

Stock Code  
5371

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**Coretronic Corporation**

**2023 Annual Shareholders' Meeting**

**Meeting Agenda**

(Translation)

**June 14, 2023**

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**Coretronic Corporation**  
**2023 Annual General Shareholders' Meeting Procedure**

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Meeting Adjournment

**Coretronic Corporation**  
**2023 Annual General Shareholders' Meeting Agenda**

Time : 9:00 a.m., June 14 (Wednesday), 2023

Place : No. 2, Kebei 5<sup>th</sup> Rd., Zhunan Science Park, Miaoli County

Convening Method : Shareholders meeting will be held by means of physical shareholders meeting

I. Chairman's Address

II. Report Items

1. 2022 Annual Business Report.
2. 2022 Audit Committee's Review Report.
3. The distribution of 2022 employees' compensation.
4. The distribution of 2022 Earnings in cash and additional paid-in capital in cash.

III. Ratification Items

1. Ratification of 2022 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2022 Earnings.

IV. Discussion and Election Items

1. Proposal to release the Directors from non-competition restrictions.
2. Proposition for the Company's subsidiary, Optoma Holding Limited, will undertake an IPO on London Stock Exchange with the issuance of common shares.

V. Extraordinary Motions

VI. Meeting Adjournment

## Report Items

### 1. 2022 Annual Business Report

Description: 2022 Annual Business Report is attached as Attachment 1.

### 2. 2022 Audit Committee's Review Report

Description: 2022 Audit Committee's Report is attached as Attachment 2.

### 3. The distribution of 2022 employees' compensation.

Description: In accordance with Company Act and the Company Article of Incorporation, 10%~20% of profit of the current year shall be distributed as employees' compensation. The board of directors resolved to distribute NT\$360,059,656 as 2022's employee compensation in cash.

### 4. The distribution of 2022 Earnings in cash and additional paid-in capital in cash.

Description:

- (1) The Board of Directors had resolved the earning for cash distribution amounting to NT\$1,368,433,885 were distributed at NT\$3.5 per share and additional paid-in capital NT\$390,981,110 were distributed at NT\$1.0 per share.
- (2) Cash distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash.
- (3) In the event that, any change in the number of outstanding common shares, it is proposed the Chairman be authorized to adjust the cash dividend per share based on the number of actual shares outstanding.

## Ratification Items

### 1. Ratification of 2022 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1)The 2022 financial statements of the Company had been audited by Ernst & Young.
- (2)Please refer to attachment 1 and 3 for 2022 Business Report and financial statements.
- (3)Please resolve.

Resolution:

### 2. Ratification of the Proposal for the Distribution of 2022 Earnings. (Proposed by the Board of Directors)

Description:

- (1)Please refer to attachment 4 for the Distribution of 2022 Earnings Table which was approved by the Board of Directors and reviewed by the Audit Committee.
- (2)Please resolve.

Resolution:

## Discussion Items

### 1. Proposal to release the Directors from non-competition restrictions. (Proposed by the Board of Directors)

- (1) According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself/herself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.
- (2) It is proposed to request the shareholders' meeting to lift the restrictions on the non-competition of the directors as follows :

Position	Name	Released restriction
Independent Director	Audrey Tseng	Independent Director, ASUSTeK Computer Inc. Independent Director, Delta Electronics, Inc. Independent Director, Bionime Corporation.

- (3) Please resolve.

Resolution:

### 2. Proposition for the Company's subsidiary, Optoma Holding Limited, will undertake an IPO on London Stock Exchange with the issuance of common shares. (Proposed by the Board of Directors)

- (1) The purpose of applying for listing and trading in an overseas securities market:  
Optoma Holding Limited (hereinafter referred to as "Optoma Holding") intends to issue shares via an IPO on London Stock Exchange in considerations of the business expansion, local talent attraction and the opportunity of M&A.
- (2) Impacts on the finance and business of the Company, the proposed changes in the organizational structure and corresponding impacts to the Company:
- 1) Financial impact
    - i. Optoma Holding remains a consolidated subsidiary of the Company after the IPO. Despite dilution of shares after the IPO, the revenue and profit of Optoma Holding are expected to be increased apparently due to the introduction of new business.
    - ii. With the capital raised on the IPO, Optoma Holding expects to improve its business competitiveness, enhance its innovation capabilities and merge potential targets. All these shall have positive effects on the profit and equity contributed to the Company.
    - iii. The proposed IPO on London Stock Exchange will open an additional channel to raise capital, making the capital resources more diversified.
  - 2) Impact on business
    - i. The IPO will enhance the Company's image, attract more local talents to explore the Company's growth.
    - ii. The raised capital will increase Optoma Holding's competitiveness to expand market. By scaling up the operation, improving R&D capabilities and potential M&A, Optoma Holding will enhance current advantages to bring more profits.
  - 3) The proposed changes in the organizational structure and business and the corresponding impacts to the Company.
    - i. Changes in the organizational structure  
The company indirectly holds 96.21% share interests of Optoma Holding through the wholly-owned subsidiary, Coretronic Investment Limited. There's no changes in the

organizational structure and business on both Coretronic Investment Limited and Optoma Holding Limited.

ii. Changes in the business

Optoma Holding's business has not been adjusted due to the listing plan.

iii. Impact of the proposed changes in the organizational structure and business on the listed Company

There's no changes in the organizational structure and business on Optoma Limited for the IPO. The IPO of Optoma Limited has no significant impact on the Company.

(3) Method of shareholding dispersal and proposed reduction of shareholding, basis of price determination and parties to whom equities are to be assigned or specified persons being contacted:

1) Method of shareholding dispersal and proposed reduction of shareholding

Optoma Holding plans to apply for an IPO on London Stock Exchange with the issuance of new shares. The total number of new shares issued is approximately 25% to 35% (tentative) of the post basis. The final number of the issued shares and the issued price will be resolved by the shareholders' meeting of the Company to authorize the BOD and relevant person to negotiate with the underwriters in accordance with laws and regulations, capital needs, communication with regulators and market conditions.

2) Basis of price determination

It will be determined in accordance with the Rules of London Stock Exchange.

3) Parties to whom equities are to be assigned or specified persons being contacted

Sale to public investors under the Rules of London Stock Exchange.

(4) Any concerns for the ongoing listing of the Company:

The IPO of Optoma Holding will comply with the laws and regulations of London Stock Exchange. Since Optoma Holding remains a significant subsidiary of the Company after its IPO, the information disclosure requirements still will be regulated by Taipei Exchange. The IPO of Optoma Holding will not affect the ongoing listing of the Company on Taipei Exchange.

(5) Any other matters that need to be specified:

1) Optoma Holding's IPO is considered for its future development, but it has not been filed yet.

There are uncertainties on the date for the submission of application and how much time the London Stock Exchange will take to review the application.

2) To propose to the shareholders' meeting of the Company to authorize the BOD and relevant person on behalf of the Company to deal with all necessary affairs and any corresponding amendment of the IPO, which including but not limited to the issuance terms, the number of the issued shares, the assigned parties, the issued price, the Letter of Commitment, the Statement Letter, the Confirmation Letter and relevant others in accordance with the status of IPO, the laws, regulations, and suggestions from the competent authority and market conditions.

(6) Please resolve.

Resolution:

## **Extraordinary Motions**

## **Meeting Adjournment**

## Coretronic Corporation

### 2022 Business Report

For the fiscal year of 2022, Coretronic reported a consolidated sales revenue of NT\$49,783 million, drop 0.1% YoY. Consolidated operating income totaled NT\$2,151 million with a pre-tax income of NT\$3,173 million. Net income was reported at NT\$2,413 million. Net income attributable to equity holders of the parent Company was NT\$2,359 million, up 16% YoY, and the EPS in 2022 was NT\$6.03.

Sales breakdowns by product lines in 2022 as below: (Consolidated)

Product	2021	2022	Diff.
Energy Saving Products (unit/pc)	60,844,065	40,008,434	-34%
Visual Solutions Products (unit)	870,491	1,357,622	+56%

Reflecting to 2022, in response to the ultra-thin, narrow bezel, high-resolution, high-contrast and energy-saving displays on the market, we continued to develop its core technology of light guide plates, display technology, and system integration technology to enhance product competency. In injection-molded light guide plates, Coretronic introduced the new IML & MML light guide plates, combined with special optical components to further enhance efficiency at least 40%~60% higher than traditional BLU. In hot embossing LGP, also continues Refined, optimized process and microstructure design developed new PC/PMMA RS-IML & CML, in addition to having the advantages of efficiency, low internal stress, resistance to material sticking, no need for molds, and high productivity, the thickness can be down to 0.3T, and can be used for ultra-narrow bezel thin displays. Looking forward to the energy-saving requirements of Energy star 9.0 in monitor displays, it has made active deployment in high energy-efficient LGPs of 27 " or below, which are 15-25% more efficient than existing products.

