tirelessly on enhancing its company's internal management and shaping the company's core values, and worked eagerly on serving the society. It has built a good corporate image and up till now there have not been events of corporate crisis due to corporate image. The Company will continue to abide strictly to every item requirement of corporate governance into the future to lower the chance of

- corporate crisis from impact of changes in corporate image.
7. Expected result and possible risks of mergers and acquisitions and response measures.  
There was no occurrence of any mergers or acquisitions in 2022 that would impact the Company.
  8. Expected benefits from, risks relating to and response to factory expansion plans.  
Throughout the Year 2022, the Company did not engage in any factory expansion to cause an impact upon the Company's benefits.
  9. The risk of concentrated purchase or sales and the response measures:
    - (1) Sale  
Customers of the Company and its subsidiaries include system integrators, distributors, and manufacturers. Sales to Customer A and Customer B, due to a hike in shipments in 2022, accounted for 20% of total sales. The Company is also actively proposing new cases to existing customers while developing new customers; it also periodically assesses customers' financial position so as to reduce risks.
    - (2) Purchase  
Suppliers of the Company and its subsidiaries include distributors and parts/components suppliers; major items supplied include IPC motherboards and system products. Up to this point in time, supply has been fairly good in that there was no occurrence of supply shortage or disruption that would impact the Company's business. In addition, the Company is also actively seeking new sources of raw materials supply while reducing the purchase cost, so as to wipe out any possibility of supply shortage.
  10. The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks: None.
  11. The effects, risks and responsive measures associated with changes in management: None.
  12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: Up to the publication date of this annual report, the Group was not involved in any major litigious, non-litigious, or administrative disputes which have been concluded by means of a final and unappealable judgment, or are still under litigation, and whose result might significantly impact shareholder equity of securities price.
  13. Other important risks, and mitigation measures being or to be taken: The Company has formulated the Regulations for Information Security Operation, which specifies the Company's computer and information security management mechanism, the content of which covers server rooms, the internet, email, information application management system, network attack and response, and hardware and software asset management. The Company has also set up firewalls, installed anti-virus software, and enabled automated update of computer code and virus pattern. Installation of unlicensed illicit software or software from unknown sources is prohibited in order to prevent computer virus intrusion or hacking. It is prohibited to engage in any activity irrelevant to company affairs using the information system or equipment; to confide company information to external parties; or to send an email which contains information that is illegal or irrelevant to business. The information management system achieves control through a well-designed hierarchy of access permission and approval authority. A disaster recovery drill and social engineering drill for the information application systems are held regularly every year to raise employees' information security awareness and email users' vigilance, lest network security is undermined or information is leaked because users browse spams or malicious emails.

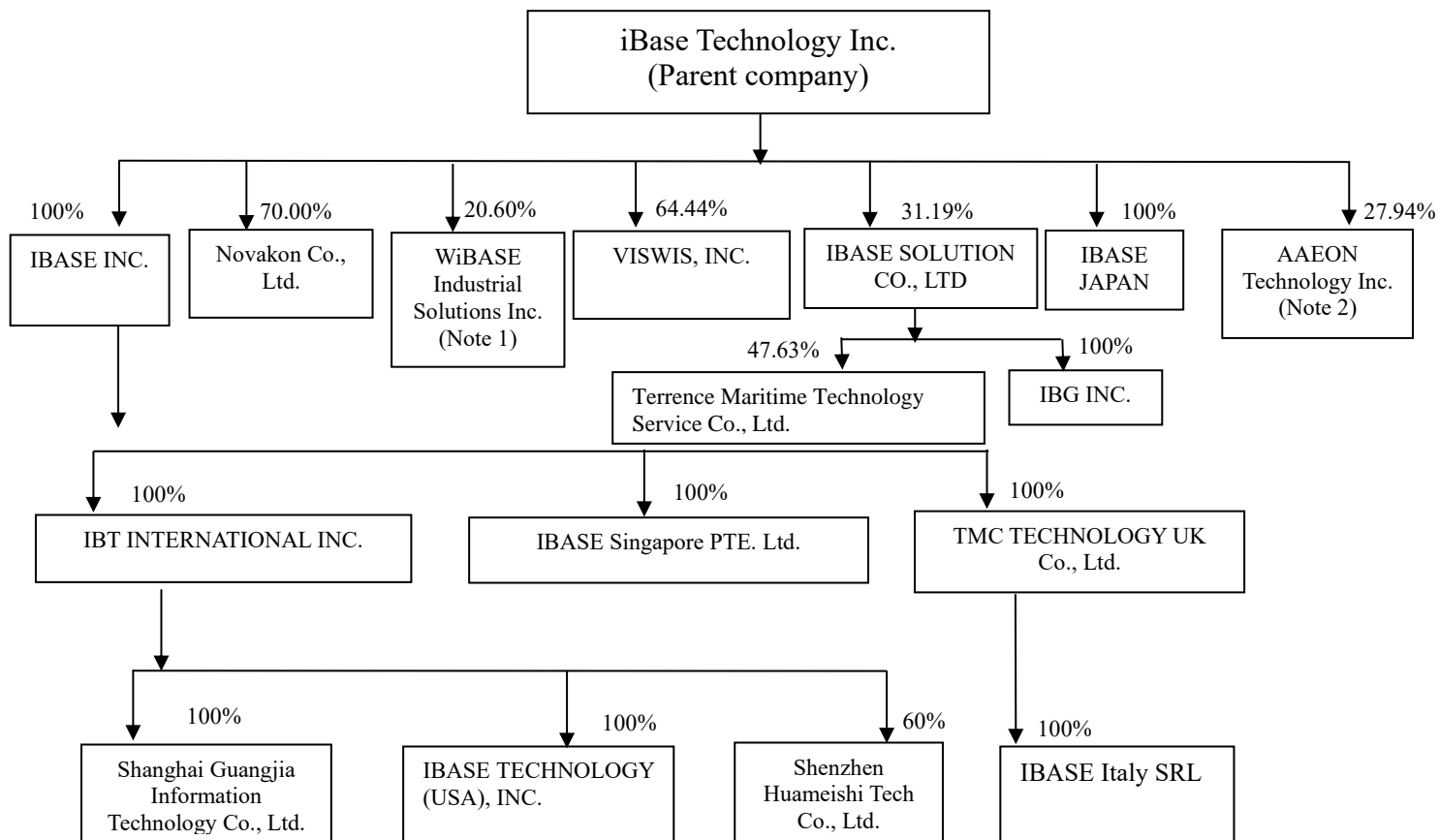
VII. Other important matters: None.

## Chapter 8. Special items to Be Included

### I. Affiliated companies

#### (I) Consolidated business report of affiliates

##### 1. Organizational chart of affiliates



Note 1: WiBASE Industrial Solutions Inc. is an affiliate.

Note 2: AAEON Technology Inc. is an affiliate.

## 2. Basic information of each affiliate

March 31, 2023

Name of enterprise	Date of foundation	Address	Paid-in capital	Main businesses and products
IBASE INC.	2004.02.23	Sealight Incorporations Limited, Level 2, Lotemau Centre, Vaea Street, Apia, Samoa	US\$13,896,580	Reinvestment
IBT International Inc.	2004.04.02	TrustNet Chambers, P.O.Box1225, Apia, Samoa	US\$10,255,122	Reinvestment
IBASE SOLUTION CO., LTD	2011.12.19	24th Floor, No. 93, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	NT\$429,184,290	Suppliers of gaming machines and research, design, manufacturing, and sales of energy storage equipment
Novakon Co., Ltd.	2010.08.17	4F-3, No. 3-1, Park Street, Taipei City	NT\$68,800,000	Development of remote monitoring and video systems and DVR-related products.
VISWIS, INC.	2002.05.01	4F-3, No. 3-1, Park Street, Taipei City	NT\$21,000,000	Information Software and Data Processing Service
WiBASE Industrial Solutions Inc.	2005.10.07	17F, No. 3-1, Park Street, Taipei City	NT\$390,830,000	Development of remote monitoring and video systems and DVR-related products.
AAEON Technology Inc.	2010.12.01	5F., No. 135, Ln. 235, Baoqiao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)	NT\$1,492,254,680	Industrial system products, SBCs, and peripheral devices
IBASE JAPAN	2016.11.07	3rd Floor, IBASE Muromachi Building, No. 3-12, Section 4, Nihonbashi Muromachi, Chuo-ku, Tokyo	NT\$30,000,000	IPC distribution and after-sales service
TMC TECHNOLOGY UK CO. LIMITED	1992.02.24	Unit N, Gunnels Wood Park, Gunnels Wood Road, Stevenage, Herts SG1 2BH, United Kingdom	GBP 900,000	IPC distribution and after-sales service
IBASE Singapore PTE. Ltd.	2003.10.04	10 Ubi Crescent #07-60Ubi TechPark Lobby DSingapore	SGD 900,000	Information Software; Data Processing Service; Sale of Computer Peripherals
IBASE TECHNOLOGY(US A),INC.	1986.08.13	1050Stewart Drive, Sunnyvale, CA 94085	US\$5,460,000	IPC distribution and after-sales service
Shanghai Guangjia Information Technology Co., Ltd.	2004.10.09	Room 1102, Block A, No. 169 Taigu Road, Waigaoqiao Free Trade Zone, Shanghai	US\$2,700,000	Computer design and assembly and international trade
Shenzhen Huameishi Tech Co., Ltd.	2009.02.06	East 702, Industrial Building, Science and Technology Park, No. 6 Keyuan Road, Nanshan District, Shenzhen	CNY 3,000,000	Information Software and Data Processing Service
IBASE Italy SRY	2016.07.01	Via Sant'Antonio 1/A 28845 Domodossola (VB) Italy	EUR 90,000	IPC after-sales service

IBG INC.	2018.09.30	805 MARATHON PKWY STE 170 LAWRENCEVILLE GA 30045	US\$ 200,000	Sale of gambling machines
Terrence Maritime Technology Service Co., Ltd.	2020.10.21	7th Room, 24th Floor, No. 93, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	NT\$20,400,000	Maritime engineering and technical service

3. The industries covered by the business operated by the affiliates overall.  
The business of the Company and its subsidiary includes automation control equipment, computer equipment, manufacture and sale of electronic materials and energy storage equipment and information software, reinvestment, and international trade.

4. Information on the directors, supervisors, and president of each affiliate:

March 31, 2023

Unit: shares

<u>Name of enterprise</u>	<u>Title</u>	<u>Name or the representative</u>	<u>Shares held</u>	
			<u>No. of shares</u>	<u>Percentage of Ownership</u>
IBASE INC.	Director	IBASE TECHNOLOGY INC. representative: Lin Chiu-Hsu	1,389,658	100%
IBT International Inc.	Director Director Director	IBASE INC. representative: Lin Chiu-Hsu IBASE INC. representative: Chen Yu-Nan IBASE INC. representative: Chen Shih-Hsiung	10,255,122	100%
IBASE SOLUTION CO., LTD	Chairman Director Director Director Independent Director Independent Director	Liao Liang-Pin iBase Technology Inc. representative: Hsu Wu-Chun Huo Po-Chiang Wu Yu-Cheng Chen Chih-Yung Ye Jing-Jhong	13,510,880	31.19%
Novakon Co., Ltd.	Chairman Director Director Director Director Supervisor:	Lin Ming-Nan Lin Chiu-Hsu Chen Shih-Hsiung Li Chia-Fu Hsu Chih-Chien Chen Yu-Nan	4,816,000	70.00%
VISWIS, INC.	Chairman Director Director Supervisor	Chang Jung-Chou Liao Chou-Tsan Wu Hung-Pin Liao Yao-Te	1,353,333	64.44%
WiBASE Industrial Solutions Inc.	Chairman Director Director Director Director Supervisor Supervisor	Wistron Corporation representative: Lin Jian-Syun Wistron Corporation representative: Liu Chan-Hao iBase Technology Inc. representative: Lin Chiu-Hsu iBase Technology Inc. representative: Hsu Wu-Chun Darwin Precisions (L) Corp. representative: Tsai Kuo-Hsin Liang Li-Chuan Chen Shih-Hsiung	8,050,418	20.60%
AAEON Technology Inc.	Chairman Director Director Director Director Director Director Director Independent Director	Rui Hai Investment Co., Ltd. representative: Chuang Yung-Shun Rui Hai Investment Co., Ltd. representative: Li Ying-Chen Rui Hai Investment Co., Ltd. representative: Jhuang Fu-Jyun ASUSTeK Computer Inc. representative: Jonney Shih ASUSTeK Computer Inc. representative: Jonathan Tsang ASUSTeK Computer Inc. representative: Hsu Hsien-Yueh iBase Technology Inc. representative: Lin Chiu-Hsu iBase Technology Inc. representative: Chen Yu-Nan Lin Siou-Lian	41,698,468	27.88%



	Independent Director Independent Director	Ta-Ho Yen Chen Kun-Chih		
IBASE JAPAN	Director Director	Hsu Wu-Chun Chang Sheng-Hsiang	600	100%
TMC TECHNOLOGY UK CO. LIMITED	DIRECTORS	T S Lin C Y Chen	4,500	100%
IBASE Singapore PTE. Ltd.	DIRECTORS	Hsu Wu-Chun TAN HAI GUAN	900,000	100%
IBASE TECHNOLOGY (USA),INC.	DIRECTORS	Chiu-Shi Lin Hsu Wu-Chun	546,000	100%
Shanghai Guangjia Information Technology Co., Ltd.	Responsible person	Chen Chang-Tai	USD 2,700,000 (Note 1)	100%
HMS TECHNOLOGY LIMITED	Responsible person	Teng Kuo-Yuan	CNY 3,000,000 (Note 1)	60.00%
IBASE Italy SRL	Director	T S Lin	EUR 90,000	100%
IBG INC.	Chairman Director	Wu Yu-Cheng Liao Liang-Pin	USD 20,000	100.00%
Terrence Maritime Technology Service Co., Ltd.	Chairman Director Director Director Director Director Supervisor	IBASE SOLUTION CO., LTD representative: Liao Liang-Pin IBASE SOLUTION CO., LTD representative: Wu Yu-Cheng IBASE SOLUTION CO., LTD representative: Tsai Hung-Chieh Fu Yang-Chin Hsu Chieh-Hui J&V Energy Technology Co., Ltd.: Lin Ta-Hsiang Huang Hui-Lan	971,610	47.63%

Note 1: A limited company without shares.

5. Operational results of each affiliate:

NT\$1,000; December 31, 2022

Affiliate code	Name of enterprise	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Profit or loss for the current period (after tax)	Earnings per share (NT\$) (after tax)
8050	IBASE TECHNOLOGY INC.	1,949,967	10,811,138	4,164,734	6,646,404	5,815,663	929,493	1,135,052	9.42
80500002	IBASE INC.	443,434	446,810	0	446,810	0	0	51,034	36.72
80500003	IBT INTERNATIONAL INC.	324,441	139,084	0	139,084	0	0	7,082	0.69
80500004	Shanghai Guangjia Information Technology Co., Ltd.	76,896	79,601	93,543	-13,942	50,236	-11,374	-16,692	註 1
80500005	IBASE TECHNOLAND(USA), INC.	229,495	264,908	140,946	123,962	447,383	33,406	24,302	44.51
80500006	TMC Technology U.K. Co., Ltd.	83,143	312,670	72,614	240,056	615,655	51,934	45,523	10,116.22
80500008	VISWIS, INC.	21,000	759	0	759	0	0	1	0.00
80500009	IBASE Singapore PTE. Ltd	38,549	45,925	13,791	32,134	83,192	-1,171	-1,571	-1.75
80500010	IBASE SOLUTION CO., LTD	424,345	1,825,268	784,070	1,041,198	581,314	-62,810	851	0.02
80500011	Novakon Co., Ltd.	68,800	166,578	16,458	150,120	132,128	29,200	32,003	4.65
80500012	Shenzhen Huameishi Tech Co., Ltd.	13,898	2,568	0	2,568	15,980	-786	-881	註 1
80500013	IBASE Italy SRL	309	6,688	5,702	987	5,510	218	81	0.08
80500014	IBASE JAPAN	9,178	96,200	89,731	6,468	230,418	15,196	12,503	20,838.33
8050015	IBG INC.	6,169	300	0	300	0	-74	-74	-
8050016	Terrence Maritime Technology Service Co., Ltd.	510,000	505	620	-115	0	-3,766	-3,727	-1.83

Note 1: A limited company without shares.

### (III) Consolidated Financial Statements of Affiliated Enterprises

#### Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the Company's Consolidated Financial Statements of Affiliated Enterprises for the year ended December 31, 2022, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10. In addition, the information required to be disclosed in the Consolidated Financial Statements of Affiliated Enterprises is included in the consolidated financial statements. Consequently, the Company does not prepare a separate set of Consolidated Financial Statements of Affiliated Enterprises.

Hereby certify

Company name: iBase Technology Inc.

Chairperson: Lin Chiu-Hsu



February 24, 2023

- II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- IV. Other matters that require additional description: None.

Chapter 9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
IBASE Technology Inc.

### Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), 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 auditing standards generally accepted in 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 based on our audits and the reports of other auditors.

### 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 matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

#### Revenue Recognition

The operating income of IBASE Technology Inc. mainly comes from the design, production and sales of industrial computer board products and related application system products and platforms. Since industrial computers are a small number of highly customized products, and products are developed according to customers' different usage purposes and environmental needs, the top ten customers are more likely to be affected by the order cycle of product customization projects. Therefore, among the top ten customers of the Company, the revenue from customers with related party and concentrated sales was deemed as a key audit matter. For the accounting policies and

relevant disclosure information related to the recognition of operating income, please refer to Note 4 to the financial statements.

Our audit procedures performed in response to the abovementioned key audit matter are as follows:

1. We obtained an understanding and tested the effectiveness of the implementation of internal controls over sales.
2. We selected appropriate samples from the sales revenue receipts of specific customers, examined purchase orders, shipping documents and proof of payments as pertaining to the same transaction counterparties.
3. We obtained details on sales returns and allowances for the year and after the reporting period and checked for material abnormalities in sales returns and allowances for the purpose of confirming the authenticity of the sales recognized before the balance sheet date.
4. We assessed the days sales outstanding in the facility period.

### **Other Matter**

We did not audit the financial statements of certain investees of the Company as of and for the years ended December 31, 2022 and 2021, which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Company's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT\$3,009,162 thousand and NT\$2,735,487 thousand as of December 31, 2022 and 2021, respectively, which represented 27.83% and 33.72% of the Company's total assets, respectively. The Company's share of the comprehensive income of such subsidiaries and associates amounted to NT\$368,168 thousand and NT\$161,884 thousand for the years ended December 31, 2022 and 2021, respectively, which represented 30.97% and 50.30% of the Company's total comprehensive income, respectively.

### **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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are 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 auditing standards generally accepted in 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 and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are

responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 Chih-Yuan Chen and Tung-Feng Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 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 accepted and 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.*

**IBASE TECHNOLOGY INC.**

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 688,684	6	\$ 376,815	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	26,575	-	14,643	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	423,648	4	417,030	5
Financial assets at amortized cost - current (Notes 4, 9, 10 and 32)	1,000	-	1,000	-
Notes receivable (Note 4)	1,950	-	5,993	-
Trade receivables (Notes 4, 11 and 24)	800,894	7	353,500	4
Trade receivables from related parties (Notes 4, 24 and 31)	244,070	2	214,187	3
Other receivables from related parties (Notes 4 and 31)	100,616	1	67,788	1
Current tax assets (Notes 4 and 26)	-	-	9,768	-
Inventories (Notes 4 and 12)	1,907,995	18	1,519,259	19
Refundable deposits - current (Note 4)	4,422	-	32,684	-
Prepayments and other current assets (Notes 11, 18 and 31)	45,400	1	38,102	1
Total current assets	4,245,254	39	3,050,769	38
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	15,522	-	43,628	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	212,286	2	94,937	1
Investments accounted for using the equity method (Notes 4 and 13)	3,329,689	31	3,052,527	38
Property, plant and equipment (Notes 4, 14 and 32)	2,820,402	26	1,698,985	21
Right-of-use assets (Notes 4 and 16)	41,362	1	21,072	-
Investment properties (Notes 4, 15 and 32)	25,636	-	26,083	-
Other intangible assets (Notes 4 and 17)	23,256	-	9,797	-
Deferred tax assets (Notes 4 and 26)	49,883	1	47,983	1
Prepayment for purchases	27,428	-	43,227	-
Refundable deposits - non-current (Note 4)	16,220	-	18,450	-
Other non-current assets	4,200	-	4,200	-
Total non-current assets	6,565,884	61	5,060,889	62
<b>TOTAL</b>	<b>\$ 10,811,138</b>	<b>100</b>	<b>\$ 8,111,658</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 30,000	-	\$ 30,000	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 20)	-	-	6,517	-
Contract liabilities (Notes 4 and 24)	98,124	1	77,242	1
Notes payable	3,988	-	2,951	-
Trade payables (Note 31)	809,744	7	761,914	9
Other payables (Notes 4 and 21)	271,334	3	115,882	2
Other payables to related parties (Note 31)	10,122	-	8,065	-
Current tax liabilities (Notes 4 and 26)	161,644	2	41,425	1
Lease liabilities - current (Notes 4 and 16)	18,060	-	14,202	-
Current portion of bonds payable (Notes 4 and 20)	-	-	762,835	10
Current portion of long-term borrowings (Notes 19 and 32)	86,304	1	83,333	1
Other current liabilities	37,260	-	22,070	-
Total current liabilities	1,526,580	1	1,926,436	24
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 20)	7,840	-	-	-
Bonds payable (Notes 4 and 20)	1,452,183	14	-	-
Long-term borrowings (Notes 19 and 32)	1,140,918	11	1,342,222	16
Deferred tax liabilities (Notes 4 and 26)	13,416	-	-	-
Lease liabilities - non-current (Notes 4 and 16)	23,797	-	7,396	-
Total non-current liabilities	2,638,154	25	1,349,618	16
Total liabilities	4,164,734	39	3,276,054	40
<b>EQUITY</b>				
Share capital				
Ordinary shares	1,949,967	18	1,770,998	22
Capital surplus	2,556,111	24	1,882,750	23
Retained earnings				
Legal reserve	537,725	5	506,123	6
Special reserve	12,844	-	18,122	-
Unappropriated earnings	1,964,759	18	1,156,125	15
Total retained earnings	2,515,328	23	1,680,370	21
Other equity	41,331	-	(12,844)	-
Treasury shares	(416,333)	(4)	(485,670)	(6)
Total equity	6,646,404	61	4,835,604	60
<b>TOTAL</b>	<b>\$ 10,811,138</b>	<b>100</b>	<b>\$ 8,111,658</b>	<b>100</b>

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

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan







# IBASE TECHNOLOGY INC.

## 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	%
OPERATING REVENUE (Notes 4, 24 and 31)				
Sales	\$ 5,790,565	100	\$ 3,853,852	99
Other operating revenue	<u>25,098</u>	<u>-</u>	<u>21,170</u>	<u>1</u>
Total operating revenue	5,815,663	100	3,875,022	100
OPERATING COSTS (Notes 4, 12, 25 and 31)				
Cost of goods sold	<u>4,257,048</u>	<u>73</u>	<u>3,174,251</u>	<u>82</u>
GROSS PROFIT	1,558,615	27	700,771	18
REALIZED (UNREALIZED) GAIN WITH SUBSIDIARIES AND ASSOCIATES	<u>(14,584)</u>	<u>-</u>	<u>1,090</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,544,031</u>	<u>27</u>	<u>701,861</u>	<u>18</u>
OPERATING EXPENSES (Notes 11, 25 and 31)				
Selling and marketing expenses	153,088	3	122,036	3
General and administrative expenses	188,925	3	140,953	4
Research and development expenses	266,937	5	186,085	5
Expected credit loss (gain)	<u>5,588</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
Total operating expenses	<u>614,538</u>	<u>11</u>	<u>449,055</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>929,493</u>	<u>1</u>	<u>252,806</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	2,700	-	182	-
Other income (Notes 25 and 31)	31,624	1	23,577	1
Other gains and losses (Notes 25 and 31)	88,398	1	3,272	-
Share of profit or loss of subsidiaries and associates (Notes 4 and 13)	331,441	6	131,832	4
Finance costs (Notes 19, 20 and 25)	(30,981)	(1)	(24,403)	(1)
Net loss on fair value changes of financial instruments designated as at fair value through profit or loss (Notes 4, 7 and 20)	<u>(16,575)</u>	<u>-</u>	<u>(26,400)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>406,607</u>	<u>7</u>	<u>108,060</u>	<u>3</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,336,100	23	360,866	9
INCOME TAX EXPENSE (Notes 4 and 26)	<u>201,048</u>	<u>4</u>	<u>48,319</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,135,052</u>	<u>19</u>	<u>312,547</u>	<u>8</u>

(Continued)

