

E Ink Holdings Inc.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
E Ink Holdings Inc.

Opinion

We have audited the accompanying financial statements of E Ink Holdings Inc. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter for the Company's financial statements for the year ended December 31, 2023 is stated as follows:

Authenticity of Sales Revenue - Recognition of Sales
Revenue from Internet of Things Applications Products

The Company mainly sells e-paper products such as Internet of Things applications and consumer electronics. The Company's sales revenue is affected by changes in market demand, with revenue from Internet of Things applications accounting for over 50%. Rapid changes in terminal market demand result in significant fluctuations in the revenue of Internet of Things applications products. This is of significant importance for the overall financial statements. Therefore, the authenticity of such sales revenue was identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. We understood and tested the design and operating effectiveness of relevant internal controls over the occurrence of sales revenue from Internet of Things applications products.
2. We sampled the sales details of Internet of Things applications products, inspected receipts signed by the customers or export declaration of overseas sales, and confirmed the receipt of payments.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the financial statements for the year ended December 31, 2023, and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2024

Notice to Readers

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

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

E INK HOLDINGS INC.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Note 6)	\$ 3,605,756	5	\$ 1,665,566	3
Financial assets measured at amortized cost (Notes 9 and 27)	3,508,315	5	480,041	1
Accounts receivable (Notes 10 and 18)	1,365,187	2	3,104,845	5
Accounts receivable from related parties (Notes 10, 18 and 26)	2,092,042	3	3,313,437	5
Other receivables from related parties (Note 26)	1,003,482	2	35,233	-
Inventories (Note 11)	2,341,921	3	3,540,804	6
Prepayments	157,221	-	164,758	-
Other current assets (Note 7)	76,526	-	51,304	-
Total current assets	14,150,450	20	12,355,988	20
NON-CURRENT ASSETS (Note 4)				
Financial assets at fair value through profit or loss (Note 7)	126,717	-	-	-
Financial assets at fair value through other comprehensive income (Notes 8 and 26)	4,265,163	6	3,564,049	6
Investments accounted for using the equity method (Note 12)	47,347,707	66	41,690,952	66
Property, plant and equipment (Notes 13, 23 and 26)	4,249,215	6	3,583,886	6
Right-of-use assets (Notes 14 and 26)	844,935	1	883,386	1
Other intangible assets	162,025	-	179,410	-
Deferred tax assets (Note 20)	392,627	1	677,658	1
Other non-current assets (Note 26)	16,752	-	12,836	-
Total non-current assets	57,405,141	80	50,592,177	80
TOTAL	\$ 71,555,591	100	\$ 62,948,165	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Note 15)	\$ 3,270,000	5	\$ 1,800,000	3
Short-term bills payable (Note 15)	4,226,224	6	349,835	1
Contract liabilities (Note 18)	473,083	1	189,850	-
Notes and accounts payable	1,498,047	2	1,291,869	2
Accounts payable to related parties (Note 26)	3,576,990	5	5,078,557	8
Other payables (Notes 23 and 26)	1,459,197	2	1,574,768	2
Current tax liabilities (Note 20)	836,351	1	1,436,470	2
Current portion of long-term borrowings (Note 15)	-	-	150,000	-
Receipts in advance (Note 26)	401,503	1	1,018,818	2
Other current liabilities (Notes 14 and 26)	326,708	-	321,241	1
Total current liabilities	16,068,103	23	13,211,408	21
NON-CURRENT LIABILITIES (Note 4)				
Long-term borrowings (Note 15)	5,621,615	8	5,001,228	8
Lease liabilities (Notes 14 and 26)	837,851	1	871,393	2
Net defined benefit liabilities (Note 16)	5,271	-	90,154	-
Other non-current liabilities (Notes 12, 20 and 26)	114,930	-	86,994	-
Total non-current liabilities	6,579,667	9	6,049,769	10
Total liabilities	22,647,770	32	19,261,177	31
EQUITY (Notes 17 and 22)				
Share capital	11,411,033	16	11,404,047	18
Advance receipts for share capital	87,141	-	-	-
Capital surplus	10,878,525	15	10,748,007	17
Retained earnings	20,696,630	29	17,822,789	28
Other equity	5,834,492	8	3,712,145	6
Total equity	48,907,821	68	43,686,988	69
TOTAL	\$ 71,555,591	100	\$ 62,948,165	100

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

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 26)	\$ 19,815,440	100	\$ 23,302,339	100
OPERATING COSTS (Notes 11, 19 and 26)	<u>13,375,649</u>	<u>67</u>	<u>14,643,703</u>	<u>63</u>
GROSS PROFIT	<u>6,439,791</u>	<u>33</u>	<u>8,658,636</u>	<u>37</u>
OPERATING EXPENSES (Notes 19 and 26)				
Selling and marketing expenses	492,608	3	464,410	2
General and administrative expenses	1,033,968	5	1,055,458	5
Research and development expenses	<u>1,362,779</u>	<u>7</u>	<u>1,222,423</u>	<u>5</u>
Total operating expenses	<u>2,889,355</u>	<u>15</u>	<u>2,742,291</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>3,550,436</u>	<u>18</u>	<u>5,916,345</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 19)	210,869	1	28,904	-
Royalty income (Notes 4 and 18)	211,190	1	230,546	1
Dividend income	141,597	1	199,043	1
Other income (Note 26)	83,726	-	109,940	-
Net loss on disposal of property, plant and equipment	(1,263)	-	(2,797)	-
Net gain on foreign currency exchange (Note 29)	49,274	-	220,592	1
Share of profit of subsidiaries and associates accounted for using the equity method	4,632,382	23	4,377,363	19
Interest expenses (Note 13)	(150,976)	(1)	(99,685)	-
Other expenses	(20,685)	-	(155)	-
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	<u>(58,552)</u>	<u>-</u>	<u>(754)</u>	<u>-</u>
Total non-operating income and expenses	<u>5,097,562</u>	<u>25</u>	<u>5,062,997</u>	<u>22</u>
INCOME BEFORE INCOME TAX	8,647,998	43	10,979,342	47
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(833,672)</u>	<u>(4)</u>	<u>(1,067,592)</u>	<u>(4)</u>
NET INCOME FOR THE YEAR	<u>7,814,326</u>	<u>39</u>	<u>9,911,750</u>	<u>43</u>

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	\$ (15,546)	-	\$ (7,632)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	692,668	4	(424,056)	(2)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	2,459,774	12	1,199,409	5
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>(375,214)</u>	<u>(2)</u>	<u>(458,536)</u>	<u>(2)</u>
	<u>2,761,682</u>	<u>14</u>	<u>309,185</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>(437,005)</u>	<u>(2)</u>	<u>1,606,067</u>	<u>7</u>
Other comprehensive income for the year, net of income tax	<u>2,324,677</u>	<u>12</u>	<u>1,915,252</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 10,139,003</u>	<u>51</u>	<u>\$ 11,827,002</u>	<u>51</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 6.85</u>		<u>\$ 8.69</u>	
Diluted	<u>\$ 6.78</u>		<u>\$ 8.60</u>	

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

(Concluded)

E INK HOLDINGS INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital			Capital Surplus	Retained Earnings				Other Equity		Total
	Shares (In Thousands)	Amount	Advance Receipts for Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	
BALANCE AT JANUARY 1, 2022	1,140,405	\$ 11,404,047	\$ -	\$ 10,407,670	\$ 2,441,853	\$ 70,678	\$ 8,487,671	\$ 11,000,202	\$ (2,360,327)	\$ 4,715,574	\$ 35,167,166
Appropriation of 2021 earnings											
Legal reserve	-	-	-	-	530,211	-	(530,211)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(3,649,295)	(3,649,295)	-	-	(3,649,295)
Changes in capital surplus from investments in associates for using the equity method	-	-	-	239,600	-	-	-	-	2,399	-	241,999
Other changes in capital surplus	-	-	-	7	-	-	-	-	-	-	7
Net income for the year ended December 31, 2022	-	-	-	-	-	-	9,911,750	9,911,750	-	-	9,911,750
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(4,842)	(4,842)	1,606,067	314,027	1,915,252
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	9,906,908	9,906,908	1,606,067	314,027	11,827,002
Difference between consideration and carrying amount resulting from disposal of subsidiaries	-	-	-	-	-	-	-	-	(621)	-	(621)
Share-based payments	-	-	-	100,730	-	-	-	-	-	-	100,730
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	564,974	564,974	-	(564,974)	-
BALANCE AT DECEMBER 31, 2022	1,140,405	11,404,047	-	10,748,007	2,972,064	70,678	14,780,047	17,822,789	(752,482)	4,464,627	43,686,988
Appropriation of 2022 earnings											
Legal reserve	-	-	-	-	1,047,188	-	(1,047,188)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(5,131,821)	(5,131,821)	-	-	(5,131,821)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	5,208	-	-	-	-	-	-	5,208
Other changes in capital surplus	-	-	-	14	-	-	-	-	-	-	14
Net income for the year ended December 31, 2023	-	-	-	-	-	-	7,814,326	7,814,326	-	-	7,814,326
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(14,420)	(14,420)	(437,005)	2,776,102	2,324,677
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	7,799,906	7,799,906	(437,005)	2,776,102	10,139,003
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)
Share-based payments	-	-	-	80,488	-	-	-	-	-	-	80,488
Exercise of employee share options	698	6,986	87,141	44,808	-	-	-	-	-	-	138,935
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	-	216,750	216,750	-	(216,750)	-
BALANCE AT DECEMBER 31, 2023	<u>1,141,103</u>	<u>\$ 11,411,033</u>	<u>\$ 87,141</u>	<u>\$ 10,878,525</u>	<u>\$ 4,019,252</u>	<u>\$ 70,678</u>	<u>\$ 16,606,700</u>	<u>\$ 20,696,630</u>	<u>\$ (1,189,487)</u>	<u>\$ 7,023,979</u>	<u>\$ 48,907,821</u>

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

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,647,998	\$ 10,979,342
Adjustments for		
Depreciation expenses	599,653	380,592
Amortization expenses	51,236	53,897
Expected credit loss recognized on accounts receivable	16	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	58,552	754
Interest expenses	150,976	99,685
Interest income	(210,869)	(28,904)
Dividend income	(141,597)	(199,043)
Compensation costs of share-based payments	50,335	66,061
Share of profit of subsidiaries and associates accounted for using the equity method	(4,632,382)	(4,377,363)
Net loss on disposal of property, plant and equipment	1,263	2,797
Net loss on disposal of intangible assets	272	96
Net loss on disposal of investments	-	59
Reversal of write-downs of inventories	(94,314)	(137,101)
Net unrealized loss on foreign currency exchange	48,423	154,540
Gain recognized in bargain purchase transaction	-	(18,712)
Gain on lease modifications	(1)	(3,901)
Royalty income	(211,190)	(230,546)
Changes in operating assets and liabilities		
Accounts receivable	1,687,933	(1,330,669)
Accounts receivable from related parties	1,094,958	2,577,161
Inventories	1,293,197	(72,102)
Prepayments	27,514	(123,838)
Other current assets	44,413	(54,373)
Financial liability held for trading	(39,868)	(1,012)
Contract liabilities	494,423	(2,199,900)
Notes and accounts payable	255,240	(1,213,046)
Accounts payable to related parties	(1,442,241)	(1,758,795)
Other payables	(82,180)	642,881
Receipts in advance	(617,315)	631,479
Other current liabilities	72,852	251,250
Net defined benefit liabilities	(100,429)	(7,514)
Cash generated from operations	7,006,868	4,083,775
Income tax paid	(1,151,316)	(148,626)
Net cash generated from operating activities	<u>5,855,552</u>	<u>3,935,149</u>

(Continued)