In the development of HDR, we started the mass production of Mini-LED area dimming and scanning backlight modules for use on narrow-bezel gaming laptops and FPDs. Alongside with company's specially developed optical alignment splicing light board, special diffusion plate/ sheet & printing technology has improved optics, picture quality and production stability. In response to the needs of future display technology ESG, we have recently invested in the development of small and medium-sized "front light panel" products, which will no longer need to rely solely on the backlight module to provide light sources, but can mostly use ambient light as the main light source, which is expected to contribute to energy saving.

In addition, we developed the fifth-generation switchable e-privacy display technology that supports lower power consumption and better privacy performance with core LGP, BLM, and special film technologies. It allows users to dynamically switch to the appropriate viewing angle in different scenarios to overcome the contrast reduction and inconveniences caused by using add-on privacy filters on traditional displays. At present, more and more models are in continuous mass production and development. In response to the sixth generation's demand for lighter and slimmer modules with better privacy protection, we have proactively engaged in development and won credits from many customers for our trial production stage product. By extending related concepts to automotive and industrial applications, such as the development of one-way and two-way privacy protection technology for automotive center information displays (CID) and passenger displays for drivers to dynamically switch the viewing angle in different scenarios to prevent driving safety caused by light interference. Currently, we have continually discussed collaborative development projects with potential customers. To cope with the trend towards large-size, high-brightness, and high-contrast automotive display, we have successfully developed a 2D dynamic dimming LCD display featuring optics structure, diffusion layer & LED design, a 2.5~4mm OD with low Halo effect, and dynamic

dimming function. Collaborative development with customers has also begun. In semi-system integration, it smoothly won orders from global customers with the integrated technology covering open cell, LGP, touch module, and assembly and production integration business model. Based on these advantages, the Company also integrated the open cell in privacy display technology to in-house splitting and polarizer to form an integrated process from front-end to LCM.

The professional display demand for content creator is rising up because of social media, media steaming, and metaverse. Compare to consumer grade display, content creator has higher demand for wide color gamut, color calibration, high sensitive brushstroke and stylus input, even to certificated grade requirement. It's the first time to adopt OLED panel for creators' professional monitor. The rapid-reaction, high-contrast of OLED, with our unique electric flips motor color sensor, and color calibration algorithm automatically performs color calibration to ensure the professional-grade color accuracy for user. After professional-grade color calibration, parameter setting will be input to display MCU IC display, rather than PC. Therefore, no recalibration is required when the user connect to a different device. The user can access the previous color parameter setting thru the hotkey on display. The display is equipped with light source, and motion sensor will detect the user's surrounding to automatically adjust the color temperature, luminance, and shut-off to create the best user experience.

For industrial display application, such as, medical imaging digital transformation, Coretronic upgrades dentistry screen interface. Such as, 21.5 inch display of digital intraoral scanner, and dental treatment chair monitor, 15.6 inch control tablet of full mouth CT will connect to internet, clinic devices, and sync data in the cloud, with AI-assisted to provide more personal dentist treatment experience with ARM SOC. For explosive growth of electric vehicle supply equipment, we also provides high brightness, anti-static, anti-magnetic, waterproof, dust-proof, rust-proof, anti-corrosion, wear-resistant and explosion-proof rugged outdoor display.

Coretronic adopts unique optical and product integration technology to develop special light guide decoration plate which can be custom made and controlled thru software for e-sports product. In 2022, this light guide decoration plate which is equipped in motherboard and graphics card has been in mass production stage. It's also in design-in stage for next product lines of gaming laptop, tablet, and cell phone. This technology is extended to in vehicle infotainment system, to provide a more energy-saving, affordable, customizable and intuitive ambient lighting effects and indication functions. Coretronic will continue to develop display related technology to supply fast, low-cost, high-quality and diverse components, semi-systems and system product to create greater achievement.

In terms of visual solution products, the trend of solid -state light sources replaced traditional high-pressure bulbs has become the mainstream of projection light sources. With patented laser optical technology and high-efficiency heat dissipation system, Coretronic continues to stabilize DLP#1 in the projector market. In 2022, a new generation of mainstream projectors with energy saving, miniaturization, and efficiency of reached 4000 lm has been announced. In the future, we invest more in pico-projectors segment. In addition to the small volume and high mobility, it also has a high convenience, and it also has a wide color gamut and high contrast to make it strong to the influence of the environmental light and make the application situation more diverse.

The epidemic changes the human/home display application needs and the demand for them arises; the home market will enter the first year of 8K projection display, combined with the new smart/audio/RGB solid laser technology to provide customers with a new audio and video visual experience; the enterprise and the education market take laser technology as the foundation to deepen projection unique value , using smart features to solve the pain points and to provide customers with the best large scale display solution; in terms of flagship image products, Coretronic is mainly using laser light source, and the next -generation light source technology will be introduced to improve efficiency. Breakthrough progress and other breakthroughs in efficiency, size, and color,

combined with software and hardware technology are used to reduce the difference of each units to ensure that quality consistency, and Coretronic continues to lead the industry.

From low brightness to high brightness, we use the minimum flow requirements required by the system as the design standard, and then uses quiet, small, lightweight, low temperature, and energy saving as the criterion to carry out the best heat dissipation management. The R&D team also conducts research on heat dissipation components to improve the active and passive heat dissipation counterpart effects. At the same time, through the construction of the vibration digital model, it further reduces the vibration noise of fluorescent wheels and the vibrator, and improves the noise quality of projection products. At the same time, digital simulation technology is used for systemic vibration and optical coupling simulation to improve the light thermal conversion efficiency of the system and improve design accuracy to shorten the project development schedule, extend the service life of the projector and product stability.

Under the consensus of the global advocacy environment, net zero emissions have become a clear goal, and it has been launched one by one in the law. This year's product development has incorporated this important issue into the product design concept; in addition to the performance of standby power consumption, it is lower than the requirements of more than 30%, and the efficiency density has been greatly improved, which has made the product's volume efficiency significantly improved. In addition, this year, in response to the issue of material shortage and reducing geographical risks, the selection of parts in the design stage has given priority to alternative materials and diverged to the risks of different places. In recent years it has been substantially beneficial to material management, and effectively improves the operating efficiency of resources.

Repeated global epidemics cause delays in field validation of emerging applications, however, NIR miniature spectrometers applications such as petrochemical online testing, crop quality, silage, pharmaceutical quality, and cloth fiber qualitative testing have clear needs and the field verification was restarted and expanded the scope in the fourth quarter, 2021. The overall market is increasingly accepting the related applications of NIR miniature spectrometers, the trend of development is clearer and it is consistent with the direction of the company. The technical services provided from hardware to solutions can effectively cooperate with customers to accelerate the business development and strengthen the stickiness of the customers. In addition to continuing to generate through different business models, we will also invest in the development of new products to enhance market competitiveness.

With strongly affected by repeated epidemics in mainland China, freezing of the global economy, inflation and the war between Russia and Ukraine. Although the sales volume in 2022 decreased slightly compared with last year, due to revenue increase from high-margin new product introduction and modeling services, strict inventory management & expense control, stable precision agriculture and fabric fiber qualitative testing applications demand, and research & development needs of scientific research institutions, all contributed a sustained sales base. In coming 2023, the global economic uncertainties still remains but the overall market acceptance and demand for NIR miniature spectrometer-related applications have increased significantly. Therefore, in addition to continuing to stabilize the basic market, we will also strengthen website upgrades and regular social media to deliver new information, aggressively participating in related exhibitions, strengthening and expanding distribution channels, and improving the sales force of high-margin products to develop new customer sources and markets. It is expected to grow steadily and furtherly make profits in 2023.

For drone business, 2022 is the most important year to build solid foundation for revenue and technology. Teledyne FLIR, one of the leading thermal imaging technology companies in the world, has officially announced the inspection drone ODM product at the Commercial UAV Show in the United States on September 2022, while mass-produced and sold at the end of the year, by aiming the market opportunity of Non-DJI policy in the United State.