  
**IBASE TECHNOLOGY INC.**

**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	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 21,175	-	\$ 25,556	1
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>1,488</u>	<u>-</u>	<u>(144)</u>	<u>-</u>
	<u>22,663</u>	<u>-</u>	<u>25,412</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	30,998	1	(16,061)	(1)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	<u>(35)</u>	<u>-</u>	<u>(55)</u>	<u>-</u>
	<u>30,963</u>	<u>1</u>	<u>(16,116)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>53,626</u>	<u>1</u>	<u>9,296</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,188,678</u>	<u>20</u>	<u>\$ 321,843</u>	<u>8</u>
<b>EARNINGS PER SHARE (Note 27)</b>				
Basic	<u>\$ 9.42</u>		<u>\$ 2.69</u>	
Diluted	<u>\$ 8.51</u>		<u>\$ 2.39</u>	

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

(Concluded)

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



  
**IBASE TECHNOLOGY INC.**  
 STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (In Thousands of New Taiwan Dollars)

	Capital Surplus (Notes 4, 20 and 23)								Retained Earnings (Note 23)				Other Equity (Note 4)			Total Equity	
	Share Capital (Note 23)	Issuance of Ordinary Shares	Share of Changes in Capital Surplus of Associates or Joint Ventures	The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition	Share of Changes in Capital Surplus of Subsidiaries	Convertible Bonds	Other	Total	Legal Reserve	Special Reserve	Unappropriated		Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total		Treasury Shares (Notes 4 and 23)
											Earnings	Total					
BALANCE AT JANUARY 1, 2021	\$ 1,770,998	\$ 1,596,310	\$ 27,002	\$ 202,052	\$ 174,589	\$ 40,056	\$ 844	\$ 2,040,853	\$ 497,373	\$ 83,004	\$ 921,470	\$ 1,501,847	\$ (44,264)	\$ 26,143	\$ (18,121)	\$ (242,149)	\$ 5,053,428
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	8,750	-	(8,750)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	(64,882)	64,882	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(137,497)	(137,497)	-	-	-	-	(137,497)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(137,497)	-	-	-	-	(137,497)
	-	-	-	-	-	-	-	-	8,750	(64,882)	(81,365)	(137,497)	-	-	-	-	(137,497)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	1,047	4,858	-	-	5,905	-	-	-	-	(1)	(1)	(2)	-	5,903
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	7,864	-	-	-	7,864	-	-	-	(544)	(544)	-	-	-	-	7,320
Issuance of cash dividends from capital surplus	-	(171,872)	-	-	-	-	(171,872)	-	-	-	-	-	-	-	-	-	(171,872)
	-	(171,872)	7,864	1,047	4,858	-	(158,103)	-	-	-	(544)	(544)	(1)	(1)	(2)	-	(158,649)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	4,017	4,017	-	(4,017)	(4,017)	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	312,547	312,547	-	-	-	-	312,547
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	(16,061)	25,357	9,296	-	9,296
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	312,547	312,547	(16,061)	25,357	9,296	-	321,843
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(243,521)	(243,521)
BALANCE AT DECEMBER 31, 2021	<u>1,770,998</u>	<u>1,424,438</u>	<u>34,866</u>	<u>203,099</u>	<u>179,447</u>	<u>40,056</u>	<u>844</u>	<u>1,882,750</u>	<u>506,123</u>	<u>18,122</u>	<u>1,156,125</u>	<u>1,680,370</u>	<u>(60,326)</u>	<u>47,482</u>	<u>(12,844)</u>	<u>(485,670)</u>	<u>4,835,064</u>
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	31,602	-	(31,602)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	(5,278)	5,278	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(278,665)	(278,665)	-	-	-	-	(278,665)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(278,665)	-	-	-	-	(278,665)
	-	-	-	-	-	-	-	-	31,602	(5,278)	(304,989)	(278,665)	-	-	-	-	(278,665)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actual acquisition of interests in subsidiaries	-	-	-	1,818	-	-	1,818	-	-	-	-	-	-	546	546	-	2,364
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	13,569	-	13,569	-	-	-	-	-	1	2	3	-	13,572
Equity component of convertible bonds issued by the Company	-	-	-	-	-	134,120	134,120	-	-	-	-	-	-	-	-	-	134,120
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	18,684	-	-	-	18,684	-	-	-	(97)	(97)	-	-	-	-	18,587
Issuance of cash dividends from capital surplus	-	(82,935)	-	-	-	-	(82,935)	-	-	-	-	-	-	-	-	-	(82,935)
	-	(82,935)	18,684	1,818	13,569	134,120	85,256	-	-	-	(97)	(97)	1	548	549	-	85,078
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	1,135,052	1,135,052	-	-	-	-	1,135,052
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	30,998	22,628	53,626	-	53,626
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	1,135,052	1,135,052	30,998	22,628	53,626	-	1,188,678
Convertible bonds converted to ordinary shares	178,679	628,161	-	-	-	(40,056)	588,105	-	-	-	-	-	-	-	-	-	767,074
Reissuance of treasury shares for employees	-	-	-	-	-	-	(870)	(870)	-	-	(21,332)	(21,332)	-	-	-	69,337	47,135
Share-based payments	-	-	-	-	-	-	870	870	-	-	-	-	-	-	-	-	870
BALANCE AT DECEMBER 31, 2022	<u>\$ 1,949,967</u>	<u>\$ 1,969,664</u>	<u>\$ 53,550</u>	<u>\$ 204,917</u>	<u>\$ 193,016</u>	<u>\$ 134,120</u>	<u>\$ 844</u>	<u>\$ 2,556,111</u>	<u>\$ 537,725</u>	<u>\$ 12,844</u>	<u>\$ 1,964,759</u>	<u>\$ 2,515,328</u>	<u>\$ (29,327)</u>	<u>\$ 70,658</u>	<u>\$ 41,331</u>	<u>\$ (416,333)</u>	<u>\$ 6,646,404</u>

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

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



**IBASE TECHNOLOGY INC.**  
  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,336,100	\$ 360,866
Adjustments for:		
Depreciation expenses	99,875	72,214
Amortization expenses	10,807	9,464
Expected credit loss reversed on trade receivables	5,588	(19)
Net loss on fair value changes of financial instruments at fair value through profit or loss	16,575	26,400
Finance costs	30,981	24,403
Interest income	(2,700)	(182)
Dividend income	(30,179)	(19,834)
Share-based payments	870	-
Share of profit of subsidiaries and associates	(331,441)	(131,832)
Property, plant and equipment transferred to expense	-	762
Inventory falling price loss	16,215	16,101
Write-down of inventories	10,754	12,288
Unrealized (realized) gain on transactions with subsidiaries and associates	14,584	(1,090)
Gain on lease modification	-	(88)
Net loss on foreign currency exchange	2,179	6,886
Changes in operating assets and liabilities		
Notes receivable	4,043	(4,252)
Trade receivables	(463,155)	(14,919)
Trade receivables from related parties	(33,290)	(89,458)
Other receivables from related parties	(23,004)	(14,264)
Inventories	(415,705)	(466,853)
Prepayments and other current assets	(7,304)	(19,358)
Notes payable	1,037	(2,645)
Trade payables	56,186	471,698
Other payables	155,444	48,518
Other payables to related parties	1,633	1,111
Contract liabilities	20,882	33,638
Other current liabilities	594	84
Cash used in operations	477,569	319,639
Interest paid	(21,491)	(14,608)
Income tax paid	(59,545)	(12,596)
Net cash generated from (used in) operating activities	<u>396,533</u>	<u>292,435</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(15,150)	(45,030)
Purchase of financial assets at fair value through other comprehensive income	(102,792)	(120,074)

(Continued)

**IBASE TECHNOLOGY INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
Proceeds from sale of financial assets at fair value through profit or loss	\$ 2,367	\$ 44,783
Proceeds from sale of financial assets at fair value through other comprehensive income	-	46,385
Acquisition of investments accounted for using the equity method	(31,844)	-
Payments for property, plant and equipment	(1,161,990)	(89,226)
Decrease in refundable deposits	30,588	61,447
Payments for intangible assets	(24,266)	(7,761)
Increase in prepayments for equipment	(27,178)	(43,227)
Interest received	2,700	182
Dividends received from associates	133,169	129,120
Dividends received from subsidiaries	13,495	2,783
Other dividends received	<u>30,179</u>	<u>19,834</u>
Net cash used in investing activities	<u>(1,150,722)</u>	<u>(784)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of convertible bonds	1,600,000	-
Payments to issuance of convertible bonds	(5,235)	-
Proceeds from long-term borrowings	-	405,555
Repayments of long-term borrowings	(198,333)	-
Increase (decrease) in guarantee deposits received	-	(1,200)
Repayment of the principal portion of lease liabilities	(15,909)	(14,923)
Dividends paid to owners of the Company by cash	(278,665)	(137,497)
Payments for buy-back of ordinary shares	-	(243,521)
Proceeds from reissuance of treasury shares	47,135	-
Dividends paid to owners of the Company by share surplus	<u>(82,935)</u>	<u>(171,872)</u>
Net cash generated from (used in) financing activities	<u>1,066,058</u>	<u>(163,458)</u>
<b>NET INCREASE IN CASH</b>	<b>311,869</b>	<b>128,193</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<u><b>376,815</b></u>	<u><b>248,622</b></u>
<b>CASH AT THE END OF THE YEAR</b>	<u><b>\$ 688,684</b></u>	<u><b>\$ 376,815</b></u>

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

(Concluded)

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



# IBASE TECHNOLOGY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

IBASE Technology Inc. (the “Company”) was incorporated in the Republic of China (ROC) in February 2000. The Company mainly manufactures, packages, tests and sells various products including industrial motherboards, embedded systems, panel PCs, digital signage players and network appliances.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since October 2003.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 24, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.



d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

## 2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest Company of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; and any remeasurement of gains and losses on such financial assets is

recognized in other gains and losses. Fair value is determined in the manner described in Note 30: Financial Instruments.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, note receivable, trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

#### l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

#### m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

##### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of industrial computer. Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

##### 2) Revenue from the rendering of services

Revenue from the rendering of services comes from the product design service.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.



q. Share-based payment arrangements

Employee stock options are recognized on a straight-line basis during the vesting period according to the fair value of the equity instrument on the grant date and the best estimate of the amount expected, along with the capital surplus - employee stock options are adjusted at the same time. If the employee stock options are immediately acquired on the grant day, they shall be recognized in full as a fee on the grant day.

The Company corrects the estimated number of employee stock options expected to be acquired on each balance sheet date. If there is a correction to the original estimated quantity, the impact is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital surplus - employee stock options are adjusted accordingly.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 397	\$ 379
Checking accounts and demand deposits	396,542	376,436
Cash equivalents (investments with original maturities of less than 3 months)	<u>291,745</u>	<u>-</u>
	<u>\$ 688,684</u>	<u>\$ 376,815</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Bank balance	0.001%-1.05%	0.001%-0.1%
Investments with original maturities of less than 3 months	3.6%~4.1%	-

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 5,969	\$ 6,518
Convertible corporate bonds	<u>20,606</u>	<u>8,125</u>
	<u>\$ 26,575</u>	<u>\$ 14,643</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 15,522</u>	<u>\$ 43,628</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 20)	<u>\$ -</u>	<u>\$ 6,517</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 20)	<u>\$ 7,840</u>	<u>\$ -</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 423,648</u>	<u>\$ 417,030</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 212,286</u>	<u>\$ 94,937</u>

a. Investments in equity instruments at FVTOCI

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - Winmate Inc.	\$ 404,301	\$ 381,894
Ordinary shares - Darwin Precisions Corporation	<u>19,347</u>	<u>35,136</u>
	<u>\$ 423,648</u>	<u>\$ 417,030</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - AMPIRE CO., LTD	\$ 108,690	\$ -
Ordinary shares - 3D Global Biotech Inc.	5,952	5,631
Unlisted shares		
Ordinary shares - ICATCH Inc.	41,372	40,742
Ordinary shares - Taiwan Pulse Motion Co., Ltd.	27,599	22,869
Ordinary shares - Navisys Technology Corp.	9,918	10,864
Ordinary shares - Asuka Autotronics Inc.	3,202	1,050
Ordinary shares - Huai I Precision Technology Co., Ltd.	8,383	6,420
Ordinary shares - Internet Solutions Technology Corp.	<u>-</u>	<u>-</u>
Unlisted shares	205,116	87,576
Foreign investments		
Unlisted shares		
Ordinary shares - Darwins Summit Corporation Ltd.	<u>7,170</u>	<u>7,361</u>
	<u>\$ 212,286</u>	<u>\$ 94,937</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ <u>1,000</u>	\$ <u>1,000</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.795% per annum as of December 31, 2022 and 2021.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- c. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

December 31, 2022

	<b>At Amortized Cost</b>
Gross carrying amount	\$ 1,000
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 1,000</u>

December 31, 2021

	<b>At Amortized Cost</b>
Gross carrying amount	\$ 1,000
Less: Allowance for impairment loss	<u>-</u>
Amortized cost	<u>\$ 1,000</u>

The Company invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Company's current credit risk grading mechanism is as follows:

<b>Category</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses (ECLs)</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2022

<b>Category</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount At Amortized Cost</b>
Performing	0%	\$ 1,000

December 31, 2021

<b>Category</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount At Amortized Cost</b>
Performing	0%	\$ 1,000

## 11. TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 801,241	\$ 354,166
Less: Allowance for impairment loss	<u>(347)</u>	<u>(666)</u>
	<u>\$ 800,894</u>	<u>\$ 353,500</u>

a. At amortized cost

The average credit period of sales of goods was 14-90 days. No interest was charged on trade receivables from the date of the invoice. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue

debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

#### December 31, 2022

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>150 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0.50%	0.95%	2.54%	0%	100%	
Gross carrying amount	\$ 785,147	\$ 15,093	\$ 423	\$ 315	\$ 4	\$ 259	\$ 801,241
Loss allowance (Lifetime ECLs)	-	(76)	(4)	(8)	-	(259)	(347)
Amortized cost	<u>\$ 785,147</u>	<u>\$ 15,017</u>	<u>\$ 419</u>	<u>\$ 307</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 800,894</u>

#### December 31, 2021

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>150 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0.77%	1.42%	2.52%	0%	6.27%	
Gross carrying amount	\$ 320,245	\$ 24,857	\$ 1,056	\$ 1,151	\$ -	\$ 6,857	\$ 354,166
Loss allowance (Lifetime ECLs)	-	(192)	(15)	(29)	-	(430)	(666)
Amortized cost	<u>\$ 320,245</u>	<u>\$ 24,665</u>	<u>\$ 1,041</u>	<u>\$ 1,122</u>	<u>\$ -</u>	<u>\$ 6,427</u>	<u>\$ 353,500</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 666	\$ 685
Add: Net remeasurement of loss allowance	5,588	-
Less: Net remeasurement of loss allowance	-	(19)
Less: Amounts written off	<u>(5,907)</u>	<u>-</u>
Balance at December 31	<u>\$ 347</u>	<u>\$ 666</u>

b. At FVTOCI

For trade receivables that are selling to Hua Nan Commercial Bank Ltd., the Company will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The relevant information regarding the transfer of accounts receivable for the Company were as follows:

<b>Purchaser of Accounts Receivable</b>	<b>Receivables Sold</b>	<b>Received Amounts</b>	<b>Advances Received</b>	<b>Interest Rate</b>	<b>Credit Line</b>
<u>December 31, 2022</u>					
BNP PARIBAS Factor	\$102,294	\$ 90,973	\$ -	-	\$ 7,155
Deutsche Factoring Bank	14,238	13,388	-	-	3,071
EUROFACTOR	<u>3,883</u>	<u>44</u>	<u>-</u>	-	<u>2,356</u>
	<u>\$121,045</u>	<u>\$104,405</u>	<u>\$ -</u>		<u>\$ 12,582</u>
<u>December 31, 2021</u>					
BNP PARIBAS Factor	\$ 52,093	\$ 46,877	\$ -	-	\$ 6,449
Deutsche Factoring Bank	3,372	1,417	-	-	2,768
EUROFACTOR	<u>1,330</u>	<u>1,330</u>	<u>-</u>	-	<u>2,123</u>
	<u>\$ 56,795</u>	<u>\$ 49,624</u>	<u>\$ -</u>		<u>\$ 11,340</u>

The Company transferred the above debts to the off-take bank and lost control of these receivables debts. The amount of the above debts transferred, net of the amount received, has been reclassified to accounts receivable from the Company and the bank, and has been reclassified to other receivables (included in other current assets).

The above credit lines may be used on a revolving basis.

Under the terms of the sale and purchase agreement, losses arising from commercial disputes (such as business returns or discounts) are borne by the Company, while losses arising from credit risk are borne by the off-take bank.

The Company did not provide any collateral to banks as of December 31, 2022 and 2021, respectively.



## 12. INVENTORIES

	<u>December 31</u>	
	2022	2021
Merchandise	\$ 180,425	\$ 146,683
Finished goods	295,303	238,920
Work in progress	391,684	260,362
Raw materials	<u>1,040,583</u>	<u>873,294</u>
	<u>\$ 1,907,995</u>	<u>\$ 1,519,259</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$4,257,048 thousand and \$3,174,251 thousand, respectively.

The cost of goods sold included inventory falling price loss of \$16,215 thousand and inventory write-downs of \$10,754 thousand for the years ended December 31, 2022.

The cost of goods sold included inventory falling price loss of \$16,101 thousand and inventory write-downs of \$12,288 thousand for the years ended December 31, 2021.

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2022	2021
Investments in subsidiaries	\$ 888,228	\$ 749,578
Investments in associates	<u>2,441,161</u>	<u>2,302,949</u>
	<u>\$ 3,329,689</u>	<u>\$ 3,052,527</u>

### a. Investments in subsidiaries

	<u>December 31</u>	
	2022	2021
IBASE Inc.	\$ 446,581	\$ 375,449
IBASE SOLUTION CO., LTD	324,737	310,934
Novakon Co., Ltd.	109,952	62,706
IBSAE Japan	6,469	(6,445)
VISWIS, Inc.	<u>489</u>	<u>489</u>
	888,228	743,133
Add: the credit balance of investments accounted for using the equity method reversed to other receivables	<u>-</u>	<u>6,445</u>
	<u>\$ 888,228</u>	<u>\$ 749,578</u>

Name of Subsidiary	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	2022	2021
IBASE Inc.	100.00%	100.00%
IBASE SOLUTION CO., LTD	31.19%	31.48%
Novakon Co., Ltd.	70.00%	81.50%
IBSAE Japan	100.00%	100.00%
VISWIS, Inc.	64.44%	64.44%

Refer to Table 6 and 7 for the details of the subsidiaries indirectly held by the Company.

In December of 2022, the Company subscribed 1,338 thousand shares for additional new shares of Novakon Co., Ltd. at a percentage different from its existing ownership percentage, further reducing its continuing interest from 81.50% to 70.00%.

In January of 2022, due to some creditors of IBASE SOLUTION CO., LTD. exercised their conversion rights and convertible bonds was converted to \$4,052 for share capital, reducing its continuing interest from 31.48% to 31.19%. The Company holds a 31.19% interest in IBASE SOLUTION CO., LTD. IBASE SOLUTION CO., LTD is listed on the Taipei Exchange, and the remaining 68.81% interest in IBASE SOLUTION CO., LTD is dispersed and held by thousands of shareholders that are unrelated to the Company. The directors of the Company considered the Company's absolute size of holding in IBASE SOLUTION CO., LTD and the relative size of and dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of IBASE SOLUTION CO., LTD and, therefore, the Company has control over IBASE SOLUTION CO., LTD.

All of the amounts were based on audited financial statements.

b. Investments in associates

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in material associates		
AAEON Technology Inc.	<u>\$2,330,849</u>	<u>\$2,193,897</u>
Associates that are not individually material		
WiBASE Industrial Solutions Inc.	110,612	109,052
Micro Silicon Elecs. Corp.	<u>-</u>	<u>-</u>
	<u>110,612</u>	<u>109,052</u>
	<u>\$2,441,461</u>	<u>\$2,302,949</u>

c. Material associates

<b>Name of Associate</b>	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
AAEON Technology Inc.	27.94%	28.06%

Refer to Table 6 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The amounts were based on audited financial statements.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

<b>Name of Associate</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
AAEON Technology Inc.	<u>\$ 3,631,937</u>	<u>\$ 2,893,874</u>

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

AAEON Technology Inc. and its associates:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 5,918,961	\$ 5,143,956
Non-current assets	5,484,025	5,072,049
Current liabilities	(1,659,745)	(1,519,846)
Non-current liabilities	<u>(380,343)</u>	<u>(305,631)</u>
Equity	<u>\$ 9,362,898</u>	<u>\$ 8,390,528</u>
Owners of the Company	<u>\$ 2,330,849</u>	<u>\$ 2,193,897</u>
Carrying amount	<u>\$ 2,330,849</u>	<u>\$ 2,193,897</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	<u>\$ 8,352,076</u>	<u>\$ 6,347,704</u>
Net profit for the year	\$ 1,177,836	\$ 513,753
Other comprehensive income (loss)	<u>60,583</u>	<u>(13,979)</u>
Total comprehensive income for the year	<u>\$ 1,238,419</u>	<u>\$ 499,774</u>

d. Aggregate information of associates that are not individually material

<b>Name of Associate</b>	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
WiBASE Industrial Solutions Inc.	20.60%	20.75%
Micro Silicon Elecs Corp.	30.00%	30.00%

- 1) As Micro Silicon Elecs Corp. ceased operations on October 8, 2004, the investment amount was assessed to be not recoverable and was recognized as a loss.
- 2) The amounts were based on audited financial statements, except for Micro Silicon Elecs Corp. Management believes that there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investees that have not been audited.
- 3) Refer to Table 6 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Company's share of:		
Profit from continuing operations	<u>\$ 4,725</u>	<u>\$ 8,434</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Logistics Equipment	Other Equipment	Transportation Equipment	Property under Construction	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 916,065	\$ 739,419	\$ 192,429	\$ 17,115	\$ 288,544	\$ 286	\$ 20,030	\$ 2,173,888
Additions	816,000	143,192	39,415	2,195	106,763	-	8,825	1,161,990
Transferred from prepayments for equipment	-	-	38,543	-	4,434	-	-	42,977
Transfers from property under construction	-	28,855	-	-	-	-	(28,855)	-
Disposals	-	-	(1,946)	(1,221)	(372)	-	-	(3,539)
Balance at December 31, 2022	<u>\$ 1,777,665</u>	<u>\$ 911,466</u>	<u>\$ 268,441</u>	<u>\$ 18,089</u>	<u>\$ 399,369</u>	<u>\$ 286</u>	<u>\$ -</u>	<u>\$ 3,375,316</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ -	\$ 128,407	\$ 156,016	\$ 13,918	\$ 176,431	\$ 131	\$ -	\$ 474,903
Depreciation expenses	-	16,409	21,452	1,406	44,235	48	-	83,550
Disposals	-	-	(1,946)	(1,221)	(372)	-	-	(3,539)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 144,816</u>	<u>\$ 175,522</u>	<u>\$ 14,103</u>	<u>\$ 220,294</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ 554,914</u>
Carrying amounts at December 31, 2022	<u>\$ 1,777,665</u>	<u>\$ 766,650</u>	<u>\$ 92,919</u>	<u>\$ 3,986</u>	<u>\$ 179,075</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 2,820,402</u>
<b>Cost</b>								
Balance at January 1, 2021	\$ 784,775	\$ 636,061	\$ 180,989	\$ 16,170	\$ 236,932	\$ 286	\$ -	\$ 1,855,213
Additions	-	-	12,825	1,378	38,493	-	36,530	89,226
Transferred from investment properties	131,290	103,358	-	-	-	-	-	234,648
Transfers from property under construction	-	-	-	-	16,500	-	(16,500)	-
Transferred to expense	-	-	-	-	(773)	-	-	(773)
Disposals	-	-	(1,385)	(433)	(2,608)	-	-	(4,426)
Balance at December 31, 2021	<u>\$ 916,065</u>	<u>\$ 739,419</u>	<u>\$ 192,429</u>	<u>\$ 17,115</u>	<u>\$ 288,544</u>	<u>\$ 286</u>	<u>\$ 20,030</u>	<u>\$ 2,173,888</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2021	\$ -	\$ 110,629	\$ 146,732	\$ 13,167	\$ 150,076	\$ 84	\$ -	\$ 420,688
Depreciation expenses	-	14,907	10,669	1,184	28,974	47	-	55,781
Transferred from investment properties	-	2,871	-	-	-	-	-	2,871
Transferred to expense	-	-	-	-	(11)	-	-	(11)
Disposals	-	-	(1,385)	(433)	(2,608)	-	-	(4,426)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 128,407</u>	<u>\$ 156,016</u>	<u>\$ 13,918</u>	<u>\$ 176,431</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 474,903</u>
Carrying amounts at December 31, 2021	<u>\$ 916,065</u>	<u>\$ 611,012</u>	<u>\$ 36,413</u>	<u>\$ 3,197</u>	<u>\$ 112,113</u>	<u>\$ 155</u>	<u>\$ 20,030</u>	<u>\$ 1,698,985</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The Company's board meeting on August 12, 2022 approved the plan to purchase the NanKang office, and signed a sale contract with Taiwan Tea Corporation on September 14, 2022, with a transaction amount of NT\$1,000,000 thousand (including tax). The transaction has been paid in full and the transfer of ownership was completed in December 2022.