E INK HOLDINGS INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (178,365)	\$ (323,848)
Proceeds from sale of financial assets at fair value through other comprehensive income	169,919	1,105,482
Acquisition of financial assets at amortized cost	(3,577,357)	(494,371)
Proceeds from disposal of financial assets at amortized cost	480,041	34,665
Acquisition of financial assets at fair value through profit or loss	(281,871)	(6,725)
Proceeds from sale of financial assets at fair value through profit or loss	144,163	-
Acquisition of long-term equity investment using the equity method	-	(148,743)
Acquisition of subsidiaries	-	(1,002,512)
Acquisition of property, plant and equipment	(1,270,088)	(1,727,400)
Increase in refundable deposits	(3,831)	(5,111)
Increase in other receivables from related parties	(1,000,000)	-
Acquisition of other intangible assets	(14,601)	(13,354)
Interest received	165,201	26,585
Dividends received	<u>820,932</u>	<u>1,696,859</u>
Net cash used in investing activities	<u>(4,545,857)</u>	<u>(858,473)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,470,000	(412,550)
Increase (decrease) in short-term bills payable	3,876,389	(3,949,763)
Increase in long-term borrowings	470,387	4,303,888
Repayment of the principal portion of lease liabilities	(43,901)	(28,860)
Increase (decrease) in other non-current liabilities	(1,294)	634
Cash dividends	(5,131,821)	(3,649,295)
Exercise of employee share options	138,935	-
Interest paid	(148,214)	(95,683)
Return of overdue uncollected dividends	<u>14</u>	<u>7</u>
Net cash generated from (used in) financing activities	<u>630,495</u>	<u>(3,831,622)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,940,190	(754,946)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,665,566</u>	<u>2,420,512</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,605,756</u>	<u>\$ 1,665,566</u>

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

(Concluded)

E INK HOLDINGS INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

E Ink Holdings Inc. (the “Company”) was incorporated in June 1992 in the Hsinchu Science Park. The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 23, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16“Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1“Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1“Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7“Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issued, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies that are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized in profit or loss for the year. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income or loss in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

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

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

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates accounted for using the equity method and investments

accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Prior to the asset reaching its intended use, it is measured at the lower of cost or net realizable value. Any proceeds from the sale of the asset, as well as its cost, are recognized in the statement of comprehensive income. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any dividends, interest earned and gains or losses on remeasurement recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by notes with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Company determines that a financial asset is in default (without taking into account any collateral held by the Company) when internal or external information shows that the debtor is unlikely to pay its creditors.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are carried at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments, including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Provisions

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

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

m. Revenue recognition

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

1) Revenue from sale of goods

Sales of products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods. Revenue and accounts receivable are recognized concurrently.

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

2) Licensing revenue

If the patented technology licensed by the Company can remain functional without any updates or technical support and the Company is not obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology has significant stand-alone functionality and the Company recognizes revenue at the point in time at which the license of patented technology transfers. If the Company is obliged to undertake activities that will change the functionality of the licensed patented technology, the licensed patented technology does not have significant stand-alone functionality and the Company recognizes revenue on a straight-line basis over the life of the agreements. Royalty agreements that are based on sales are recognized by reference to the underlying agreements. Royalties receivable that the Company does not have a present right to payment of the royalties is recorded as contract assets and reclassified to

accounts receivable after the Company fulfills the remainder of the performance obligation. Proceeds of royalties received but which have not met the conditions of revenue recognition are recorded as contract liabilities, current and non-current, respectively, based on the remaining contract periods.

3) Software licensing revenue

The Company enters into contracts with clients to license its software technology, and continues to provide R&D services for the licensed software technology, which clients can access at any time. The software technology license is separable, and revenue is recognized on a straight-line basis during the licensing period. Upon signing the contract, the client pays an upfront licensing fee, which is non-refundable, and variable licensing fees are calculated based on the actual sales of products utilizing the licensed software technology. Non-current receivables, which do not have a present right to payment, are recorded as contract assets, and transferred to accounts receivable after fulfilling the remaining obligations. For those who have received the software licensing price but have not yet met the relevant income recognition conditions, are recorded as contract liabilities, and further classified into current and non-current according to the contract period.

n. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification

that is not accounted for as a separate lease, decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the year they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

q. Share-based payment arrangements

The fair value at the grant date of share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash that are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss, such that the cumulative expenses reflect the revised estimate with a corresponding adjustment to capital surplus - employee share options.

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

The Company has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of recent developments in COVID-19 and its potential impact on the economic environment on cash flow projections, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 318	\$ 1,375
Checking accounts and demand deposits	1,382,433	1,264,191
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	245,640	-
Repurchase agreements collateralized by notes	<u>1,977,365</u>	<u>400,000</u>
	<u>\$ 3,605,756</u>	<u>\$ 1,665,566</u>

The market rate intervals of demand deposits and repurchase agreements collateralized by notes at the end of the reporting years were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Demand deposits	0.445%-0.73%	0.16%-0.45%
Time deposits	5.4%-5.6%	-
Repurchase agreements collateralized by notes	1.25%-5.5%	1.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets - current (included in other current assets)</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic investment - listed stocks	\$ -	\$ 7,685
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>-</u>	<u>7</u>
	<u>\$ -</u>	<u>\$ 7,692</u>

(Continued)

	<u>December 31</u>	
	2023	2022
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 101,529	\$ -
Foreign investment - listed stocks	<u>25,188</u>	<u>-</u>
	<u>\$ 126,717</u>	<u>\$ -</u>
		(Concluded)

At the end of the reporting period, the outstanding foreign exchange forward contract not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD/NTD	2023.02	USD9,000/NTD275,091

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed shares	<u>\$ 4,265,163</u>	<u>\$ 3,564,049</u>

The Company holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ 3,473,442	\$ 445,295
Pledged time deposits (b)	<u>34,873</u>	<u>34,746</u>
	<u>\$ 3,508,315</u>	<u>\$ 480,041</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months and not exceeding 1 year were 5.16%-5.75% and 4.18%-5.11% per annum, as of December 31, 2023 and 2022, respectively.
- b. The market rate intervals for time deposits pledged as security were 0.55%-1.57% and 0.16%-1.19% per annum, as of December 31, 2023 and 2022, respectively. Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

10. ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
Accounts receivable	\$ 1,366,093	\$ 3,105,735
Less: Loss allowance	<u>(906)</u>	<u>(890)</u>
	<u>1,365,187</u>	<u>3,104,845</u>
Accounts receivable from related parties (Note 26)	2,111,096	3,332,494
Less: Loss allowance	<u>(19,054)</u>	<u>(19,057)</u>
	<u>2,092,042</u>	<u>3,313,437</u>
	<u>\$ 3,457,229</u>	<u>\$ 6,418,282</u>

The Company recognizes impairment loss when there is actual credit loss from individual client. In addition, the Company recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate and past due status.

The following table detailed the loss allowance for accounts receivable:

December 31, 2023

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0.01%	100%	
Gross carrying amount	\$ 3,306,653	\$ 150,592	\$ 19,944	\$ 3,477,189
Less: Loss allowance	<u>-</u>	<u>(16)</u>	<u>(19,944)</u>	<u>(19,960)</u>
Amortized cost	<u>\$ 3,306,653</u>	<u>\$ 150,576</u>	<u>\$ -</u>	<u>\$ 3,457,229</u>

December 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	84%	
Gross carrying amount	\$ 5,223,967	\$ 1,190,636	\$ 23,626	\$ 6,438,229
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(19,947)</u>	<u>(19,947)</u>
Amortized cost	<u>\$ 5,223,967</u>	<u>\$ 1,190,636</u>	<u>\$ 3,679</u>	<u>\$ 6,418,282</u>

The movements of the loss allowance were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 19,947	\$ 17,979
Net remeasurement of loss allowance	16	-
Effect of foreign currency exchange differences	<u>(3)</u>	<u>1,968</u>
Balance at December 31	<u>\$ 19,960</u>	<u>\$ 19,947</u>

Accounts receivable of the Company were mainly concentrated in customers A, C, D, F, G and H. The accounts receivable from the foregoing customers, as of December 31, 2023 and 2022, respectively, were as follows:

	December 31	
	2023	2022
Customer A	\$ 479,236	\$ 851,574
Customer H	240,994	134,439
Customer G	238,622	148,636
Customer F	88,520	209,633
Customer D	83,837	582,603
Customer C	<u>60,811</u>	<u>726,951</u>
	<u>\$ 1,192,020</u>	<u>\$ 2,653,836</u>

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 545,856	\$ 1,092,956
Semi-finished goods	1,064,596	887,488
Work in progress	118,112	440,108
Raw materials	<u>613,357</u>	<u>1,120,252</u>
	<u>\$ 2,341,921</u>	<u>\$ 3,540,804</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included reversals of write-downs of inventories of \$94,314 thousand and \$137,101 thousand, respectively. Previous write-downs were reversed due to the disposal of slow-moving inventories.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 47,212,242	\$ 41,532,390
Investments in associates	<u>135,465</u>	<u>158,562</u>
	<u>\$ 47,347,707</u>	<u>\$ 41,690,952</u>

a. Investment in subsidiaries

	December 31	
	2023	2022
Unlisted companies		
E Ink Technology B.V. (originally named PVI Global B.V.)	\$ 35,013,523	\$ 31,050,242
YuanHan Materials Inc.	9,876,448	8,427,740
New Field e-Paper Co., Ltd.	1,889,760	1,644,329
Dream Universe Ltd.	418,411	393,099
E Ink Japan Inc.	14,110	16,980
Linfinity Corporation (Note 1)	-	-
Prime View Communications Ltd. (Note 2)	-	-
	<u>\$ 47,212,242</u>	<u>\$ 41,532,390</u>

Note 1: As of December 31, 2023 and 2022, the investment in Linfinity Corporation was recorded as other non-current liabilities due to the credit balance of \$5,548 thousand and \$1,273 thousand, respectively.

Note 2: As of December 31, 2023 and 2022, the investment in Prime View Communications Ltd. was recorded as other non-current liabilities due to the credit balance of \$99,546 thousand and \$68,926 thousand, respectively.

Name of subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
E Ink Technology B.V. (originally named PVI Global B.V.) (Note 1)	100%	100%
YuanHan Materials Inc.	100%	100%
New Field e-Paper Co., Ltd.	100%	100%
Dream Universe Ltd.	100%	100%
E Ink Japan Inc.	100%	100%
E Ink Corporation (Note 1)	-	-
Tech Smart Logistics Ltd. (Note 2)	-	-
Linfinity Corporation (Note 3)	23%	4%
Prime View Communications Ltd.	100%	100%

Refer to Note 30 for the details of investment in subsidiaries indirectly held by the Company.

Note 1: To improve the Group's strategic development and arrange a long-term operating strategy, the Company's board of directors approved an adjustment to its organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, completed the relocation of PVI Global B.V. and Dream Pacific International B.V. to the Netherlands in December 2022, and changed their names to E Ink Technology B.V. and E Ink Netherlands B.V., respectively, in July 2023.

Note 2: Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.

Note 3: In order to follow the operating plan of the Group, the Company acquired all shares of Linfinity Corporation that Sony Semiconductor Solutions held; therefore, the Company's comprehensive proportionate interest was 23% in March 2023.