In the meanwhile, dual optical payload have also begun mass production and shipments for military

application, which is performing the integration of gimbal & AI technology in both hardware and software. Moreover, with the strength of innovative technology and MIT production capability, we has been selected as leading company for two types of drones for military commercial project, which is expected to mass production in volume by 2024.

For Smart Autonomous Vehicle/Robot application, the team delivered outdoor last mile delivery robot samples to European customer was completed on schedule, and the 3D LiDAR JDM case applied to outdoor logistics distribution robots and self-driving cars was obtained, all of which are expected to be mass-produced in 2023. In terms of smart logistic application, given the team owns rich AMR chassis design and electric-mechanical integration capability, we also acquired the robot chassis JDM project from US customer, and the robot is targeted at smart truck loading/unloading, and will also enter mass production in 4Q23.

In addition, we successfully conducted digital transformation solutions in DOOH and retail industry and cooperate digital transformation, by integrating our innovative visual solutions and products with core technologies including AI, deep learning, computer vision, data science, IoT, and cloud computing. Over 26,500 AIoT solutions and services have been deployed in Taiwan, including cloud signage, virtual shelf, repeat customer system, skin analysis, and e-label. Apart from earning the favor of leading retailers in Taiwan, these solutions have been implemented in their channels. In addition, we will collect, analyze, use and add value to the offline data and maintain close cooperation with customers, industries, and the academia to develop exclusive field-specific data analysis technology to realize the data-based service platform as well as conduct enterprise digital transformation and cloudification services and unique offline programmatic DOOH.

Moving forward, we will adhere to the mission to be the leader of the digital display system technology, continue to develop innovative display solutions, and aim at cloud services, AI, and complete solutions for various smart fields. The specific development strategies are as follows:

- (I) Intensely develop optical core technology to extend the cross-sector application of optical components, system products and semi-system products to increase product add value and price competitiveness and secure global competitiveness in the display and visual technology fields.
- (II) In BLM technology, apart from constantly developing various new type LGPs, direct type LGLs, special optical control films, and Mini-LED BLMs and its related optical diffusion film/plate and printing technology; we will continue to reduce the thickness, bezel width, optical films and LEDs and enhance the optical efficiency of BLMs to develop slim, small, lightweight, energy-efficient, HDR, and high-value added displays with privacy protection, for game consoles, tablets, notebooks, industrial monitors, automotive HUDs and touch screens, advanced monitors for medical and gaming, AIO monitors, slim and smart high-end TVs and smart home display modules. In terms of front light module technology, in response to the needs of different products, combined with our experience in optical design and light guide plate manufacturing, we continue to develop and send samples to potential customers.
- (III) In response to the changes in market business models and customer demands, product development has turned from BLMs to semi-system and integrated system products designed and manufactured in combination with tablets/notebooks/ automotive HUDs and displays, and TV outer parts. This move aims to provide the best possible design, production, and global after-sales services for Brand Name/SI, and panel customers through a highly flexible business model.
- (IV) Mainstream product strategy will be focusing on three objectives : (1)Expediting the transition from lamp to SSI. (2)Expanding 4K/FHD display solutions and incorporating smart and streaming features tailored for home market. (3)Improving the products' cost structure to survive and prosper in the economic downturn. The strategy of next-gen light source based on laser technology has in 2022 helped achieve a tremendous success in both B2C and B2B market.

Going forward in 2023, the competitive advantages will be further strengthened to accelerate the growth in sales and revenue by focusing on three paths, deepening the partnership with strategic suppliers and enhancing technological advantages and patent portfolio surrounding laser technology, proactively increasing the presence in the smart pico-market, and tapping into new sectors (Consumer/TV/Gaming) by acquiring new customers.

- (V) To continue the technical advantage of DLP, completed the product line and optimized the advantage in between product, technology and customer. a. To develop the HEP product with TI latest DMD technology, build up and speed up the full 4K product line. b. To build up 3DLP technology with laser phosphor combiner development and also DCI projector EMS business. c. To continue the smart projector and camera sensing development, build up the barrier and enhance the product value.
- (VI) Diversifying product and technology development, focus on specific applications to enlarge the advantage of projection technology. a. Extending the simulation product to commercial application and also immersive projection applications. b. Investing the automotive projection application, to catch up the EV car technology trend and build up future momentum.
- (VII) Enter the smart retail, DOOH and enterprise digital transformation and cloudification consultant markets with the service-based business model by integrating AI, deep learning, computer vision, IoT and cloud computing. Focus on computer vision, AI deep learning and digital twin technology for developing SLAM navigation solutions based on multi-sensing device fusion technology, as well as core capabilities such as image recognition and motion control algorithms. Provide complete solutions for drones and outdoor self-driving vehicles in the application fields of smart inspection and logistics, and actively expand the ODM business with international brand name company.
- (VIII) Plan and implement group resources allocation and ensure the information security with Digital optimization technology to enhance overall organizational performance; define information processes and system resource utilization required for business operations and quickly provide integrated information management platforms; design, plan, and implement cloud computing architecture, digital platforms and IoT environments and applications to promote the new business development within the group.
- (IX) In response to the group's operations and growth, raise low-cost funding to support organizational development and develop strength for long-term development.

Goals include building consensus through engagement to enable teamwork, innovation and execution, materializing the vision to build a technologies foundation for sustainable business and pursuing the ultimate interest of shareholders and employees.

Sincerely,

Chairman: Wade Chang      President: Sarah Lin, SY Chen, Ann Wu      Accounting Officer: Franck Ho

**Audit Committee's Review Report**

To: 2023 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2022 business report, the financial statements and the proposed 2022 earnings distribution. The aforesaid 2022 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corporation

Chairman of the Audit Committee : Edward H. Chow

March 13, 2023



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## Independent Auditors' Report

To Coretronic Corporation

### Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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



## Key Audit Matters

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

### Valuation for inventories

The Company recognized the allowance write-down of inventories amounted to NT\$34,210 thousand for the year ended December 31, 2022, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

### Revenue recognition

The Company recognized the revenue amounted to NT\$30,567,680 thousand for the year ended December 31, 2022. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the company, the company recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the parent company only financial statements.



### **Other Matter – Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$50,117 thousand and NT\$68,613 thousand, representing 0.10% and 0.14% of total assets as of December 31, 2022 and 2021, respectively. The related shares of gains (losses) from the associates and joint ventures under the equity method amounted to NT\$7,071 thousand and NT\$(97,283) thousand, representing 0.28% and (4.82)% of the net income before tax for the years ended December 31, 2022 and 2021, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

### **Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements**

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



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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 13, 2023

#### **Notice to Readers**

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 review such parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2022	%	December 31, 2021	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 240,074	0.48	\$ 534,920	1.07
Financial assets at fair value through profit or loss-current	4, 6(2)	134,752	0.27	154,386	0.31
Trade receivables, net	4, 6(4), 16	5,912,317	11.71	11,261,678	22.49
Trade receivables - related parties, net	4, 6(4), 7	1,019,690	2.02	1,664,779	3.33
Other receivables	4, 8	116,350	0.23	100,136	0.20
Other receivables - related parties	4, 7	273,256	0.54	34,032	0.07
Inventories, net	4, 5, 6(5)	3,784,421	7.50	1,433,447	2.86
Prepayments		169,272	0.33	312,408	0.62
Other current assets		27,159	0.05	30,061	0.06
Total current assets		11,677,291	23.13	15,525,847	31.01
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income-noncurrent	4, 6(3)	3,067,948	6.08	2,752,957	5.50
Investments accounted for using the equity method	4, 6(6), 6(20)	32,970,938	65.30	29,152,845	58.22
Property, plant and equipment, net	4, 6(7)	1,614,882	3.20	1,621,118	3.24
Right-of-use assets	4, 6(17)	701,071	1.39	713,562	1.42
Intangible assets	4, 6(8)	213,268	0.42	163,001	0.32
Deferred tax assets	4, 6(21)	168,880	0.33	114,799	0.23
Net defined benefit assets - noncurrent, net	4, 6(12)	13,254	0.03	-	-
Other noncurrent assets		62,279	0.12	29,928	0.06
Total non-current assets		38,812,520	76.87	34,548,210	68.99
<b>Total assets</b>		<b>\$ 50,489,811</b>	<b>100.00</b>	<b>\$ 50,074,057</b>	<b>100.00</b>