The above items of property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives and are as follows:

Buildings	38-50 years
Machinery	5-8 years
Logistics equipment	5 years
Office equipment	3-5 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

## 15. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ <u>32,795</u>
Balance at December 31, 2022	\$ <u>32,795</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 6,712
Depreciation expenses	<u>447</u>
Balance at December 31, 2022	\$ <u>7,159</u>
Carrying amounts at December 31, 2022	\$ <u>25,636</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 267,443
Transfers to property, plant and equipment	<u>(234,648)</u>
Balance at December 31, 2021	\$ <u>32,795</u>

(Continued)

**Completed  
Investment  
Properties**

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 8,031
Depreciation expenses	1,552
Transfers to property, plant and equipment	<u>(2,871)</u>
Balance at December 31, 2021	<u>\$ 6,712</u>
Carrying amounts at December 31, 2021	<u>\$ 26,083</u> (Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings 38-50 years

The Company's determination of fair value was performed by independent qualified professional valuers. The valuation was arrived at by reference to weighted average of the market-based methodology and a discounted cash flow analysis. The fair value as appraised was as follows:

	<u>December 31</u>	
	2022	2021
Fair value	<u>\$ 77,234</u>	<u>\$ 60,064</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

**16. LEASE ARRANGEMENTS**

a. Right-of-use assets

<u>Carrying amount</u>	<u>December 31</u>	
	2022	2021
Buildings	\$ 34,526	\$ 8,560
Transportation equipment	<u>6,836</u>	<u>12,512</u>
	<u>\$ 41,362</u>	<u>\$ 21,072</u>

	<b>For the Year Ended December 31</b>		
	<b>2022</b>		<b>2021</b>
Additions to right-of-use assets		<u>\$ 36,168</u>	<u>\$ 4,728</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 10,202	\$ 9,525
Transportation equipment		<u>5,676</u>	<u>5,356</u>
		<u>\$ 15,878</u>	<u>\$ 14,881</u>
	<b>Buildings</b>	<b>Transportation Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 35,232	\$ 21,461	\$ 56,693
Additions	36,168	-	36,168
Lease modification	<u>(32,810)</u>	<u>(1,760)</u>	<u>(34,570)</u>
Balance at December 31, 2022	<u>\$ 38,590</u>	<u>\$ 19,701</u>	<u>\$ 58,291</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 26,672	\$ 8,949	\$ 35,261
Depreciation expenses	10,202	5,676	15,878
Lease modification	<u>(32,810)</u>	<u>(1,760)</u>	<u>(34,570)</u>
Balance at December 31, 2022	<u>\$ 4,064</u>	<u>\$ 12,865</u>	<u>\$ 16,929</u>
Carrying amounts at December 31, 2022	<u>\$ 34,526</u>	<u>\$ 6,836</u>	<u>\$ 41,362</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 35,082	\$ 23,860	\$ 58,942
Additions	150	4,578	4,728
Lease modification	<u>-</u>	<u>(6,977)</u>	<u>(6,977)</u>
Balance at December 31, 2021	<u>\$ 35,232</u>	<u>\$ 21,461</u>	<u>\$ 56,693</u>

(Continued)

	<b>Buildings</b>	<b>Transportation Equipment</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 17,147	\$ 9,822	\$ 26,969
Depreciation expenses	9,525	5,356	14,881
Lease modification	<u>-</u>	<u>(6,229)</u>	<u>(6,229)</u>
Balance at December 31, 2021	<u>\$ 26,672</u>	<u>\$ 8,949</u>	<u>\$ 35,261</u>
Carrying amounts at December 31, 2021	<u>\$ 8,560</u>	<u>\$ 12,512</u>	<u>\$ 21,072</u> (Concluded)

b. Lease liabilities

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 18,060</u>	<u>\$ 14,202</u>
Non-current	<u>\$ 23,797</u>	<u>\$ 7,396</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Buildings	1.5%	1.5%
Transportation equipment	1.5%	1.5%

Lease period was as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Buildings	2019.12.31- 2027.10.31	2019.12.31- 2022.12.20
Transportation equipment	2020.01.03- 2026.12.29	2020.01.03- 2026.12.29



c. Other lease information

	<u>For the Year Ended December 31</u>	
	2022	2021
Expenses relating to short-term leases	\$ <u>3,087</u>	\$ <u>3,508</u>
Total cash outflow for leases	\$ <u>(19,284)</u>	\$ <u>(18,819)</u>

The Company's leases of certain Buildings, office equipment and transportation equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INTANGIBLE ASSETS

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 93,253
Additions	<u>24,266</u>
Balance at December 31, 2022	<u>\$ 117,519</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ (83,456)
Amortization expenses	<u>(10,807)</u>
Balance at December 31, 2022	<u>\$ (94,263)</u>
Carrying amounts at December 31, 2022	<u>\$ 23,256</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 85,492
Additions	<u>7,761</u>
Balance at December 31, 2021	<u>\$ 93,253</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ (73,992)
Amortization expenses	<u>(9,464)</u>
Balance at December 31, 2021	<u>\$ (83,456)</u>
Carrying amounts at December 31, 2021	<u>\$ 9,797</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 years.

## 18. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Prepayments	\$ 6,036	\$ 7,754
Other receivables	38,355	29,364
Others	<u>1,009</u>	<u>984</u>
	<u>\$ 45,400</u>	<u>\$ 38,102</u>

## 19. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The range of weighted average effective interest rates on bank loans was 1.99% and 1.15% per annum at December 31, 2022 and 2021, respectively.

### b. Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 35)</u>		
Bank loans		
Hua Nan Commercial Bank Ltd. (1)	\$ 347,222	\$ 430,555
Chang Hwa Bank Ltd.(2)	800,000	-
<u>Unsecured borrowings</u>		
Line of credit borrowings		
Hua Nan Commercial Bank Ltd. (3 and 4)	<u>80,000</u>	<u>995,000</u>
	1,227,222	1,425,555
Less: Current portion	<u>(86,304)</u>	<u>(83,333)</u>
Long-term borrowings	<u>\$ 1,140,918</u>	<u>\$ 1,342,222</u>

1) The bank borrowings secured by the Company's freehold land and buildings. In February 2020, IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$500,000 thousand, with a floating interest rate of 1.45% and after one-year grace period will be repayable in the next 7 years. the loan maturity date will be February 7, 2027. As of December 31, 2022, the bank loans have been repaid \$152,778 thousand.

2) The bank borrowings secured by the Company's freehold land and buildings. In November 2022, IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$800,000

thousand, with a floating interest rate of 1.715% and after one-year grace period will be repayable in the next 19 years. the loan maturity date will be December 22, 2042.

- 3) During February to December 2022, the Company acquired new bank borrowing facilities in the amounts of \$995,000 thousand, with a floating interest rate of 1.15%. The loan maturity date will be February 24, 2023 to December 1, 2023. All of the bank loans have been repaid in November 2022.
- 4) During August to October 2022, the Company acquired new bank borrowing facilities in the amounts of \$80,000 thousand, with a floating interest rate of 1.68% to 1.80%. The loan maturity date will be August 15, 2024 to October 31, 2024. The bank loans will be repaid after maturity.

## 20. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
IBASE Technology Inc. 5th domestic unsecured convertible bonds		
(a)	\$ -	\$ 762,835
IBASE Technology Inc. 6th domestic unsecured convertible bonds		
(b)	<u>1,452,183</u>	<u>-</u>
	<u>1,452,183</u>	762,835
Less: Current portions	<u>-</u>	<u>(762,835)</u>
	<u>\$1,452,183</u>	<u>\$ -</u>

- a. At September 7, 2020, the Company issued 8,000 thousand, 0% NTD-denominated 5th unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$800,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$48.8. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of November 22, 2022, conversion price has been adjusted to \$44.7, and conversion may occur at any time between December 8, 2020 and September 7, 2025. If the bonds have not been converted, they will be redeemed in cash at face value on September 7, 2025. If the conditions specified in the agreement are met, the Company may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the Company will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2 and 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company's share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 100.50% and 100.75% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$6,517 thousand and \$6,517 thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 is \$762,835 thousand based on amortized cost and its effective interest rate originally recognized is 1.3008%.

Proceeds from issuance (less transaction costs of \$5,235 thousand)	\$ 794,765
Equity component	<u>(40,056)</u>
Liability component at the date of issue (including bonds payable \$749,940 thousand and financial liabilities at FVTPL - non-current \$4,769 thousand)	754,709
Interest charged at an effective interest rate	19,205
Gain on valuation of financial instrument	(6,832)
Convertible bonds converted into ordinary shares	<u>(767,082)</u>
Liability component at November 22, 2022	<u>\$ -</u>

As of November 22, 2022, the 5th secured convertible bonds with face value \$800,000 thousand have been converted into the Company ordinary shares of 17,897 thousand shares.

- b. At November 22, 2022, the Company issued 16,000 thousand, 0% NTD-denominated 6th unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,600,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$75. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of December 31, 2022, conversion price has been adjusted to \$75, and conversion may occur at any time between February 23, 2023 and November 22, 2027. If the bonds have not been converted, they will be redeemed in cash at face value on November 22, 2027. If the conditions specified in the agreement are met, the Company may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the Company will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2 and 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company's share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 100.50% and 100.75% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$7,840 thousand on December 31, 2022; non-derivative product liabilities have been measured on December 31, 2022 is \$1,452,183 thousand based on amortized cost and its effective interest rate originally recognized is 2.0023%.

Proceeds from issuance (less transaction costs of \$5,235 thousand)	\$1,594,765
Equity component	<u>(134,120)</u>
Liability component at the date of issue (including bonds payable \$1,449,003 thousand and financial liabilities at FVTPL - non-current \$11,642 thousand)	1,460,645
Interest charged at an effective interest rate	3,180
Gain on valuation of financial instrument	<u>(3,802)</u>
Liability component at December 31, 2022	<u>\$1,460,023</u>

As of December 31, 2022, all of the 6th unsecured convertible bonds have not yet been converted into the Company's ordinary shares.

## 21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 130,965	\$ 77,687
Payables for employees' compensation	100,000	15,300
Payables for directors' compensation	4,375	1,800
Others	<u>35,994</u>	<u>21,095</u>
	<u>\$ 271,334</u>	<u>\$ 115,882</u>

## 22. RETIREMENT BENEFIT PLANS

### Defined Contribution Plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>218,800</u>	<u>218,800</u>
Value of shares authorized	<u>\$ 2,188,000</u>	<u>\$ 2,188,000</u>
Number of shares issued and fully paid (in thousands)	<u>194,997</u>	<u>177,100</u>
Value of shares issued	<u>\$ 1,949,967</u>	<u>\$ 1,770,998</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

### b. Capital surplus

Capital surplus which arises from the issuance of ordinary shares, conversion of bonds, and treasury share transactions may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus which arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions may be used to offset a deficit only.

Capital surplus which arises from changes in capital surplus of subsidiaries accounted for using the equity method and convertible options (i.e. the equity component of issue of convertible bonds) may not be used for any purpose.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 25-g.

The Company's Articles also stipulate a dividends policy whereby the payment of cash dividends should take into account its future business needs, long term financial plan, investment environment, domestic and foreign market competition, and shareholders' wealth. In principle, cash dividends are limited to 5% of the total dividends distributed. If the accumulated undistributed earnings is one-tenth lower than the paid-in capital, the distribution of cash dividends may be suspended in the fiscal year.

Items referred to under Rule No. 1090150022, Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on February 25, 2022 and February 26, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 31,602	\$ 8,750		
Special reserve	(5,278)	(64,882)		
Cash dividends	278,665	137,497	\$ 1.68	\$ 0.8

The above appropriations for cash dividends were resolved by the Company's board of directors on February 25, 2022 and February 26, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 22, 2022 and July 15, 2021, respectively.

The Company's board of directors also resolved to distribute the capital surplus of \$82,935 thousand and \$171,872 thousand as cash dividends on February 25, 2022 and February 26, 2021, respectively.

Due to shares transferred to employees and buy-back of ordinary shares which increased or reduced the outstanding shares circulating on the open market, the adjustment of cash dividends per share appropriations of earnings for 2021 and 2020 resulted in an increase of \$0.012 and \$0.014 per share, respectively.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2021	5,228
Increase during the year	<u>6,000</u>
Number of shares at December 31, 2021	<u>11,228</u>
Number of shares at January 1, 2022	11,228
Decrease during the year	<u>(1,184)</u>
Number of shares at December 31, 2022	<u>10,044</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

## 24. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 5,790,565	\$ 3,853,852
Other operating revenue		
Revenue from the rendering of services	<u>25,098</u>	<u>21,170</u>
	<u>\$ 5,815,663</u>	<u>\$ 3,875,022</u>

### a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 11 and 31)	<u>\$1,045,311</u>	<u>\$ 568,353</u>	<u>\$ 465,294</u>
Contract liabilities			
Sale of goods	<u>\$ 98,124</u>	<u>\$ 77,242</u>	<u>\$ 43,604</u>

### b. Disaggregation of revenue

#### For the year ended December 31, 2022

	<b>Industrial Computer</b>
Type of goods or services	
Sale of goods	\$ 5,790,565
Rendering of services	<u>25,098</u>
	<u>\$ 5,815,663</u>

#### For the year ended December 31, 2021

	<b>Industrial Computer</b>
Type of goods or services	
Sale of goods	\$ 3,853,852
Rendering of services	<u>21,170</u>
	<u>\$ 3,875,022</u>



## 25. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 2,267	\$ 83
Financial assets at FVTPL	377	39
Others	<u>56</u>	<u>60</u>
	<u>\$ 2,700</u>	<u>\$ 182</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 30,179	\$ 19,834
Rental income	<u>1,445</u>	<u>3,743</u>
	<u>\$ 31,624</u>	<u>\$ 23,577</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on sampling and repair services	\$ 46,505	\$ 13,517
Gain on lease modification	-	88
Depreciation expense of investment property	(447)	(1,552)
Net foreign exchange losses	41,704	(9,651)
Others	<u>636</u>	<u>870</u>
	<u>\$ 88,398</u>	<u>\$ 3,272</u>

### d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 21,148	\$ 14,168
Interest on convertible bonds	9,490	9,795
Interest on lease liabilities	288	388
Other finance costs	<u>55</u>	<u>52</u>
	<u>\$ 30,981</u>	<u>\$ 24,403</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 71,065	\$ 44,013
Operating expenses	<u>28,810</u>	<u>28,201</u>
	<u>\$ 99,875</u>	<u>\$ 72,214</u>
An analysis of amortization by function		
Operating costs	\$ 2,267	\$ 1,462
Operating expenses	<u>8,540</u>	<u>8,002</u>
	<u>\$ 10,807</u>	<u>\$ 9,464</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 617,320	\$ 406,873
Post-employment benefits	19,807	17,638
Other employee benefits	<u>59,590</u>	<u>50,655</u>
Total employee benefits expense	<u>\$ 696,717</u>	<u>\$ 475,166</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 275,982	\$ 195,983
Operating expenses	<u>420,735</u>	<u>279,183</u>
	<u>\$ 696,717</u>	<u>\$ 475,166</u>

g. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at interest rates of 1-15% and no higher than 3%, respectively, of employees' compensation and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	6.93%	4.05%
Remuneration of directors and supervisors	0.30%	0.48%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$100,000</u>	<u>\$ 15,300</u>
Remuneration of directors and supervisors	<u>\$ 4,375</u>	<u>\$ 1,800</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$135,315	\$ 26,289
Foreign exchange losses	<u>(93,611)</u>	<u>(35,940)</u>
	<u>\$ 41,704</u>	<u>\$ (9,651)</u>

**26. INCOME TAXES RELATING TO CONTINUING OPERATIONS**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$187,589	\$ 42,096
Income tax on unappropriated earnings	-	307
Adjustments for prior year	<u>1,943</u>	<u>6,964</u>
	<u>189,532</u>	<u>49,367</u>
Deferred tax		
In respect of the current year	7,259	2,438
Adjustments for prior year	<u>4,257</u>	<u>(3,486)</u>
	<u>11,516</u>	<u>(1,048)</u>
Income tax expense recognized in profit or loss	<u>\$201,048</u>	<u>\$ 48,319</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$1,336,100</u>	<u>\$ 360,866</u>
Income tax expense calculated at the statutory rate	\$ 267,220	\$ 72,173
Tax-exempt income	(56,285)	(28,161)
Nondeductible expenses in determining taxable income	2,000	1,975
Unrecognized deductible temporary differences	-	7,806
Used investment credits	(18,087)	(9,259)
Income tax on unappropriated earnings	-	307
Adjustments for prior years' tax	<u>6,200</u>	<u>3,478</u>
Income tax expense recognized in profit or loss	<u>\$ 201,048</u>	<u>\$ 48,319</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 9,768</u>
Current tax liabilities		
Income tax payable	<u>\$161,644</u>	<u>\$ 41,425</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Temporary differences			
Unrealized write-down of inventories	\$ 33,533	\$ 3,243	\$ 36,776
Unrealized sales cost	1,808	(1,808)	-
Unrealized gross profit from sales	4,237	2,917	7,154
Amount of allowance for bad debts that exceed the limit for tax purpose	1,671	1,181	2,852
Loss on investments accounted for using the equity method	280	(280)	-
Unrealized exchange loss	1,272	(1,272)	-
Unrealized warranty expense	909	2,176	3,085
Others	<u>32</u>	<u>(16)</u>	<u>16</u>
	43,742	6,141	49,883
Investment credits	<u>4,241</u>	<u>(4,241)</u>	<u>-</u>
	<u>\$ 47,983</u>	<u>\$ 1,900</u>	<u>\$ 49,883</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Gain on investments accounted for using the equity method	\$ -	\$ 12,444	\$ 12,444
Unrealized exchange gain	<u>-</u>	<u>972</u>	<u>972</u>
	<u>\$ -</u>	<u>\$ 13,416</u>	<u>\$ 13,416</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Temporary differences			
Unrealized write-down of inventories	\$ 30,313	\$ 3,220	\$ 33,533
Unrealized sales cost	1,975	(167)	1,808
Unrealized gross profit from sales	4,455	(218)	4,237
Amount of allowance for bad debts that exceed the limit for tax purpose	1,671	-	1,671
Loss on investments accounted for using the equity method	4,994	(4,714)	280
Unrealized exchange loss	2,386	(1,114)	1,272
Unrealized warranty expense	36	873	909
Others	<u>350</u>	<u>(318)</u>	<u>32</u>
	46,180	(2,438)	43,742
Investment credits	<u>755</u>	<u>3,486</u>	<u>4,241</u>
	<u>\$ 46,935</u>	<u>\$ 1,048</u>	<u>\$ 47,983</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Deductible temporary differences	<u>\$ 166,573</u>	<u>\$ 127,540</u>

The unrecognized items include impairment loss of financial assets, loss on investments accounted for using the equity method and impairment loss on investments accounted for using the equity method.

- e. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	\$1,135,052	\$ 312,547
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>(1,817)</u>	<u>7,899</u>
Earnings used in the computation of diluted earnings per share	<u>\$1,133,235</u>	<u>\$ 320,446</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,515	116,299
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,352	384
Convertible bonds	<u>11,276</u>	<u>17,167</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>133,143</u>	<u>133,850</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company and Aaeon Technology Inc. hold each other's shares using the equity method. The Company's investment in Aaeon Technology Inc. uses the treasury stock method, and when calculating earnings per share, the Company's shares held by Aaeon Technology Inc. are treated as treasury shares and deducted from the calculation. If the aforementioned impact is not taken into account, the basic earnings per share of the Company for 2022 and 2021 are NT\$6.54 and NT\$1.85, respectively; the diluted earnings per share for 2022 and 2021 are NT\$6.09 and NT\$1.72, respectively.

## 28. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

### For the year ended December 31, 2022

In December of 2022, the Company subscribed 1,338 thousand shares for additional new shares of Novakon Co., Ltd. at a percentage different from its existing ownership percentage, further reducing its continuing interest from 81.50% to 70.00%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. Refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2022.

## 29. CAPITAL MANAGEMENT

Based on the current industrial operations, future company development, and external environmental changes, the Company plans its future capital, R&D expenses, and dividends payment, etc. so that the companies within the Company can continue as a going concern while their shareholder value can be further improved by optimizing the balance of debt and equity to maintain an optimal capital structure.

Key management personnel of the Company review the capital structure on an irregularly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 30. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,452,183</u>	<u>\$ 1,734,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734,400</u>

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	<u>\$ 762,835</u>	<u>\$ 878,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,400</u>



b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic unlisted shares	\$ -	\$ 15,522	\$ -	\$ 15,522
Mutual funds	5,969	-	-	5,969
Convertible bonds	<u>20,606</u>	<u>-</u>	<u>-</u>	<u>20,606</u>
	<u>\$ 26,575</u>	<u>\$ 15,522</u>	<u>\$ -</u>	<u>\$ 42,097</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 532,338	\$ 5,952	\$ -	\$ 538,290
Domestic unlisted shares	-	90,474	-	90,474
Foreign unlisted shares	<u>-</u>	<u>7,170</u>	<u>-</u>	<u>7,170</u>
	<u>\$ 532,338</u>	<u>\$ 103,596</u>	<u>\$ -</u>	<u>\$ 635,934</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 7,840</u>	<u>\$ -</u>	<u>\$ 7,840</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic unlisted shares	\$ -	\$ 43,628	\$ -	\$ 43,628
Mutual funds	6,518	-	-	6,518
Convertible bonds	<u>8,125</u>	<u>-</u>	<u>-</u>	<u>8,125</u>
	<u>\$ 14,643</u>	<u>\$ 43,628</u>	<u>\$ -</u>	<u>\$ 58,271</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 417,030	\$ 5,631	\$ -	\$ 422,661
Domestic unlisted shares	-	81,945	-	81,945
Foreign unlisted shares	<u>-</u>	<u>7,361</u>	<u>-</u>	<u>7,361</u>
	<u>\$ 417,030</u>	<u>\$ 94,937</u>	<u>\$ -</u>	<u>\$ 511,967</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 6,517</u>	<u>\$ -</u>	<u>\$ 6,517</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
IBASE Technology Inc. 5th domestic unsecured convertible bonds	Under the assumption that corporate bond will be redeemed on September 7, 2025, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.
IBASE Technology Inc. 6th domestic unsecured convertible bonds	Under the assumption that corporate bond will be redeemed on November 22, 2027, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.
Emerging market shares Domestic unlisted shares Foreign unlisted shares	Market approach: Potential value of unlisted shares is estimated by comparing firms in the same industry who have similar financial positions; using its listed price, corresponding price multiplier and adjusting the discount on liquidity risk to evaluate the market price of unlisted shares.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 42,097	\$ 58,271
Financial assets at amortized cost (1)	1,896,211	1,099,781
Financial assets at FVTOCI		
Equity instruments	635,934	511,967
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	7,840	6,517
Amortized cost (2)	3,569,253	3,012,415

- 1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, trade and other receivables, trade and other receivables from related parties and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables (excluding employee benefits payable), trade and other payables to related parties, bonds payable, current portion of long-term borrowings and bonds payable and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, financial assets designated as at FVTPL, equity investments, trade receivables, trade payables, lease liabilities, bonds payable, and borrowings. The financial strategies of the Company were mainly based on the principles of conservatism and prudence. The objective of financial risk management was to manage the risk of exchange rate, interest rate, credit and liquidity risk associated with operating activities. To reduce relative financial risks, the Company formulated a complete approval authority to establish a clear-cut financial policy and supervise the implementation process to reduce the potential adverse effects of market changes on financial performance of the Company.