These subsidiaries are included in the consolidated financial statements of the Company as of December 31, 2023 and 2022.

b. Investments in associates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material	<u>\$ 135,465</u>	<u>\$ 158,562</u>
<u>Aggregate information of associates that are not individually material</u>		
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Company's share of		
Net gain (loss) for the year	\$ 1,679	\$ (9,943)
Other comprehensive loss	<u>(43)</u>	<u>1</u>
Total comprehensive loss for the year	<u>\$ 1,636</u>	<u>\$ (9,942)</u>

In order to strengthen the layout and development of the e-paper ecosystem, the Company participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to \$148,743 thousand in November 2022, and jointly acquired 35.24% of its equity with its subsidiary YuanHan Materials Inc. Due to the change in shareholding ratio resulting from the conversion of employee share options as of December 31, 2023 and 2022, the Company and its subsidiary currently has a combined comprehensive shareholding ratio of 34.93% and 35.19%, respectively.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments except for some associates, the other were based on the audited financial statements of subsidiaries and associates for the corresponding year.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,483,150	\$ 3,998,449	\$ 1,579,789	\$ 861,997	\$ 7,923,385
Additions	26,247	140,258	18,906	1,522,108	1,707,519
Disposals	(3,880)	(698)	(11,021)	-	(15,599)
Reclassifications	<u>36,391</u>	<u>652,882</u>	<u>296,176</u>	<u>(999,078)</u>	<u>(13,629)</u>
Balance at December 31, 2022	<u>\$ 1,541,908</u>	<u>\$ 4,790,891</u>	<u>\$ 1,883,850</u>	<u>\$ 1,385,027</u>	<u>\$ 9,601,676</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ 900,086	\$ 3,710,875	\$ 1,076,442	\$ -	\$ 5,687,403
Depreciation expenses	44,176	139,503	159,510	-	343,189
Disposals	<u>(1,980)</u>	<u>(698)</u>	<u>(10,124)</u>	<u>-</u>	<u>(12,802)</u>
Balance at December 31, 2022	<u>\$ 942,282</u>	<u>\$ 3,849,680</u>	<u>\$ 1,225,828</u>	<u>\$ -</u>	<u>\$ 6,017,790</u>
Carrying amount at December 31, 2022	<u>\$ 599,626</u>	<u>\$ 941,211</u>	<u>\$ 658,022</u>	<u>\$ 1,385,027</u>	<u>\$ 3,583,886</u>

(Continued)

	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 1,541,908	\$ 4,790,891	\$ 1,883,850	\$ 1,385,027	\$ 9,601,676
Additions	3,318	101,173	70,759	1,059,652	1,234,902
Disposals	(4,250)	(304)	(14,206)	-	(18,760)
Reclassifications	941	487,384	169,396	(677,243)	(19,522)
Balance at December 31, 2023	<u>\$ 1,541,917</u>	<u>\$ 5,379,144</u>	<u>\$ 2,109,799</u>	<u>\$ 1,767,436</u>	<u>\$ 10,798,296</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2023	\$ 942,282	\$ 3,849,680	\$ 1,225,828	\$ -	\$ 6,017,790
Depreciation expenses	50,594	279,663	218,531	-	548,788
Disposals	(2,987)	(304)	(14,206)	-	(17,497)
Balance at December 31, 2023	<u>\$ 989,889</u>	<u>\$ 4,129,039</u>	<u>\$ 1,430,153</u>	<u>\$ -</u>	<u>\$ 6,549,081</u>
Carrying amount at December 31, 2023	<u>\$ 552,028</u>	<u>\$ 1,250,105</u>	<u>\$ 679,646</u>	<u>\$ 1,767,436</u>	<u>\$ 4,249,215</u>

(Concluded)

Information about the capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	<u>\$ 25,698</u>	<u>\$ 12,647</u>
Capitalization rate intervals	1.47%-1.80%	0.64%-1.59%

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

Buildings	
Main buildings	33-56 years
Clean rooms and plumbing construction	25-30 years
Others	2-14 years
Machinery	1-11 years
Other equipment	1-26 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 842,367	\$ 881,236
Other equipment	<u>2,568</u>	<u>2,150</u>
	<u>\$ 844,935</u>	<u>\$ 883,386</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ <u>15,346</u>	\$ <u>255,271</u>
Depreciation of right-of-use assets		
Land	\$ 48,561	\$ 34,903
Other equipment	<u>2,304</u>	<u>2,500</u>
	<u>\$ 50,865</u>	<u>\$ 37,403</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current (included in other current liabilities)	\$ <u>34,725</u>	\$ <u>32,676</u>
Non-current	<u>\$ 837,851</u>	<u>\$ 871,393</u>

Discount rate intervals for lease liabilities are as follows:

	December 31	
	2023	2022
Land	0.58%-4.92%	0.56%-4.92%
Other equipment	0.61%-1.50%	0.60%-0.61%

c. Material lease-in activities and terms

The Company leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Company has renewal options if the Company does not violate the lease agreements during the rental period.

The Company also leased certain land for its plants and offices, with a lease term of 5 to 20 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values, with the right of preemption to purchase upon lease expiration.

The Company is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>13,543</u>	\$ <u>4,281</u>
Total cash outflow for leases	\$ <u>79,658</u>	\$ <u>49,889</u>

The Company leases other equipment which qualifies as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings	\$ 3,270,000	\$ 1,430,000
Secured borrowings	<u>-</u>	<u>370,000</u>
	<u>\$ 3,270,000</u>	<u>\$ 1,800,000</u>
Interest rate intervals	1.62%-1.83%	0.82%-1.80%

Secured borrowings are endorsed and guaranteed by the subsidiaries of Hydix Technologies Co., Ltd. for the Company.

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 4,230,000	\$ 350,000
Less: Discounts on bills payable	<u>(3,776)</u>	<u>(165)</u>
	<u>\$ 4,226,224</u>	<u>\$ 349,835</u>
Interest rate intervals	1.42%-1.58%	1.32%-1.63%

c. Long-term borrowing

	December 31	
	2023	2022
Syndicated loans	\$ 3,393,676	\$ 4,141,228
Unsecured borrowings	2,227,939	1,010,000
Less: Current portion	<u>-</u>	<u>(150,000)</u>
	<u>\$ 5,621,615</u>	<u>\$ 5,001,228</u>
Interest rate intervals	1.30%-1.99%	1.18%-1.80%

Long-term unsecured borrowings will expire in October 2030, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Company entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is \$6,800,000 thousand. The duration period is within 5 years from the first drawdown date (August 2021). As of December 31, 2023, and December 31, 2022, the drawdowns were as follows:

	Currency (In Thousands)	December 31	
		2023	2022
Long-term borrowings	NTD	<u>\$ 3,400,000</u>	<u>\$ 4,150,000</u>

During the credit period, the Company's financial statements should be reviewed on a semi-annual basis, where the consolidated current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than \$15,000,000 thousand. The Group should meet certain financial ratios based on the audited consolidated annual financial statements and reviewed consolidated financial statements for the second quarter.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 50,108	\$ 162,436
Fair value of plan assets	<u>(44,837)</u>	<u>(72,282)</u>
Net defined benefit liabilities	<u>\$ 5,271</u>	<u>\$ 90,154</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 159,847</u>	<u>\$ (69,811)</u>	<u>\$ 90,036</u>
Service cost			
Current service cost	333	-	333
Net interest expense (income)	<u>799</u>	<u>(369)</u>	<u>430</u>
Recognized in profit or loss	<u>1,132</u>	<u>(369)</u>	<u>763</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,428)	(5,428)
Actuarial (gain) loss			
Changes in demographic assumptions	1,512	-	1,512
Changes in financial assumptions	(2,533)	-	(2,533)
Experience adjustments	<u>14,081</u>	<u>-</u>	<u>14,081</u>
Recognized in other comprehensive income (loss)	<u>13,060</u>	<u>(5,428)</u>	<u>7,632</u>
Contributions from the employer	-	(8,277)	(8,277)
Benefits paid	<u>(11,603)</u>	<u>11,603</u>	<u>-</u>
Balance at December 31, 2022	<u>162,436</u>	<u>(72,282)</u>	<u>90,154</u>
Current service cost	138	-	138
Loss on settlements	13,672	-	13,672
Net interest expense (income)	<u>2,233</u>	<u>(1,052)</u>	<u>1,181</u>
Recognized in profit or loss	<u>16,043</u>	<u>(1,052)</u>	<u>14,991</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(539)	(539)
Actuarial loss			
Changes in financial assumptions	1,436	-	1,436
Experience adjustments	<u>14,649</u>	<u>-</u>	<u>14,649</u>
Recognized in other comprehensive income (loss)	<u>16,085</u>	<u>(539)</u>	<u>15,546</u>
Contributions from the employer	-	(115,420)	(115,420)
Liabilities extinguished on settlement	(74,484)	74,484	-
Benefits paid	<u>(69,972)</u>	<u>69,972</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 50,108</u>	<u>\$ (44,837)</u>	<u>\$ 5,271</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2023	2022
Discount rates	1.25%	1.375%
Expected rates of salary increase	3.50%	3.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	2023	2022
Discount rates		
0.25% increase	<u>\$ (874)</u>	<u>\$ (4,185)</u>
0.25% decrease	<u>\$ 907</u>	<u>\$ 4,352</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 874</u>	<u>\$ 4,189</u>
0.25% decrease	<u>\$ (848)</u>	<u>\$ (4,052)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 742</u>	<u>\$ 8,505</u>
Average duration of the defined benefit obligation	10.2 years	11.2 years

17. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	2023	2022
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>
Amount of shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,141,103</u>	<u>1,140,405</u>
Amount of shares issued	<u>\$ 11,411,033</u>	<u>\$ 11,404,047</u>

For the year ended December 31, 2023, the Company's employees exercised their rights under the ESOP to purchase 698 thousand of the Company's ordinary shares at a conversion price of \$74.14. The change of registration was completed before December 31, 2023.

For the three months ended December 31, 2023, the Company's employees exercised their rights under the ESOP to purchase 208 thousand and 1,082 thousand of the Group's ordinary shares at a conversion price of \$74.14 and \$66.26 respectively, generating total proceeds of \$87,141 thousand. The effective date for this transaction is set for March 8, 2024. It is recorded as advance receipts for shares.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as		
<u>cash dividends or transferred to share capital (1)</u>		
Issuance of shares	\$ 9,586,395	\$ 9,531,318
Conversion of bonds	525,200	525,200
Treasury share transactions	260,084	260,084
Expired employee share options	57,448	57,448
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in associates (2)	254,301	249,093
Unclaimed dividends extinguished by prescription	95	81
<u>May not be used for any purpose</u>		
Employee share options	<u>195,002</u>	<u>124,783</u>
	<u>\$ 10,878,525</u>	<u>\$ 10,748,007</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 19.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholder's meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in the appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Legal reserve	<u>\$ 1,047,188</u>	<u>\$ 530,211</u>
Cash dividends	<u>\$ 5,131,821</u>	<u>\$ 3,649,295</u>
Dividends per share (NT\$)	<u>\$ 4.5</u>	<u>\$ 3.2</u>

The above appropriations for cash dividends were resolved by the Company's board of directors on February 23, 2023 and March 11, 2022; the other proposed appropriations for 2022 and 2021 were resolved by the shareholders in their meetings on June 29, 2023 and June 22, 2022, respectively.