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2022	%	December 31, 2021	%
<b>Current liabilities</b>					
Short-term borrowings	6(9)	\$ 8,145,511	16.13	\$ 10,289,763	20.55
Financial liabilities at fair value through profit or loss - current	4, 6(10)	427,105	0.85	56,019	0.11
Contract liabilities-current	6(15)	282,330	0.56	107,028	0.21
Accounts payable		2,561,416	5.07	4,232,717	8.45
Accounts payable - related parties	7	4,657,290	9.23	7,219,889	14.42
Other payables		1,731,815	3.43	1,766,348	3.53
Other payables - related parties	7	4,762,327	9.43	1,561,289	3.12
Current tax liabilities	4, 6(21)	636,885	1.26	401,573	0.80
Provisions - current	4, 5, 6(13)	197,660	0.39	143,183	0.29
Lease liabilities - current	4, 6(17)	55,567	0.11	61,560	0.12
Other current liabilities		272,216	0.54	230,716	0.46
Total current liabilities		23,730,122	47.00	26,070,085	52.06
<b>Non-current liabilities</b>					
Long-term borrowing	6(11)	2,995,163	5.93	991,970	1.98
Deferred tax liabilities	4, 6(21)	29,097	0.06	35,538	0.07
Lease liabilities - noncurrent	4, 6(17)	667,403	1.32	668,755	1.34
Net defined benefit liabilities - noncurrent	6(12)	-	-	57,718	0.12
Other noncurrent liabilities	6(6)	338,481	0.67	97,887	0.19
Total non-current liabilities		4,030,144	7.98	1,851,868	3.70
Total liabilities		27,760,266	54.98	27,921,953	55.76
<b>Equity</b>					
Share capital					
Common stock	6(14)	3,909,811	7.74	3,909,811	7.81
Capital surplus	6(14)	2,808,225	5.56	2,893,442	5.78
Retained earnings	6(14), 6(20)				
Legal reserve		4,121,627	8.16	4,046,623	8.08
Special reserve		1,276,610	2.53	2,469,437	4.93
Unappropriated retained earning		12,024,401	23.82	9,650,179	19.27
Total retained earnings		17,422,638	34.51	16,166,239	32.28
Other equity		(1,411,129)	(2.79)	(817,388)	(1.63)
Total equity		22,729,545	45.02	22,152,104	44.24
<b>Total liabilities and equity</b>		\$ 50,489,811	100.00	\$ 50,074,057	100.00

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	For the year ended December 31		For the year ended December 31	
		2022	%	2021	%
Net sales	4, 5, 6(15), 7	\$ 30,567,680	100.00	\$ 24,567,786	100.00
Operating costs	4, 6(5), 6(8), 6(12), 6(18), 7	27,175,501	88.90	21,988,606	89.50
Gross profit		3,392,179	11.10	2,579,180	10.50
Unrealized gross profit on sales	6(6)	263,735	0.86	126,019	0.51
Realized gross profit on sales		126,019	0.41	128,637	0.52
Gross profit, net		3,254,463	10.65	2,581,798	10.51
Operating expenses	6(8), 6(12), 6(16), 6(18)				
Selling expenses		284,176	0.93	277,412	1.13
General and administrative expenses		1,137,729	3.72	1,120,472	4.56
Research and development expenses		1,454,873	4.76	1,549,214	6.31
Reversal of expected credit loss		(1,156)	-	(1,606)	(0.01)
Total operating expenses		2,875,622	9.41	2,945,492	11.99
Operating loss		378,841	1.24	(363,694)	(1.48)
Non-operating income and expenses					
Interest income	6(19)	2,379	0.01	343	-
Other income	4, 6(19)	169,228	0.56	213,056	0.87
Other gains and losses	6(19)	590,813	1.93	465,430	1.89
Finance costs	6(19)	(266,155)	(0.87)	(76,510)	(0.31)
Share of gain of subsidiaries, associates and joint ventures for using the equity method	4, 6(6)	1,645,311	5.38	1,780,930	7.25
Total non-operating income and expenses		2,141,576	7.01	2,383,249	9.70
Income before income tax		2,520,417	8.25	2,019,555	8.22
Income tax (expense) benefit	4, 6(21)	(161,482)	(0.53)	12,070	0.05
Net income		2,358,935	7.72	2,031,625	8.27
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(20)	53,568	0.18	(10,101)	(0.04)
Unrealized loss from equity instrument investments measured at fair value through other comprehensive income	6(20)	(997,657)	(3.27)	698,846	2.84
Remeasurements of defined benefit pension plans of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	27,554	0.09	7,466	0.03
Unrealized (loss) gain from equity instrument investments measured at fair value through other comprehensive income from share of subsidiaries, associates and joint ventures accounted for using the equity method	6(20)	(406,786)	(1.33)	326,914	1.33
Income tax related to items that will not be reclassified	6(20), 6(21)	(11,896)	(0.04)	2,020	0.01
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(20)	811,873	2.66	(255,767)	(1.04)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	6(20)	11	-	(2)	-
Other comprehensive income, net of tax		(523,333)	(1.71)	769,376	3.13
Total comprehensive income		\$ 1,835,602	6.01	\$ 2,801,001	11.40
Basic Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 6.03		\$ 5.12	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(22)	\$ 5.92		\$ 5.06	

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

## CORETRONIC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)	Treasury stock	
Balance as of January 1, 2021	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 10,229,840	\$ (2,020,488)	\$ 434,034	\$ -	\$ 22,895,484
Share of changes in net of associates and joint ventures accounted for using the equity method	-	293	-	-	-	-	-	-	293
Acquisition or disposal of the interest of subsidiaries	-	127,012	-	-	-	-	-	-	127,012
Changes in subsidiaries' ownership	-	(4,815)	-	-	(169)	-	-	-	(4,984)
Appropriation and distribution of 2020 earnings: (Note)									
Legal reserve	-	-	156,752	-	(156,752)	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2021	-	-	-	-	2,031,625	-	-	-	2,031,625
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	310	(255,769)	1,024,835	-	769,376
Total comprehensive income (loss)	-	-	-	-	2,031,935	(255,769)	1,024,835	-	2,801,001
Treasury stock acquired	-	-	-	-	-	-	-	(2,102,777)	(2,102,777)
Treasury stock retired	(434,420)	(386,626)	-	-	(1,281,731)	-	-	2,102,777	-
Balance as of December 31, 2021	3,909,811	2,893,442	4,046,623	2,469,437	9,650,179	(2,276,257)	1,458,869	-	22,152,104
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	-	334,824
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	-	(29,060)
Appropriation and distribution of 2021 earnings: (Note)									
Legal reserve	-	-	75,004	-	(75,004)	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	-	2,358,935
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	-	(523,333)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	-	1,835,602
Balance as of December 31, 2022	\$ 3,909,811	\$ 2,808,225	\$ 4,121,627	\$ 1,276,610	\$ 12,024,401	\$ (1,464,373)	\$ 53,244	\$ -	\$ 22,729,545