The significant financial activities of the Company were reviewed by the board of directors in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Company must comply with the relevant financial operating procedures regarding the management of financial risks and the division of authority and responsibility.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. Approximately 83% of the Company's sales is denominated in currencies other than the functional currency of the entity in the Company making the sale, whilst almost 71% of costs is denominated in currencies other than the functional currency of the entity in the Company. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>

Profit or loss	\$ (11,123)	\$ (3,294)
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This was mainly attributable to the exposure of outstanding USD receivables and payables which were not hedged at the end of the reporting period. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of the year did not reflect the exposure during the year.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 292,745	\$ 1,000
Financial liabilities	1,524,040	821,377
Cash flow interest rate risk		
Financial assets	396,541	376,435
Financial liabilities	1,227,222	1,418,611

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$(8,307) thousand and \$(10,422) thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$155 thousand and \$436 thousand, respectively,

as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$6,359 thousand and \$5,120 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$155 thousand and \$436 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$6,359 thousand and \$5,120 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 319,404	\$ 418,160	\$ 122,284	\$ -	\$ -
Lease liabilities	1,619	3,188	13,753	24,255	-
Variable interest rate liabilities	8,432	18,683	79,924	550,323	745,892
Fixed interest rate liabilities	<u>30,010</u>	<u>7,154</u>	<u>21,923</u>	<u>1,718,739</u>	<u>-</u>
	<u>\$ 359,465</u>	<u>\$ 447,185</u>	<u>\$ 237,884</u>	<u>\$ 2,293,317</u>	<u>\$ 745,892</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 18,560</u>	<u>\$ 24,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 347,969	\$ 374,300	\$ 71,718	\$ -	\$ -
Lease liabilities	1,286	2,552	10,528	7,526	-
Variable interest rate liabilities	298	17,525	74,450	1,341,307	13,896
Fixed interest rate liabilities	<u>37,366</u>	<u>2,466</u>	<u>7,486</u>	<u>827,242</u>	<u>-</u>
	<u>\$ 386,919</u>	<u>\$ 396,843</u>	<u>\$ 164,236</u>	<u>\$ 2,176,075</u>	<u>\$ 13,896</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 14,420</u>	<u>\$ 7,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank facilities, reviewed annually and payable on demand:		
Amount used	\$ 110,000	\$ 1,025,000
Amount unused	<u>2,120,000</u>	<u>705,000</u>
	<u>\$ 2,230,000</u>	<u>\$ 1,730,000</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 1,147,222	\$ 430,555
Amount unused	<u>-</u>	<u>69,445</u>
	<u>\$ 1,147,222</u>	<u>\$ 500,000</u>

**31. TRANSACTIONS WITH RELATED PARTIES**

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
IBASE SOLUTION CO., LTD	Subsidiary
Novakon Co., Ltd.	Subsidiary
VISWIS, Inc.	Subsidiary
IBSAE Japan	Subsidiary
TMC Technology UK Co., Ltd.	Subsidiary
IBASE Singapore Pte. Ltd.	Subsidiary
IBASE Technology (USA), Inc.	Subsidiary
IBASE Italy SRL	Subsidiary
IBASE (Shanghai) Technology Inc.	Subsidiary
ShenZhen Huameishi Technology Co., Ltd.	Subsidiary
WiBASE Industrial Solutions Inc.	Associate
AAEON Technology Inc.	Associate
ONYX Healthcare Inc.	Associate
ASUSTeK Computer Inc.	Associate

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Subsidiaries	\$1,158,909	\$ 761,480
	Associates	<u>66,581</u>	<u>87,632</u>
		<u>\$1,225,490</u>	<u>\$ 849,112</u>
Other operating revenue	Subsidiaries		
	TMC Technology UK Co., Ltd.	\$ 6,651	\$ 10,669
	Others	2,534	2,057
	Associates	<u>1,056</u>	<u>282</u>
		<u>\$ 10,241</u>	<u>\$ 13,008</u>

For transactions with related parties, the prices and collection terms were similar to those transactions with third parties.

c. Operating costs

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Purchases of goods	Subsidiaries	\$ 8,143	\$ 7,182
	Associates	<u>2,122</u>	<u>385</u>
		<u>\$ 10,265</u>	<u>\$ 7,567</u>
Manufacturing overhead	Subsidiaries	\$ 1,262	\$ 18
	Associates	<u>7</u>	<u>-</u>
		<u>\$ 1,269</u>	<u>\$ 18</u>

For transactions with related parties, the prices and payment terms were similar to those transactions with third parties.

d. Operating expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Selling and marketing	Subsidiaries	<u>\$ 23,552</u>	<u>\$ 16,456</u>
Research and development expenses	Subsidiaries	<u>\$ 4,913</u>	<u>\$ 6,739</u>

For transactions with related parties, the prices and payment terms were similar to those transactions with third parties.



e. Non-operating income

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental income	Subsidiaries	\$ 1,233	\$ 1,208
Other income	Subsidiaries		
	TMC Technology UK Co., Ltd.	\$ 1,611	\$ 1,560
	IBASE Technology (USA), Inc.	6,078	626
	Others	3,169	1,311
	Associates	2,214	211
		<u>\$ 13,072</u>	<u>\$ 3,708</u>

The rental amounts agreed in lease contracts between the Company and related parties are determined based on market prices and general collection terms.

f. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Subsidiaries		
	IBASE Technology (USA), Inc.	\$ 98,938	\$ 69,483
	IBSAE Japan	63,172	43,677
	TMC Technology UK Co., Ltd.	44,363	30,456
	IBASE Singapore Pte. Ltd.	10,864	22,670
	Others	11,114	27,027
		<u>228,451</u>	<u>193,313</u>
	Associates	15,619	20,874
		<u>\$ 244,070</u>	<u>\$ 214,187</u>
Other receivables	Subsidiaries		
	IBASE (Shanghai) Technology Inc.	\$ 74,067	\$ 49,554
	IBSAE Japan	-	15,182
	Less: The credit balance of investments accounted for using the equity method reversed to other receivables	-	(6,445)
	IBASE Technology (USA), Inc.	26,549	9,249
	Others	-	248
		<u>\$ 100,616</u>	<u>\$ 67,788</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

The credit term of the group for non-related party is 90 days. In accordance with Letter 167 of the accounting research and development foundation, the accounts receivable from IBASE (Shanghai) Technology Inc., IBASE Technology (USA), Inc. and IBSAE Japan amounted to \$78,562 and \$64,736 thousand, which had exceeded the normal credit term of the unrelated parties for 90 days should be reclassified as non-trading receivables as well as disclosed under financing provided to others at the end

of 2022 and 2021, respectively.

g. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Subsidiaries		
	IBASE Japan	\$ 233	\$ 7
	IBASE SOLUTION CO., LTD	153	226
	Novakon Co., Ltd.	62	49
	IBASE Singapore Pte. Ltd.	-	995
	IBASE Technology (USA), Inc.	-	506
	Others	-	95
		<u>448</u>	<u>1,878</u>
	Associates		
	AAEON Technology Inc.	77	-
	Others	7	-
		<u>84</u>	<u>-</u>
		<u>\$ 532</u>	<u>\$ 1,878</u>
Other payables	Subsidiaries		
	IBASE Technology (USA), Inc.	\$ 7,975	\$ 6,135
	IBASE Italy SRL	<u>2,147</u>	<u>1,930</u>
		<u>\$ 10,122</u>	<u>\$ 8,065</u>

The outstanding trade payables to related parties are unsecured.

h. Prepayments

Related Party Category/Name	December 31	
	2022	2021
Subsidiaries	<u>\$ -</u>	<u>\$ 891</u>

i. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 22,020	\$ 16,896
Post-employment benefits	<u>432</u>	<u>432</u>
	<u>\$ 22,452</u>	<u>\$ 17,328</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or the tariffs of imported raw material guarantees:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Freehold land	\$ 1,390,255	\$ 916,065
Buildings	438,726	503,556
Investment property	-	26,083
Pledged deposits (classified as financial assets at amortized cost - current)	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,829,981</u>	<u>\$ 1,446,704</u>

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

#### December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,561	30.71 (USD:NTD)	\$1,552,728
Non-monetary items			
Investments accounted for using the equity method			
USD	14,549	30.71 (USD:NTD)	446,581
Refundable deposits			
USD	144	30.71 (USD:NTD)	4,422
<u>Financial liabilities</u>			
Monetary items			
USD	14,343	30.71 (USD:NTD)	440,474

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 24,808	27.68 (USD:NTD)	\$ 686,685
Non-monetary items			
Investments accounted for using the equity method			
USD	13,575	27.68 (USD:NTD)	375,449
Refundable deposits			
USD	1,267	27.68 (USD:NTD)	35,071
<u>Financial liabilities</u>			
Monetary items			
USD	12,907	27.68 (USD:NTD)	357,266

The significant realized and unrealized foreign exchange losses were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
<b>Foreign Currency</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Losses</b>	<b>Exchange Rate (Foreign Currency: Functional Currency)</b>	<b>Net Foreign Exchange Losses</b>
NTD	1 (NTD:NTD)	<u>\$ 41,704</u>	1 (NTD:NTD)	<u>\$ (9,651)</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the

paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (None)

10) Information on investees (Table 6)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

## IBASE TECHNOLOGY INC.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	IBASE Technology Inc.	IBASE (Shanghai) Technology Inc	Other receivables - related party	Y	\$ 75,706	\$ 74,538	\$ 74,538	-	Note 1	\$ 74,538	-	\$ -	-	\$ -	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Japan	Other receivables - related party	Y	47,377	-	-	-	Note 1	-	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Technology (USA), Inc.	Other receivables - related party	Y	4,684	4,524	4,524	-	Note 1	4,524	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Singapore Pte. Ltd.	Other receivables - related party	Y	13,615	-	-	-	Note 1	-	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	

Note 1: Under Letter 167 of the accounting research and development foundation, if the trade receivables of unrelated parties are past due over 90 days from the end of the credit term, it should be reclassified as non-trading receivables as well as disclosed under financing provided to others.

Note 2: The difference between the ending balance and the amounts of other receivables in Note 31-f was due to foreign currency evaluation.

**IBASE TECHNOLOGY INC.**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBASE Technology Inc.	<u>Ordinary shares</u>							
	Ever Advanced Precision Technologies Ltd.	-	Financial assets measured at FVTPL - non-current	2,600,000	\$ 43,628	15.57	\$ 43,628	-
	Taiwan Pulse Motion Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	880,000	22,869	18.33	22,869	-
	Navisys Technology Corp.	-	Financial assets measured at FVTOCI - non-current	576,576	10,864	10.11	10,864	-
	ICATCH Inc.	-	Financial assets measured at FVTOCI - non-current	3,749,727	40,742	18.09	40,742	-
	Internet Solutions Technology Corp.	-	Financial assets measured at FVTOCI - non-current	133,334	-	5.41	-	-
	Asuka Autotronics Inc.	-	Financial assets measured at FVTOCI - non-current	968,412	1,050	11.23	1,050	-
	3D Global Biotech Inc.	-	Financial assets measured at FVTOCI - non-current	500,000	5,631	0.93	5,631	-
	Huai I Precision Technology Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	1,688,000	6,420	5.79	6,420	-
	Darwins Summit Corporation Ltd.	-	Financial assets measured at FVTOCI - non-current	10,000	7,361	10.00	7,361	-
	Winmate Inc.	-	Financial assets measured at FVTOCI - current	4,871,097	381,894	6.72	381,894	-
	Darwin Precisions Corporation	-	Financial assets measured at FVTOCI - current	2,196,000	35,136	0.33	35,136	-
	<u>Mutual funds</u>							
	Yuanta Global Realty & Infrastructure Fund - Accumulation	-	Financial assets measured at FVTPL - current	500,000	5,090	-	5,090	-
	Franklin Templeton SinoAm Global Aggregate Bond Fund - Dist.	-	Financial assets measured at FVTPL - current	200,000	1,428	-	1,428	-
	<u>Corporate bonds</u>							
Evergreen Marine Corporation (Taiwan) Ltd.	-	Financial assets measured at FVTPL - current	20,000	3,200	-	3,200	-	
Lion Travel Service Co., Ltd	-	Financial assets measured at FVTPL - current	50,000	4,925	-	4,925	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBASE SOLUTION CO., LTD	<u>Preference shares</u> GOMORE INC.	-	Financial assets measured at FVTPL - non-current	25,216,865	\$ 10,540	5.04	\$ 10,540	-
	<u>Mutual funds</u> Hua Nan Phoenix Money Market Fund	-	Financial assets measured at FVTPL - current	4,263,846.9	70,011	-	70,011	-
	<u>Financial bonds</u> Qatar. National Bank	-	Financial assets measured at FVTOCI - current	994,474.38	4,150	-	4,150	-
Novakon Co., Ltd.	<u>Ordinary shares</u> Huai I Precision Technology Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	668,000	3,318	2.29	3,318	-

(Concluded)

Note: Marketable securities shown above are those recognized under IFRS 9: Financial Instruments.



## IBASE TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
IBASE Technology Inc.	Land and plant	August 12, 2022	\$1,000,000 (tax included)	\$1,000,000	TAIWAN TEA CORPORATION	None	-	-	-	\$-	Note 1	Required for company operations	-
IBASE SOLUTION CO., LTD	Land and plant	April 21, 2022	322,660	322,660	FOUNDING CONSTRUCTION DEVELOPMENT CORP.	None	-	-	-	-	Note 2	Required for company operations	-

Note 1: This is based on the appraisal results of Zhan-Mao Real Estate Appraisers Firm (with an appraisal amount of NT\$1,017,370 thousand) and Fu-Jia Real Estate Appraisers Firm (with an appraisal amount of NT\$1,003,631 thousand).

Note 2: This is based on the appraisal results of Grand Elite Real Estate Appraisers Firm (with an appraisal amount of NT\$332,226 thousand).

**IBASE TECHNOLOGY INC.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
IBASE Technology Inc.	TMC Technology UK Co., Ltd.	Parent company	Sale	\$(452,887)	(8)	Note	\$ -	-	\$ 44,363	4	
TMC Technology UK Co., Ltd.	IBASE Technology Inc.	Fellow subsidiary	Purchase	452,887	87	Note	-	-	(44,363)	(89)	
IBASE Technology Inc.	IBASE Technology (USA) Inc.	Parent company	Sale	(336,120)	(6)	Note	-	-	98,938	9	
IBASE Technology (USA) Inc.	IBASE Technology Inc.	Fellow subsidiary	Purchase	336,120	94	Note	-	-	(98,938)	(79)	
IBASE Technology Inc.	IBASE Japan	Parent company	Sale	(194,326)	(3)	Note	-	-	63,172	6	
IBASE Japan	IBASE Technology Inc.	Fellow subsidiary	Purchase	194,326	95	Note	-	-	(63,172)	(100)	

Note: For transactions with related parties, the prices and collection (payment) terms were similar to those transactions with third parties.

**IBASE TECHNOLOGY INC.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
IBASE Technology Inc.	IBASE Technology (USA) Inc.	Parent company	\$125,487 (Note)	-	\$ 4,495	Transaction terms are determined by financial condition	\$ 26,532	\$ -

Note: Included account receivables \$98,938 and other receivables \$26,549.

## IBASE TECHNOLOGY INC.

INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
IBASE Technology Inc.	IBASE Inc.	Independent State of Samoa	Holding investment of IBT International Inc., TMC Technology UK Co., Ltd., and IBASE Singapore PTE Ltd.	\$ 443,434	\$ 443,434	1,389,658	100.00	\$ 446,581	\$ 51,034	\$ 51,117	Notes 1 and 2
	IBASE SOLUTION CO., LTD	New Taipei City, Taiwan	Suppliers of gaming machines and research, design, manufacturing, and sales of energy storage equipment	147,571	147,571	13,510,880	31.19	324,737	851	255	Note 1
	WiBASE Industrial Solutions Inc.	Taipei City, Taiwan	R&D and suppliers of ODM, IPC related to vehicles mounted	132,021	132,021	8,050,418	20.60	110,612	22,984	4,725	Note 1
	Novakon Co., Ltd.	Taipei City, Taiwan	Manufacture of computers and peripheral equipment	124,633	92,789	4,816,000	70.00	109,952	32,003	25,905	Note 1
	VISWIS, Inc.	Taipei City, Taiwan	Manufacture and reproduction of recorded media	19,333	19,333	1,353,333	64.44	489	1	-	Note 1
	IBASE Japan	Japan	IT software and data processing services	9,178	9,178	600	100.00	6,469	12,503	12,503	Note 1
	AAEON Technology Inc.	New Taipei City, Taiwan	Suppliers of IPC and after-sales services	2,130,105	2,130,105	41,698,468	27.94	2,330,849	1,074,460	236,936	Note 1
	Micro Silicon Elecs Corp.	Taipei City, Taiwan	Suppliers of IPC, computer peripheral, and electronic components	1,500	1,500	150,000	30.00	-	-	-	Note 3
IBASE Inc.	IBT International Inc.	Independent State of Samoa	IT software and data processing services	324,441	324,441	10,255,122	100.00	139,084	7,082	7,082	Note 1
	TMC Technology UK Co., Ltd.	United Kingdom	Holding investment of IBASE Technology (USA), Inc., IBASE (Shanghai) Technology Inc., and ShenZhen Huameishi Technology Co., Ltd.	83,143	83,143	4,500	100.00	267,187	45,523	45,523	Note 1
	IBASE Singapore PTE Ltd.	Singapore	Suppliers of IPC and after-sales services	35,849	35,849	900,000	100.00	40,539	(1,571)	(1,571)	Note 1
IBASE SOLUTION CO., LTD	IBG Inc.	United States of America	IT software and data processing services and supplier of computer peripheral equipment	6,169	6,169	200,000	100.00	300	(74)	(74)	Note 1
	Teras Marine Services Co., Ltd.	New Taipei City, Taiwan	Suppliers of gaming machines	12,357	245,543	971,610	47.63	(115)	(3,727)	(1,835)	Note 1
IBT International Inc.	IBASE Technology (USA), Inc.	United States of America	Maritime Engineering Technical Services	229,495	229,495	546,000	100.00	150,023	24,302	24,302	Note 1
TMC Technology UK Co., Ltd.	IBASE Italy SRL	Italy	Suppliers of IPC and after-sales services	309	309	10,000	100.00	987	81	81	Note 1
			After-sales services of IPC								

Note 1: The amounts are based on audited 2022 financial statements.

Note 2: The difference between the share of profit or loss and net income (loss) of the investee for the year ended December 31, 2022 was due to related-party transactions eliminated on consolidation.

Note 3: Micro Silicon Elecs Corp. was declared bankrupt on October 8, 2004.

IBASE TECHNOLOGY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
IBASE (Shanghai) Technology Inc.	Computer design, computer assembly and international trade business	\$ 82,917 (US\$ 2,700 thousand)	Investments through a holding company IBT INTERNATIONAL INC. registered in a third region	\$ 82,917 (US\$ 2,700 thousand)	\$ -	\$ -	\$ 82,917 (US\$ 2,700 thousand)	\$ (16,692)	100	\$ (16,692)	\$ (13,944)	\$ -	
ShenZhen Huameishi Technology Co., Ltd.	IT software and data processing services	14,986 (US\$ 444 thousand)	Investments through a holding company IBT INTERNATIONAL INC. registered in a third region	5,988 (US\$ 195 thousand)	-	-	5,988 (US\$ 195 thousand)	(881)	60	(529)	1,899	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$88,905 (US\$2,895 thousand)	\$88,905 (US\$2,895 thousand)	\$4,444,956 (Note 3)

Note 1: The share of profit or loss and net income (loss) of the investee for the year ended December 31, 2022 was based on the audited financial statements.

Note 2: Net loss of the investee was calculated based on the average exchange rate from January 1, 2022 to December 31, 2022; accumulated outward remittance for the investments from Taiwan was calculated based on the spot exchange rate as of December 31, 2022.

Note 3: According to regulations governing the approval of investment or technical cooperation in Mainland China, the upper limit on the amount of investment is the higher of the Company's net asset value and the Group's net asset value.

**TABLE 8****IBASE TECHNOLOGY INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
AAEON Technology Inc.	52,921,856	27.13

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

IBASE Technology Inc.

### **Opinion**

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

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), 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 auditing standards generally accepted in 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 based on our audits and the reports of other auditors.

### **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:

### Revenue Recognition

The operating income of IBASE Technology Inc. and its subsidiaries mainly comes from the design, production and sales of industrial computer board products and related application system products and platforms, as well as energy storage equipment. Since industrial computers are a small number of highly customized products, and products are developed according to customer's different usage purposes and environmental needs, the top ten customers are more likely to be affected by the order cycle of product customization projects. In addition, benefited from the increase in orders for network communication equipment, the operating income in 2022 increased significantly compared to 2021. Therefore, among the top ten customers of the Group, revenue from customers with concentrated sales was deemed as a key audit matter. For the accounting policies and relevant disclosure information related to the recognition of operating income, please refer to Note 4 to the consolidated financial statements.

Our audit procedures performed in response to the abovementioned key audit matter are as follows:

1. We obtained an understanding and tested the effectiveness of the implementation of internal controls over sales.
2. We selected appropriate samples from the sales revenue receipts of specific customers, examined purchase orders, shipping documents and proof of payments as pertaining to the same transaction counterparties.
3. We obtained details on sales returns and allowances for the year and after the reporting period and checked for material abnormalities in sales returns and allowances for the purpose of confirming the authenticity of the sales recognized before the balance sheet date.
4. We assessed the days sales outstanding in the facility period.

### **Other Matter**

We did not audit the financial statements of certain subsidiaries of the Group as of and for the years ended December 31, 2022 and 2021, which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$786,771 thousand and NT\$621,134 thousand as of December 31, 2022 and 2021, respectively, which represented 6.34% and 5.89%, respectively, of the Group's consolidated total assets. The operating revenue of such subsidiaries amounted to NT\$1,253,967 thousand and NT\$929,561 thousand for the years ended December 31, 2022 and 2021, respectively, which represented 18.51% and 16.29%, respectively, of the Group's consolidated total operating revenue. We did not audit the financial statements of certain associates of the Group as of and for the years ended December 31, 2022 and 2021, which were reflected in the accompanying consolidated financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us.



Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT\$2,441,461 thousand and NT\$2,302,949 thousand as of December 31, 2022 and 2021, respectively, which represented 19.67% and 21.83%, respectively, of the Group's consolidated total assets. The Group's share of comprehensive income of such associates amounted to NT\$253,082 thousand and NT\$127,757 thousand for the years ended December 31, 2022 and 2021, respectively, which represented 21.21% and 55.57%, respectively, of the Group's consolidated total comprehensive income.

We have also audited the parent company only financial statements of IBASE Technology Inc. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter paragraph.

### **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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 Company and its subsidiaries' 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 Chih-Yuan Chen and Tung-Feng Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 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 accepted and 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.*

  
**IBASE TECHNOLOGY INC. AND SUBSIDIARIES**

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,285,773	10	\$ 1,531,312	15
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 22)	26,575	-	84,830	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 10)	427,674	4	421,180	4
Financial assets at amortized cost - current (Notes 4, 9, 10 and 34)	119,013	1	658,462	6
Notes receivable (Note 4)	3,794	-	7,221	-
Trade receivables (Notes 4, 11, 26 and 33)	1,224,109	10	741,751	7
Contract assets (Notes 26)	7,463	-	-	-
Current tax assets (Notes 4 and 28)	12,957	-	12,021	-
Inventories (Notes 4 and 12)	2,355,610	19	1,918,082	18
Prepayment for purchases (Note 33)	38,618	-	20,909	-
Refundable deposits - current (Note 4)	4,422	-	32,684	-
Other current assets (Notes 4, 11 and 20)	110,493	1	74,671	1
Total current assets	5,616,501	45	5,503,123	52
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	30,142	-	54,168	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	215,604	2	97,478	1
Investments accounted for using the equity method (Notes 4 and 14)	2,441,461	20	2,302,949	22
Property, plant and equipment (Notes 4, 15, 33 and 34)	3,727,413	30	2,229,005	21
Right-of-use assets (Notes 4 and 16)	88,303	1	82,139	1
Other intangible assets (Notes 4 and 18)	29,892	-	18,234	-
Goodwill (Notes 4 and 19)	68,073	1	61,961	1
Deferred tax assets (Notes 4 and 28)	110,120	1	118,338	1
Prepayments for equipment	46,873	-	43,227	-
Refundable deposits - non-current (Note 4)	25,343	-	27,476	-
Other non-current assets (Note 20)	12,200	-	12,200	-
Total non-current assets	6,795,424	55	5,047,175	48
<b>TOTAL</b>	<b>\$ 12,411,925</b>	<b>100</b>	<b>\$ 10,550,298</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 21 and 34)	\$ 393,000	3	\$ 40,000	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 22)	-	-	14,188	-
Contract liabilities (Note 26)	138,548	1	131,916	1
Notes payable	5,803	-	3,685	-
Trade payables (Note 33)	876,988	7	845,283	8
Other payables (Notes 4, 23 and 33)	351,866	3	168,299	2
Lease liabilities - current (Notes 4 and 16)	47,649	1	40,963	1
Current tax liabilities (Notes 4 and 28)	170,391	1	60,319	1
Current portion of bonds payable (Notes 4, 22 and 34)	-	-	1,618,379	15
Current portion of long-term borrowings (Notes 21 and 34)	86,304	1	102,413	1
Other current liabilities	8,408	-	8,954	-
Total current liabilities	2,078,957	17	3,034,399	29
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 22)	7,840	-	-	-
Bonds payable (Notes 4, 22 and 34)	1,452,183	12	-	-
Long-term borrowings (Notes 21 and 34)	1,405,918	11	1,655,726	16
Deferred tax liabilities (Notes 4 and 28)	13,459	-	37	-
Lease liabilities - non-current (Notes 4 and 16)	44,268	-	43,832	-
Guarantee deposits received	1,040	-	154	-
Total non-current liabilities	2,924,708	23	1,699,749	16
Total liabilities	5,003,665	40	4,734,148	45
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	1,949,967	16	1,770,998	17
Capital surplus	2,556,111	21	1,882,750	18
Retained earnings				
Legal reserve	537,725	4	506,123	5
Special reserve	12,844	-	18,122	-
Unappropriated earnings	1,964,759	16	1,156,125	11
Total retained earnings	2,515,328	20	1,680,370	16
Other equity	41,331	-	(12,844)	-
Treasury shares	(416,333)	(3)	(485,670)	(5)
Total equity attributable to owners of the Company	6,646,404	54	4,835,604	46
<b>NON-CONTROLLING INTERESTS</b>				
Total equity	7,408,260	60	5,816,150	55
<b>TOTAL</b>	<b>\$ 12,411,925</b>	<b>100</b>	<b>\$ 10,550,298</b>	<b>100</b>