The appropriations of earnings for 2023 were proposed by the Company's board of directors on February 23, 2024. The appropriation and dividends per share were as follows:

	<u>For the Year Ended December 31, 2023</u>
Legal reserve	<u>\$ 800,566</u>
Cash dividends	<u>\$ 5,140,772</u>
Dividends per share (NT\$)	<u>\$ 4.5</u>

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1 and December 31	<u>\$ 70,678</u>	<u>\$ 70,678</u>

If a special reserve of \$70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (752,482)	\$ (2,360,327)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(437,005)	1,606,067
Disposal of subsidiaries	-	(621)
Reclassification adjustment		
Changes in associates accounted for using the equity method	-	2,399
	<u> -</u>	<u> 2,399</u>
Balance at December 31	<u>\$ (1,189,487)</u>	<u>\$ (752,482)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 4,464,627	\$ 4,715,574
Recognized for the year		
Unrealized gain (loss) on equity instruments	692,668	(424,056)
Share from subsidiaries and associates accounted for using the equity method	2,083,434	738,083
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal		
The Company	1,066	(392,281)
Share from subsidiaries and associates accounted for using the equity method	(217,816)	(172,693)
	<u> (217,816)</u>	<u> (172,693)</u>
Balance at December 31	<u>\$ 7,023,979</u>	<u>\$ 4,464,627</u>

18. REVENUE

a. Revenue from contracts with customers

Type of Revenue/Category by Product	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods		
Internet of Things applications	\$ 13,413,970	\$ 15,902,675
Consumer electronics	5,574,121	6,283,940
Others	<u>827,349</u>	<u>1,115,724</u>
	<u>\$ 19,815,440</u>	<u>\$ 23,302,339</u>
Royalty income	<u>\$ 211,190</u>	<u>\$ 230,546</u>

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 1,365,187</u>	<u>\$ 3,104,845</u>	<u>\$ 1,799,879</u>
Accounts receivable - related party (Note 10)	<u>\$ 2,092,042</u>	<u>\$ 3,313,437</u>	<u>\$ 5,940,295</u>
Contract liabilities - current			
Royalty	\$ 68,300	\$ 79,171	\$ 80,580
Sale of goods	<u>404,783</u>	<u>110,679</u>	<u>2,539,716</u>
	<u>\$ 473,083</u>	<u>\$ 189,850</u>	<u>\$ 2,620,296</u>

The changes in the balances of contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the year from the beginning balance of the contract liabilities is as follows:

Type of Revenue	For the Year Ended December 31	
	2023	2022
Royalty income	\$ 67,267	\$ 80,580
Revenue from sale of goods	<u>110,679</u>	<u>2,539,716</u>
	<u>\$ 177,946</u>	<u>\$ 2,620,296</u>

19. NET INCOME

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 118,768	\$ 25,637
Financial assets at amortized cost	91,954	3,207
Others	<u>147</u>	<u>60</u>
	<u>\$ 210,869</u>	<u>\$ 28,904</u>

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 548,788	\$ 343,189
Other intangible assets	51,236	53,897
Right-of-use assets	<u>50,865</u>	<u>37,403</u>
	<u>\$ 650,889</u>	<u>\$ 434,489</u>
 An analysis of depreciation by function		
Operating costs	\$ 437,117	\$ 218,685
Operating expenses	<u>162,536</u>	<u>161,907</u>
	<u>\$ 599,653</u>	<u>\$ 380,592</u>
 An analysis of amortization by function		
Operating costs	\$ 52	\$ 52
Operating expenses	<u>51,184</u>	<u>53,845</u>
	<u>\$ 51,236</u>	<u>\$ 53,897</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 16)		
Defined contribution plans	\$ 71,316	\$ 57,859
Defined benefit plans	<u>14,991</u>	<u>763</u>
	86,307	58,622
Share-based payments		
Equity-settled	50,335	66,061
Other employee benefits	<u>2,277,377</u>	<u>2,174,685</u>
Total employee benefits expense	<u>\$ 2,414,019</u>	<u>\$ 2,299,368</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 713,093	\$ 687,360
Operating expenses	<u>1,700,926</u>	<u>1,612,008</u>
	<u>\$ 2,414,019</u>	<u>\$ 2,299,368</u>

d. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and 2023, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Employees' compensation	<u>\$ 88,900</u>	<u>\$ 111,550</u>
Remuneration of directors	<u>\$ 35,900</u>	<u>\$ 40,000</u>

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	2023	2022
Current tax		
In respect of the current year	\$ 494,145	\$ 1,374,192
Income tax on unappropriated earnings	202,237	56,130
Adjustments for the prior years	<u>(145,185)</u>	<u>(88,883)</u>
	<u>551,197</u>	<u>1,341,439</u>
Deferred tax		
In respect of the current year	290,443	(280,291)
Adjustments for the prior years	<u>(7,968)</u>	<u>6,444</u>
	<u>282,672</u>	<u>(273,847)</u>
Income tax expense recognized in profit or loss	<u>\$ 833,672</u>	<u>\$ 1,067,592</u>

A reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 8,647,998</u>	<u>\$ 10,979,342</u>
Income tax expense calculated at the statutory rate	\$ 1,729,600	\$ 2,195,868
Nondeductible expenses in determining taxable income	9,193	9,267
Tax-exempt income	(950,963)	(1,111,234)
Income tax on unappropriated earnings	202,237	56,130
Unrecognized deductible temporary differences	(3,242)	-
Adjustments for the prior years	<u>(153,153)</u>	<u>(82,439)</u>
Income tax expense recognized in profit or loss	<u>\$ 833,672</u>	<u>\$ 1,067,592</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ 3,109	\$ 1,526
Share of the other comprehensive income (loss) of subsidiaries and associates	<u>(378,323)</u>	<u>(460,062)</u>
	<u>\$ (375,214)</u>	<u>\$ (458,536)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 836,351</u>	<u>\$ 1,436,470</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities (included in other non-current liabilities) were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventories	\$ 224,885	\$ (56,818)	\$ -	\$ 168,067
Accounts receivable	172,996	(109,832)	-	63,164
Property, plant and equipment	13,839	(1,675)	-	12,164
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Prepayments	\$ 17,639	\$ -	\$ -	\$ 17,639
Defined benefit plans	24,178	-	3,109	27,287
Deferred revenue	204,472	(122,899)	-	81,573
Others	<u>19,649</u>	<u>3,084</u>	<u>-</u>	<u>22,733</u>
	<u>\$ 677,658</u>	<u>\$ (288,140)</u>	<u>\$ 3,109</u>	<u>\$ 392,627</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Other	<u>\$ 15,047</u>	<u>\$ (5,665)</u>	<u>\$ -</u>	<u>\$ 9,382</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventories	\$ 204,885	\$ 20,000	\$ -	\$ 224,885
Accounts receivable	29,892	143,104	-	172,996
Property, plant and equipment	16,070	(2,231)	-	13,839
Prepayments	17,639	-	-	17,639
Defined benefit plans	22,652	-	1,526	24,178
Deferred revenue	78,265	126,207	-	204,472
Others	<u>26,757</u>	<u>(7,108)</u>	<u>-</u>	<u>19,649</u>
	<u>\$ 396,160</u>	<u>\$ 279,972</u>	<u>\$ 1,526</u>	<u>\$ 677,658</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Other	<u>\$ 8,922</u>	<u>\$ 6,125</u>	<u>\$ -</u>	<u>\$ 15,047</u>

- e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$22,872,397 thousand and \$18,688,491 thousand, respectively.

- f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share (\$)	<u>\$ 6.85</u>	<u>\$ 8.69</u>
Diluted earnings per share (\$)	<u>\$ 6.78</u>	<u>\$ 8.60</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Net income for the year	<u>\$ 7,814,326</u>	<u>\$ 9,911,750</u>

Number of Shares

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,795	1,140,405
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	532	770
Share-based payment arrangements	<u>12,063</u>	<u>11,509</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,153,390</u>	<u>1,152,684</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share options plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options in May 2021 and December 2020, totaling 20,000 units. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

Share Options Grant Period	Percentage Exercisable (%) (Cumulative)
Over 2 years	40
Over 3 years	70
Over 4 years	100

	For the Year Ended December 31			
	2023		2022	
Employee Share Options	Unit	Weighted Average Exercise Price (\$)	Unit	Weighted Average Exercise Price (\$)
Balance at January 1	19,525	\$ 69-77.2	19,895	\$ 69-77.2
Options forfeited	(270)		-	
Options granted	<u>(1,989)</u>		<u>(370)</u>	
Balance at December 31	<u>17,266</u>		<u>19,525</u>	

The Company used the Black-Scholes-Merton option evaluation model. The inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT\$)	\$77.2	\$69
Exercise price (NT\$)	\$77.2	\$69
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 years	2-4 years
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760%-0.765%	0.760%-0.765%
Weighted-average fair value of options granted (NT\$)	\$14.7-\$19.8	\$13.2-\$17.2

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price per share was adjusted from \$77.2 to \$74.14 and from \$69 to \$66.26, effective July 6, 2023, which serves as the ex-dividend date.

Compensation costs recognized were \$50,335 thousand and \$66,061 thousand for the years ended December 31, 2023 and 2022, respectively.

23. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing activities:

	For the Year Ended December 31	
	2023	2022
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 1,234,902	\$ 1,707,519
Decrease in payables for construction and equipment (included in other payables)	<u>35,186</u>	<u>19,881</u>
Net cash paid	<u>\$ 1,270,088</u>	<u>\$ 1,727,400</u>

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the future.

The Company's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Company expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 101,529	\$ -	\$ -	\$ 101,529
Foreign listed stocks	<u>25,188</u>	<u>-</u>	<u>-</u>	<u>25,188</u>
	<u>\$ 126,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,717</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed stocks	<u>\$ 4,265,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,265,163</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets				
Foreign exchange forward contracts	\$ -	\$ 7	\$ -	\$ 7
Non-derivative financial assets				
Domestic listed stocks	<u>7,685</u>	<u>-</u>	<u>-</u>	<u>7,685</u>
	<u>\$ 7,685</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 7,692</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic listed stocks	<u>\$ 3,564,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,564,049</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by to the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of year, discounted at a rate that reflects the credit risk of each counterparties.

b. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
FVTPL	\$ 126,717	\$ 7,692
Amortized cost (Note 1)	11,650,730	8,641,789
Equity instruments at FVTOCI	4,265,163	3,564,049
<u>Financial liabilities</u>		
Amortized cost (Note 2)	19,652,073	15,246,257

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties) (included in other current assets).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including due within one year).

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign-currency-denominated sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting years are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD).

The following details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% strengthening of NTD against USD, pre-tax income for the years ended December 31, 2023 and 2022 would increase by \$34,691 thousand and \$10,644 thousand, respectively. For a 1% weakening of NTD against USD, there would be an equal and opposite impact on pre-tax income.

b) Interest rate risk

The carrying amount of the Company's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting years were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 5,731,320	\$ 880,041
Financial liabilities	\$ 13,117,839	\$ 7,301,063
Lease liabilities	\$ 872,576	\$ 904,069
Cash flow interest rate risk		
Financial assets	\$ 1,382,433	\$ 1,264,191

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting years. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting years was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Company's pre-tax cash inflows for the years ended December 31, 2023 and 2022 would increase \$6,912 thousand and \$6,321 thousand, respectively, which was attributable to the Company's floating rate on its financial assets and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, and the Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risk of equity securities at the end of the reporting years.

If the price in mutual funds and equity securities had been 5% higher/lower, the income before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$6,336 thousand and \$384 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$213,258 thousand and \$178,202 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Company's sensitivity to investments in equity securities mainly resulted from the increased investment in equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting years, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets;
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company's unutilized bank borrowing facilities were \$20,962,791 thousand and \$12,632,410 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 5,039	\$ 10,077	\$ 41,081	\$ 203,031	\$ 903,263
Fixed interest rate liabilities	<u>4,205,697</u>	<u>2,914,964</u>	<u>428,315</u>	<u>5,170,081</u>	<u>558,976</u>
	<u>\$ 4,210,736</u>	<u>\$ 2,925,041</u>	<u>\$ 469,396</u>	<u>\$ 5,373,112</u>	<u>\$ 1,462,239</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 56,197</u>	<u>\$ 203,031</u>	<u>\$ 217,493</u>	<u>\$ 233,050</u>	<u>\$ 213,089</u>	<u>\$ 239,631</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 4,900	\$ 9,101	\$ 40,875	\$ 214,304	\$ 948,534
Fixed interest rate liabilities	<u>1,827,505</u>	<u>333,126</u>	<u>159,962</u>	<u>6,041,268</u>	<u>-</u>
	<u>\$ 1,832,405</u>	<u>\$ 342,227</u>	<u>\$ 200,837</u>	<u>\$ 6,255,572</u>	<u>\$ 948,534</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 54,876</u>	<u>\$ 214,304</u>	<u>\$ 215,719</u>	<u>\$ 230,993</u>	<u>\$ 238,228</u>	<u>\$ 263,594</u>

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related party Category
YuanHan Materials Inc.	Subsidiary
New Field e-Paper Co., Ltd.	Subsidiary
Linfiny Corporation	Subsidiary
Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary
Transyork Technology Yangzhou Ltd.	Subsidiary
Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary
E Ink Technology B.V. (originally named PVI GlobalB.V.)	Subsidiary
Prime View Communications Ltd.	Subsidiary
Hydis Technologies Co., Ltd.	Subsidiary
E Ink Japan Inc.	Subsidiary
E Ink Corporation	Subsidiary
E Ink California, LLC	Subsidiary
E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Subsidiary
YFY Inc.	Investor with significant influence over the Company
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Company
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Company
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Company
China Color Printing Co., Ltd.	Subsidiary of investor with significant influence over the Company
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Company
Livebricks Inc.	Subsidiary of investor with significant influence over the Company
SinoPac Financial Holdings Company Limited	Substantive related party
TGKW Management Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Shen's Art Printing Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate

(Continued)

<u>Related Party Name</u>	<u>Related party Category</u>
Nuclera Corporation (originally named Nuclera Nucleics Corporation)	Associate
North Diamond International Co.	Associate
Integrated Solutions Technology, Inc.	Associate

(Concluded)

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 819,896	\$ 2,061,951
Associate	<u>47,165</u>	<u>44,817</u>
	<u>\$ 867,061</u>	<u>\$ 2,106,768</u>

The sales price and collection terms were based on the agreements with the related parties.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary		
E Ink Corporation	\$ 5,427,367	\$ 4,708,602
Transcend Optronics (Yangzhou) Co., Ltd.	1,367,366	2,358,050
Others	<u>737,745</u>	<u>1,209,713</u>
	7,532,478	8,276,365
Associate	1,080,991	816,207
Others	<u>1,267</u>	<u>1,445</u>
	<u>\$ 8,614,736</u>	<u>\$ 9,094,017</u>

The purchase price and payment terms were based on the agreements with the related parties.

d. Manufacturing cost (included in operating costs)

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 990,024	\$ 1,679,830
Subsidiary of investor with significant influence over the Company	14,102	4,758
Others	<u>8</u>	<u>24</u>
	<u>\$ 1,004,134</u>	<u>\$ 1,683,612</u>

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 177,208	\$ 139,024
Substantive related party	18,615	15,399
Associate	13,473	10,909
Subsidiary of investor with significant influence over the Company	<u>2,497</u>	<u>2,795</u>
	<u>\$ 211,793</u>	<u>\$ 168,127</u>

f. Non-operating income - other income

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary		
Linfiny Corporation	\$ 25,500	\$ 36,000
Others	<u>4,780</u>	<u>4,652</u>
	<u>\$ 30,280</u>	<u>\$ 40,652</u>

g. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable from related parties	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 1,921,027	\$ 2,584,910
	Others	<u>167,142</u>	<u>624,211</u>
		<u>2,088,169</u>	<u>3,209,121</u>
	Associate	22,927	123,373
	Less: Loss allowance	<u>(19,054)</u>	<u>(19,057)</u>
		<u>3,873</u>	<u>104,316</u>
		<u>\$ 2,092,042</u>	<u>\$ 3,313,437</u>
Other receivables from related parties	Subsidiary	\$ 2,792	\$ 35,233
	Associate	10,747	10,749
	Less: Loss allowance	(9,769)	(9,769)
	Effects of foreign currency exchange differences	<u>(978)</u>	<u>(980)</u>
		<u>\$ 2,792</u>	<u>\$ 35,233</u>

The outstanding receivables from related parties were unsecured.

h. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Accounts payable to related parties	Subsidiary		
	Transcend Optronics (Yangzhou) Co., Ltd.	\$ 2,557,282	\$ 4,125,081
	E Ink Corporation	696,168	764,959
	Others	<u>289,424</u>	<u>162,897</u>
		3,542,874	5,052,937
Associate	Subsidiary of investor with significant influence over the Company	<u>34,055</u>	<u>22,071</u>
		<u>61</u>	<u>3,549</u>
		<u>\$ 3,576,990</u>	<u>\$ 5,078,557</u>
Other payables to related parties (included in other payables)	Subsidiary	\$ 19,484	\$ 4,280
	Investor with significant influence over the Company	5,677	-
	Others	<u>1,395</u>	<u>5,741</u>
	<u>\$ 26,556</u>	<u>\$ 10,021</u>	

The outstanding payables to related parties were unsecured.

i. Receipts in advance

Related Party Category/Name	December 31	
	2023	2022
Subsidiary - Transcend Optronics (Yangzhou) Co., Ltd.	<u>\$ 401,503</u>	<u>\$ 1,018,818</u>

j. Refundable deposits (included in other non-current assets)

Related Party Category/Name	December 31	
	2023	2022
Subsidiary	\$ 740	\$ 740
Subsidiary of investor with significant influence over the Company		
Chung Hwa Pulp Corporation	<u>3,162</u>	<u>3,129</u>
	<u>\$ 3,902</u>	<u>\$ 3,869</u>

Line Item/Related Party Name	For the Year Ended December 31	
	2023	2022
Interest revenue		
Chung Hwa Pulp Corporation	<u>\$ 90</u>	<u>\$ 7</u>

k. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Price
Substantive related party	Financial assets at fair value through other comprehensive income - non-current	6,357	Stock	\$95,356

l. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31 2023	2022
Subsidiary	\$ 7,615	\$ 1,065

m. Construction in process and prepayments for equipment (included in property, plant and equipment)

Related Party Category	December 31	
	2023	2022
Subsidiary of investor with significant influence over the Company	\$ 28,364	\$ 8,218

n. Lease arrangements

The Company leased land from a subsidiary of an investor with significant influence over the Company in August 2022. The lease term is 20 years. The related amounts were as follows:

Line Item	December 31	
	2023	2022
<u>Right-of-use assets</u>	\$ 238,617	\$ 252,607
Lease liabilities		
Current (included in other current liabilities)	\$ 3,986	\$ 3,384
Non-current	240,690	247,320
	\$ 244,676	\$ 250,704
Line Item	For the Year Ended December 31	
	2023	2022
Interest expenses	\$ 12,143	\$ 4,631

The lease contract between the Company and the related party were determined by reference to the market conditions and payment terms that were similar to those with the third parties.

- o. Guarantee deposits received (included in other non-current liabilities)

Related Party Category	December 31	
	2023	2022
Substantive related party	\$ <u>3</u>	\$ <u>3</u>

- p. Loans to related parties (included in other receivables from related parties)

Related Party Category/Name	December 31	
	2023	2022
Subsidiary - YuanHan Materials Inc.	\$ <u>1,000,000</u>	\$ <u>-</u>
<u>Interest receivable</u>		
Subsidiary - YuanHan Materials Inc.	\$ <u>690</u>	\$ <u>-</u>
<u>Interest revenue</u>		
Subsidiary - YuanHan Materials Inc.	\$ <u>690</u>	\$ <u>-</u>

- q. Endorsements and guarantees provided by related parties

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary		
E Ink Corporation	\$ 1,013,265	\$ 1,013,430
YuanHan Materials Inc.	600,000	1,850,000
Linfiny Corporation	250,000	250,000
New Field e-Paper Co., Ltd.	<u>200,000</u>	<u>200,000</u>
	\$ <u>2,063,265</u>	\$ <u>3,313,430</u>

- r. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 229,442	\$ 154,209
Post-employment benefits	1,721	1,523
Share-based payments	<u>12,470</u>	<u>18,417</u>
	\$ <u>243,633</u>	\$ <u>174,149</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL

The time deposits (included in financial assets measured at amortized cost) amounted to \$34,873 thousand and \$34,746 thousand as of December 31, 2023 and 2022, respectively, were provided as collateral for lease deposits of plants and land and tariff guarantee for imported inventories.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit of the Company for purchase of machinery amounted to \$219,915 thousand and \$360,600 thousand as of December 31, 2023 and 2022, respectively.
- b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$19,077,000 thousand and \$19,008,690 thousand as of December 31, 2023 and 2022, respectively.
- c. Guaranteed notes issued for syndicated loans were both \$6,800,000 thousand as of December 31, 2023 and 2022.
- d. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, the total amount of the construction is estimated at NT\$2.643 billion. As of December 31, 2023, the progress of implementation was approximately 54%.
- e. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis. Further, on November 3, 2023, the Company resolved the project to construct a new production line and factory facilities, and the total amount of the overall construction and equipment is expected to be NT\$4.095 billion. As of December 31, 2023, the progress of implementation was approximately 1%.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 270,257	30.705	\$ 8,298,241
Non-monetary items			
Investments accounted for using the equity method			
USD	1,153,947	30705	35,431,934
<u>Foreign currency liabilities</u>			
Monetary items			
USD	157,274	30.705	4,829,098

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 249,268	30.71	\$ 7,655,020
Non-monetary items			
Investments accounted for using the equity method			
USD	1,023,880	30.71	31,443,341
<u>Foreign currency liabilities</u>			
Monetary items			
USD	214,607	30.71	6,590,581

The Company's net realized and unrealized gains on foreign currency exchange were \$49,274 thousand and \$220,592 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

- c. Information on investments in mainland China (Table 8)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income and limit on the amount of investment in the mainland China area.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

31. SEGMENT INFORMATION

The Company has disclosed related segment information in accordance with IFRS 8 in the consolidated financial statements.

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	1.8	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 4,890,782	\$ 19,563,128
1	E Ink Technology B.V. (originally named PVI Global B.V.)	YuanHan Materials Inc.	Other receivables	Yes	(US\$ 648,500 20,000 thousand)	-	-	4.2	Short-term financing	-	Working capital	-	-	-	3,501,353	14,005,410
		New Field e-Paper Co., Ltd.	Other receivables	Yes	(US\$ 460,575 15,000 thousand)	(US\$ 460,575 15,000 thousand)	(US\$ 460,575 15,000 thousand)	6.5	Short-term financing	-	Working capital	-	-	-	(US\$ 114,032 thousand)	(US\$ 456,128 thousand)
		E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Other receivables	Yes	(US\$ 128,961 4,200 thousand)	(US\$ 128,961 4,200 thousand)	(US\$ 128,961 4,200 thousand)	6.5	Short-term financing	-	Working capital	-	-	-	(US\$ 114,032 thousand)	(US\$ 456,128 thousand)
2	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	(US\$ 162,125 5,000 thousand)	-	-	2.0	Short-term financing	-	Working capital	-	-	-	188,976	755,904
		Prime View Communications Ltd.	Other receivables	Yes	(US\$ 129,700 4,000 thousand)	-	-	4.2	Short-term financing	-	Working capital	-	-	-	188,976	755,904
3	YuanHan Materials Inc.	Prime View Communications Ltd.	Other receivables	Yes	(US\$ 129,700 4,000 thousand)	(US\$ 122,820 4,000 thousand)	(US\$ 122,820 4,000 thousand)	6.0	Short-term financing	-	Working capital	-	-	-	993,622	3,974,488

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$30.705 on December 31, 2023, except the maximum balance that is translated at the highest exchange rate at the end of each month for the year.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., New Field e-Paper Co., Ltd., YuanHan Materials Inc. and E Ink Technology B.V. (originally named PVI Global B.V.) shall not exceed 40% of the financing company's net equity per its latest financial statements.