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

Note : The amounts of employees' compensation was NT\$360,060 thousand and NT\$228,508 thousand for the years ended December 31, 2022 and 2021, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2022	2021		2022	2021
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,520,417	\$ 2,019,555	Acquisition of financial assets at fair value through profit or loss	\$ (41,610)	\$ -
Adjustments for:			Acquisition of investments accounted for using the equity method	(328,277)	(593,400)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of investments accounted for using the equity method	139,971	55,141
Reversal of expected credit loss	(1,156)	(1,606)	Capital reduction from associates and joint ventures accounted for using the equity method	2,766	-
Depreciation (including right-of-use-assets)	181,801	178,692	Acquisition of financial assets at fair value through other comprehensive income	(1,211,610)	(2,054,000)
Amortization (including other noncurrent assets)	29,318	23,039	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,219
Net loss on financial assets and liabilities at fair value through profit or loss	376,690	156,683	Acquisition of property, plant and equipment	(146,920)	(74,656)
Interest expenses	266,155	76,510	Proceeds from disposal of property, plant and equipment	1,745	3,981
Interest income	(2,379)	(343)	Acquisition of intangible assets	(79,578)	(33,986)
Dividend income	(26,000)	-	Proceeds from disposal of intangible assets	103	15
Gain on disposal of Intangible assets	-	(2)	Acquisition through business combination	1,193	-
Share of gain of subsidiaries, associates and joint ventures accounted for using the equity method	(1,645,311)	(1,780,930)	Decrease (increase) in other noncurrent assets	307	(1,586)
Gain on disposal of property, plant and equipment	-	(18)	Net cash used in investing activities	(1,661,910)	(2,697,272)
Gain on lease modification	(23)	(1)			
Gain on disposal of other assets (recognized in other income)	(12,067)	(15,500)	Cash flows from financing activities :		
Unrealized gain from sales	263,735	126,019	(Decrease) increase in short-term borrowings	(3,025,252)	5,658,630
Realized gain from sales	(126,019)	(128,637)	Increase (decrease) in other payables - related parties	2,844,965	(437,517)
Changes in operating assets and liabilities:			Cash payment for the principle portion of lease liabilities	(51,271)	(48,580)
Trade receivables	5,350,517	(6,213,569)	Decrease in other noncurrent liabilities	(242)	(12,686)
Trade receivables - related parties	645,089	394,331	Increase in long-term borrowings (including current portion of long-term borrowings)	2,003,193	991,970
Other receivables	(16,260)	20,821	Cash dividends	(1,563,925)	(1,563,925)
Other receivables - related parties	(237,224)	79,740	Treasury stock acquired	-	(2,102,777)
Inventories	(2,350,974)	(856,286)	Net cash provided by financing activities	207,468	2,485,115
Prepayments	143,136	(113,984)			
Other current assets	2,902	(11,215)	Net (decrease) increase in cash and cash equivalents	(294,846)	475,590
Contract liabilities - current	175,302	70,489	Cash and cash equivalents at the beginning of the period	534,920	59,330
Accounts payable	(1,671,301)	2,276,714	Cash and cash equivalents at the end of the period	\$ 240,074	\$ 534,920
Accounts payable - related parties	(2,562,599)	3,873,773			
Other payables	(52,365)	379,202			
Other payables - related parties	(399,747)	15,225			
Provisions - current	54,477	(32,681)			
Other current liabilities	41,500	18,531			
Net defined benefit liabilities	(17,404)	(5,662)			
Cash generated from operating activities	930,210	548,890			
Interest received	2,427	346			
Dividend received	497,001	233,990			
Interest paid	(255,643)	(74,991)			
Income tax paid	(14,399)	(20,488)			
Net cash provided by operating activities	1,159,596	687,747			

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



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## Independent Auditors' Report

To Coretronic Corporation

### Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries (“the Group”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above 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 cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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



## **Key Audit Matters**

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

### Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$567,494 thousand for the year ended December 31, 2022, due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

### Revenue recognition

The Group recognized the revenue amounted to NT\$49,783,157 thousand for the year ended December 31, 2022. Main source of revenue comes from projectors, backlight, and FPD-related sales of products and related services. As revenue is the main operating activity of the Group, the Group recognized revenue when transferring a promised product or service to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; performing product-specific analytical procedures; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; tracing to relevant documentation, and testing details of transaction, including sales contracts, terms of trade and other contents, and verifying the appropriateness of the timing of revenue recognition. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.



### **Other Matter – Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT\$47,186 thousand, representing 0.08% of consolidated total assets as of December 31, 2021; and total operating revenues amounted to NT\$20,434 thousand, representing 0.04% of the consolidated total operating revenues for the year ended December 31, 2021. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$50,117 thousand and NT\$43,035 thousand, representing 0.09% and 0.07% of consolidated total assets as of December 31, 2022 and 2021, respectively. The related shares of gain (loss) from the associates and joint ventures under the equity method amounted to NT\$7,071 thousand and NT\$(3,689) thousand, representing 0.22% and (0.13)% of the consolidated net income before tax for the years ended December 31, 2022 and 2021, respectively.

