

TXC Corporation

Minutes of 2023 Annual General Shareholders' Meeting

(Translation)

Time: 9:30 a.m., May 30, 2023 (Tuesday)

**Place: No.4, KungYeh 6th Rd., Pingzhen Industrial District, Taoyuan City
(Meeting Room)**

Type of Meeting: Physical Meeting

Total number of shares issued: 309,757,040

Attendant shares: 207,251,036 (including electronic voting 126,409,285 shares) accounted
for 66.90% of total shares

Attendant directors:

Chairman: Lin, Wan-Shing

Director: Lin, Jin-Bao 、 Kuo, Ya-Ping 、 Hsu, Hsing-Hao

Independent Director: Tsai, Song-Qi 、 Wang Chuan -Fen

In attendance: CPA : Hsieh, Ming-Chung at Deloitte & Touche

Lawyer : Liu, Wen-Chung at LIU&CO.

Chairman: Lin, Wan-Shing

Recorder: Chuang, Wan-Chun

1. Call meeting to order

2. Chairman's Address (Omitted)

3. Reported Matters

Reported Matter (1)

Subject : To report the business of 2022

Description :

1. The company's 2022 consolidated revenue was NT\$13,169,688 thousand, a decrease of 13.61% over last year. Net income was NT\$ 2,805,504 thousand, a decrease of 9.99% over last year.
2. Business report and related financial statements please refer to Appendix (1) and (3).

Reported Matter (2)

Subject : Audit Committee's review report

Description :

1. The company's 2022 financial Statements were reviewed by Audit Committee and audited by independent auditors, Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
2. Request audit committee to read audit report and please refer to Appendix (2).

Reported Matter (3)

Subject : To report 2022 employees' profit sharing bonus and directors' compensation

Description :

1. The company's 2022 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$3,670,486,752 according to the Article 19 of Articles of Incorporation, the Board of Directors approved employees' profit sharing bonus is NT\$330,343,808 (9%) and directors' compensation is NT\$55,057,301 (1.5%) which are to be distributed in cash. The employees eligible to the employee's remuneration include the full time employees of parent company and subsidiary.
2. There are no different from the expenses acknowledge of 2022.

Reported Matter (4)

Subject : To report 2022 earnings distribution

Description :

1. The company's net profits for 2022 were NT\$2,805,504,225. After the legal reserve and special reserve were allocated according to law and the undistributed profit at the beginning of the year was added, the profit available for distribution is NT\$5,422,411,145. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$2,168,299,280 (cash dividends of NT\$7.0 per share) is proposed. After distribution, the undistributed profits will be NT\$3,254,111,865.
2. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
3. The total amount of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly should if convertible corporate bonds are converted into ordinary shares or TXC subsequently buyback of company shares or transfer or cancellation of treasury stock or capital increase by cash, a proposal shall be made at the shareholders' meeting to authorize the board of directors to handle related matters.
4. The base date of distribution of cash dividends, distribution date and related matters shall be determined by the chairman of the board of directors and handled with full authority.
5. The proposal of earnings distribution please refer to Appendix (4).

4. Acknowledged Matters

Acknowledged Matter (1)

Proposed by the Board of Directors

Subject : To accept 2022 Business Report and Financial Statements

Description :

1. 2022 business report, financial statements and earnings distribution please refer to Appendix (1), (3) and (4).
2. The above business report, financial statements and earnings distribution were approved by the board of directions and reviewed by the audit committee. The financial statements were audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
3. Please accept the aforementioned.

Resolution :

The subject is voting by poll and the result is: approval votes: 195,961,463 shares accounted for 94.68% of total shares, disapproval votes: 38,338 shares, abstention votes / no votes: 10,965,935 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

5. Discussion Matters

Discussion Matter (1)

Proposed by the Board of Directors

Subject : To remove the restriction of non-compete agreement of directors

Description :

1. In accordance with Article 209 of the Company Act "A director engaging, either for himself or on behalf of another person that are within the scope of the company's business, shall explain to the meeting of shareholders the essential details of such activities and secure its approval."
2. The two directors Mr. Lin, Wan-Sing and Mr. Peng, Chih-Chiang, are concurrently holding positions in companies with the same or similar business scope as the company due to investment relationships or be appointed by juristic-person director, participate in important business decisions of the company, and are subject to competition under Article 209 of the Company Act. For the restrictions on business prohibition and the content of lifting the non-competition, please refer to Appendix (5).
3. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 189,067,443 shares accounted for 91.35% of total shares, disapproval votes: 181,180 shares, abstention votes / no votes: 17,717,113 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

6. Extemporaneous Motions

None

7. Meeting Adjourned

Time: 09:46 a.m., May 30, 2023

The minutes of this shareholder meeting only contain the gist of the meeting, and only the results of the proposals; the content and procedures of the meeting are still subject to the audio and video of the meeting. There were no questions from shareholders at the shareholders meeting.