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

Chairman: Lin Chiu-Hsu

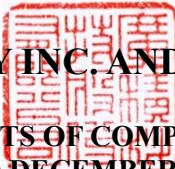


Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



  
**IBASE TECHNOLOGY INC. 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	%
OPERATING REVENUE (Notes 4, 26 and 33)				
Sales	\$ 6,640,908	98	\$ 5,597,672	98
Other operating revenue	<u>133,923</u>	<u>2</u>	<u>109,183</u>	<u>2</u>
Total operating revenue	6,774,831	100	5,706,855	100
OPERATING COSTS (Notes 4, 12, 27 and 33)				
Cost of goods sold	<u>4,820,880</u>	<u>71</u>	<u>4,671,885</u>	<u>82</u>
GROSS PROFIT	1,953,951	29	1,034,970	18
UNREALIZED LOSS (GAIN) ON TRANSACTIONS WITH ASSOCIATES	<u>12</u>	<u>-</u>	<u>(356)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,953,963</u>	<u>29</u>	<u>1,034,614</u>	<u>18</u>
OPERATING EXPENSES (Notes 11, 20, 27 and 33)				
Selling and marketing expenses	342,151	5	283,931	5
General and administrative expenses	301,674	4	330,033	6
Research and development expenses	309,581	5	236,581	4
Expected credit loss	<u>7,438</u>	<u>-</u>	<u>27,801</u>	<u>-</u>
Total operating expenses	<u>960,844</u>	<u>14</u>	<u>878,346</u>	<u>15</u>
PROFIT (LOSS) FROM OPERATIONS	<u>993,119</u>	<u>15</u>	<u>156,268</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	8,452	-	931	-
Other income (Notes 27 and 33)	30,522	-	25,120	1
Other gains and losses (Notes 27 and 33)	154,484	2	54,216	1
Share of profit or loss of associates (Notes 4 and 14)	241,661	(1)	131,778	2
Finance costs (Notes 22, 27 and 33)	(55,138)	-	(43,810)	(1)
Net loss on fair value changes of financial instruments designated as at fair value through profit or loss (Notes 4, 7 and 22)	<u>1,080</u>	<u>4</u>	<u>(36,168)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>381,061</u>	<u>5</u>	<u>132,067</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,374,180	20	288,335	5
INCOME TAX EXPENSE (Notes 4 and 28)	<u>234,609</u>	<u>3</u>	<u>67,576</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,139,571</u>	<u>17</u>	<u>220,759</u>	<u>4</u>

(Continued)

**IBASE TECHNOLOGY INC. 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	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 21,952	-	\$ 25,446	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>860</u>	-	<u>(55)</u>	-
	<u>22,812</u>	-	<u>25,391</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	31,039	1	(16,075)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	<u>(111)</u>	-	<u>(172)</u>	-
	<u>30,928</u>	<u>1</u>	<u>(16,247)</u>	-
Other comprehensive income for the year, net of income tax	<u>53,740</u>	<u>1</u>	<u>9,144</u>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,193,311</u>	<u>18</u>	<u>\$ 229,903</u>	<u>4</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,135,052	17	\$ 312,547	6
Non-controlling interests	<u>4,519</u>	-	<u>(91,788)</u>	<u>(2)</u>
	<u>\$ 1,139,571</u>	<u>17</u>	<u>\$ 220,759</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,188,678	18	\$ 321,843	6
Non-controlling interests	<u>4,633</u>	-	<u>(91,940)</u>	<u>(2)</u>
	<u>\$ 1,193,311</u>	<u>18</u>	<u>\$ 229,903</u>	<u>4</u>
<b>EARNINGS PER SHARE (Note 29)</b>				
Basic	<u>\$ 9.42</u>		<u>\$ 2.69</u>	
Diluted	<u>\$ 8.51</u>		<u>\$ 2.39</u>	

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

(Concluded)

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



IBASE TECHNOLOGY INC. 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 Owners of the Company (Notes 4, 22, 25 and 30)

	Equity Attributable to Owners of the Company (Notes 4, 22, 25 and 30)																		
	Capital Surplus										Other Equity								
	Share Capital	Issuance of Ordinary Shares	Share of Changes in Capital Surplus of Associates or Joint Ventures	The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition	Share of Changes in Capital Surplus of Subsidiaries	Convertible Bonds	Other	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests (Notes 13 and 30)	Total Equity	
BALANCE AT JANUARY 1, 2021	\$ 1,770,998	\$ 1,596,310	\$ 27,002	\$ 202,052	\$ 174,589	\$ 40,056	\$ 844	\$ 2,040,853	\$ 497,373	\$ 83,004	\$ 921,470	\$ 1,501,847	\$ (44,264)	\$ 26,143	\$ (18,121)	\$ (242,149)	\$ 5,053,428	\$ 828,935	\$ 5,882,363
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	8,750	-	(8,750)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	64,882	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(64,882)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(137,497)	-	-	-	-	-	-	-	(137,497)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	8,750	(64,882)	(81,365)	(137,497)	-	-	-	-	-	-	(137,497)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(632)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	7,864	-	-	-	-	7,864	-	-	(544)	(544)	-	-	-	-	-	-	7,320
Issuance of cash dividends from capital surplus	-	(171,872)	-	-	-	-	-	(171,872)	-	-	-	-	-	-	-	-	-	-	(171,872)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	312,547	312,547	-	-	-	-	312,547	(91,788)	220,759
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	(16,061)	25,357	9,296	-	9,296	(152)	9,144
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	312,547	312,547	(16,061)	25,357	9,296	-	321,843	(91,940)	229,903
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	4,858	-	-	4,858	-	-	-	-	(1)	(1)	(2)	-	4,856	20,773	25,629
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	4,017	4,017	-	(4,017)	(4,017)	-	-	-	-
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(243,521)	(243,521)	-	(243,521)
Change in non-controlling interests	-	-	-	1,047	-	-	-	1,047	-	-	-	-	-	-	-	-	1,047	223,410	223,457
BALANCE AT DECEMBER 31, 2021	1,770,998	1,424,438	34,866	203,099	179,447	40,056	844	1,882,750	506,123	18,122	1,156,125	1,680,370	(60,326)	47,482	(12,844)	(485,670)	4,835,604	980,546	5,816,150
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	31,602	-	(31,602)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	5,278	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(5,278)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(278,665)	-	-	-	-	-	-	-	(278,665)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	31,602	(5,278)	(304,989)	(278,665)	-	-	-	-	(278,665)	-	(278,665)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,063)
Equity component of convertible bonds issued by the Company	-	-	-	-	-	134,120	-	134,120	-	-	-	-	-	-	-	-	134,120	-	134,120
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	18,684	-	-	-	-	18,684	-	-	(97)	(97)	-	-	-	-	18,587	-	18,587
Acquisition of subsidiaries	-	-	-	1,818	-	-	-	1,818	-	-	-	-	-	546	546	-	2,364	27,968	30,332
Issuance of cash dividends from capital surplus	-	(82,935)	-	-	-	-	-	(82,935)	-	-	-	-	-	-	-	-	(82,935)	-	(82,935)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	1,135,052	1,135,052	-	-	-	-	1,135,052	4,519	1,139,571
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	30,998	22,628	53,626	-	53,626	114	53,740
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	1,135,052	1,135,052	30,998	22,628	53,626	-	1,188,678	4,633	1,193,311
Convertible bonds converted to ordinary shares	178,969	628,161	-	-	-	(40,056)	-	588,105	-	-	-	-	-	-	-	-	767,074	-	767,074
Reissuance of treasury shares for employees	-	-	-	-	-	-	(870)	(870)	-	-	(21,232)	(21,232)	-	-	-	69,337	47,135	-	47,135
Share-based payments	-	-	-	-	-	-	870	870	-	-	-	-	-	-	-	-	870	-	870
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	13,569	-	-	13,569	-	-	-	-	1	2	3	-	13,572	8,186	21,758
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(256,414)	(256,414)
BALANCE AT DECEMBER 31, 2022	\$ 1,949,967	\$ 1,969,664	\$ 53,550	\$ 204,917	\$ 193,016	\$ 134,120	\$ 844	\$ 2,556,111	\$ 537,725	\$ 12,844	\$ 1,964,759	\$ 2,515,238	\$ (29,327)	\$ 70,658	\$ 41,331	\$ (416,333)	\$ 6,646,404	\$ 761,856	\$ 7,408,260

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

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



# IBASE TECHNOLOGY INC. AND SUBSIDIARIES

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,374,180	\$ 288,335
Adjustments for:		
Depreciation expense	163,924	136,433
Amortization expense	13,227	11,217
Expected credit loss recognized on trade receivables	7,438	27,801
Net loss on fair value changes of financial instruments at fair value through profit or loss	(1,080)	36,168
Finance costs	55,138	43,810
Interest income	(8,542)	(931)
Dividend income	(30,179)	(19,834)
Loss (gain) on lease modification	(15)	127
Share-based payments	870	-
Share of profit of associates	(241,661)	(131,778)
Loss (gain) on disposal of property, plant and equipment	(640)	(62,873)
Property, plant and equipment transferred to expense	-	762
Inventory falling price loss	30,323	19,521
Write-down of inventories	10,754	12,288
Unrealized gain (loss) on transactions with associates	(12)	356
Net loss on foreign currency exchange	2,349	4,873
Changes in operating assets and liabilities		
Notes receivable	(7,463)	-
Notes receivable	3,427	(4,403)
Trade receivables	(498,786)	87,656
Inventories	(478,781)	(447,741)
Prepayment for purchases	(17,709)	87,172
Other current assets	(34,983)	(14,512)
Contract liabilities	6,632	72,131
Notes payable	2,118	(12,916)
Trade payables	38,312	259,551
Other payables	183,070	41,553
Other current liabilities	(546)	3,938
Cash used in operations	571,455	438,704
Interest paid	(38,692)	(25,582)
Income tax paid	(100,111)	(8,615)
Net cash generated from (used in) operating activities	<u>432,652</u>	<u>404,507</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(102,792)	(124,401)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	46,385
Purchase of financial assets at amortized cost	(107,485)	(520,044)
Proceeds from sale of financial assets at amortized cost	646,938	-

(Continued)



# IBASE TECHNOLOGY INC. 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 at fair value through profit or loss	\$ (102,262)	\$ (135,030)
Proceeds from sale of financial assets at fair value through profit or loss	165,525	473,659
Payments for property, plant and equipment	(1,571,384)	(121,720)
Proceeds from disposal of property, plant and equipment	682	519,047
Decrease in refundable deposits	30,491	112,311
Payments for intangible assets	(24,885)	(15,503)
Decrease (increase) in prepayments for equipment	(46,623)	(43,227)
Interest received	7,620	739
Other dividends received	30,179	19,834
Dividends received from associates	<u>133,169</u>	<u>129,120</u>
Net cash generated from (used in) investing activities	<u>(940,827)</u>	<u>341,170</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	(46,999)	(47,363)
Increase (decrease) in short-term borrowings	353,000	(172,744)
Proceeds from long-term borrowings	-	401,239
Repayments of long-term borrowings	(265,917)	-
Repayment of bonds payable	(840,281)	-
Proceeds from issuance of convertible bonds	1,600,000	-
Payments to issuance of convertible bonds	(5,235)	-
Payments for buy-back of ordinary shares	-	(243,521)
Increase (decrease) in guarantee deposits received	886	(2,525)
Dividends paid to owners of the Company by cash	(278,665)	(137,497)
Dividends paid to owners of the Company by share surplus	(82,935)	(171,872)
Treasury shares sold to employees	47,135	-
Dividends paid to non-controlling interests	(3,063)	(632)
Change in non-controlling interests	<u>(226,082)</u>	<u>224,457</u>
Net cash generated from (used in) financing activities	<u>251,844</u>	<u>(150,458)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>10,792</u>	<u>(13,221)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(245,539)</u>	581,998
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,531,312</u>	<u>949,314</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,285,773</u>	<u>\$ 1,531,312</u>

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

Chairman: Lin Chiu-Hsu



Manager: Chen Yu-Nan



Accounting Supervisor: Lin Ming-Nan



# IBASE TECHNOLOGY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

IBASE Technology Inc. (the “Company”) was incorporated in the Republic of China (ROC) in February 2000. The Company mainly manufactures, packages, tests and sells various products including industrial motherboards, embedded systems, panel PCs, digital signage players and network appliances.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since October 2003.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 24, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

See Note 13, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.



a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; and any remeasurement of gains and losses on such financial assets is recognized in other gains and losses. Fair value is determined in the manner described in Note 33: Financial Instruments.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note receivable, trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### iv. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

#### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

#### 5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

#### n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of industrial computer and energy storage equipment. Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the product design service and maritime engineering technical services.

When the outcome of a performance obligation cannot be reasonably measured, maritime engineering technical services revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

3) Construction income

For contracts which are under the control of customers during the construction process of the energy storage sites, the consolidated company gradually recognizes revenue over time. Since the cost of construction is directly related to the degree of completion of performance obligations, the consolidated company measure the progress of completion by the proportion of actual input costs in the expected total costs. The consolidated company gradually recognizes contract assets during the construction process, and converts them into accounts receivable when issuing bills. If the received project payment exceeds the recognized amount of income, the difference is recognized as a contractual liability. The construction retainage withheld by the customer in accordance with the contract terms is intended to ensure that the consolidated company fulfills all contractual obligations, and is recognized as contract assets until the consolidated company completes its obligations.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income

on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

s. Share-based payment arrangements

Employee stock options are recognized on a straight-line basis during the vesting period according to the fair value of the equity instrument on the grant date and the best estimate of the amount expected, along with the capital surplus - employee stock options are adjusted at the same time. If the employee stock options are immediately acquired on the grant day, they shall be recognized in full as a fee on the grant day.

The Group corrects the estimated number of employee stock options expected to be acquired on each balance sheet date. If there is a correction to the original estimated quantity, the impact is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital surplus - employee stock options are adjusted accordingly.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 1,246	\$ 1,316
Checking accounts and demand deposits	904,740	1,253,289
Cash equivalents (investments with original maturities of less than 3 months)	<u>379,787</u>	<u>276,707</u>
	<u>\$ 1,258,773</u>	<u>\$ 1,531,312</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Bank balance	0.001%-1.05%	0.001%-0.35%
investments with original maturities of less than 3 months	3.6%-4.4%	0.02%-0.795%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ -	\$ 14
Convertible options - IBASE SOLUTION CO., LTD 1st domestic secured convertible bonds (Note 22)	-	161
Convertible options - IBASE SOLUTION CO., LTD 2nd domestic secured convertible bonds (Note 22)	-	1
Non-derivative financial assets		
Mutual funds	5,969	76,529
Convertible corporate bonds	<u>20,606</u>	<u>8,125</u>
	<u>\$ 26,575</u>	<u>\$ 84,830</u>

(Continued)



	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ 15,522	\$ 43,628
Foreign unlisted shares	11,538	10,540
Hybrid financial assets		
Structured Investment (b)	<u>3,082</u>	<u>-</u>
	<u>\$ 30,142</u>	<u>\$ 54,168</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ -	\$ 171
Convertible options - IBASE Technology Inc. 5th domestic unsecured convertible bonds (Note 22)	-	6,517
Convertible options - IBASE SOLUTION CO., LTD 3rd domestic secured convertible bonds (Note 22)	-	2,440
Convertible options - IBASE SOLUTION CO., LTD 4th domestic secured convertible bonds (Note 22)	-	1,280
Convertible options - IBASE SOLUTION CO., LTD 5th domestic unsecured convertible bonds (Note 22)	<u>-</u>	<u>3,780</u>
	<u>\$ -</u>	<u>\$ 14,188</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options - IBASE Technology Inc. 6th domestic unsecured convertible bonds (Note 22)	<u>\$ 7,840</u>	<u>\$ -</u>
		(Concluded)

- a. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.01.06-2022.04.06	USD1,900/NTD52,765

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. The consolidated company signed a five and a half year USD denominated interest rate type combination product with a bank. The combination product includes an embedded derivative instrument that is not closely related to the main contract. Since the main contract included in the hybrid contract is an asset within the scope of IFRS 9, it is mandatorily classified as an asset at fair value through profit or loss according to the evaluation of the overall hybrid contract.



	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - AMPIRE CO., LTD	\$ 108,690	\$ -
Ordinary shares - 3D Global Biotech Inc.	5,952	5,631
Unlisted shares		
Ordinary shares - ICATCH Inc.	41,372	40,472
Ordinary shares - Taiwan Pulse Motion Co., Ltd.	27,599	22,869
Ordinary shares - Navisys Technology Corp.	9,918	10,864
Ordinary shares - Asuka Autotronics Inc.	3,202	1,050
Ordinary shares - Huai I Precision Technology Co., Ltd.	11,701	8,961
Ordinary shares - Internet Solutions Technology Corp.	-	-
	<u>208,434</u>	<u>90,117</u>
Foreign investments		
Unlisted shares		
Ordinary shares - Darwins Summit Corporation Ltd.	<u>7,170</u>	<u>7,361</u>
	<u>\$ 215,604</u>	<u>\$ 97,478</u>
		(Concluded)

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Foreign investments		
Financial bonds - Qatar National Bank (1)	<u>\$ 4,026</u>	<u>\$ 4,150</u>

1) In July 2021, the Group bought 10-year financial bonds issued by Qatar National Bank with a coupon rate of 3.18% and an effective interest rate of 2.84%.

2) Refer to Note 10 for information relating to their credit risk management and impairment.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ <u>119,013</u>	\$ <u>658,462</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.795%-4.3% and 0.3%-0.8% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- c. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

### December 31, 2022

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Gross carrying amount	\$ 4,309	\$ 119,013
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	4,309	<u>\$ 119,013</u>
Adjustment to fair value	<u>(283)</u>	
	<u>\$ 4,026</u>	

### December 31, 2021

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Gross carrying amount	\$ 4,322	\$ 658,462
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	4,322	<u>\$ 658,462</u>
Adjustment to fair value	<u>(172)</u>	
	<u>\$ 4,150</u>	

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2022

<u>Category</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount</u>	
		<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Performing	0%	\$ 4,026	\$ 119,013

December 31, 2021

<u>Category</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount</u>	
		<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Performing	0%	\$ 4,150	\$ 658,462

## 11. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$1,230,866	\$ 755,118
Less: Allowance for impairment loss	<u>(6,757)</u>	<u>(13,367)</u>
	<u>\$1,224,109</u>	<u>\$ 741,751</u>

a. At amortized cost

The average credit period of sales of goods was 14-90 days. No interest was charged on trade receivables from the date of the invoice. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

#### December 31, 2022

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>150 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.03%	0.32%	0.64%	1.13%	2.08%	7.65%	
Gross carrying amount	\$ 1,045,496	\$ 50,896	\$ 20,015	\$ 28,459	\$ 14,023	\$ 71,977	\$ 1,230,866
Loss allowance (Lifetime ECLs)	<u>(346)</u>	<u>(164)</u>	<u>(128)</u>	<u>(322)</u>	<u>(292)</u>	<u>(5,505)</u>	<u>(6,757)</u>
Amortized cost	<u>\$ 1,045,150</u>	<u>\$ 50,732</u>	<u>\$ 19,887</u>	<u>\$ 28,137</u>	<u>\$ 13,731</u>	<u>\$ 66,472</u>	<u>\$ 1,224,109</u>

#### December 31, 2021

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>121 to 150 Days</b>	<b>150 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.03%	4.77%	1.24%	3.86%	1.77%	10.01%	
Gross carrying amount	\$ 535,785	\$ 53,857	\$ 40,591	\$ 13,687	\$ 18,416	\$ 92,782	\$ 755,118
Loss allowance (Lifetime ECLs)	<u>(153)</u>	<u>(2,567)</u>	<u>(503)</u>	<u>(528)</u>	<u>(326)</u>	<u>(9,290)</u>	<u>(13,367)</u>
Amortized cost	<u>\$ 535,632</u>	<u>\$ 51,290</u>	<u>\$ 40,088</u>	<u>\$ 13,159</u>	<u>\$ 18,090</u>	<u>\$ 83,492</u>	<u>\$ 741,751</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 13,367	\$ 14,255
Add: Net remeasurement of loss allowance	7,438	-
Less: Net remeasurement of loss allowance	-	(770)
Less: Amounts written off	(14,061)	-
Foreign exchange gains and losses	<u>13</u>	<u>(118)</u>
Balance at December 31	<u>\$ 6,757</u>	<u>\$ 13,367</u>

#### b. At FVTOCI

For trade receivables that are selling to Hua Nan Commercial Bank Ltd., the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The relevant information regarding the transfer of accounts receivable for the Group were as follows:

<b>Purchaser of Accounts Receivable</b>	<b>Receivables Sold</b>	<b>Received Amounts</b>	<b>Advances Received</b>	<b>Interest Rate</b>	<b>Credit Line</b>
<u>December 31, 2022</u>					
BNP PARIBAS Factor	\$102,294	\$ 90,973	\$ -	-	\$ 7,155
Deutsche Factoring Bank	14,238	13,388	-	-	3,071
EUROFACTOR	<u>3,883</u>	<u>44</u>	<u>-</u>	-	<u>2,356</u>
	<u>\$121,045</u>	<u>\$104,405</u>	<u>\$ -</u>		<u>\$ 12,582</u>
<u>December 31, 2021</u>					
BNP PARIBAS Factor	\$ 52,093	\$ 46,877	\$ -	-	\$ 6,449
Deutsche Factoring Bank	3,372	1,417	-	-	2,768
EUROFACTOR	<u>1,330</u>	<u>1,330</u>	<u>-</u>	-	<u>2,123</u>
	<u>\$ 56,795</u>	<u>\$ 49,624</u>	<u>\$ -</u>		<u>\$ 11,340</u>

The Group transferred the above debts to the off-take bank and lost control of these receivables debts. The amount of the above debts transferred, net of the amount received, has been reclassified to accounts receivable from the Company and the bank, and has been reclassified to other receivables (included in other current assets).

The above credit lines may be used on a revolving basis.

Under the terms of the sale and purchase agreement, losses arising from commercial disputes (such as business returns or discounts) are borne by the Group, while losses arising from credit risk are borne by the off-take bank.

The Group did not provide any collateral to banks as of December 31, 2022 and 2021, respectively.

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	\$ 277,407	\$ 231,864
Finished goods	359,214	298,254
Work in progress	415,307	284,201
Raw materials	<u>1,303,682</u>	<u>1,103,763</u>
	<u>\$ 2,355,610</u>	<u>\$ 1,918,082</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$4,738,378 thousand and \$4,659,763 thousand, respectively.

The cost of goods sold included inventory falling price loss of \$30,323 thousand and inventory write-downs of \$10,754 thousand for the years ended December 31, 2022.

The cost of goods sold included inventory falling price loss of \$19,521 thousand and inventory write-downs of \$12,288 thousand for the years ended December 31, 2021.

### 13. SUBSIDIARIES

#### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
IBASE Technology Inc.	IBASE Inc.	Investment	100.00	100.00	
IBASE Technology Inc.	IBASE SOLUTION CO., LTD	Suppliers of gaming machines and research, design, manufacturing, and sales of energy storage equipment	31.19	31.48	(1)
IBASE Technology Inc.	VISWIS, Inc.	IT software and data processing services	64.44	64.44	
IBASE Technology Inc.	Novakon Co., Ltd.	Manufacture of computers and peripheral equipment	70.00	81.50	(2)
IBASE Technology Inc.	IBSAE Japan	Suppliers of PCs and after-sales services	100.00	100.00	
IBASE Inc.	IBT International Inc. (IBT)	Investment	100.00	100.00	
IBASE Inc.	TMC Technology UK Co., Ltd. (TMC U.K.)	Suppliers of PCs and after-sales services	100.00	100.00	
IBASE Inc.	IBASE Singapore Pte. Ltd.	IT software and data processing services and supplier of computer peripheral equipment	100.00	100.00	
IBT	IBASE Technology (USA), Inc.	Suppliers of PCs and after-sales services	100.00	100.00	
IBT	IBASE (Shanghai) Technology Inc.	Design and assembly of PCs and international trading brokers	100.00	100.00	
IBT	ShenZhen Huameishi Technology Co., Ltd.	IT software and data processing services	60.00	60.00	
TMC U.K.	IBASE Italy SRL	After-sales services of PCs	100.00	100.00	
IBASE SOLUTION CO., LTD	IBG Inc.	Suppliers of gaming machines	100.00	100.00	
IBASE SOLUTION CO., LTD	Teras Marine Services Co., Ltd.	Maritime Engineering Technical Services	47.63	47.63	(3)

- 1) In January of 2022, due to some creditors of IBASE SOLUTION CO., LTD. exercised their conversion rights and convertible bonds was converted to \$4,052 for share capital, reducing its continuing interest from 31.48% to 31.19%. The Company holds a 31.19% interest in IBASE SOLUTION CO., LTD. IBASE SOLUTION CO., LTD is listed on the Taipei Exchange, and the remaining 68.81% interest in IBASE SOLUTION CO., LTD is dispersed and held by thousands of shareholders that are unrelated to the Company. The directors of the Company considered the Company's absolute size of holding in IBASE SOLUTION CO., LTD and the relative size of and dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of IBASE SOLUTION CO., LTD and, therefore, the Company has control over IBASE SOLUTION CO., LTD.
- 2) In December of 2022, the Company subscribed 1,338 thousand shares for additional new shares of Novakon Co., Ltd. at a percentage different from its existing ownership percentage, further reducing its continuing interest from 81.50% to 70.00%.
- 3) The remaining 52.37% of the shares of Teras Company are not affiliated with the consolidated company. After considering the absolute quantity, relative size and distribution of voting rights held by other shareholders, it is determined that Ibase Solution Co., Ltd. has the substantive ability to lead Terrence Company's related activities, so it is listed as a subsidiary. In order to comply with the operational decision of modifying the maritime engineering contract, the board of directors of Terrence Company adopted a resolution in January 2022 to reduce its capital by NT\$489,600 thousand in cash and eliminate 48,960 thousand shares, and achieve a capital reduction ratio of 96%; after the capital reduction, the share capital was NT\$20,400 thousand. The extraordinary shareholders' meeting in January 2022 resolved that the ex-date for capital reduction was January 24, 2022, and the change in registration was completed on February 8, 2022. In July 2022, the shareholders' meeting resolved to dissolve and liquidate the company, but the liquidation procedures have not yet been completed as of December 31, 2022.