### **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

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

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

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



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

### **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Kuo, Shao-Pin

Chen, Chih-Chung

Ernst & Young, Taiwan

February 13, 2023

### Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the R.O.C

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2022	%	December 31, 2021	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 12,364,999	22.14	\$ 11,229,839	18.27
Financial assets at fair value through profit or loss - current	4, 6(2)	155,286	0.28	180,759	0.29
Financial assets at amortized cost - current	4, 6(4)	4,722,945	8.46	5,483,485	8.92
Notes receivable, net	4, 6(5), 6(21)	29,671	0.05	28,098	0.05
Trade receivables, net	4, 6(6), 6(21)	10,235,833	18.32	18,937,127	30.81
Trade receivables - related parties, net	4, 6(6), 6(21), 7	530	-	5,842	0.01
Other receivables	4, 8	1,358,812	2.43	722,000	1.17
Current tax assets	4, 6(26)	35,699	0.06	77,866	0.13
Inventories, net	4, 5, 6(7)	10,444,982	18.70	9,301,377	15.13
Prepayments		792,007	1.42	850,479	1.38
Other current assets		195,308	0.35	139,432	0.23
<b>Total current assets</b>		<b>40,336,072</b>	<b>72.21</b>	<b>46,956,304</b>	<b>76.39</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income - noncurrent	4, 6(3)	3,895,009	6.97	3,988,804	6.49
Investments accounted for using the equity method	4, 6(8)	50,117	0.09	43,035	0.07
Property, plant and equipment, net	4, 6(9), 8	8,092,453	14.49	7,513,806	12.22
Right-of-use assets	4, 6(22)	2,206,646	3.95	1,938,026	3.15
Investment property, net	4, 6(10), 8	144,231	0.26	152,301	0.25
Intangible assets	4, 6(11)	358,509	0.64	330,634	0.54
Deferred tax assets	4, 6(26)	342,533	0.61	270,147	0.44
Net defined benefit assets - noncurrent	4, 6(16)	33,703	0.06	18,385	0.03
Other noncurrent assets	8	398,542	0.72	258,951	0.42
<b>Total non-current assets</b>		<b>15,521,743</b>	<b>27.79</b>	<b>14,514,089</b>	<b>23.61</b>
<b>Total assets</b>		<b>\$ 55,857,815</b>	<b>100.00</b>	<b>\$ 61,470,393</b>	<b>100.00</b>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2022	%	December 31, 2021	%
<b>Current liabilities</b>					
Short-term borrowings	6(12)	\$ 9,823,849	17.59	\$ 11,812,397	19.22
Financial liabilities at fair value through profit or loss - current	4, 6(13)	450,431	0.81	57,060	0.09
Hedging financial liabilities - current	4, 6(14)	1,483	-	-	-
Contract liabilities - current	6(20)	529,246	0.95	301,242	0.49
Notes payable		881	-	666	-
Accounts payable		7,284,148	13.04	13,465,920	21.90
Accounts payable - related parties	7	49,010	0.09	29,824	0.05
Other payables	7	4,520,234	8.09	5,297,433	8.62
Current tax liabilities	4, 6(26)	999,196	1.79	895,552	1.46
Provisions - current	4, 6(17)	651,105	1.16	578,084	0.94
Lease liabilities - current	4, 6(22)	321,631	0.58	331,267	0.54
Other current liabilities		872,025	1.56	639,571	1.04
Current portion of long-term borrowings	6(15)	414,871	0.74	316,446	0.51
Total current liabilities		25,918,110	46.40	33,725,462	54.86
<b>Non-current liabilities</b>					
Long	6(15)	3,412,106	6.11	1,826,901	2.97
Deferred tax liabilities	4, 6(26)	61,665	0.11	78,069	0.13
Lease liabilities - noncurrent	4, 6(22)	1,291,459	2.31	1,439,893	2.34
Net defined benefit liabilities - noncurrent	4, 6(16)	70,509	0.13	156,435	0.26
Other noncurrent liabilities		23,482	0.04	26,632	0.04
Total non-current liabilities		4,859,221	8.70	3,527,930	5.74
Total liabilities		30,777,331	55.10	37,253,392	60.60
<b>Equity attributable to owners of the parent</b>					
Share capital					
Common stock	6(18)	3,909,811	7.00	3,909,811	6.36
Capital surplus	4, 6(18)	2,808,225	5.03	2,893,442	4.71
Retained earnings	6(18)				
Legal reserve		4,121,627	7.38	4,046,623	6.58
Special reserve		1,276,610	2.28	2,469,437	4.02
Unappropriated retained earning		12,024,401	21.53	9,650,179	15.70
Total retained earnings		17,422,638	31.19	16,166,239	26.30
Other equity		(1,411,129)	(2.53)	(817,388)	(1.33)
Total equity attributable to owners of the parent		22,729,545	40.69	22,152,104	36.04
<b>Non-controlling interests</b>	6(18)	2,350,939	4.21	2,064,897	3.36
Total equity		25,080,484	44.90	24,217,001	39.40
<b>Total liabilities and equity</b>		\$ 55,857,815	100.00	\$ 61,470,393	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
**CORETRONIC CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the years ended December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2022	%	2021	%
Net sales	4, 5, 6(20), 7	\$ 49,783,157	100.00	\$ 49,833,368	100.00
Operating costs	4, 6(7), 6(11), 6(16), 6(22), 6(23), 7	40,328,961	81.01	41,102,386	82.48
Gross profit		9,454,196	18.99	8,730,982	17.52
Operating expenses	6(11), 6(16), 6(21), 6(22), 6(23)				
Selling expenses		1,952,260	3.92	1,925,275	3.87
General and administrative expenses		2,282,457	4.58	2,149,263	4.31
Research and development expenses		3,056,452	6.14	3,008,812	6.04
Expected credit loss		12,405	0.03	1,206	-
Total operating expenses		7,303,574	14.67	7,084,556	14.22
Operating income		2,150,622	4.32	1,646,426	3.30
Non-operating income and expenses					
Interest income	6(24)	342,036	0.69	385,149	0.77
Other income	4, 6(24)	332,218	0.67	412,234	0.84
Other gains and losses	6(24)	737,479	1.48	494,137	0.99
Finance costs	6(24)	(396,446)	(0.80)	(148,938)	(0.30)
Share of gain (loss) of associates and joint ventures accounted for using the equity method	4, 6(8)	7,071	0.01	(3,689)	(0.01)
Total non-operating income and expenses		1,022,358	2.05	1,138,893	2.29
Income before income tax		3,172,980	6.37	2,785,319	5.59
Income tax expense	4, 6(26)	(759,546)	(1.52)	(746,039)	(1.50)
Net income		2,413,434	4.85	2,039,280	4.09
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(25)	89,306	0.18	6	-
Unrealized (loss) gain from equity instrument investments measured at fair value through other comprehensive income	6(25)	(1,400,799)	(2.81)	1,025,700	2.06
Income tax related to items that will not be reclassified subsequently to profit or loss	6(25), 6(26)	(22,687)	(0.05)	59	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(25)	856,307	1.72	(272,133)	(0.55)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(25)	7,071	0.01	(2)	-
Other comprehensive (loss) income, net of tax		(470,802)	(0.95)	753,630	1.51
Total comprehensive income		\$ 1,942,632	3.90	\$ 2,792,910	5.60
Net income for the periods attributable to :					
Shareholders of the parent	6(27)	\$ 2,358,935		\$ 2,031,625	
Non-controlling interests	6(18), 6(28)	\$ 54,499		\$ 7,655	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 1,835,602		\$ 2,801,001	
Non-controlling interests		\$ 107,030		\$ (8,091)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 6.03		\$ 5.12	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(27)	\$ 5.92		\$ 5.06	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity			Total		
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income (loss)	Treasury stock			
Balance as of January 1, 2021	\$ 4,344,231	\$ 3,548,559	\$ 3,889,871	\$ 2,469,437	\$ 10,229,840	\$ (2,020,488)	\$ 434,034	\$ -	\$ 22,895,484	\$ 2,043,951	\$ 24,939,435
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	293	-	-	-	-	-	-	293	-	293
Acquisition or disposal of the interest of subsidiaries	-	127,012	-	-	-	-	-	-	127,012	36,117	163,129
Changes in subsidiaries' ownership	-	(4,815)	-	-	(169)	-	-	-	(4,984)	-	(4,984)
Appropriation and distribution of 2020 earnings:											
Legal reserve	-	-	156,752	-	(156,752)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)	-	(1,172,944)
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2021	-	-	-	-	2,031,625	-	-	-	2,031,625	7,655	2,039,280
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	310	(255,769)	1,024,835	-	769,376	(15,746)	753,630
Total comprehensive income (loss)	-	-	-	-	2,031,935	(255,769)	1,024,835	-	2,801,001	(8,091)	2,792,910
Treasury stock acquired	-	-	-	-	-	-	-	(2,102,777)	(2,102,777)	-	(2,102,777)
Treasury stock retired	(434,420)	(386,626)	-	-	(1,281,731)	-	-	2,102,777	-	-	-
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(7,080)	(7,080)
Balance as of December 31, 2021	3,909,811	2,893,442	4,046,623	2,469,437	9,650,179	(2,276,257)	1,458,869	-	22,152,104	2,064,897	24,217,001
Acquisition or disposal of the interest of subsidiaries	-	334,824	-	-	-	-	-	-	334,824	123,856	458,680
Changes in subsidiaries' ownership	-	(29,060)	-	-	-	-	-	-	(29,060)	(24,300)	(53,360)
Appropriation and distribution of 2021 earnings:											
Legal reserve	-	-	75,004	-	(75,004)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,172,944)	-	-	-	(1,172,944)	-	(1,172,944)
Reversal of special reserve	-	-	-	(1,192,827)	1,192,827	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(390,981)	-	-	-	-	-	-	(390,981)	-	(390,981)
Net income for the year ended December 31, 2022	-	-	-	-	2,358,935	-	-	-	2,358,935	54,499	2,413,434
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	70,408	811,884	(1,405,625)	-	(523,333)	52,531	(470,802)
Total comprehensive income (loss)	-	-	-	-	2,429,343	811,884	(1,405,625)	-	1,835,602	107,030	1,942,632
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	79,456	79,456
Balance as of December 31, 2022	\$ 3,909,811	\$ 2,808,225	\$ 4,121,627	\$ 1,276,610	\$ 12,024,401	\$ (1,464,373)	\$ 53,244	\$ -	\$ 22,729,545	\$ 2,350,939	\$ 25,080,484

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2022 and 2021  
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2022	2021		2022	2021
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 3,172,980	\$ 2,785,319	Acquisition of financial assets at fair value through profit or loss	(41,610)	(130,578)
Adjustments for:			Proceeds from disposal of financial assets at fair value through profit or loss	-	129,648
The profit or loss items which did not affect cash flows:			Acquisition of financial assets at fair value through other comprehensive income	(1,238,610)	(2,054,000)
Expected credit loss	12,405	1,206	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,219
Depreciation (including investment property and right-of-use assets)	1,453,547	\$ 1,325,377	Decrease (increase) in financial assets at amortized cost - current	760,540	(5,483,485)
Amortization (including other noncurrent assets)	91,464	115,440	Disposal of subsidiary	860	-
Interest expenses	396,446	148,938	Acquisition of property, plant and equipment	(1,631,104)	(1,465,671)
Interest income	(342,036)	(385,149)	Proceeds from disposal of property, plant and equipment	46,918	140,912
Dividend income	(70,475)	(34,640)	Acquisition of intangible assets	(113,938)	(85,129)
Transfer of property, plant and equipment to expense	4	4,683	Proceeds from disposal of intangible assets	103	381
Gain on disposal of property, plant and equipment	(7,922)	(93,351)	Acquisition of land use rights	(453,177)	-
Gain on disposal of Intangible assets	-	(2)	Increase in prepayment of land use rights	(155,479)	-
Gain on disposal of other noncurrent assets	-	(43)	Increase in other noncurrent assets	(10,003)	(52,620)
Share-based payment expense	6,218	-	Net cash used in investing activities	(2,835,500)	(8,999,323)
Gain on disposal of investments	(531)	-			
Share of (gain) loss of associates and joint ventures accounted for using the equity method	(7,071)	3,689	Cash flows from financing activities:		
Net loss on financial assets and liabilities at fair value through profit or loss	404,814	214,236	(Decrease) increase in short-term borrowings	(1,988,548)	6,674,980
Impairment of non-financial assets	4,991	56,629	Increase in long-term borrowings (including current portion of long-term borrowings)	2,003,193	1,591,869
Changes in operating assets and liabilities:			Decrease in long-term borrowings	(319,563)	(118,001)
Notes receivable	(1,573)	(2,898)	Decrease in guarantee deposits	(3,516)	(5,099)
Trade receivables	8,688,495	(7,278,424)	Increase (decrease) in other noncurrent liabilities	366	(12,544)
Trade receivables - related parties	5,312	(5,842)	Cash dividends	(1,563,925)	(1,563,925)
Other receivables	(648,547)	(255,236)	Cash payment for the principal portion of lease liabilities	(328,525)	(301,528)
Inventories	(1,155,824)	(4,405,186)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	398,598	165,445
Prepayments	59,809	(243,751)	Treasury stock acquired	-	(2,102,777)
Other current assets	(55,876)	(44,018)	Change in non-controlling interests	79,456	(7,080)
Other operating assets	14,084	1,892	Net cash (used in) provided by financing activities	(1,722,464)	4,321,340
Contract liabilities	228,004	50,767			
Notes payable	215	333	Effect of exchange rate changes on cash and cash equivalents	787,571	(253,503)
Accounts payable	(6,181,772)	5,317,320			
Accounts payable - related parties	19,186	18,441	Net increase (decrease) in cash and cash equivalents	1,135,160	(7,070,725)
Other payables	(788,169)	1,080,201	Cash and cash equivalents at the beginning of the period	11,229,839	18,300,564
Provisions - current	73,021	(122,880)	Cash and cash equivalents at the end of the period	\$ 12,364,999	\$ 11,229,839
Other current liabilities	232,454	97,772			
Net defined benefit assets/liabilities	(11,938)	(11,922)			
Cash provided by (used in) operating activities	5,591,715	(1,661,099)			
Dividend received	70,475	34,640			
Interest received	354,051	256,421			
Interest paid	(385,476)	(144,935)			
Income tax paid	(725,212)	(624,266)			
Net cash provided by (used in) operating activities	4,905,553	(2,139,239)			