TXC Corporation Business Report

As stated in the business report of the previous year, the market boom and industrial environment in 2022 have encountered many changes, the risks of the global supply chain have gradually increased, and various opportunities, risks and challenges are on the sidelines. Reality once again reminds us that only enterprises with continuous investment in innovation and resilience can create value through sustainable operation. The terminal demand dividend caused by the imbalance of the global supply chain in 2021 continued to the first half of 2022. At the same time, global inflation, political and economic disturbances and post-epidemic recovery policies further affected supply chain demand to quickly adjust and respond in the second half of 2022. Even though the market environment was severe in 2022, management team and all colleagues in the TXC group upheld the solid fighting spirit for many years, and still worked together to create good business results

In 2022, TXC's consolidated sales revenue was NT\$13.170 billion, a decrease of 13.61% from the previous year's consolidated sales revenues of NT\$15.245 billion; the net profit was NT\$2.806 billion, compared with the previous year's net profit of NT\$3.117 billion decreased by 9.99%; the basic earnings per share was NT\$9.06, a decrease of 9.94% from the previous year's earnings per share of NT\$10.06.

Observing the changes in the global industry and the supply and demand of the electronic product market, major frequency component manufacturers had production expansion or investment in new technology research and development. In order to maintain leading position in the industry, the company has made every effort to promote advanced process technology and global deployment in emerging markets since 2020 to comprehensively enhance the group's competitiveness. TXC's Subsidiaries in mainland china continues to apply smart factories to improve and optimize product process technology to support the global supply chain efficiency. The subsidiary TETC CORP. NINGBO also started the new construction in 2022 as planned, and expected to complete by the end of 2023, completing the group's deep cultivation of the automotive electronics industry. The wafer-level advanced manufacturing process and related automation smart manufacturing investment in Taiwan has successively demonstrated development results in 2022. However, some advanced process equipment delayed in delivery due to technical problems, resulting in the new process being unable to be produced at full speed. The company will accelerate implementation to mass production in 2023.

Excellent performance and sustainable operation is the company's vision. Following the establishment of the Sustainability Committee in 2021, the company launched ESG-related measures in an all-round way in 2022. Completed the adaptation of the corporate social responsibility report into a corporate sustainability report earlier than the time required by the government, and compiled the TCFD and SASB climate change international norms into the sustainability report. The whole factory improves the process and equipment energy efficiency, and outsources and builds its own rooftop solar power generation facilities. Cooperate with the Industrial Technology Research Institute to start the ISO50001 energy management system project, which is expected to obtain international certification in the first half of 2023, and plans to build an energy management Internet of Things information system, and is expected to complete the first phase of functions in 2023. We have long attached importance to the balance between business performance and social responsibility. In 2022, we received a low-risk evaluation from Sustainalytics, an internationally renowned ESG sustainability evaluation agency. The company's responsible attitude and efforts over the years have been highly recognized and recognized by the investment market.

The political and economic environment in 2023 is not optimistic, weak terminal demand, slow inventory depletion, rising geopolitical and supply chain risks, global inflation and economic recession, labor market shifts, etc., these factors have brought huge influence and challenge in the long term. No matter how the environment changes, the company must focus more on insight into market opportunities, maintain the ability of rapid execution and the resilience of rapid response, and constantly innovate and evolve and change thinking in order to continue to create the value required by the market.

Looking to the future, various challenges, risks and rapid changes have become normal around the world. TXC's management team will continue to uphold the pragmatic attitude of excellence and the spirit of entrepreneurship with hard work, and continue to create value for shareholders and colleagues responsibly. 2023 is the 40th year since the establishment of TXC. We expect and require ourselves to assess the situation, work hard to be resilient, break through adversity, and achieve greater success.

Chairman and CEO : **Lin, Wan-Shing**

President : **Kuo, Ya-Ping**

**TXC Corporation
Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution, of which the consolidated financial statements and the individual financial statements have been audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche. The business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution have been recognized by Audit Committee according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Pleas examine.

2023 shareholder meeting of the company

Convener of the Audit Committee : **Yu, Shang-Wu**

March 13, 2023

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

PETER LIN
Chairman

March 13, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

The revenue of the Group for the year ended December 31, 2022 had an approximate 14% decrease compared to revenue for the year ended December 31, 2021. In comparison with 2021, the revenue derived from specific customers increased; therefore, we considered the validity of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

1. We obtained an understanding and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.
2. We selected samples from the revenue details of specific customers, checked the sales orders and delivery orders and confirmed the occurrence of the sales revenue.