4) All of the amounts were based on audited financial statements.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31 2022	December 31 2021
IBASE SOLUTION CO., LTD	Taiwan	68.81%	68.52%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2022	2021	2022	2021
IBASE SOLUTION CO., LTD	\$ 589	\$ (83,465)	\$ 716,451	\$ 707,729
Others	<u>3,930</u>	<u>(8,323)</u>	<u>45,405</u>	<u>272,817</u>
	<u>\$ 4,519</u>	<u>\$ (91,788)</u>	<u>\$ 761,856</u>	<u>\$ 980,546</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

IBASE SOLUTION CO., LTD and its subsidiaries:

	December 31	
	2022	2021
Current assets	\$ 842,385	\$ 2,064,700
Non-current assets	983,019	600,601
Current liabilities	(509,256)	(1,050,417)
Non-current liabilities	<u>(274,950)</u>	<u>(337,913)</u>
Equity	<u>\$ 1,041,198</u>	<u>\$ 1,276,971</u>
Equity attributable to:		
Owners of IBASE SOLUTION CO., LTD	\$ 324,747	\$ 310,937
Non-controlling interests of IBASE SOLUTION CO., LTD	716,451	707,729
Non-controlling interests of IBASE SOLUTION CO., LTD's subsidiaries	<u>-</u>	<u>258,305</u>
	<u>\$ 1,041,198</u>	<u>\$ 1,276,971</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ <u>581,314</u>	\$ <u>1,526,375</u>
Profit (loss) for the year	\$ (1,040)	\$ (134,927)
Other comprehensive income (loss) for the year	<u>(77)</u>	<u>(201)</u>
Total comprehensive income (loss) for the year	\$ <u>(1,117)</u>	\$ <u>(135,128)</u>
Profit (loss) attributable to:		
Owners of IBASE SOLUTION CO., LTD	\$ 262	\$ (39,028)
Non-controlling interests of IBASE SOLUTION CO., LTD	589	(83,465)
Non-controlling interests of IBASE SOLUTION CO., LTD's subsidiaries	<u>(1,891)</u>	<u>(12,434)</u>
	\$ <u>(1,040)</u>	\$ <u>(134,927)</u>
Total comprehensive income (loss) attributable to:		
Owners of IBASE SOLUTION CO., LTD	\$ 238	\$ (39,092)
Non-controlling interests of IBASE SOLUTION CO., LTD	536	(83,602)
Non-controlling interests of IBASE SOLUTION CO., LTD's subsidiaries	<u>(1,891)</u>	<u>(12,434)</u>
	\$ <u>(1,117)</u>	\$ <u>(135,128)</u>
Cash inflow (outflow) from:		
Operating activities	\$ (102,959)	\$ (23,534)
Investing activities	193,854	344,626
Financing activities	(816,720)	29,215
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>34</u>	<u>(29)</u>
Net cash inflow	\$ <u>(725,791)</u>	\$ <u>350,278</u> (Concluded)

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in material associates		
AAEON Technology Inc.	\$ <u>2,330,849</u>	\$ <u>2,193,897</u>
Associates that are not individually material		
WiBASE Industrial Solutions Inc.	110,612	109,052
Micro Silicon Elecs Corp.	<u>-</u>	<u>-</u>
	<u>110,612</u>	<u>109,052</u>
	\$ <u>2,441,461</u>	\$ <u>2,302,949</u>

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
AAEON Technology Inc.	27.94%	28.06%

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

The amounts were based on audited financial statements.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	December 31	
	2022	2021
AAEON Technology Inc.	<u>\$ 3,631,937</u>	<u>\$ 2,893,874</u>

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

AAEON Technology Inc. and its associates:

	December 31	
	2022	2021
Current assets	\$ 5,918,961	\$ 5,143,956
Non-current assets	5,484,025	5,072,049
Current liabilities	(1,659,745)	(1,519,846)
Non-current liabilities	<u>(380,343)</u>	<u>(305,631)</u>
Equity	<u>\$ 9,632,898</u>	<u>\$ 8,390,528</u>
Owners of the Group	<u>\$ 2,330,849</u>	<u>\$ 2,193,897</u>
Carrying amount	<u>\$ 2,330,849</u>	<u>\$ 2,193,897</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 8,352,076</u>	<u>\$ 6,347,704</u>
Net profit for the year	\$ 1,177,836	\$ 513,753
Other comprehensive income (loss)	<u>60,583</u>	<u>(13,979)</u>
Total comprehensive income for the year	<u>\$ 1,238,419</u>	<u>\$ 499,774</u>

b. Aggregate information of associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
WiBASE Industrial Solutions Inc.	20.60%	20.75%
Micro Silicon Elecs Corp.	30.00%	30.00%

- 1) As Micro Silicon Elecs Corp. ceased operations on October 8, 2004, the investment amount was assessed to be not recoverable and was recognized as a loss.
- 2) The amounts were based on audited financial statements, except for Micro Silicon Elecs Corp. Management believes that there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investees that have not been audited.
- 3) Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group’s share of:	For the Year Ended December 31	
	2022	2021
	Profit from continuing operations	<u>\$ 4,725</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Logistics Equipment	Office Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,109,697	\$ 1,033,591	\$ 225,519	\$ 4,130	\$ 29,417	\$ 354,605	\$ 20,030	\$ 2,776,989
Additions	1,007,696	322,607	93,541	1,800	2,868	134,047	8,825	1,571,384
Disposals	-	-	(1,946)	(1,304)	(1,305)	(2,378)	-	(6,933)
Transferred from prepayments for equipment	-	-	38,543	-	-	4,434	-	42,977
Transferred from property under construction	-	28,855	-	-	-	-	(28,855)	-
Effect of foreign currency exchange differences	-	-	-	21	709	357	-	1,087
Balance at December 31, 2022	<u>\$ 2,117,393</u>	<u>\$ 1,385,053</u>	<u>\$ 355,657</u>	<u>\$ 4,647</u>	<u>\$ 31,689</u>	<u>\$ 491,065</u>	<u>\$ -</u>	<u>\$ 4,835,504</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 145,290	\$ 175,693	\$ 3,101	\$ 23,009	\$ 200,891	\$ -	\$ 547,984
Depreciation expenses	-	23,935	28,285	751	2,311	60,761	-	116,043
Disposals	-	-	(1,946)	(1,283)	(1,284)	(2,378)	-	(6,891)
Effect of foreign currency exchange differences	-	-	-	(4)	688	271	-	955
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 169,225</u>	<u>\$ 202,032</u>	<u>\$ 2,565</u>	<u>\$ 24,724</u>	<u>\$ 259,545</u>	<u>\$ -</u>	<u>\$ 658,091</u>
Carrying amounts at December 31, 2022	<u>\$ 2,117,393</u>	<u>\$ 1,215,828</u>	<u>\$ 153,625</u>	<u>\$ 2,082</u>	<u>\$ 6,965</u>	<u>\$ 231,520</u>	<u>\$ -</u>	<u>\$ 3,727,413</u>

(Continued)

	Freehold Land	Buildings	Machinery	Logistics Equipment	Office Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,214,017	\$ 981,455	\$ 212,035	\$ 4,279	\$ 29,093	\$ 306,039	\$ -	\$ 2,746,918
Additions	-	-	22,564	-	1,935	60,691	36,530	121,720
Disposals	(328,744)	(120,419)	(11,686)	-	(1,330)	(32,218)	-	(494,397)
Transferred from investment properties	224,424	172,555	-	-	-	-	-	396,979
Transferred from prepayments for equipment	-	-	2,606	-	-	4,774	-	7,380
Transferred from property under construction	-	-	-	-	-	16,500	(16,500)	-
Transferred to expense	-	-	-	-	-	(773)	-	(773)
Effect of foreign currency exchange differences	-	-	-	(149)	(281)	(408)	-	(838)
Balance at December 31, 2021	<u>\$ 1,109,697</u>	<u>\$ 1,033,591</u>	<u>\$ 225,519</u>	<u>\$ 4,130</u>	<u>\$ 29,417</u>	<u>\$ 354,605</u>	<u>\$ 20,030</u>	<u>\$ 2,776,989</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 127,424	\$ 171,539	\$ 2,438	\$ 22,724	\$ 170,810	\$ -	\$ 494,935
Depreciation expenses	-	24,519	13,980	771	1,847	45,537	-	86,654
Disposals	-	(11,946)	(9,826)	-	(1,291)	(15,160)	-	(38,223)
Transferred from investment properties	-	5,293	-	-	-	-	-	5,293
Transferred to expense	-	-	-	-	-	(11)	-	(11)
Effect of foreign currency exchange differences	-	-	-	(108)	(271)	(285)	-	(664)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 145,290</u>	<u>\$ 175,693</u>	<u>\$ 3,101</u>	<u>\$ 23,009</u>	<u>\$ 200,891</u>	<u>\$ -</u>	<u>\$ 547,984</u>
Carrying amounts at December 31, 2021	<u>\$ 1,109,697</u>	<u>\$ 888,301</u>	<u>\$ 49,826</u>	<u>\$ 1,029</u>	<u>\$ 6,408</u>	<u>\$ 153,714</u>	<u>\$ 20,030</u>	<u>\$ 2,229,005</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The Company's board meeting on August 12, 2022 approved the plan to purchase the NanKang office, and signed a sale contract with Taiwan Tea Corporation on September 14, 2022, with a transaction amount of NT\$1,000,000 thousand (including tax). The transaction has been paid in full and the transfer of ownership was completed in December 2022.

On July 28, 2021, the board of directors of IBASE SOLUTION CO., LTD resolved to dispose real estate located in Chungli District, Taoyuan City, and IBASE SOLUTION CO., LTD signed a contract with Gaolai Co., Ltd. on January 9, 2021. The amount of transaction was \$523,000 thousand. The full payment was made and the transfer was completed on October 15, 2021.

Ibase Solution Co., Ltd.'s board meeting on April 21, 2022 approved the plan to purchase the Xi Zhi office and plant, and signed a sale contract with Founding Construcion Development Corp. on April 22, 2022, with amount of NT\$322,660 thousand. The rransaction has been paid in full and the transfer of ownership was completed in July 11, 2022.

The above items of property, plant and equipment were depreciated on a straight-line basis over their estimated useful lives and are as follows:

Buildings	
Main buildings	20-50 years
Mechatronic equipment	3 years
Machinery	2-8 years
Logistics equipment	5 years
Office equipment	3-5 years
Other equipment	1-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 34.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Buildings	\$ 78,683	\$ 62,514
Transportation equipment	8,738	17,734
Office equipment	<u>882</u>	<u>1,891</u>
	<u>\$ 88,303</u>	<u>\$ 82,139</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 53,448</u>	<u>\$ 39,559</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 38,351	\$ 38,123
Transportation equipment	8,521	9,450
Office equipment	<u>1,009</u>	<u>645</u>
	<u>\$ 47,881</u>	<u>\$ 48,218</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 47,649</u>	<u>\$ 40,963</u>
Non-current	<u>\$ 44,268</u>	<u>\$ 43,832</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	1.10%-5.50%	1.10%-5.50%
Transportation equipment	1.50%-6.25%	1.50%-6.25%
Office equipment	2.70%	2.70%

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 3,640</u>	<u>\$ 6,873</u>
Total cash outflow for leases	<u>\$ (52,696)</u>	<u>\$ (56,445)</u>

The Group's leases of certain Buildings, office equipment and transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize

right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ 396,979
Transfers to property, plant and equipment	<u>(396,979)</u>
Balance at December 31, 2021	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 3,732
Depreciation expenses	1,561
Transfers to property, plant and equipment	<u>(5,293)</u>
Balance at December 31, 2021	<u>\$ -</u>
Carrying amounts at December 31, 2021	<u>\$ -</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-50 years
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## 18. INTANGIBLE ASSETS

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 114,549
Additions	<u>24,885</u>
Balance at December 31, 2022	<u>\$ 139,434</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ (96,315)
Amortization expenses	<u>(13,227)</u>
Balance at December 31, 2022	<u>\$ (109,542)</u>
Carrying amounts at December 31, 2022	<u>\$ 29,892</u>

(Continued)

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ 99,046
Additions	<u>15,503</u>
Balance at December 31, 2021	<u>\$ 114,549</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ (85,098)
Amortization expenses	<u>(11,217)</u>
Balance at December 31, 2021	<u>\$ (96,315)</u>
Carrying amounts at December 31, 2021	<u>\$ 18,234</u> (Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 years.

## 19. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance at January 1	\$ 69,810	\$ 71,651
Effect of foreign currency exchange differences	<u>6,972</u>	<u>(1,841)</u>
Balance at December 31	<u>\$ 76,782</u>	<u>\$ 69,810</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ (7,849)	\$ (8,076)
Effect of foreign currency exchange differences	<u>(860)</u>	<u>227</u>
Balance at December 31	<u>\$ (8,709)</u>	<u>\$ (7,849)</u>
Carrying amounts at December 31	<u>\$ 68,073</u>	<u>\$ 61,961</u>

The recoverable amount of goodwill was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate for the years ended December 31, 2022 and 2021 was 6.99% and 6.03%, respectively.

The management believes that any reasonably possible change in the key assumptions underlying the recoverable amount will not result in a total of the goodwill carrying amount exceeding the total recoverable amount.



## 20. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other receivables	\$ 87,652	\$ 72,539
Prepayments	45,061	24,664
Others	<u>6,351</u>	<u>6,039</u>
	139,064	103,242
Less: Allowance for impairment loss	<u>(28,571)</u>	<u>(28,571)</u>
	<u>\$ 110,493</u>	<u>\$ 74,671</u>
<u>Non-current</u>		
Golf pass	<u>\$ 12,200</u>	<u>\$ 12,200</u>

Teras Marine Services Co., Ltd. undertook the consulting contract for marine engineering. As a result of the revision of the scope of the marine engineering contract, no services were available under the contract. Teras Marine Services Co., Ltd. requested the supplier to return the amount was paid but unused. Due to Teras Marine Services Co., Ltd. assessed the amount was less recoverable, it recognized a loss allowance \$28,571 thousand as of December 31, 2021.

## 21. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 363,000	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>30,000</u>	<u>40,000</u>
	<u>\$ 393,000</u>	<u>\$ 40,000</u>

The range of weighted average effective interest rates on bank loans was 1.60%-2.50% and 1.15%-1.35% per annum at December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 34)</u>		
Bank loans		
Hua Nan Commercial Bank Ltd. (1)	\$ 347,222	\$ 430,555
Taishin International Bank Co., Ltd. (2)	-	166,184
Taishin International Bank Co., Ltd. (3)	-	166,400
Taipei Fubon Bank (4)	265,000	-
Chang Hwa Bank Ltd. (5)	800,000	-
<u>Unsecured borrowings</u>		
Line of credit borrowings		
Hua Nan Commercial Bank Ltd. (6 and 7)	<u>80,000</u>	<u>995,000</u>
	1,492,304	1,758,139
Less: Current portion	<u>(86,482)</u>	<u>(102,413)</u>
Long-term borrowings	<u>\$ 1,405,918</u>	<u>\$ 1,655,726</u>

- 1) The bank borrowings secured by the IBASE Technology Inc.'s freehold land and buildings. In February 2020, IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$500,000 thousand, with a floating interest rate of 1.45% and after one-year grace period will be repayable in the next 7 years. the loan maturity date will be February 7, 2027. As of December 31, 2022, the bank loans have been repaid \$152,778 thousand.
- 2) The bank borrowings secured by the IBASE SOLUTION CO., LTD's freehold land and buildings. In September 2019, IBASE SOLUTION CO., LTD acquired new bank borrowing facilities in the amounts of \$170,000 thousand, with a fixed interest rate of 1.10% and after two-years grace period will be repayable in the next 15 years. the loan maturity date will be September 28, 2036. All of the bank loans have been repaid in May 2022.
- 3) The bank borrowings secured by the IBASE SOLUTION CO., LTD's freehold land and buildings. In May 2020, IBASE SOLUTION CO., LTD acquired new bank borrowing facilities in the amounts of \$166,900 thousand, with a fixed interest rate of 1.10% and after two-years grace period will be repayable in the next 15 years. the loan maturity date will be June 24, 2037. All of the bank loans have been repaid in March 2022.
- 4) The bank borrowings secured by the IBASE SOLUTION CO., LTD's freehold land and buildings. In July 2022, IBASE SOLUTION CO., LTD acquired new bank borrowing facilities in the amounts of \$265,000 thousand, with a fixed interest rate of 1.53% and after three-years grace period, part of principal will be repayable every month in the next 17 years. the loan maturity date will be July 14, 2042.
- 5) The bank borrowings secured by the IBASE Technology Inc.'s freehold land and buildings. In November 2022, IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$800,000 thousand, with a floating interest rate of 1.715% and after one-year grace period will be repayable in the next 19 years. the loan maturity date will be December 22, 2042.
- 6) During February to December 2022, the IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$995,000 thousand, with a floating interest rate of 1.15%. The loan maturity date will be February 24, 2023 to December 1, 2023. All of the bank loans have been repaid in November 2022.

- 7) During August to October 2022, the IBASE Technology Inc. acquired new bank borrowing facilities in the amounts of \$80,000 thousand, with a floating interest rate of 1.68% to 1.80%. The loan maturity date will be August 15, 2024 to October 31, 2024. The bank loans will be repaid after maturity.

## 22. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
IBASE Technology Inc. 5th domestic unsecured convertible bonds (a)	\$ -	\$ 762,835
IBASE Technology Inc. 5th domestic unsecured convertible bonds (b)	1,452,183	-
IBASE SOLUTION CO., LTD 1st domestic secured convertible bonds (c)	-	69,173
IBASE SOLUTION CO., LTD 2nd domestic secured convertible bonds (d)	-	289
IBASE SOLUTION CO., LTD 3rd domestic secured convertible bonds (e)	-	394,513
IBASE SOLUTION CO., LTD 4th domestic secured convertible bonds (f)	-	197,013
IBASE SOLUTION CO., LTD 5th domestic unsecured convertible bonds (g)	-	194,556
	<u>1,452,183</u>	<u>1,618,379</u>
Less: Current portion	<u>-</u>	<u>(1,618,379)</u>
	<u>\$ 1,452,183</u>	<u>\$ -</u>

- a. At September 7, 2020, the Company issued 8,000 thousand, 0% NTD-denominated 5th unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$800,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$48.8. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of November 22, 2022, conversion price has been adjusted to \$44.7, and conversion may occur at any time between December 8, 2020 and September 7, 2025. If the bonds have not been converted, they will be redeemed in cash at face value on September 7, 2025. If the conditions specified in the agreement are met, the Company may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the Company will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2 and 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company's share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 100.50% and 100.70% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$6,517 thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 is \$762,835 thousand based on amortized cost and its effective interest rate originally recognized is 1.3008%.

Proceeds from issuance (less transaction costs of \$5,235 thousand)	\$ 794,765
Equity component	<u>(40,056)</u>
Liability component at the date of issue (including bonds payable \$749,940 thousand and financial liabilities at FVTPL - non-current \$4,769 thousand)	754,709
Interest charged at an effective interest rate	19,205
Gain on valuation of financial instrument	(6,832)
Convertible bonds converted into ordinary shares	<u>(767,082)</u>
Liability component at November 22, 2022	<u>\$ -</u>

As of November 22, 2022, the 5th secured convertible bonds with face value \$800,000 thousand have been converted into the Company ordinary shares of 17,897 thousand shares.

- b. At November 22, 2022, the Company issued 16,000 thousand, 0% NTD-denominated 6th unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,600,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$75. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of December 31, 2022, conversion price has been adjusted to \$75, and conversion may occur at any time between February 23, 2023 and November 22, 2027. If the bonds have not been converted, they will be redeemed in cash at face value on November 22, 2027. If the conditions specified in the agreement are met, the Company may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the Company will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2 and 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company's share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 100.50% and 100.75% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$7,840 thousand on December 31, 2022; non-derivative product liabilities have been measured on December 31, 2022 is \$1,452,183 thousand based on amortized cost and its effective interest rate originally recognized is 2.0023%.

Proceeds from issuance (less transaction costs of \$5,235 thousand)	\$1,594,765
Equity component	<u>(134,120)</u>
Liability component at the date of issue (including bonds payable \$1,449,003 thousand and financial liabilities at FVTPL - non-current \$11,642 thousand)	1,460,645
Interest charged at an effective interest rate	3,180
Gain on valuation of financial instrument	<u>(3,802)</u>
Liability component at December 31, 2022	<u>\$1,460,023</u>

As of December 31, 2022, all of the 6th unsecured convertible bonds have not yet been converted into the Company's ordinary shares.

- c. At March 5, 2020, IBASE SOLUTION CO., LTD issued 2,750 thousand, 0% NTD-denominated 1st secured convertible bonds in Taiwan, with an aggregate principal amount of \$275,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the subsidiary at a conversion price of \$61.9. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of March 9, 2022, conversion price has been adjusted to \$54.3, and conversion may occur at any time between June 6, 2020 and March 5, 2023. If the bonds have not been converted, they will be redeemed in cash at face value on March 5, 2023. If the conditions specified in the agreement are met, the subsidiary may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the subsidiary's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the subsidiary will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the subsidiary will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the subsidiary's share agent within 40 days prior to aforementioned sell back record dates requesting the subsidiary to redeem bond held by them in cash and in 101.0025% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$(161) thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 was \$69,173 thousand based on amortized cost and its effective interest rate originally recognized is 1.0029%.

Proceeds from issuance (less transaction costs of \$2,889 thousand)	\$ 272,111
Equity component	<u>(5,470)</u>
Liability component at the date of issue (including bonds payable \$266,889 thousand and financial assets at FVTPL - non-current \$248 thousand)	266,641
Interest charged at an effective interest rate	2,268
Gain on valuation of financial instrument	(1,602)
Convertible bonds converted into ordinary shares	(219,824)
Sell back convertible bonds	<u>(47,483)</u>
Liability component at March 9, 2022	<u>\$ -</u>

As of March 9, 2022, the first secured convertible corporate bond with a face value of NT\$227,000 thousand has been converted into 3,768 thousand ordinary shares of Ibase Solution Co., Ltd. On March 9, 2022, the remaining first secured convertible corporate bond's liability component of Ibase Solution Co., Ltd., totaling NT\$47,483 thousand outstanding, was fully sold back by the bondholders, and the remaining equity component of NT\$955 thousand was transferred to capital surplus - ordinary share issuance premium.

- d. At March 5, 2020, IBASE SOLUTION CO., LTD issued 2,250 thousand, 0% NTD-denominated 2nd secured convertible bonds in Taiwan, with an aggregate principal amount of \$225,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the subsidiary at a conversion price of \$61.9. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of March 9, 2022, conversion price has been adjusted to \$54.3, and conversion may occur at any time between June 6, 2020 and March 5, 2023. If the bonds have not been converted, they will be redeemed in cash at face value on March 5, 2023. If the conditions specified in the agreement are met, the subsidiary may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the subsidiary's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the subsidiary will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the subsidiary will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the subsidiary's share agent within 40 days prior to aforementioned sell back record dates requesting the subsidiary to redeem bond held by them in cash and in 101.0025% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other

hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments has been assessed at fair value of \$(1) thousand on December 31, 2021; non-derivative product liabilities has been measured on December 31, 2021 was \$289 thousand based on amortized cost and its effective interest rate originally recognized is 1.0632%.

Proceeds from issuance (less transaction costs of \$2,375 thousand)	\$ 222,625
Equity component	<u>(4,853)</u>
Liability component at the date of issue (including bonds payable \$217,974 thousand and financial assets at FVTPL - non-current \$202 thousand)	217,772
Interest charged at an effective interest rate	1,367
Gain on valuation of financial instrument	(1,528)
Convertible bonds converted into ordinary shares	(217,320)
Sell back convertible bonds	<u>(291)</u>
Liability component at March 9, 2022	<u>\$ -</u>

As of March 9, 2022, the second secured convertible corporate bond with a face value of NT\$224,700 thousand has been converted into 3,738 thousand ordinary shares of Ibase Solution Co., Ltd. On March 9, 2022, the remaining second secured convertible corporate bond's liability component of Ibase Solution Co., Ltd., totaling NT\$291 thousand outstanding, was fully sold back by the bondholders, and the remaining equity component of NT\$6 thousand was transferred to capital surplus - ordinary share issuance premium.