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

**Coretronic Corporation**  
**2022's Earnings Distribution Table**

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Retained Earnings		9,595,057,675
Plus: Remeasurements of defined benefit pension plans	70,408,253	
Cumulative of Unappropriated Earnings		9,665,465,928
Net income of 2022	2,358,934,956	
Minus: Appropriated For 10% Legal Reserve	(242,934,321)	
Minus: : Appropriated For Reversal of special reserve	(134,518,841)	
2022's Earnings Available For Distribution		1,981,481,794
Earnings Available For Distribution (Cumulative)		11,646,947,722
Cash Dividends To Shareholders (NTD 3.5 per share)		(1,368,433,885)
End of Unappropriated Retained Earnings		10,278,513,837
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

Chairman: Wade Chang    President : Sarah Lin, SY Chen, Ann Wu    Accounting Officer: Franck Ho

## Coretronic Corporation

### Articles of Incorporation

#### CHAPTER 1 : General Provisions

Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation". The Company's English name is named as Coretronic Corporation.

Article 2: The business engaged in by the Company shall be as follows :

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CD01060 Aircraft and Parts Manufacturing
4. CE01030 Photographic and Optical Equipment Manufacturing
5. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture
6. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
7. CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
8. Research, develop, produce, manufacture and sale the following products :
  - (1) Various LCDs/TVs, projections and the backlight modules
  - (2) Multimedia presentation system equipments and software
  - (3) LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
  - (4) LED displays and modules
  - (5) Wearable device projection system
  - (6) Commercial unmanned aerial vehicle system
  - (7) All kinds of consigned design and develop and examination and consulting services regarding above products
  - (8) Import and export trading business related to the above businesses (except the businesses requiring permit)
9. Design, manufacturing and sales of Acrylics and relating consigned design, develop, consulting and import and export trading business of the products (can only be conducted outside Hsinchu Science Park)
10. Design, manufacturing and sales of the power supply, and its Components (can only be manufactured outside Hsinchu Science Park)

Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.

Article 4: When the Company invests in another company due to the need of operation, the total investments could exceed a specified percentage of the total paid-in capital, and the Company authorizes the board of directors to execute.

Article 5: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad. After the public offerings, the Company shall not go private without the

resolution of the shareholder meeting. The article shall not be changed in the period of the Company lists in OTC or Taiwan Stock Market.

Article 6: The Company's processing rules of announcement affairs shall fully comply with pertinent laws and regulations promulgated by the authorities concerned.

#### CHAPTER 2 : Shares

Article 7: The total authorized capital of the Company shall be NT\$10 billion, divided into 1 billion(includes 70 million shares for the use of stock option certificates, preferred stock with warrants or corporate bonds with warrants) shares with a par value of NT\$10 each. Subject to practical need, the board of the directors is authorized to issue such shares by installments.

The Company buy back its shares according to Company Act. Qualification requirements of entitled employees, including the employees of the controlled companies meeting certain specific requirements.

The company's employee stock option certificate is issued to including the employees of the controlled companies meeting certain specific requirements.

When the company issues new shares, new shares reserved for employees of the controlled companies meeting certain specific requirements.

The company issuing restricted stock for employees including the employees of the controlled companies meeting certain specific requirements.

Article 8: The share certificate of the Company may adopt the issuance of non-physical, while shall be issued in registered form, as well as with other securities of the Company.

Article 9: The Company shall handle share matters in accordance with the Guidelines Governing Stock Matters of Public Offering Companies.

Article 10: No transfer of shares shall be handled within sixty days prior to a shareholder regular meeting, or within thirty days prior to a shareholder extraordinary meeting, or within five days prior to allocation of dividend bonus or any other benefits.

The period mentioned in the previous clause is calculated from the meeting date of the base date.

#### CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

- (1) General shareholder meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
- (2) Special shareholder meetings may be convened according to the laws whenever it is necessary.

Directors may not convene the shareholders' meeting, the shareholders who own shares exceeds three percent (3%) of the total issued shares may convene the shareholder meeting by themselves with the permission of the authority.

Article 12: The chairman of the board shall preside at shareholder meetings if the shareholder

meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholder meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 13: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholder meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholder meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 14: A shareholder of the Company shall be entitled to one vote for each share held except the shares provided by laws.

Article 15: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholder meeting at which the shareholders of a majority of issued and outstanding capital are present or by proxy.

Shareholders' meeting will adopt electronic voting as one of the method to exercise the right to vote, and its related operation rules shall follow the competent authority regulations..

Article 16: When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may appoint proxies to attend the shareholder meeting published by the Company. Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholder Meeting of Public Companies".

Article 17: The resolution adopted at the shareholder meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholder meeting.

The Company may provide the minutes via an announcement.

#### CHAPTER 4 : Directors, Audit Committee and Managers

Article 18: The Company will have a board of directors consisting of seven to nine directors, who will be elected by the shareholder meeting from persons with disposing capacity. Each director will serve an office term of three years and may be re-elected. The board of directors is authorized to approve the number of directors. Compensation for the directors shall be determined by the board of directors in accordance with the domestic and international business standards. The Company shall establish at least three (3) independent directors to be included in the number of directors. Election of directors shall adopt the candidate nomination measure and

elected by shareholders' meeting from previous candidates. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Article 18-1: The Company's audit committee is formed by all independent directors and one of whom shall serve as the convener. Effective from the establish date of the audit committee, the Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the relevant regulations.

Article 19: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only.

The reasons for calling a board of directors meeting and audit committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written, fax or electronic format.

Article 20: The chairman of the board shall preside at directors' meeting. When the chairman is on leave or unable to exercise his/her official functions for whatever the reason, the acting chairman shall be designated in accordance with the relevant regulations.

Article 21: Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a board of directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more than 50% of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a board of directors' meeting.

If the directors' meeting is conducted in a manner of digital videoconference, the Directors who participate in such conference via digital video shall be deemed be present in person.

Article 22: The Company may has managers, all of whom shall be duly appointed, discharged and paid by the board of directors through a majority vote in the meeting which is attended by a majority of the total number of of directors.

Subject to the authority prescribed by the board of directors, the officers shall be empowered or not to manage the operation of the company and to sign relevant business documents for the company.

## CHAPTER 5 : Accounting

Article 23: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 24: Upon the close of each fiscal year, the board of directors shall work out the following documents to be audited by supervisors within thirty days prior to the regular meeting of shareholders before being acknowledged by the shareholder meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposals of profit allocation or loss coverage

Article 25: 10%~20% of profit of the current year shall be distributed as employees' compensation. If the Company have losses from previous year, the losses shall be compensated in advance. Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.

In the case that the annual final accounts audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total paid-in capital, and to contribute or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.

The company authorizes the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The company authorizes the distributable legal reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividends policy is ordered by the Company Law and the Articles of Incorporation and decided according to the Company's capital and financial structure, operation situation, profits and the characters of the industry and business cycle. Distributions shall be made in cash dividends or in stock dividends. However, due to the Company is in expansion in its industry, the

Company shall, in consideration of the financial, business and administrative needs, distribute more than ten percent (10%) of the total dividends if the Company decides to distribute cash dividends.

When the Company has no profits to distribute to the shareholders, the Company may, in consideration of the financial, business and administrative needs, to distribute all or partial reserve according to the relevant laws or regulations of authorities.