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Endorsed/ Guaranteed Party (Note 1)	Maximum Balance for the Year (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	\$ 12,226,955	\$ 1,070,025 (US\$ 33,000 thousand)	\$ 1,013,265 (US\$ 33,000 thousand)	\$ -	\$ -	2.07	\$ 48,907,821	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	12,226,955	1,850,000	600,000	-	-	1.23	48,907,821	Yes	No	No
		Linfiny Corporation	Subsidiary	12,226,955	250,000	250,000	40,000	-	0.51	48,907,821	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	12,226,955	200,000	200,000	-	-	0.41	48,907,821	Yes	No	No

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US\$1=\$30.705 on December 31, 2023, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	129,616,218	\$ 2,553,439	1.05	\$ 2,553,439	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI - non-current	7,814,000	254,736	0.47	254,736	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI - non-current	336,002	14,246	0.13	14,246	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	678,497	18,727	0.01	18,727	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	8,461,908	331,707	0.06	331,707	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	5,031,386	175,344	0.06	175,344	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI - non-current	3,855,000	82,690	3.93	82,690	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,936,000	291,161	2.84	291,161	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	48,000	25,188	0.58	25,188	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	4,675,000	285,643	0.03	285,643	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	2,354,000	140,298	0.01	140,298	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI - non-current	2,293,000	117,172	0.02	117,172	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
<u>Mutual funds</u>								
Yuanta Japan Leaders Equity Fund-TWD (A)	-	Financial assets at FVTPL - non-current	10,193,680	101,529	-	101,529		
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	30,382,959	598,544	0.25	598,544	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,085,000	102,269	1.00	102,269	
	SES-imagotag	-	Financial assets at FVTOCI - non-current	60,000	276,869	0.38	276,869	
	PRICER AB	-	Financial assets at FVTOCI - non-current	824,824	19,816	0.50	19,816	
	<u>Straight corporate bonds</u>							
HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - non-current	4,710,000	149,992	-	149,992		
HSBC Holding plc, 7.39%	-	Financial assets at FVTOCI - non-current	5,650,000	185,948	-	185,948		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	233,009,777	\$ 4,590,293	1.88	\$ 4,590,293	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	16,000	522	0.00	522	
	Netronix Inc.	-	Financial assets at FVTOCI - non-current	5,309,198	475,704	6.07	475,704	
	SES-imagotag	-	Financial assets at FVTOCI - non-current	906,666	4,183,796	5.68	4,183,796	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI - non-current	968,906	249,493	0.80	249,493	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI - non-current	2,227,500	13,178	10.93	13,178	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI - non-current	1,309,701	11,774	6.46	11,774	
	Mega Financial Holding Company Ltd.	-	Financial assets at FVTOCI - non-current	4,804,380	188,332	0.03	188,332	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	139,044	3,838	0.00	3,838	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	1,138,000	113,003	1.11	113,003	
	Zenitron Corporation.	-	Financial assets at FVTOCI - non-current	4,249,000	145,316	1.86	145,316	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI - non-current	3,596,602	179,830	13.89	179,830	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	1,249,000	43,528	0.02	43,528	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	688	29	0.00	29	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	4,684,000	286,192	0.03	286,192	
	<u>Convertible preferred shares</u>							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	152,893	1.60	152,893	
	<u>Straight corporate bonds</u>							
FS KKR Capital Corp	-	Financial assets at FVTOCI - non-current	2,000,000	60,899	-	60,899		
NOMURA Holdings Inc.	-	Financial assets at FVTOCI - non-current	1,950,000	53,023	-	53,023		
Swiss Re Group	-	Financial assets at FVTOCI - non-current	9,950,000	300,993	-	300,993		
<u>Mutual funds</u>								
Blackstone REITS	-	Financial assets at FVTPL - non-current	30	1,196	-	1,196		
Millennium	-	Financial assets at FVTPL - non-current	4,721,397	175,023	-	175,023		
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u>							
	Dke Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,255,500	CNY 25,508 thousand	2.73	CNY 25,508 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI - non-current	2,880,000	CNY 54,518 thousand	0.76	CNY 54,518 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u>							
	SOLUM CO., LTD.	-	Financial assets at FVTOCI - non-current	527,432	KRW 14,398,894 thousand	1.08	KRW 14,398,894 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI - non-current	1,239,279	KRW 53,784,709 thousand	0.43	KRW 53,784,709 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI - non-current	355,202	KRW 30,867,054 thousand	0.31	KRW 30,867,054 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	LG Uplus Corp	-	Financial assets at FVTOCI - non-current	664,380	KRW 6,796,607 thousand	0.15	KRW 6,796,607 thousand	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI - non-current	549,455	KRW 17,774,869 thousand	0.51	KRW 17,774,869 thousand	
	SK Telecom Co., Ltd.	-	Financial assets at FVTOCI - non-current	395,491	KRW 19,814,099 thousand	0.18	KRW 19,814,099 thousand	
	HD Hyundai Co., Ltd.	-	Financial assets at FVTOCI - non-current	148,464	KRW 9,397,771 thousand	0.21	KRW 9,397,771 thousand	
	DS Dansuk Co., Ltd.	-	Financial assets at FVTPL - current	78,045	KRW 19,974,206 thousand	1.33	KRW 19,974,206 thousand	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	10,700	KRW 235,934 thousand	0.13	KRW 235,934 thousand	
	<u>Mutual funds</u>							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 14,344,423 thousand	-	KRW 14,344,423 thousand	
	<u>Perpetual bonds</u>							
	JP Morgan Chase & Co., 4.625%	-	Financial assets at FVTPL - current	29,800,000	KRW 38,385,696 thousand	-	KRW 38,385,696 thousand	
	Citigroup Inc.	-	Financial assets at FVTPL - current	14,810,000	KRW 19,197,586 thousand	-	KRW 19,197,586 thousand	
	JP Morgan Chase & Co., 4.6%	-	Financial assets at FVTPL - non-current	18,700,000	KRW 23,212,411 thousand	-	KRW 23,212,411 thousand	
	Bank of America	-	Financial assets at FVTPL - non-current	37,900,000	KRW 46,121,864 thousand	-	KRW 46,121,864 thousand	
	<u>Straight corporate bonds</u>							
	Standard Chartered plc, 7.776%	-	Financial assets at FVTOCI - current	8,500,00	KRW 11,169,234 thousand	-	KRW 11,169,234 thousand	
	NOMURA Holdings, Inc.	-	Financial assets at FVTOCI - non-current	16,000,000	KRW 18,264,093 thousand	-	KRW 18,264,093 thousand	
	Barclays PLC, 4.836%	-	Financial assets at FVTOCI - non-current	8,490,000	KRW 10,688,076 thousand	-	KRW 10,688,076 thousand	
	Standard Chartered plc, 4.3%	-	Financial assets at FVTOCI - non-current	8,800,000	KRW 10,867,666 thousand	-	KRW 10,867,666 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI - non-current	4,900,000	KRW 6,247,228 thousand	-	KRW 6,247,228 thousand	
	Societe Generale	-	Financial assets at FVTOCI - non-current	8,900,000	KRW 12,192,464 thousand	-	KRW 12,192,464 thousand	
	Barclays PLC, 7.325%	-	Financial assets at FVTOCI - non-current	8,500,000	KRW 11,328,153 thousand	-	KRW 11,328,153 thousand	
	Standard Chartered plc, 7.767%	-	Financial assets at FVTOCI - non-current	8,200,000	KRW 11,414,697 thousand	-	KRW 11,414,697 thousand	
	Toronto-Dominion Bank	-	Financial assets at FVTPL - non-current	8,800,000	KRW 11,853,555 thousand	-	KRW 11,853,555 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Dream Universe Ltd.	Fubon hyundai life	-	Financial assets at amortized cost - non-current	2,200,000	KRW 21,959,960 thousand	-	KRW 21,959,960 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost - non-current	300,000	KRW 2,997,000 thousand	-	KRW 2,997,000 thousand	
	<u>Straight corporate bonds</u> HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - non-current	3,700,000	US\$ 3,837 thousand	-	US\$ 3,837 thousand	
	HSBC Holding plc, 8.113%	-	Financial assets at FVTOCI - non-current	1,080,000	US\$ 1,243 thousand	-	US\$ 1,243 thousand	

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
Hydis Technologies Co., Ltd.	Ordinary shares Hana Financial Group Inc.	Financial assets at FVTOCI - non-current	-	-	455,121	KRW 19,137,838 thousand	888,158	KRW 35,471,176 thousand	104,000	KRW 5,448,000 thousand	KRW 4,373,200 thousand	KRW 1,074,800 thousand (Note 1)	KRW 3,548,895 thousand (Note 2)	1,239,279	KRW 53,784,709 thousand
	SK Telecom Co., Ltd.	Financial assets at FVTOCI - non-current	-	-	-	-	395,491	KRW 19,983,852 thousand	-	-	-	-	KRW (169,753) thousand (Note 2)	395,491	KRW 19,814,099 thousand
	Perpetual bonds BARCLAYS	Financial assets at FVTPL - current	-	-	8,900,000	KRW 10,993,612 thousand	5,900,000	KRW 7,681,583 thousand	14,800,000	KRW 19,624,800 thousand	KRW 19,610,000 thousand	-	KRW 949,605 thousand (Note 3)	-	-

Note 1: Disposal of investments in equity instruments designated as at FVTOCI transferred to cumulative gain of retained earnings.

Note 2: Recognized in unrealized gain (loss) on financial assets at FVTOCI.

Note 3: Recognized in net gain on financial assets and liabilities at FVTPL.

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Purchase	\$ 5,427,367	55	By agreements	\$ -	-	\$ (696,168)	(19)	
	YuanHan Materials Inc.	Subsidiary	Sale	(193,338)	(1)	By agreements	-	-	15,538	1	
	YuanHan Materials Inc.	Subsidiary	Purchase	737,214	7	By agreements	-	-	(197,338)	(6)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	1,367,366	14	By agreements	-	-	(2,557,282)	(71)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(592,410)	(3)	By agreements	-	-	139,082	7	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	1,001,451	10	By agreements	-	-	(20,282)	(1)	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(737,214)	(54)	By agreements	-	-	197,338	100	
	E Ink Holdings Inc.	Parent company	Purchase	193,338	26	By agreements	-	-	(15,538)	(100)	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(1,367,366)	(57)	By agreements	-	-	2,557,282	100	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	592,410	100	By agreements	-	-	(139,082)	(100)	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(5,427,367)	(99)	By agreements	-	-	696,168	98	
	E Ink California, LLC	Subsidiary	Purchase	369,248	12	By agreements	-	-	-	-	(Note 2)
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(369,248)	(100)	By agreements	-	-	-	-	(Note 2)

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: In response to the Company's organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Company. The merger date was October 1, 2023.

E INK HOLDINGS INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	YuanHan Materials Inc.	Subsidiary	\$ 1,017,307	(Note 2)	\$ -	-	\$ 10,403	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	1,921,027	(Note 1)	53,054	Collected	737,611	-
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	139,082	1.71	67,659	Collected	67,659	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	2,557,360	(Note 1)	48,886	Collected	536,124	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	697,754	5.41	247,025	Collected	364,561	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	197,338	4.27	-	-	183,625	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Other receivables from financing provided.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	E Ink Technology B.V. (originally named PVI Global B.V.)	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 35,013,523	\$ 4,083,950	\$ 4,083,950	(Note 1)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	177,217,132	100.00	1,889,760	46,314	46,314	(Note 1)
	YuanHan Materials Inc.	Taipei, Taiwan	Manufacture and sale of chemical materials and optical films	6,420,230	6,420,230	183,819,268	100.00	9,876,448	503,416	506,651	(Note 1)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	418,411	20,132	20,132	(Note 1)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(99,546)	(31,090)	(31,090)	(Note 1)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	16,800	16,800	339,828	23.00	(5,549)	2,484	6,977	(Note 1)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	-	-	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	14,100	(2,231)	(2,231)	(Note 1)
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	148,743	9,896,402	26.01	135,465	6,394	1,679	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	1,137,686	77.00	11,375	2,484	1,913	(Note 1)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	-	-	
	Kyoritsu Optronics Co., Ltd.,	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Cambridge, UK	Protein, gene synthesis and digital microfluidics	306,491	306,491	461,365	6.24	259,606	(530,383)	(46,513)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	51,027	3,395,000	8.92	46,472	6,394	576	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	23,458	18	18	(Note 1)
E Ink Corporation	E Ink California, LLC	California, USA	Research of electronic inks	-	US\$ 29,100 thousand	-	-	-	US\$ 2,638 thousand	US\$ 1,615 thousand	(Notes 1 and 2)
	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US\$ 25,691 thousand	US\$ 25,691 thousand	1,107,094	14.98	US\$ 24,035 thousand	US\$ (17,024) thousand	US\$ (3,524) thousand	
E Ink Technology B.V. (originally named PVI Global B.V.)	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 324,743 thousand	US\$ 76,448 thousand	US\$ 76,448 thousand	(Note 1)
	E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 739,117 thousand	US\$ 51,659 thousand	US\$ 51,659 thousand	(Note 1)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 35,002 thousand	US\$ 2,800 thousand	US\$ 2,800 thousand	(Note 1)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ \$1,750 thousand	US\$ \$1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-	
E Ink Netherlands B.V. (originally named Dream Pacific International B.V.)	Hydis Technologies Co., Ltd.	South Korea	Patent licensing and investment in financial instruments	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 375,050 thousand	US\$ 34,978 thousand	US\$ 33,134 thousand	(Note 1)
	E Ink Corporation	Boston, USA	Research, development and manufacture of electronic inks	US\$ 329,123 thousand	US\$ 329,123 thousand	2,282	100.00	US\$ 364,737 thousand	US\$ 18,535 thousand	US\$ 18,535 thousand	(Note 1)
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	-	-	

Note: In response to the Company's organizational restructuring, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Company. The merger date was October 1, 2023, refer to Note 12.