- e. At October 26, 2020, IBASE SOLUTION CO., LTD issued 4,000 thousand, 0% NTD-denominated 3rd secured convertible bonds in Taiwan, with an aggregate principal amount of \$408,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the subsidiary at a conversion price of \$148.1. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of December 30, 2022, conversion price has been adjusted to \$134.6, and conversion may occur at any time between January 27, 2021 and October 26, 2023. If the bonds have not been converted, they will be redeemed in cash at face value on October 26, 2023. If the conditions specified in the agreement are met, the subsidiary may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the subsidiary's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the subsidiary will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the subsidiary will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the subsidiary's share agent within 40 days prior to aforementioned sell back record dates requesting the subsidiary to redeem bond held by them in cash and in 101.0025% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$2,440

thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 was \$394,513 thousand based on amortized cost and its effective interest rate originally recognized is 0.7636%.

Proceeds from issuance (less transaction costs of \$2,600 thousand)	\$ 405,400
Equity component	<u>(14,825)</u>
Liability component at the date of issue (including bonds payable \$390,975 thousand and financial assets at FVTPL - non-current \$400 thousand)	390,575
Interest charged at an effective interest rate	6,084
Loss on valuation of financial instrument	400
Sell back convertible bonds	<u>(397,059)</u>
Liability component at December 30, 2022	<u>\$ -</u>

On December 30, 2022, the remaining third secured convertible corporate bond's liability component of Ibase Solution Co., Ltd., totaling NT\$397,059 thousand outstanding, was fully sold back by the bondholders, and the remaining equity component of NT\$14,825 thousand was transferred to capital surplus - ordinary share issuance premium.

- f. At October 26, 2020, IBASE SOLUTION CO., LTD issued 2,000 thousand, 0% NTD-denominated 4th secured convertible bonds in Taiwan, with an aggregate principal amount of \$204,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the subsidiary at a conversion price of \$148.1. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of December 30, 2022, conversion price has been adjusted to \$134.6, and conversion may occur at any time between January 27, 2021 and October 26, 2023. If the bonds have not been converted, they will be redeemed in cash at face value on October 26, 2023. If the conditions specified in the agreement are met, the subsidiary may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the subsidiary's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the subsidiary will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the subsidiary will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the subsidiary's share agent within 40 days prior to aforementioned sell back record dates requesting the subsidiary to redeem bond held by them in cash and in 101.0025% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$1,280 thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 was \$197,013 thousand based on amortized cost and its effective interest rate originally recognized is 0.8324%.



Proceeds from issuance (less transaction costs of \$1,303 thousand)	\$ 202,697
Equity component	<u>(7,789)</u>
Liability component at the date of issue (including bonds payable \$195,088 thousand and financial assets at FVTPL - non-current \$180 thousand)	194,908
Interest charged at an effective interest rate	3,301
Loss on valuation of financial instrument	180
Sell back convertible bonds	<u>(198,389)</u>
Liability component at December 30, 2022	<u>\$ -</u>

On December 30, 2022, the remaining fourth secured convertible corporate bond's liability component of Ibase Solution Co., Ltd., totaling NT\$198,389 thousand outstanding, was fully sold back by the bondholders, and the remaining equity component of NT\$7,789 thousand was transferred to capital surplus - ordinary share issuance premium.

- g. At October 27, 2020, IBASE SOLUTION CO., LTD issued 2,000 thousand, 0% NTD-denominated 5th unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$200,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the subsidiary at a conversion price of \$143. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of December 30, 2022, conversion price has been adjusted to \$130, and conversion may occur at any time between January 28, 2021 and October 27, 2023. If the bonds have not been converted, they will be redeemed in cash at face value on October 27, 2023. If the conditions specified in the agreement are met, the subsidiary may redeem the convertible corporate bonds from the bondholders at the agreed price.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the subsidiary's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the subsidiary will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the subsidiary will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 2-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the subsidiary's share agent within 40 days prior to aforementioned sell back record dates requesting the subsidiary to redeem bond held by them in cash and in 102.01% of face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. Liability components, on the other hand, are recognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instruments have been assessed at fair value of \$3,780 thousand on December 31, 2021; non-derivative product liabilities have been measured on December 31, 2021 was \$194,556 thousand based on amortized cost and its effective interest rate originally recognized is 1.5318%.

Proceeds from issuance (less transaction costs of \$1,302 thousand)	\$ 198,698
Equity component	<u>(7,054)</u>
Liability component at the date of issue (including bonds payable \$191,084 thousand and financial liabilities at FVTPL - non-current \$560 thousand)	191,644
Interest charged at an effective interest rate	5,975
Loss on valuation of financial instrument	(560)
Sell back convertible bonds	<u>(197,059)</u>
Liability component at December 30, 2022	<u>\$ -</u>

On December 30, 2022, the remaining fifth secured convertible corporate bond's liability component of Ibase Solution Co., Ltd., totaling NT\$197,059 thousand outstanding, was fully sold back by the bondholders, and the remaining equity component of NT\$7,054 thousand was transferred to capital surplus - ordinary share issuance premium.

### 23. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 151,974	\$ 94,149
Payables for employees' compensation	102,182	16,023
Payables for directors' compensation	4,675	2,100
Others	<u>92,935</u>	<u>56,027</u>
	<u>\$ 351,866</u>	<u>\$ 168,299</u>

### 24. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plan

The Company, VISWIS, Inc., IBASE SOLUTION CO., LTD and Novakon Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in United Kingdom, Singapore, United States of America, Italy, Japan and China are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

#### b. There is currently no pension plan for employees from IBASE Inc. and IBT International Inc.

## 25. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>218,800</u>	<u>218,800</u>
Value of shares authorized	<u>\$ 2,188,000</u>	<u>\$ 2,188,000</u>
Number of shares issued and fully paid (in thousands)	<u>194,967</u>	<u>177,100</u>
Value of shares issued	<u>\$ 1,949,967</u>	<u>\$ 1,770,998</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

### b. Capital surplus

Capital surplus which arises from the issuance of ordinary shares, conversion of bonds, and treasury share transactions may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus which arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions may be used to offset a deficit only.

Capital surplus which arises from changes in capital surplus of subsidiaries accounted for using the equity method and convertible options (i.e. the equity component of issue of convertible bonds) may not be used for any purpose.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 27-g.

The Company's Articles also stipulate a dividends policy whereby the payment of cash dividends should take into account its future business needs, long term financial plan, investment environment, domestic and foreign market competition, and shareholders' wealth. In principle, cash dividends are limited to 5% of the total dividends distributed. If the accumulated undistributed earnings is one-tenth lower than the paid-in capital, the distribution of cash dividends may be suspended in the fiscal year.

Items referred to under Rule No. 1090150022, Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on February 25, 2022 and February 26, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 31,602	\$ 8,750		
Special reserve	(5,278)	(64,882)		
Cash dividends	278,665	137,497	\$ 1.68	\$ 0.8

The above appropriations for cash dividends were resolved by the Company's board of directors on February 25, 2022 and February 26, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 22, 2022 and July 15, 2021, respectively.

The Company's board of directors also resolved to distribute the capital surplus of \$82,935 thousand and \$171,872 thousand as cash dividends on February 25, 2022 and February 26, 2021, respectively.

Due to shares transferred to employees and buy-back of ordinary shares which increased or reduced the outstanding shares circulating on the open market, the adjustment of cash dividends per share appropriations of earnings for 2021 and 2020 resulted in an increase of \$0.012 and \$0.014 per share, respectively.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2021	5,228
Increase during the year	<u>6,000</u>
Number of shares at December 31, 2021	<u>11,228</u>
Number of shares at January 1, 2022	11,228
Decrease during the year	<u>(1,184)</u>
Number of shares at December 31, 2022	<u>10,044</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

## 26. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 6,640,908	\$ 5,597,672
Other operating revenue		
Revenue from the construction of revenue	103,272	-
Revenue from the rendering of services	<u>30,651</u>	<u>109,183</u>
	<u>\$ 6,774,831</u>	<u>\$ 5,706,855</u>

### a. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Trade receivables (Note 11)	<u>\$1,230,866</u>	<u>\$ 725,118</u>	<u>\$ 844,428</u>
Contract assets			
Construction receivable	<u>\$ 7,463</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities			
Sale of goods	<u>\$ 138,458</u>	<u>\$ 131,916</u>	<u>\$ 59,785</u>

### b. Disaggregation of revenue

Refer to Note 37 for information about the disaggregation of revenue.

## 27. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 7,873	\$ 656
Others	<u>579</u>	<u>275</u>
	<u>\$ 8,452</u>	<u>\$ 931</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 30,179	\$ 19,834
Rental income	<u>343</u>	<u>5,286</u>
	<u>\$ 30,522</u>	<u>\$ 25,120</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on sampling and repair services	\$ 41,618	\$ 11,995
Gain (loss) on disposal of property, plant and equipment	640	62,873
Depreciation expense of investment property	-	(1,561)
Gain (loss) on lease modification	15	(127)
Net foreign exchange gain (loss)	121,993	(16,317)
Others	<u>(9,782)</u>	<u>(2,607)</u>
	<u>\$ 154,484</u>	<u>\$ 54,216</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 26,718	\$ 19,554
Interest on convertible bonds	26,309	18,317
Interest on lease liabilities	2,057	2,209
Interest on loans from related parties	-	3,688
Other finance costs	<u>54</u>	<u>52</u>
	<u>\$ 55,138</u>	<u>\$ 43,810</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 97,977	\$ 65,188
Operating expenses	<u>65,947</u>	<u>71,245</u>
	<u>\$ 163,294</u>	<u>\$ 136,433</u>
An analysis of amortization by function		
Operating costs	\$ 2,267	\$ 1,462
Operating expenses	<u>10,960</u>	<u>9,755</u>
	<u>\$ 13,277</u>	<u>\$ 11,217</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 835,191	\$ 643,172
Post-employment benefits	32,761	29,736
Other employee benefits	<u>83,401</u>	<u>78,823</u>
Total employee benefits expense	<u>\$ 951,353</u>	<u>\$ 751,731</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 309,187	\$ 243,245
Operating expenses	<u>642,166</u>	<u>508,486</u>
	<u>\$ 951,353</u>	<u>\$ 751,731</u>

g. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at interest rates of 1-15% and no higher than 3%, respectively, of employees' compensation and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	6.93%	4.05%
Remuneration of directors and supervisors	0.30%	0.48%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$ 100,000</u>	<u>\$ 15,300</u>
Remuneration of directors and supervisors	<u>\$ 4,375</u>	<u>\$ 1,800</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 240,491	\$ 32,590
Foreign exchange losses	<u>(118,498)</u>	<u>(48,907)</u>
	<u>\$ 121,993</u>	<u>\$ (16,317)</u>

**28. INCOME TAXES RELATING TO CONTINUING OPERATIONS**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 201,017	\$ 64,964
Income tax on unappropriated earnings	38	307
Adjustments for prior year	<u>8,358</u>	<u>7,052</u>
	<u>209,413</u>	<u>72,323</u>
Deferred tax		
In respect of the current year	20,939	(612)
Adjustments for prior year	<u>4,257</u>	<u>(4,135)</u>
	<u>25,196</u>	<u>(4,747)</u>
Income tax expense recognized in profit or loss	<u>\$ 234,609</u>	<u>\$ 67,576</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 1,374,180</u>	<u>\$ 288,335</u>
Income tax expense calculated at the statutory rate	\$ 294,984	\$ 54,727
Nondeductible expenses in determining taxable income	1,864	6,361
Tax-exempt income	(55,930)	(28,041)
Income tax on unappropriated earnings	38	307
Unrecognized deductible temporary differences	(901)	8,998
Used loss carryforwards	(4,894)	(4,476)
Unrecognized loss carryforwards	4,920	32,872
Used investment credits	(18,087)	(9,259)
The effect of separate taxation of house and land transactions		
income tax	-	(12,416)
Land value increment tax	-	557
House and land transactions income tax	-	15,029
Adjustments for prior years' tax	<u>12,615</u>	<u>2,917</u>
Income tax expense recognized in profit or loss	<u>\$ 234,609</u>	<u>\$ 67,576</u>



b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ 12,957</u>	<u>\$ 12,021</u>
Current tax liabilities		
Income tax payable	<u>\$ 170,391</u>	<u>\$ 60,319</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-down of inventories	\$ 44,815	\$ 5,865	\$ 45	\$ 50,725
Unrealized sales cost	1,808	(1,808)	-	-
Unrealized gross profit from sales	4,237	2,917	-	7,154
Amount of allowance for bad debts that exceed the limit for tax purpose	3,856	(977)	3	2,882
Loss on investments accounted for using the equity method	1,393	(265)	-	1,128
Tax losses	54,152	(14,796)	3,299	42,655
Unrealized exchange loss	1,115	349	213	1,677
Unrealized warranty expense	909	2,176	-	3,085
Others	<u>1,812</u>	<u>(998)</u>	<u>-</u>	<u>814</u>
	114,097	(7,357)	3,560	110,120
Investment credits	<u>4,241</u>	<u>(4,241)</u>	<u>-</u>	<u>-</u>
	<u>\$ 118,338</u>	<u>\$ (11,778)</u>	<u>\$ 3,560</u>	<u>\$ 110,120</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on investments accounted for using the equity method	\$ -	\$ 12,444	\$ -	\$ 12,444
Unrealized exchange gain	-	972	-	972
Others	<u>37</u>	<u>2</u>	<u>4</u>	<u>43</u>
	<u>\$ 37</u>	<u>\$ 13,418</u>	<u>\$ 4</u>	<u>\$ 13,459</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-down of inventories	\$ 41,179	\$ 3,657	\$ (21)	\$ 44,815
Unrealized sales cost	1,975	(167)	-	1,808
Unrealized gross profit from sales	4,455	(218)	-	4,237
Amount of allowance for bad debts that exceed the limit for tax purpose	3,752	105	(1)	3,856
Loss on investments accounted for using the equity method	5,832	(4,439)	-	1,393
Tax losses	54,552	566	(966)	54,152
Unrealized exchange loss	1,692	(501)	(76)	1,115
Unrealized warranty expense	36	873	-	909
Others	815	997	-	1,812
	<u>114,288</u>	<u>873</u>	<u>(1,064)</u>	<u>114,097</u>
Investment credits	<u>755</u>	<u>3,486</u>	<u>-</u>	<u>4,241</u>
	<u>\$ 115,043</u>	<u>\$ 4,359</u>	<u>\$ (1,064)</u>	<u>\$ 118,338</u>

Deferred tax liabilities

Temporary differences				
Others	<u>\$ 426</u>	<u>\$ (388)</u>	<u>\$ (1)</u>	<u>\$ 37</u>

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2022	2021
Loss carryforwards		
Expiry in 2022	\$ -	\$ 8,826
Expiry in 2023	4,200	5,788
Expiry in 2024	10,567	14,565
Expiry in 2025	14,999	20,897
Expiry in 2026	20,052	15,048
Expiry in 2027	14,011	-
Expiry in 2028	6,749	-
Expiry in 2029	712	712
Expiry in 2030	52,253	59,454
Expiry in 2031	66,160	70,782
Expiry in 2032	3,727	-
Indefinitely	<u>5,638</u>	<u>5,564</u>
	<u>\$ 199,068</u>	<u>\$ 201,636</u>
Deductible temporary differences	<u>\$ 166,573</u>	<u>\$ 166,573</u>

The unrecognized items include impairment loss of financial assets, loss on investments accounted for using the equity method and impairment loss on investments accounted for using the equity method.

e. Information on unused loss carryforwards

As of December 31, 2022, loss carryforwards comprised:

Company	Remaining Creditable Amount	Expiry Year
VISWIS, Inc.	\$ 3,612	2023-2029
IBSAE Japan	13,662	2023-2030
IBASE Technology (USA), Inc.	81,103	2031-2037
IBASE Technology (USA), Inc.	14,342	Indefinitely*
IBASE (Shanghai) Technology Inc.	52,426	2023-2027
ShenZhen Huameishi Technology Co., Ltd.	1,547	2023-2027
IBG INC.	5,638	Indefinitely*
IBASE SOLUTION CO., LTD	182,182	2030-2031
Teras Marine Services Co., Ltd.	<u>3,727</u>	2032
	<u>\$ 358,239</u>	

\* Starting tax years of 2018, net operating loss is carried forward indefinitely in USA.

f. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.

The subsidiaries of the Company whose income tax returns have been examined by the tax authorities are as follows:

	<u>Year of Examination</u>
VISWIS, Inc.	2020
IBASE SOLUTION CO., LTD	2020
NOVAKON Co., Ltd.	2020
IBASE Japan	2021
TMC Technology UK Co., Ltd.	2021
IBASE Singapore Pte. Ltd.	2021
IBASE Technology (USA), Inc.	2021
IBASE (Shanghai) Technology Inc.	2021
ShenZhen Huameishi Technology Co., Ltd.	2021
IBASE Italy SRL	2021
IBG INC.	2021
Teras Marine Services Co., Ltd.	2020

1) Because IBASE Inc. and IBT International Inc. are located on the Independent State of Samoa, they are not liable to pay income tax.

## 29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit for the year attributable to owners of the Company	\$1,135,052	\$ 312,547
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>(1,817)</u>	<u>7,899</u>
Earnings used in the computation of diluted earnings per share	<u>\$1,133,235</u>	<u>\$ 320,446</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,515	116,299
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,352	384
Convertible bonds	<u>11,276</u>	<u>17,167</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>133,143</u>	<u>133,850</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company and Aaeon Technology Inc. hold each other's shares using the equity method. The Company's investment in Aaeon Technology Inc. uses the treasury stock method, and when calculating earnings per share, the Company's shares held by Aaeon Technology Inc. are treated as treasury shares and deducted from the calculation. If the aforementioned impact is not taken into account, the basic earnings per share of the Company for 2022 and 2021 are NT\$6.54 and NT\$1.85, respectively; the diluted earnings per share for 2022 and 2021 are NT\$6.09 and NT\$1.72, respectively.

## 30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In November to December of 2021, due to some creditors of IBASE SOLUTION CO., LTD exercised their conversion rights and convertible bonds was converted to \$4,788 thousand of advance receipts for share capital, reducing its continuing interest from 31.84% to 31.48%.

In January of 2021, due to some creditors of IBASE SOLUTION CO., LTD exercised their conversion rights and convertible bonds was converted to \$4,052 thousand of share capital, reducing its continuing interest from 31.48% to 31.19%.

In December of 2022, the Company subscribed 1,338 thousand shares for additional new shares of Novakon Co., Ltd. at a percentage different from its existing ownership percentage, further reducing its continuing interest from 81.50% to 70.00%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

December 31, 2022

	<b>Novakon Co., Ltd. (Acquisition of Interests in Subsidiaries)</b>	<b>IBASE SOLUTION CO., LTD (Convertible Bonds Converted)</b>
Consideration received	\$ 30,332	\$ -
Liabilities settled	<u>-</u>	<u>21,758</u>
	30,332	<u>21,758</u>
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(27,968)	(8,186)
Reattribution of other equity to non-controlling interests		
Exchange differences on translating the financial statements of foreign operations	-	(1)
Unrealized gain on financial assets at FVTOCI	<u>(546)</u>	<u>(2)</u>
Differences recognized from equity transactions	<u>\$ 1,818</u>	<u>\$ 13,569</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ -	\$ 13,569
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>1,818</u>	<u>-</u>
	<u>\$ 1,818</u>	<u>\$ 13,569</u>

December 31, 2021

	<b>IBASE SOLUTION CO., LTD (Convertible Bonds Converted)</b>
Liabilities settled	\$ 25,629
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(20,773)
Reattribution of other equity to non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	1
Unrealized gain on financial assets at FVTOCI	<u>1</u>
Differences recognized from equity transactions	<u>\$ 4,858</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 4,858</u>

### 31. CAPITAL MANAGEMENT

Based on the current industrial operations, future company development, and external environmental changes, the Group plans its future capital, R&D expenses, and dividends payment, etc. so that the companies within the Group can continue as a going concern while their shareholder value can be further improved by optimizing the balance of debt and equity to maintain an optimal capital structure.

Key management personnel of the Group review the capital structure on a irregularly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

### 32. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 1,452,183</u>	<u>\$ 1,734,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734,400</u>

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 1,618,379	\$ 1,901,357	\$ -	\$ -	\$ 1,901,357

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic unlisted shares	\$ -	\$ 15,522	\$ -	\$ 15,522
Foreign unlisted shares	-	11,538	-	11,538
Mutual funds	5,969	-	-	5,969
Convertible bonds	20,606	-	-	20,606
Structured Investment	3,082	-	-	3,082
	<u>\$ 29,657</u>	<u>\$ 27,060</u>	<u>\$ -</u>	<u>\$ 56,717</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ 93,792	\$ -	\$ 93,792
Listed shares and emerging market shares	532,338	5,952	-	538,290
Foreign unlisted shares	-	7,170	-	7,170
Investments in debt instruments				
Foreign financial bonds	4,026	-	-	4,026
	<u>\$ 536,364</u>	<u>\$ 106,914</u>	<u>\$ -</u>	<u>\$ 643,278</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 7,840	\$ -	\$ 7,840

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic unlisted shares	\$ -	\$ 43,628	\$ -	\$ 43,628
Foreign unlisted shares	-	-	10,540	10,540
Mutual funds	76,529	-	-	76,529
Convertible bonds	8,125	-	-	8,125
Derivative financial assets	-	176	-	176
	<u>\$ 84,654</u>	<u>\$ 43,804</u>	<u>\$ 10,540</u>	<u>\$ 138,998</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ 84,486	\$ -	\$ 84,486
Listed shares and emerging market shares	417,030	5,631	-	422,661
Foreign unlisted shares	-	7,361	-	7,361
Investments in debt instruments				
Foreign financial bonds	4,150	-	-	4,150
	<u>\$ 421,180</u>	<u>\$ 97,478</u>	<u>\$ -</u>	<u>\$ 518,658</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 14,188	\$ -	\$ 14,188

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Emerging market shares Domestic unlisted shares Foreign unlisted shares	Market approach: Potential value of unlisted shares is estimated by comparing firms in the same industry who have similar financial positions; using its listed price, corresponding price multiplier and adjusting the discount on liquidity risk to evaluate the market price of unlisted shares.
IBASE Technology Inc. 5th domestic unsecured convertible bonds	Under the assumption that corporate bond will be redeemed on September 7, 2025, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.
IBASE Technology Inc. 6th domestic unsecured convertible bonds	Under the assumption that corporate bond will be redeemed on November 22, 2027, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.

(Continued)



<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
IBASE SOLUTION CO., LTD 1st and 2nd domestic secured convertible bonds	Under the assumption that corporate bond will be redeemed on March 5, 2023, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.
IBASE SOLUTION CO., LTD 3rd and 4th domestic secured convertible bonds	Under the assumption that corporate bond will be redeemed on October 26, 2023, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.
IBASE SOLUTION CO., LTD 5th domestic unsecured convertible bonds	Under the assumption that corporate bond will be redeemed on October 27, 2023, discount rate adopted is calculated via interpolation method using government bond yield rates from Taipei Exchange's public offer 2-year and 5-year period.

(Concluded)

3) Valuation techniques and inputs applied for Level 3 fair value measurement

- \* The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in an increase in the fair value.

	<b>December 31</b>
	<b>2021</b>
Long-term revenue growth rates	2.00%
Long-term pre-tax operating margin	15.00%
WACC	22.96%
Discount for lack of marketability	15.00%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	<b>December 31</b>
	<b>2021</b>
Long-term revenue growth rates	
1% increase	\$ 70
1% decrease	\$ (70)
WACC	
1% increase	\$ (209)
1% decrease	\$ 209

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 56,717	\$ 138,998
Financial assets at amortized cost (1)	2,717,535	3,042,874
Financial assets at FVTOCI		
Equity instruments	639,252	514,508
Debt instruments	4,026	4,150
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	7,840	14,188
Amortized cost (2)	4,314,171	4,321,667

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade and other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables (excluding employee benefits payable), other payables from related parties, bonds payable, current portion of long-term borrowings and bonds payable and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets designated as at FVTPL, equity and debt investments, trade receivables, trade payables, lease liabilities, bonds payable, and borrowings. The financial strategies of the Group were mainly based on the principles of conservatism and prudence. The objective of financial risk management was to manage the risk of exchange rate, interest rate, credit and liquidity risk associated with operating activities. To reduce relative financial risks, the Group formulated a complete approval authority to establish a clear-cut financial policy and supervise the implementation process to reduce the potential adverse effects of market changes on financial performance of the Group.

The significant financial activities of the Group were reviewed by the board of directors in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operating procedures regarding the management of financial risks and the division of authority and responsibility.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 75% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 66% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts and cross-currency swap contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 37.