The board of directors of the Company may resolve to purchase liability insurance for the directors.

Article 26: If the Company issue employee stock option certificates or buy back shares to transfer to employees, and the subscription price or transferred price is lower than the limited price of the relevant laws, it shall be proposed to the shareholder meeting according to the relevant laws.

Article 27: Dividends and bonuses shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

#### CHAPTER 6 : Supplementary Provisions

Article 28: Any rules or measures related to the Articles of Incorporation shall be stipulated separately by the board of directors.

Article 29: Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law.

Article 30: This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th , 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18 , 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; 18th amended on June 12, 2012; 19th amended on June 17, 2014; 20th amended on June 15, 2016; 21st amended on June 13, 2019; 22nd amended on June 12, 2020; The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Coretronic Corporation

Chairman : Wade Chang

**Coretronic Corporation**  
**Rules of Procedure for Shareholders' Meetings**

Article 1

The Company's procedure of meeting of shareholders shall be conducted in accordance with these Rules. Matters not specified in these Rules shall be handled in accordance with relevant laws and regulations.

Article 2

The meeting of shareholders shall be held at the registered office of the Company or at a venue convenient for shareholders to attend and suitable for holding the meeting of shareholders. The starting time of the meeting may not be earlier than 9 a.m. or later than 3 p.m.

Article 3

The Company shall prepare an attendance book for shareholders present to sign in, or the shareholders present may hand in a sign-in card in lieu of signing on the attendance book.

When a government agency or a juristic person acts as a shareholder, its representatives to attend the meeting of shareholders may not be limited to one person. When a juristic person is appointed to attend a meeting of shareholders by proxy, it may designate only one representative to attend the meeting.

Article 4

If the meeting of shareholders is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or unable to exercise his/her powers and authority for any cause, the chairman of the board shall designate one of the directors to act on his/her behalf. Where the chairman of the board does not make such a designation, the directors shall elect from among themselves one person to serve as the chairman.

If the meeting of shareholders is convened by any other person having the convening right other than the board of directors, the chairman shall be acted by such person having the convening right. If there are two or more persons having the convening right, one chairman of the meeting shall be elected from among themselves.

The Company may designate lawyers, certified public accountants or related personnel appointed by it to attend the meeting of shareholders.

Article 5

The Company shall conduct a continuously and uninterrupted audio and video recording of the procedures of shareholders' sign-in at the reception, the progress of the meeting, and voting and counting of votes, beginning from the time of accepting the sign-in of shareholders.

The audio-visual materials stated in the preceding Paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the conclusion of the lawsuit.

Article 6

Attendance at a meeting of shareholders shall be calculated on the basis of number of shares. The number of shares in attendance is calculated in accordance with the number of shares specified on the attendance book or the sign-in cards handed in, plus the number of shares whose voting rights are exercised in writing or by electronic means.

At the scheduled meeting time, the chairman shall immediately call the meeting to order and announce the relevant information, such as the number of non-voting rights and the number of shares present. However, when the attending shareholders do not represent more than half of the

total issued shares, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to twice, and the total postponement time may not exceed one hour in aggregate. After the second postponement, if the attending shareholders still represent less than one-third of the total issued shares, the chairman shall announce the meeting adjourned.

If the quorum is still not met after the second postponement stated in the preceding Paragraph while the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act; a notice of such tentative resolution shall be given to each of the shareholders, and a meeting of shareholders shall be reconvened within one month.

Before the conclusion of the meeting, if the shareholders present represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution to the meeting of shareholders for voting in accordance with Article 174 of the Company Act.

#### Article 7

If the meeting of shareholders is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall proceed in the order set by agenda, which may not be altered without a resolution of the meeting of shareholders.

The provisions stated in the preceding Paragraph shall apply *mutatis mutandis* to the meeting of shareholders convened by any other person having the convening right.

Before concluding the meeting discussions (including provisional motions) set in the agenda under the preceding two Paragraphs, the chairman may not arbitrarily announce the meeting adjourned without a resolution; if the chairman violates the rules of procedure and announces the meeting adjourned, other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman by a majority of votes represented by attending shareholders in accordance with the statutory procedure, and continue the meeting.

The chairman shall give ample opportunities for full explanations and discussions of the proposals and the amendments or provisional motions proposed by shareholders. When the chairman believes that a proposal has been discussed sufficiently and may be put to vote, he may announce the cessation of discussion, put it forward for voting, and arrange adequate and sufficient time for voting.

#### Article 8

An attending shareholder shall complete a speaker's slip stating the main points of the speech, shareholder account number (or attendance certificate number) and account name, and the sequence of speeches by shareholders shall be determined by the chairman.

An attending shareholder who has only submitted a speaker's slip but does not actually speak shall not be deemed to have spoken. If the contents of the speech are inconsistent with that stated on the speaker's slip, the contents of the speech shall prevail.

Without the consent of the chairman, each shareholder's speech on the same proposal shall not exceed twice, and each time may not exceed five minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the discussion topic, the chairman may stop his/her speech.

When an attending shareholder is speaking, other shareholders may not speak or interfere except with the consent of the chairman and the shareholder having the floor. The chairman shall stop any such violations.

When a juristic person shareholder designates two or more representatives to attend a meeting of shareholders, only one person may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond personally or designate relevant personnel to respond.

#### Article 9

The voting at a shareholders meeting shall be calculated on the basis of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

Shareholders shall have one voting right per share, except when shares are restricted shares or have no voting rights stated in Paragraph 2, Article 179 of the Company Act.

#### Article 10

Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the voting of proposal shall be passed by a majority of the total number of the attending shareholders. In case of a voting, the chairman or his/her designated person shall announce the total number of voting rights of the attending shareholders, and then the shareholders shall vote. And on the same day of the meeting of shareholders is held, the results of shareholders' approval, opposition and waiver shall be entered into the MOPS. If the total number of voting rights of the shareholders present does not reach the statutory or stipulated number of shares stated in the Articles of Incorporation, the chairman may declare that the proposal is not approved, and it is unnecessary to vote.

Where there is an amendment or alternative to the same proposal, the chairman shall combine the amended or alternative proposal with the original proposal and decide the order of voting. If one of the proposals has been passed, the other proposals shall be deemed rejected and no further voting shall be required.

The monitors and ballot counters for voting shall be designated by the chairman; however, only such persons who are shareholders may serve as monitors.

The counting of votes for meeting of shareholders or election proposals shall be conducted in a public place at the venue of the meeting of shareholders; after the counting of votes is completed, the voting results shall be immediately announced on the spot, including statistical weights, and shall be recorded.

#### Article 11

The chairman may direct monitors or security guards to help maintain order in the venue of meeting.

If the venue of meeting is equipped with sound amplifying equipment, the chairman may stop the shareholder who does not use the equipment configured by the company to speak.

If a shareholder violates the rules of procedure and disobey the chairman's correction, obstructs the progress of the meeting and still disobeys despite being stopped, the chairman may direct the scrutineers or security guards to ask him/her to leave the venue of meeting.

#### Article 12

During the progress of the meeting, the chairman may announce an appropriate time of break at his/her discretion. In the event of force majeure, the chairman may rule to suspend the meeting temporarily and announce a time when the meeting will be resumed, depending on the circumstances.

Before concluding all the meeting discussions (including provisional motions) set on the agenda set by the meeting of shareholders, if the venue of meeting is no longer available for continued use at that time, the meeting of shareholders may adopt a resolution to find another venue to resume the meeting.

The meeting of shareholders may resolve to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

#### Article 13

These Rules shall be implemented after a resolution is adopted at the meeting of shareholders, and the same shall apply when any amendment is made thereto.

### Status of all Directors' Shareholding

- Total shares issued are 390,981,110.
- As of April 16, 2023, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Wade Chang	9,345,953	2.39%
Director	Hsun Chieh Investment Ltd. Legal Representative: Tai-Shung Ho	15,495,551	3.96%
Director	Hanns Prosper Investment Corporation Legal Representative: Yu-Chi Chiao	4,920,000	1.26%
Director	Han-Ping Shieh	0	0.00%
Independent Director	Edward H. Chow	0	0.00%
Independent Director	Audrey Tseng	0	0.00%
Independent Director	Hung-Pin Ku	0	0.00%
Number of shares held by all directors		29,761,504	7.61%

- According to legal rules the minimum number of shares that may be held by all directors is 15,639,244 shares.