E INK HOLDINGS INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,347,707 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,618,431 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,618,431 (US\$ 117,845 thousand)	\$ 2,335,348 (US\$ 74,959 thousand)	100.00	\$ 2,381,737 (US\$ 76,448 thousand)	\$ 9,964,509 (US\$ 324,524 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	921,150 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	921,150 (US\$ 30,000 thousand)	-	-	921,150 (US\$ 30,000 thousand)	87,234 (US\$ 2,800 thousand)	100.00	87,234 (US\$ 2,800 thousand)	1,074,736 (US\$ 35,002 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,133,966 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	26,388 (US\$ 847 thousand)	100.00	26,388 (US\$ 847 thousand)	886,146 (US\$ 28,860 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	42,680 (US\$ 1,390 thousand)	-	-	42,680 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	153,525 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	53,734 (US\$ 1,750 thousand)	-	-	53,734 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	173,408 (CNY 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	26,828 (CNY 6,035 thousand)	49.00	13,146 (CNY 2,957 thousand)	127,722 (CNY 29,461 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,635,995 (US\$ 150,985 thousand)	\$ 11,180,765 (US\$ 364,135 thousand)	\$ 35,306,424

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$30.705 and CNY1=NT\$4.33521 on December 31, 2023.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$31.155 and CNY1=NT\$4.44536 for the year ended December 31, 2023.

Note 3: The amounts were calculated based on audited financial statements of the corresponding year.

Note 4: Refer to Tables 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

E INK HOLDINGS INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Accounts payable to related parties	\$ 696,168	By agreements	0.9
		E Ink Corporation	Subsidiary	Cost of goods sold	5,427,367	By agreements	20.0
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	1,001,768	By agreements	1.3
		YuanHan Materials Inc.	Subsidiary	Cost of goods sold	737,214	By agreements	2.7
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	1,921,027	By agreements	2.6
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	2,557,282	By agreements	3.4
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Cost of goods sold	1,367,366	By agreements	5.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Manufacturing expenses	985,409	By agreements	3.6
		Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sales revenue	592,410	By agreements	2.2

Note: Transactions amounts of \$500 million or more are disclosed in this table.

E INK HOLDINGS INC.**INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.68
S.C. Ho	80,434,300	7.04

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

E INK HOLDINGS INC.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets and Liabilities	
Statement of cash and cash equivalents	1
Statement of financial assets at amortized cost	2
Statement of accounts receivable	3
Statement of inventories	4
Statement of changes in financial assets at FVTOCI - non-current	5
Statement of changes in investments accounted for using the equity method	6
Statement of changes in property, plant and equipment	Note 13
Statement of changes in right-of-use assets	7
Statement of short-term borrowings	8
Statement of short-term bills payable	9
Statement of notes and accounts payable	10
Statement of long-term borrowings	11
Statement of lease liabilities	12
Major Accounting Items in Profit or Loss	
Statement of operating revenue	13
Statement of operating costs	14
Statement of operating expenses	15
Statement of labor, depreciation and amortization by function	16

E INK HOLDINGS INC.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Period	Rate	Amount
Cash on hand (Note 1)			<u>\$ 318</u>
Cash in banks			
Checking accounts			374
Demand deposits (Note 1)		0.445%-0.73%	<u>1,382,059</u>
			<u>1,382,433</u>
Cash equivalents			
Time deposits with original maturities of less than 3 months (Note 2)	2023.12.27- 2024.02.05	5.4%-5.6%	245,640
Repurchase agreement collateralized by notes (Note 3)	2023.12.13- 2024.01.26	1.25%-5.5%	<u>1,977,365</u>
			<u>2,223,005</u>
			<u>\$ 3,605,756</u>

Note 1: Including US\$26,333 thousand, JPY372,256 thousand and KRW91,986 thousand, which are translated at the exchange rate of US\$1=NT\$30.705, JPY1=NT\$0.2172 and KRW1=NT\$0.0239, respectively.

Note 2: Including US\$8,000 thousand, which is translated at the exchange rate of US\$1=NT\$30.705.

Note 3: Including US\$53,000 thousand, which is translated at the exchange rate of US\$1=NT\$30.705.

E INK HOLDINGS INC.

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Bank Name	Contract Period	Interest Rate (%)	Amount	Loan Commitments
<u>Time deposits with original maturities of more than 3 months (Note)</u>				
Sumitomo Mitsui Bank time deposits	2023/06/30-2024/04/12	5.64-5.75	\$ 1,959,218	\$ -
CTBC Bank time deposits	2023/11/13-2024/04/12	5.40-5.52	154,513	-
Yuanta Commercial Bank time deposits	2023/11/10-2024/02/20	5.55	61,805	-
Taishin International Bank time deposits	2023/12/27-2024/04/12	5.38	185,415	-
Mega International Commercial Bank time deposits	2023/12/04-2024/03/08	5.50	46,354	-
Taiwan Cooperative Bank time deposits	2023/11/06-2024/02/20	5.61	46,354	-
Credit Agricole Corporate and Investment Bank time deposits	2023/11/06-2024/02/20	5.53	309,025	-
Citibank Taiwan time deposits	2023/11/17-2024/02/20	5.16	61,805	-
KGI Commercial Bank time deposits	2023/11/06-2024/02/20	5.65	154,513	-
ANZ Bank time deposits	2023/11/06-2024/04/12	5.68-5.70	494,440	-
			<u>3,473,442</u>	<u>-</u>
<u>Pledged time deposits</u>				
Bank SinoPac pledged time deposits	2023/03/10-2024/07/22	0.55-1.57	<u>34,873</u>	<u>-</u>
			<u>\$ 3,508,315</u>	<u>\$ -</u>

Note: Including US\$112,400 thousand, which is translated at the exchange rate range of US\$1=NT30.705 - NT30.902.

E INK HOLDINGS INC.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 479,236
Client H	240,994
Client G	238,622
Client F	88,520
Client D	83,837
Client C	60,811
Others (Note)	<u>174,073</u>
	1,366,093
Less: Loss allowance	<u>(906)</u>
	<u>\$ 1,365,187</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

E INK HOLDINGS INC.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 683,008	\$ 1,103,139
Semi-finished goods	1,171,505	2,119,228
Work in progress	124,167	119,828
Raw materials	<u>994,632</u>	<u>970,773</u>
	2,973,312	<u>\$ 4,312,968</u>
Less: Allowance for write-downs and obsolescence of inventories (Note)	<u>631,391</u>	
	<u>\$ 2,341,921</u>	

Note: Including allowance for obsolete inventories.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except Unit Price)

Type and Name of Marketable Securities	Balance, January 1, 2023		Increase in 2023		Decrease in 2023 (Note 2)		Unrealized Gain (Loss) on Financial Assets (Note 1)	Fair Value on December 31, 2023 (Note 3)			
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Percentage of Ownership (%)	Unit Price (NT\$)	Amount
Ordinary shares											
SinoPac Financial Holding Company Limited	120,717,685	\$ 2,022,021	8,898,533	\$ 95,356	-	\$ -	\$ 436,062	129,616,218	1.05	19.70	\$ 2,553,439
YFY Inc.	7,814,000	191,052	-	-	-	-	63,684	7,814,000	0.47	32.60	254,736
Yuen Fong Yu Consumer Products Co., Ltd.	336,002	11,743	-	-	-	-	2,503	336,002	0.13	42.40	14,246
Mega Financial Holding Company Limited	8,394,750	254,781	67,158	-	-	-	76,926	8,461,908	0.06	39.20	331,707
Yuanta Financial Holding Company Limited	668,470	14,505	10,027	-	-	-	4,222	678,497	0.01	27.60	18,727
Getac Technology Corporation	175,000	7,726	-	-	(175,000)	(10,500)	2,774	-	-	-	-
Taiwan Cement Corporation	6,344,386	213,489	-	-	(1,313,000)	(48,091)	9,946	5,031,386	0.07	34.85	175,344
Fubon Financial Holding Company Limited (a)	4,675,000	282,370	-	-	-	-	3,273	4,675,000	0.03	61.10	285,643
Cathay Financial Holding Company Limited (a)	2,354,000	133,237	-	-	-	-	7,061	2,354,000	0.01	49.60	140,298
Taishin Financial Holding Company Limited (e)	2,293,000	118,318	-	-	-	-	(1,146)	2,293,000	0.02	51.10	117,172
Asia Electronic Material Co., Ltd.	2,406,000	35,489	1,449,000	22,184	-	-	25,017	3,855,000	3.93	21.45	82,690
Taiflex Scientific Co., Ltd.	4,497,000	185,276	1,439,000	60,825	-	-	45,060	5,936,000	2.84	49.05	291,161
LITE-ON Technology	1,474,000	94,042	-	-	(1,474,000)	(111,328)	17,286	-	-	-	-
		<u>\$ 3,564,049</u>		<u>\$ 178,365</u>		<u>\$ (169,919)</u>	<u>\$ 692,668</u>				<u>\$ 4,265,163</u>

Note 1: Included in unrealized gain (loss) on financial assets at FVTOCI.

Note 2: Including unrealized gain (loss) on financial assets at FVTOCI transferred to retained earnings due to disposal of \$(1,066) thousand.

Note 3: Calculated based on the closing price on December 31, 2023.

E INK HOLDINGS INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2023		Decrease in 2023 (Note 1)		Share of Profit (Loss) of Subsidiaries Accounted for Using the Equity Method (Note 3)	Equity Adjustments (Note 4)	Balance, December 31, 2023		
	Shares	Amount	Shares	Amount			Shares	Percentage of Ownership (%)	Amount
Investment in subsidiaries									
E Ink Technology B.V. (originally named PVI Global B.V.)	437,536,259	\$ 31,050,242	-	\$ -	\$ 4,083,950	\$ (120,669)	437,536,259	100.00	\$ 35,013,523
YuanHan Materials Inc.	183,819,268	8,427,740	-	(654,594)	506,651	1,596,651	183,819,268	100.00	9,876,448
New Field e-Paper Co., Ltd.	177,217,132	1,644,329	-	-	46,314	199,117	177,217,132	100.00	1,889,760
Dream Universe Ltd.	4,050,000	393,099	-	-	20,132	5,180	4,050,000	100.00	418,411
E Ink Japan Inc.	200	16,980	-	-	(2,231)	(649)	200	100.00	14,100
Entte K Co., Ltd. (under liquidation)	2,203,161	-	-	-	-	-	2,203,161	47.07	-
		<u>41,532,390</u>		<u>(654,594)</u>	<u>4,654,816</u>	<u>1,679,630</u>			<u>47,212,242</u>
Investment in associate									
Plastic Logic HK Limited	223,655	-	-	-	-	-	223,655	2.40	-
Integrated Solutions Technology, Inc.	9,896,402	<u>158,562</u>	-	<u>(24,741)</u>	<u>1,679</u>	<u>(35)</u>	9,896,402	26.01	<u>135,465</u>
		<u>158,562</u>	-	<u>(24,741)</u>	<u>1,679</u>	<u>(35)</u>			<u>135,465</u>
		<u>41,690,952</u>		<u>(679,335)</u>	<u>4,656,495</u>	<u>1,679,595</u>			<u>47,347,707</u>
Investment accounted for using the equity method									
Linfiny Corporation (Note 2)	1,680,000	(1,273)	(1,340,172)	(10,994)	6,977	(258)	339,828	23.00	(5,548)
Prime View Communications Ltd. (Note 2)	3,570,000	<u>(68,926)</u>	-	<u>-</u>	<u>(31,090)</u>	<u>470</u>	3,570,000	100.00	<u>(99,546)</u>
		<u>(70,199)</u>		<u>(10,994)</u>	<u>(24,113)</u>	<u>212</u>			<u>(105,094)</u>
		<u>\$ 41,620,753</u>		<u>\$ (690,329)</u>	<u>\$ 4,632,382</u>	<u>\$ 1,679,807</u>			<u>\$ 47,242,613</u>

Note 1: Except for the cash dividends distributed by YuanHan Materials Inc. and Integrated Solutions Technology, Inc., the remaining amount was attributed to the acquisition of all shares of Linfiny Corporation that Sony Semiconductor Solutions held, in order to follow the operating plan of the Group, and Linfiny Corporation reducing its capital by eliminating the number of shares to offset a deficit.