The derivatives exposed to foreign currency risk at the end of the reporting period are as follows:

	<u>December 31</u>	
	2022	2021
<u>Derivative financial assets</u>		
USD	\$ -	\$ 14
<u>Derivative financial liabilities</u>		
USD	-	171

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<u>USD Impact</u>	
	<u>For the Year Ended December 31</u>	
	2022	2021
Profit or loss	\$ (14,062)	\$ (10,421)

This was mainly attributable to the exposure of outstanding USD receivables and payables which were not hedged at the end of the reporting period. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of the year did not reflect the exposure during the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 498,800	\$ 935,169
Financial liabilities	2,202,100	2,072,702
Cash flow interest rate risk		
Financial assets	904,740	1,252,154
Financial liabilities	1,227,222	1,428,611

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$3,225 thousand and \$1,765 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit (loss) for the years ended December 31, 2022 and 2021 would have increased/decreased by \$271 thousand and \$542 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$6,393 thousand and \$5,145 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (c) below.

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 363,263	\$ 449,690	\$ 119,083	\$ -	\$ -
Lease liabilities	4,425	8,437	36,284	45,085	-
Variable interest rate liabilities	8,432	18,683	79,924	550,323	745,892
Fixed interest rate liabilities	<u>30,4886</u>	<u>298,935</u>	<u>98,082</u>	<u>1,792,165</u>	<u>234,240</u>
	<u>\$ 406,606</u>	<u>\$ 775,745</u>	<u>\$ 333,372</u>	<u>\$ 2,387,573</u>	<u>\$ 908,132</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 49,146</u>	<u>\$ 45,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 386,728	\$ 426,232	\$ 73,778	\$ -	\$ -
Lease liabilities	4,175	7,424	31,912	44,619	-
Variable interest rate liabilities	304	27,547	74,450	1,341,307	13,896
Fixed interest rate liabilities	<u>38,630</u>	<u>6,965</u>	<u>32,724</u>	<u>1,833,359</u>	<u>233,855</u>
	<u>\$ 429,837</u>	<u>\$ 468,168</u>	<u>\$ 212,864</u>	<u>\$ 3,219,285</u>	<u>\$ 247,751</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 43,511</u>	<u>\$ 44,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>
Foreign exchange forward contracts	<u>\$ (58)</u>	<u>\$ (46)</u>	<u>\$ (67)</u>

c) Financing facilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unsecured bank facilities, reviewed annually and payable on demand:		
Amount used	\$ 110,000	\$ 1,035,000
Amount unused	<u>2,140,000</u>	<u>715,000</u>
	<u>\$ 2,250,000</u>	<u>\$ 1,750,000</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 1,775,222	\$ 763,139
Amount unused	<u>217,200</u>	<u>176,709</u>
	<u>\$ 1,992,422</u>	<u>\$ 939,848</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
WiBASE Industrial Solutions Inc.	Associate
AAEON Technology Inc.	Associate
ONYX Healthcare Inc.	Associate
ASUSTeK Computer Inc.	Associate
Liao Liang Bin	Key management personnel
TPE Energy Inc.	Related party in substance(Note 1)
Globemaster Technologies Co., Ltd.	Related party in substance(Note 2)
Globemaster Green Energy Co., Ltd.	Related party in substance(Note 2)
Globemaster Green Energy Mechanical and Electrical Engineering Co., Ltd.	Related party in substance(Note 2)
Globemaster Digital Co., Ltd.	Related party in substance(Note 2)
Taiwan Particle Equipment Co., Ltd.	Related party in substance(Note 3)

Note 1: In November 2021, IBASE SOLUTION CO., LTD sold all of TPE Energy Inc.'s shares and resigned as director, so TPE Energy Inc. was no longer a related party.

Note 2: Its chairman is a second degree relative of the president of Ibase Solution Co., Ltd.

Note 3: Its chairman is the same person as the chairman of Ibase Solution Co., Ltd.

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Associates	\$ 66,581	\$ 87,914
	Related party in substance	<u>4,000</u>	<u>15</u>
		<u>\$ 70,581</u>	<u>\$ 87,929</u>
Other operating revenue	Associates	\$ 1,056	\$ 282
	Related party in substance	<u>2</u>	<u>-</u>
		<u>\$ 1,058</u>	<u>\$ 282</u>

For transactions with related parties, the prices and collection terms were similar to those transactions with third parties.

c. Operating costs

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Purchases of goods	Associates	\$ 2,122	\$ 385
	Related party in substance	<u>31,493</u>	<u>98,768</u>
		<u>\$ 33,615</u>	<u>\$ 99,153</u>
Manufacturing overhead	Associates	\$ 7	\$ -
	Related party in substance	<u>-</u>	<u>243</u>
		<u>\$ 7</u>	<u>\$ 243</u>

For transactions with related parties, the prices and payment terms were similar to those transactions with third parties.

d. Operating expenses

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Other expenses	Related party in substance	<u>\$ 185</u>	<u>\$ 67</u>
Research and development expense	Associates	\$ -	\$ 38
	Related party in substance	<u>22</u>	<u>230</u>
		<u>\$ 22</u>	<u>\$ 268</u>
Rental expense	Related party in substance	<u>\$ -</u>	<u>\$ -</u>

For transactions with related parties, the prices and payment terms were similar to those transactions with third parties.

The rental amounts agreed in lease contracts between the Group and related parties are determined based on market prices and general payment terms.



e. Non-operating income

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental income	TPE Energy Inc.	\$ -	\$ 1,339
	Related party in substance	<u>14</u>	<u>-</u>
		<u>\$ 14</u>	<u>\$ 1,339</u>
Other income	Associates	<u>\$ 2,214</u>	<u>\$ 211</u>
Finance costs	Key management personnel	<u>\$ -</u>	<u>\$ 3,688</u>

The rental amounts agreed in lease contracts between the Group and related parties are determined based on market prices and general collection terms.

f. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Associates	<u>\$ 15,619</u>	<u>\$ 20,874</u>

For transactions with related parties, the prices and collection terms were similar to those transactions with third parties. The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

g. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Associates	\$ 223	\$ -
	Related party in substance	<u>1,201</u>	<u>-</u>
		<u>\$ 1,424</u>	<u>\$ -</u>
Other payables	Associates	\$ -	\$ 40
	Related party in substance	<u>320</u>	<u>259</u>
		<u>\$ 320</u>	<u>\$ 299</u>

The outstanding trade payables to related parties are unsecured.

h. Prepayment for purchases

Related Party Category/Name	December 31	
	2022	2021
GLOBEMASTER TECHNOLOGIES CO., LTD.	<u>\$ 10,999</u>	<u>\$ 10,000</u>

i. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Related party in substance	\$ <u>4,617</u>	\$ <u>134</u>

j. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other payable	Related party in substance	\$ <u>600</u>	\$ <u>-</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
	Short-term employee benefits	\$ 53,474
Post-employment benefits	<u>1,967</u>	<u>2,073</u>
	<u>\$ 55,441</u>	<u>\$ 68,003</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or the tariffs of imported raw material guarantees:

	December 31	
	2022	2021
Freehold land	\$ 1,718,373	\$ 1,108,062
Buildings	869,066	777,603
Pledged deposits (classified as financial assets at amortized cost - current)	<u>57,593</u>	<u>437,023</u>
	<u>\$ 2,645,032</u>	<u>\$ 2,322,688</u>

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,140	30.71 (USD:NTD)	\$ 1,877,609
USD	1,787	0.828 (USD:GBP)	54,879
USD	1,998	132.1429 (USD:JPY)	61,359
USD	664	1.3442 (USD:SGD)	20,391
Non-monetary items			
Investments accounted for using the equity method			
USD	14,559	30.71 (USD:NTD)	446,881
Refundable deposits			
USD	144	30.71 (USD:NTD)	4,422
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 15,727	30.71 (USD:NTD)	\$ 482,976
USD	1,468	0.828 (USD:GBP)	45,082
USD	9	1.3422 (USD:SGD)	276
RMB	2,596	6.9647 (USD:RMB)	79,723

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,894	27.68 (USD:NTD)	\$ 1,408,746
USD	2,812	0.7421 (USD:GBP)	77,836
USD	1,632	115.0936 (USD:JPY)	45,174
USD	1,413	1.3528 (USD:SGD)	39,112
Non-monetary items			
Derivative instruments			
USD	600	27.68 (USD:NTD)	16,608
Investments accounted for using the equity method			
USD	13,587	27.68 (USD:NTD)	375,789
Refundable deposits			
USD	1,267	27.68 (USD:NTD)	35,071
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 15,100	27.68 (USD:NTD)	\$ 417,968
USD	2,009	0.7421 (USD:GBP)	55,609
USD	17	1.3528 (USD:SGD)	471
RMB	1,977	6.3776 (USD:RMB)	54,723
Non-monetary items			
Derivative instruments			
USD	1,300	27.68 (USD:NTD)	35,984

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$121,993 thousand and \$(16,317) thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

### 37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Revenue generated from the sales department	\$ 6,193,726	\$ 4,180,906	\$ 1,290,242	\$ 498,532
Revenue generated from the sales department of special products	<u>581,105</u>	<u>1,525,949</u>	<u>4,551</u>	<u>(12,231)</u>
Segment revenue	<u>\$ 6,774,831</u>	<u>\$ 5,706,855</u>	1,294,793	486,301
General and administrative expenses			(301,674)	(330,033)
Interest income			8,452	931
Other income			30,522	25,120
Other gains and losses			154,484	54,216
Share of profit of associates			241,661	131,778
Finance costs			(55,138)	(43,810)
Net loss on fair value changes of financial instruments designated as at FVTPL			<u>1,080</u>	<u>(36,168)</u>
Profit before tax			<u>\$ 1,374,180</u>	<u>\$ 288,335</u>

Segment revenue reported above represent the revenue generated from external customers. No inter-segment revenue occurred for the years ended December 31, 2022 and 2021.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, interest income, other income, other gains and losses, share of profit of associates, plant and equipment, finance costs, net loss on fair value changes of financial instruments designated as at FVTPL and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance

b. Total segment assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

c. Other segment information

	<b>Depreciation and Amortization</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The sales department	\$ 73,646	\$ 56,266
The sales department of special products	<u>47,582</u>	<u>47,756</u>
	<u>\$ 121,228</u>	<u>\$ 104,022</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Advanced system products	\$ 4,649,642	\$ 3,241,385
Single board computer motherboard	877,427	589,272
Embedded computer motherboard	459,528	244,868
Energy storage equipment	155,337	1,266,573
Maritime engineering technical services	-	82,434
Others	<u>632,897</u>	<u>282,323</u>
	<u>\$ 6,774,831</u>	<u>\$ 5,706,855</u>

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, United Kingdom and the United States (USA).

The Group's revenue from continuing operations from external customers by location of operations is detailed below.

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Taiwan	\$ 5,355,501	\$ 4,727,060
United Kingdom	614,766	230,930
USA	429,102	452,554
Others	<u>375,462</u>	<u>296,311</u>
	<u>\$ 6,774,831</u>	<u>\$ 5,706,855</u>

f. Information on major customers

The revenues from sales to the Group's largest customer were approximately \$1,941,411 thousand and \$2,480,575 thousand for the years ended December 31, 2022 and 2021, respectively.

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Customer A	\$ 1,941,411	\$ 1,253,077
Customer B	NA (Note 1)	1,227,498

Note 1: Revenue less than 10% of the Group's revenue.



## IBASE TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	IBASE Technology Inc.	IBASE (Shanghai) Technology Inc	Other receivables - related party	Y	\$ 75,706	\$ 74,538	\$ 74,538	-	Note 1	\$ 74,538	-	\$ -	-	\$ -	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Japan	Other receivables - related party	Y	47,377	-	-	-	Note 1	-	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Technology (USA), Inc.	Other receivables - related party	Y	4,684	4,524	4,524	-	Note 1	4,524	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	
		IBASE Singapore Pte. Ltd.	Other receivables - related party	Y	13,615	-	-	-	Note 1	-	-	-	-	-	Financing limit for a single company should not exceed 10% of the net asset value of each borrower based on the latest financial statements: Which is \$664,640 thousand.	Financing limit for a single company should not exceed 40% of the net asset value of each borrower based on the latest financial statements: Which is \$2,658,562 thousand.	

Note 1: Under Letter 167 of the accounting research and development foundation, if the trade receivables of unrelated parties are past due over 90 days from the end of the credit term, it should be reclassified as non-trading receivables as well as disclosed under financing provided to others.

Note 2: Balances shown above between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

IBASE TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBASE Technology Inc.	<u>Ordinary shares</u>							
	Ever Advanced Precision Technologies Ltd.	-	Financial assets measured at FVTPL - non-current	2,600,000	\$ 15,522	15.57	\$ 15,522	-
	Taiwan Pulse Motion Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	880,000	27,599	18.33	27,599	-
	Navisys Technology Corp.	-	Financial assets measured at FVTOCI - non-current	576,576	9,918	10.11	9,918	-
	ICATCH Inc.	-	Financial assets measured at FVTOCI - non-current	3,030,062	41,372	15.34	41,372	-
	Internet Solutions Technology Corp.	-	Financial assets measured at FVTOCI - non-current	133,334	-	5.41	-	-
	Asuka Autotronics Inc.	-	Financial assets measured at FVTOCI - non-current	1,363,524	3,202	10.63	3,202	-
	3D Global Biotech Inc.	-	Financial assets measured at FVTOCI - non-current	500,000	5,952	0.90	5,952	-
	Huai I Precision Technology Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	1,688,000	8,383	5.79	8,383	-
	AMPIRE Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	3,623,000	108,690	3.06	108,690	-
	Darwins Summit Corporation Ltd.	-	Financial assets measured at FVTOCI - non-current	10,000	7,170	10.00	7,170	-
	Winmate Inc.	-	Financial assets measured at FVTOCI - current	4,871,097	404,301	6.71	404,301	-
	Darwin Precisions Corporation	-	Financial assets measured at FVTOCI - current	2,196,000	19,347	0.33	19,347	-
	<u>Mutual funds</u>							
	Yuanta Global Realty & Infrastructure Fund - Accumulation	-	Financial assets measured at FVTPL - current	500,000	4,670	-	4,670	-
	Franklin Templeton SinoAm Global Aggregate Bond Fund - Dist.	-	Financial assets measured at FVTPL - current	200,000	1,299	-	1,299	-
	<u>Corporate bonds</u>							
Evergreen Marine Corporation (Taiwan) Ltd.	-	Financial assets measured at FVTPL - current	20,000	2,159	-	2,159	-	
Lion Travel Service Co., Ltd	-	Financial assets measured at FVTPL - current	30,000	3,447	-	3,447	-	
SERCOMM Corporation	-	Financial assets measured at FVTPL - current	150,000	15,000	-	15,000	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBASE SOLUTION CO., LTD	<u>Preference shares</u> GOMORE INC.	-	Financial assets measured at FVTPL - non-current	25,216,865	\$ 11,538	5.04	\$ 11,538	-
	<u>Financial bonds</u> Qatar. National Bank	-	Financial assets measured at FVTOCI - current	992,750.59	4,026	-	4,026	-
Novakon Co., Ltd.	<u>Ordinary shares</u> Huai I Precision Technology Co., Ltd.	-	Financial assets measured at FVTOCI - non-current	668,000	3,318	2.29	3,318	-

Note: Marketable securities shown above are those recognized under IFRS 9: Financial Instruments.

**IBASE TECHNOLOGY INC. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
IBASE Technology Inc.	Land and plant	August 12, 2022	\$1,000,000 (tax included)	\$1,000,000	TAIWAN TEA CORPORATION	None	-	-	-	\$-	Note 1	Required for company operations	-
IBASE SOLUTION CO., LTD	Land and plant	April 21, 2022	322,660	322,660	FOUNDING CONSTRUCTION DEVELOPMENT CORP.	None	-	-	-	-	Note 2	Required for company operations	-

Note 1: This is based on the appraisal results of Zhan-Mao Real Estate Appraisers Firm (with an appraisal amount of NT\$1,017,370 thousand) and Fu-Jia Real Estate Appraisers Firm (with an appraisal amount of NT\$1,003,631 thousand).

Note 2: This is based on the appraisal results of Grand Elite Real Estate Appraisers Firm (with an appraisal amount of NT\$332,226 thousand).

**TABLE 4****IBASE TECHNOLOGY INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
IBASE Technology Inc.	TMC Technology UK Co., Ltd.	Parent company	Sale	\$(452,887)	(8)	Note	\$ -	-	\$ 44,363	4	
TMC Technology UK Co., Ltd.	IBASE Technology Inc.	Fellow subsidiary	Purchase	452,887	87	Note	-	-	(44,363)	(89)	
IBASE Technology Inc.	IBASE Technology (USA) Inc.	Parent company	Sale	(336,120)	(6)	Note	-	-	98,938	9	
IBASE Technology (USA) Inc.	IBASE Technology Inc.	Fellow subsidiary	Purchase	336,120	94	Note	-	-	(98,938)	(79)	
IBASE Technology Inc.	IBASE Japan	Parent company	Sale	(194,326)	(3)	Note	-	-	63,172	6	
IBASE Japan	IBASE Technology Inc.	Fellow subsidiary	Purchase	194,326	95	Note	-	-	(63,172)	(100)	

Note 1: For transactions with related parties, the prices and collection (payment) terms were similar to those transactions with third parties.

Note 2: Balances shown above between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

**IBASE TECHNOLOGY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
IBASE Technology Inc.	IBASE Technology (USA) Inc.	Parent company	\$ 125,487 (Note)	-	\$ 4,495	Transaction terms are determined by financial condition	\$ 26,532	\$ -

Note 1: Included account receivables \$98,938 and other receivables \$26,549.

Note 2: Balances shown above between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

## IBASE TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
IBASE Technology Inc.	IBASE Inc.	Independent State of Samoa	Holding investment of IBT International Inc., TMC Technology UK Co., Ltd., and IBASE Singapore PTE Ltd.	\$ 443,434	\$ 443,434	1,389,658	100.00	\$ 446,581	\$ 51,034	\$ 51,117	Notes 1 and 2
	IBASE SOLUTION CO., LTD	New Taipei City, Taiwan	Suppliers of gaming machines and research, design, manufacturing, and sales of energy storage equipment	147,571	147,571	13,510,880	31.19	324,737	851	255	Note 1
	WiBASE Industrial Solutions Inc.	Taipei City, Taiwan	R&D and suppliers of ODM, IPC related to vehicles mounted	132,021	132,021	8,050,418	20.60	110,612	22,984	4,725	Note 1
	Novakon Co., Ltd.	Taipei City, Taiwan	Manufacture of computers and peripheral equipment	124,633	92,789	4,816,000	70.00	109,952	32,003	25,905	Note 1
	VISWIS, Inc.	Taipei City, Taiwan	Manufacture and reproduction of recorded media	19,333	19,333	1,353,333	64.44	489	1	-	Note 1
	IBASE Japan	Japan	IT software and data processing services	9,178	9,178	600	100.00	6,469	12,503	12,503	Note 1
	AAEON Technology Inc.	New Taipei City, Taiwan	Suppliers of IPC and after-sales services	2,130,105	2,130,105	41,698,468	27.94	2,330,849	1,074,460	236,936	Note 1
Micro Silicon Elecs Corp.	Taipei City, Taiwan	Suppliers of IPC, computer peripheral, and electronic components	1,500	1,500	150,000	30.00	-	-	-	-	Note 3
IBASE Inc.	IBT International Inc.	Independent State of Samoa	IT software and data processing services	324,441	324,441	10,255,122	100.00	139,084	7,082	7,082	Note 1
	TMC Technology UK Co., Ltd.	United Kingdom	Holding investment of IBASE Technology (USA), Inc., IBASE (Shanghai) Technology Inc., and ShenZhen Huameishi Technology Co., Ltd.	83,143	83,143	4,500	100.00	267,187	45,523	45,523	Note 1
	IBASE Singapore PTE Ltd.	Singapore	Suppliers of IPC and after-sales services	35,849	35,849	900,000	100.00	40,539	(1,571)	(1,571)	Note 1
IBASE SOLUTION CO., LTD	IBG Inc.	United States of America	IT software and data processing services and supplier of computer peripheral equipment	6,169	6,169	200,000	100.00	300	(74)	(74)	Note 1
	Teras Marine Services Co., Ltd.	New Taipei City, Taiwan	Suppliers of gaming machines	12,357	245,543	971,610	47.63	(115)	(3,727)	(1,835)	Note 1
IBT International Inc.	IBASE Technology (USA), Inc.	United States of America	Maritime Engineering Technical Services	229,495	229,495	546,000	100.00	150,023	24,302	24,302	Note 1
TMC Technology UK Co., Ltd.	IBASE Italy SRL	Italy	Suppliers of IPC and after-sales services	309	309	10,000	100.00	987	81	81	Note 1
			After-sales services of IPC								

Note 1: The amounts are based on audited 2022 financial statements.

Note 2: The difference between the share of profit or loss and net income (loss) of the investee for the year ended December 31, 2022 was due to related-party transactions eliminated on consolidation.

Note 3: Micro Silicon Elecs Corp. was declared bankrupt on October 8, 2004.

Note 4: Except for AAEON Technology Inc., WiBASE Industrial Solutions Inc. and Micro Silicon Elecs. Corp., the share of profit (loss) and investment amount have been eliminated on consolidation.

**TABLE 7****IBASE TECHNOLOGY INC. AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
IBASE (Shanghai) Technology Inc.	Computer design, computer assembly and international trade business	\$ 82,917 (US\$ 2,700 thousand)	Investments through a holding company IBT INTERNATIONAL INC. registered in a third region	\$ 82,917 (US\$ 2,700 thousand)	\$ -	\$ -	\$ 82,917 (US\$ 2,700 thousand)	\$ (16,692)	100	\$ (16,692)	\$ (13,944)	\$ -	
ShenZhen Huameishi Technology Co., Ltd.	IT software and data processing services	14,986 (US\$ 444 thousand)	Investments through a holding company IBT INTERNATIONAL INC. registered in a third region	5,988 (US\$ 195 thousand)	-	-	5,988 (US\$ 195 thousand)	(881)	60	(529)	1,899	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$88,905 (US\$2,895 thousand)	\$88,905 (US\$2,895 thousand)	\$4,444,956 (Note 3)

Note 1: The share of profit or loss and net income (loss) of the investee for the year ended December 31, 2022 was based on the audited financial statements.

Note 2: Net loss of the investee was calculated based on the average exchange rate from January 1, 2022 to December 31, 2022; accumulated outward remittance for the investments from Taiwan was calculated based on the spot exchange rate as of December 31, 2022.

Note 3: The share of profit (loss) and investment amount have been eliminated on consolidation as of December 31, 2022.

Note 4: According to regulations governing the approval of investment or technical cooperation in Mainland China, the upper limit on the amount of investment is the higher of the Company's net asset value and the Group's net asset value.



**IBASE TECHNOLOGY INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)	
				Financial Statement Accounts	Amount	Payment Terms		
0	IBASE Technology Inc.	IBASE SOLUTION CO., LTD	a	Sale	\$ 48,235	Not significantly different from non-related parties	1	
		IBASE SOLUTION CO., LTD	a	Trade receivables	2,375	Not significantly different from non-related parties	-	
		Novakon Co., Ltd.	a	Sale	48,392	Not significantly different from non-related parties	1	
		Novakon Co., Ltd.	a	Trade receivables	4,501	Not significantly different from non-related parties	-	
		TMC Technology UK Co., Ltd.	a	Sale	452,887	Not significantly different from non-related parties	7	
		TMC Technology UK Co., Ltd.	a	Trade receivables	44,363	Not significantly different from non-related parties	-	
		IBASE Technology (USA), Inc.	a	Sale	336,120	Not significantly different from non-related parties	5	
		IBASE Technology (USA), Inc.	a	Trade receivables	98,983	Not significantly different from non-related parties	1	
		IBASE Technology (USA), Inc.	a	Other receivables	4,495	Transaction terms are determined by financial condition	-	
						(Note 5)		
		IBASE Singapore Pte. Ltd.	a	Sale	53,513	Not significantly different from non-related parties	1	
		IBASE Singapore Pte. Ltd.	a	Trade receivables	10,864	Not significantly different from non-related parties	-	
		IBASE (Shanghai) Technology Inc.	a	Sale	25,463	Not significantly different from non-related parties	-	
		IBASE (Shanghai) Technology Inc.	a	Trade receivables	4,238	Not significantly different from non-related parties	-	
		IBASE (Shanghai) Technology Inc.	a	Other receivables	74,067	Transaction terms are determined by financial condition	1	
						(Note 5)		
IBASE Japan	a	Sale	194,326	Not significantly different from non-related parties	3			
IBASE Japan	a	Trade receivables	63,172	Not significantly different from non-related parties	1			

Note 1: The transactions between the Company and the subsidiaries are coded in the “No.” column.

- a. Number 0 represents the Company.
- b. The subsidiaries are numbered in order from number 1.

Note 2: The transactional relationships with the counterparties are as follows:

- a. Company to subsidiary.
- b. Subsidiary to Company.
- c. Subsidiary to another subsidiary.

Note 3: The denominator is amount of consolidated total assets if the financial statement accounts are classified as permanent accounts or consolidated total revenue if the financial statement accounts are classified as temporary accounts.

Note 4: All transactions shown above between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 5: The difference between the amounts of other receivables and the ending balance of Table 1 “Financing provided to others” was due to foreign currency evaluation.

**TABLE 9****IBASE TECHNOLOGY INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
AAEON Technology Inc.	52,921,856	27.13

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

iBase Technology Inc.



Responsible person: Lin Chiu-Hsu