Note 2: Linfiny Corporation and Prime View Communication Ltd. are currently experiencing operating losses, which has resulted in the credit balance.

Note 3: Except for the financial statements of some associates that are not audited, the others were based on the audited financial statements of subsidiaries and associates for the corresponding year.

Note 4: Including recognition of adjustments that have not been recognized based on exchange differences on translating the financial statements of foreign operations, remeasurement of defined plans, and unrealized gain (loss) on financial assets at FVTOCI, etc.

E INK HOLDINGS INC.**STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Land	Other Equipment	Total
Cost			
Balance at January 1, 2023	\$ 971,795	\$ 6,570	\$ 978,365
Additions	12,458	2,888	15,346
Disposals	<u>(9,048)</u>	<u>(2,585)</u>	<u>(11,633)</u>
Balance at December 31, 2023	<u>\$ 975,205</u>	<u>\$ 6,873</u>	<u>\$ 982,078</u>
Accumulated depreciation			
Balance at January 1, 2023	\$ 90,559	\$ 4,420	\$ 94,979
Depreciation expenses	48,561	2,304	50,865
Disposals	<u>(6,282)</u>	<u>(2,419)</u>	<u>(8,701)</u>
Balance at December 31, 2023	<u>\$ 132,838</u>	<u>\$ 4,305</u>	<u>\$ 137,143</u>
Carrying amounts at December 31, 2023	<u>\$ 842,367</u>	<u>\$ 2,568</u>	<u>\$ 844,935</u>

E INK HOLDINGS INC.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Interest Rate (%)	Amount	Loan Commitments
<u>Short-term unsecured borrowings</u>				
Citibank Taiwan	2023.09-2024.05	1.62-1.68	\$ 700,000	\$ 859,740
DBS Bank	2023.12-2024.03	1.75	600,000	800,000
Shin Kong Bank	2023.11-2024.01	1.75-1.78	400,000	400,000
Yuanta Commercial Bank	2023.12-2024.03	1.80-1.83	350,000	700,000
EnTie Commercial Bank	2023.12-2024.01	1.78	300,000	300,000
Taishin International Bank	2023.12-2024.02	1.78-1.80	270,000	800,000
Hua Nan Commercial Bank	2023.12-2024.01	1.75	200,000	500,000
HSBC Bank	2023.12-2024.03	1.79	200,000	614,100
Bank of Taiwan	2023.12-2024.03	1.76	150,000	400,000
Shanghai Commercial and Savings Bank	2023.12-2024.06	1.80	<u>100,000</u>	<u>200,000</u>
			<u>\$ 3,270,000</u>	<u>\$ 5,573,840</u>

E INK HOLDINGS INC.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Guarantee Agency	Issuance Period	Discount Rate (%)	Amount of Issuance	Amount of Commercial Principal		Mortgage or Guarantee
				Unamortized Discounts in Short-term Bills Payable	Carrying Amount	
Mega Bills Finance	2023.12-2024.02	1.58	\$ 2,000,000	\$ 2,467	\$ 1,997,533	-
Ta Ching Bills Finance	2023.12-2024.01	1.55-1.58	1,780,000	1,111	1,778,889	-
Taiwan Finance	2023.12-2024.01	1.47	200,000	121	199,879	-
China Bills Finance	2023.12-2024.01	1.42	150,000	64	149,936	-
Dah Chung Bills Finance	2023.12-2024.01	1.56	<u>100,000</u>	<u>13</u>	<u>99,987</u>	-
			<u>\$ 4,230,000</u>	<u>\$ 3,776</u>	<u>\$ 4,226,224</u>	

E INK HOLDINGS INC.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	\$ 260,728
Vendor B	197,258
Vendor C	174,010
Vendor D	109,187
Others (Note)	<u>756,864</u>
	<u>\$ 1,498,047</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Creditor	Contract Period	Repayment Method	Interest Rate (%)	Borrowing Amount			Guarantee and Pledge
				Current	Non-current	Total	
Syndicated loans							
Mega Bank	2023.10-2024.01 (Note)	Principal repayable on maturity, interest payable on a monthly basis	1.99	\$ -	\$ 3,400,000	\$ 3,400,000	-
Less: Arrangement fees of syndicated bank loans				-	(6,324)	(6,324)	-
				-	<u>3,393,676</u>	<u>3,393,676</u>	
Credit loans							
Mega Bank	2020.12-2028.11	Principal repayable on maturity, interest payable on a monthly basis	1.40-1.70	-	660,000	660,000	-
Bank of Taiwan	2023.11-2029.11	Principal repayable on maturity, interest payable on a monthly basis	1.45	-	450,000	450,000	-
CTBC Bank	2020.08-2028.08	Principal repayable on maturity, interest payable on a monthly basis	1.42-1.52	-	361,666	361,666	-
Taishin Bank	2021.12-2026.12	Principal repayable on maturity, interest payable on a monthly basis	1.40	-	200,000	200,000	-
Hua Nan Bank	2023.08-2028.08	Principal repayable on maturity, interest payable on a monthly basis	1.43	-	200,000	200,000	-
Far Eastern Bank	2023.10-2028.09	Principal repayable on maturity, interest payable on a monthly basis	1.99	-	179,000	179,000	-
Taiwan Cooperative Bank	2023.11-2030.10	Principal repayable on maturity, interest payable on a monthly basis	1.70	-	100,000	100,000	-
KGI Bank	2020.08-2025.05	Principal repayable on maturity, interest payable on a monthly basis	1.30	-	<u>77,273</u>	<u>77,273</u>	-
				-	<u>2,227,939</u>	<u>2,227,939</u>	
				\$ -	\$ 5,621,615	\$ 5,621,615	

Note: The amount of the syndicated loans contract will be used cyclically during the period.

E INK HOLDINGS INC.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Amount
Land	2012.11-2042.08	0.58-5.26	\$ 869,992
Other equipment	2021.04-2026.04	0.61-1.50	<u>2,584</u>
			872,576
Less: Current portion			<u>(34,725)</u>
Non-current portion			<u>\$ 837,851</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Shipping Units (In Thousands)	Amount
Revenue from sale of goods		
Consumer electronics	20,900	\$ 14,343,004
Internet of Things applications	4,122	6,246,684
Others	842	<u>619,714</u>
		21,209,402
Other operating revenue		207,847
Less: Sales returns and discounts		<u>(1,601,809)</u>
Operating revenue, net		<u>\$ 19,815,440</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials balance, beginning of year	\$ 1,572,732
Add: Raw materials purchased	9,948,473
Less: Sales of raw materials	(2,244,378)
Transferred to other accounts	(476,473)
Raw materials, end of year	<u>(994,632)</u>
Usage of direct raw materials	7,805,722
Direct labor	144,114
Manufacturing expenses	<u>1,401,350</u>
Manufacturing cost	9,351,186
Add: Work in progress and semi-finished goods balance, beginning of year	1,398,408
Less: Sales of semi-finished goods	(1,499,120)
Transferred to other accounts	(143,881)
Work in progress and semi-finished goods balance, end of year	<u>(1,295,672)</u>
Cost of finished goods	7,810,921
Add: Finished goods balance, beginning of year	1,295,369
Less: Transferred to other accounts	(108,939)
Finished goods balance, end of year	<u>(683,008)</u>
Cost of finished goods sold	8,314,343
Add: Cost of raw materials sold	2,244,378
Cost of semi-finished goods sold	1,499,120
Loss on idle capacity	1,091,580
Loss on scrapped inventories	320,185
Inventory loss	357
Reversal of inventories	<u>(94,314)</u>
Total operating costs	<u>\$ 13,375,649</u>

E INK HOLDINGS INC.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Employee benefits expense	\$ 344,548	\$ 660,763	\$ 695,615	\$ 1,700,926
Professional service fee	64,801	37,607	140,500	242,908
Material expense	9,237	15,455	323,738	348,430
Others (Note)	<u>74,022</u>	<u>320,143</u>	<u>202,926</u>	<u>597,091</u>
	<u>\$ 492,608</u>	<u>\$ 1,033,968</u>	<u>\$ 1,362,779</u>	<u>\$ 2,889,355</u>

Note: All amounts do not exceed 5% of the account balance.

E INK HOLDINGS INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Salaries	\$ 599,599	\$ 1,474,817	\$ 2,074,416	\$ 593,576	\$ 1,418,855	\$ 2,012,431
Labor and health insurance	53,907	89,056	142,963	42,455	69,824	112,279
Pension	23,509	62,798	86,307	16,948	41,674	58,622
Remuneration of directors	-	36,864	36,864	-	41,080	41,080
Others	36,078	37,391	73,469	34,381	40,575	74,956
	<u>\$ 713,093</u>	<u>\$ 1,700,926</u>	<u>\$ 2,414,019</u>	<u>\$ 687,360</u>	<u>\$ 1,612,008</u>	<u>\$ 2,299,368</u>
Depreciation	<u>\$ 437,117</u>	<u>\$ 162,546</u>	<u>\$ 599,653</u>	<u>\$ 218,685</u>	<u>\$ 161,907</u>	<u>\$ 380,592</u>
Amortization	<u>\$ 52</u>	<u>\$ 51,184</u>	<u>\$ 51,236</u>	<u>\$ 52</u>	<u>\$ 53,845</u>	<u>\$ 53,897</u>

Note 1: For the years ended December 31, 2023 and 2022, the Company had 1,418 and 1,289 employees on average, respectively, among which were 4 and 6 non-employee directors, respectively.

Note 2: a. For the years ended December 31, 2023 and 2022, the average employee benefits were \$1,681 thousand and \$1,760 thousand, respectively.

b. For the years ended December 31, 2023 and 2022, the average employee salaries were \$1,467 thousand and \$1,569 thousand, respectively.

c. The change in average employee salaries was adjusted by (6.5%).

Note 3: The Company did not have supervisors for the years ended December 31, 2023 and 2022. Therefore, there was no remuneration to supervisors.

Note 4: a. Directors

According to the Company's Articles of Association, the board of directors is authorized to negotiate their remuneration according to their degree of participation and contribution to the Company's operations, with reference to the remuneration standards of domestic and foreign peers. If the Company is profitable, remuneration for directors shall be paid in cash. The amount and ratio for the payment of remuneration shall be determined by the board of directors subject to the attendance of more than 2/3 of directors and the consent of more than half of the directors present, and reported to the shareholders' meeting.

b. Management personnel and employees

According to the Company's salary structure, the remuneration policies of management personnel and employees are composed of fixed remuneration (base salary, meal allowance, duty allowance) and floating remuneration (performance bonus, share compensation), etc. The Company pays the remuneration based on the authority and responsibility and the contribution to the Company. Apart from the overall operation performance and the future development of industry, the payment of remuneration is also subject to the personal performance and contribution. The salary adjustment of managers shall be reviewed by the salary and compensation committee every year and submitted to the board of directors for approval.

Where the Company made a profit in the fiscal year, refer to Note 19(d) for further regulations in the Articles of Incorporation.

In conclusion, the remuneration policies for directors, management personnel, and employees had considered the operation performance of the year and future risk, to achieve the balance between corporate sustainability and risk management.