Other Matter

We have audited the accompanying financial statements of TXC Corporation as of December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

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

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

TXC CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,222,610	21	\$ 3,631,645	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	417,450	2	723,028	4
Financial assets at amortized cost - current (Notes 4 and 9)	351,977	2	133,186	1
Notes receivable (Notes 4 and 10)	32,125	-	4,679	-
Trade receivables (Notes 4 and 10)	3,514,781	18	4,004,421	19
Trade receivables from related parties (Notes 4, 10 and 30)	9,851	-	30,894	-
Other receivables (Note 4)	65,288	-	71,073	-
Other receivables from related parties (Notes 4 and 30)	643	-	1,179	-
Inventories (Notes 4 and 11)	2,699,721	14	2,639,289	13
Non-current assets held for sale (Notes 4 and 13)	-	-	6,979	-
Other current assets	98,005	-	123,479	1
Total current assets	<u>11,412,451</u>	<u>57</u>	<u>11,369,852</u>	<u>55</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,080	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	662,533	4	1,710,092	8
Financial assets measured at cost - non-current (Notes 4 and 9)	-	-	135,907	1
Investments accounted for using the equity method (Notes 4 and 14)	458,607	2	431,301	2
Property, plant and equipment (Notes 4 and 15)	6,319,742	32	5,843,828	28
Right-of-use assets (Notes 4 and 16)	205,984	1	209,079	1
Investment properties (Notes 4 and 17)	571,346	3	494,368	3
Other intangible assets (Note 4)	53,838	-	51,890	-
Deferred tax assets (Notes 4 and 25)	61,271	-	49,979	-
Prepayment for equipment	94,538	1	488,534	2
Other non-current assets	10,934	-	17,358	-
Total non-current assets	<u>8,438,793</u>	<u>43</u>	<u>9,433,416</u>	<u>45</u>
TOTAL	<u>\$ 19,851,244</u>	<u>100</u>	<u>\$ 20,803,268</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 18)	\$ 513,750	3	\$ 562,508	3
Short-term bills payables (Note 18)	-	-	86,974	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	13,620	-	1,383	-
Contract liabilities - current (Notes 11 and 23)	40	-	10,814	-
Trade payables	1,208,497	6	2,089,471	10
Trade payables to related parties (Note 30)	622	-	2,140	-
Other payables (Note 20)	1,421,979	7	1,479,312	7
Other payables to related parties (Note 30)	1,250	-	3,495	-
Current tax liabilities (Notes 4 and 25)	204,057	1	330,380	2
Lease liabilities - current (Notes 4 and 16)	3,088	-	3,051	-
Deferred revenue - current (Notes 20 and 27)	38,817	-	23,717	-
Current portion of long-term borrowings and bonds payable (Note 18)	890,785	5	280,343	1
Other current liabilities	39,206	-	21,114	-
Total current liabilities	<u>4,335,711</u>	<u>22</u>	<u>4,894,702</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 19)	1,183,273	6	1,172,721	6
Long-term borrowings (Note 18)	1,522,600	8	1,674,959	8
Deferred income tax liabilities (Notes 4 and 25)	118,132	1	93,456	1
Lease liabilities - non-current (Notes 4 and 16)	3,399	-	4,685	-
Deferred revenue - non-current (Notes 20 and 27)	108,191	-	70,772	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	35,203	-	61,789	-
Guarantee deposits received	71,527	-	70,490	-
Total non-current liabilities	<u>3,042,325</u>	<u>15</u>	<u>3,148,872</u>	<u>15</u>
Total liabilities	<u>7,378,036</u>	<u>37</u>	<u>8,043,574</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)				
Share capital				
Ordinary shares	3,097,570	16	3,097,570	15
Capital surplus	1,709,979	9	1,696,784	8
Retained earnings				
Legal reserve	1,946,812	10	1,635,942	8
Special reserve	-	-	346,761	1
Unappropriated earnings	5,861,917	29	5,184,854	25
Total retained earnings	<u>7,808,729</u>	<u>39</u>	<u>7,167,557</u>	<u>34</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(450,523)	(2)	(559,579)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	307,453	1	1,357,362	7
Total other equity	<u>(143,070)</u>	<u>(1)</u>	<u>797,783</u>	<u>4</u>
Total equity	<u>12,473,208</u>	<u>63</u>	<u>12,759,694</u>	<u>61</u>
TOTAL	<u>\$ 19,851,244</u>	<u>100</u>	<u>\$ 20,803,268</u>	<u>100</u>

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

TXC CORPORATION AND SUBSIDIARIES

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

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

	2022		2021	
	Amount	%	Amount	%
REVENUE (Note 23)	\$ 13,169,688	100	\$ 15,244,851	100
COST OF GOODS SOLD (Note 24)	<u>(8,138,850)</u>	<u>(62)</u>	<u>(9,617,622)</u>	<u>(63)</u>
GROSS PROFIT	<u>5,030,838</u>	<u>38</u>	<u>5,627,229</u>	<u>37</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	527,312	4	581,974	4
General and administrative expenses	653,187	5	625,293	4
Research and development expenses	1,039,164	8	945,213	6
Expected credit loss (reversal) recognized on trade receivables	<u>(39)</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total operating expenses	<u>2,219,624</u>	<u>17</u>	<u>2,152,484</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>2,811,214</u>	<u>21</u>	<u>3,474,745</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	27,435	-	20,872	-
Other income (Note 24)	173,762	1	174,384	1
Other gains and losses (Note 24)	392,657	3	54,631	-
Finance costs (Note 24)	(48,847)	-	(41,553)	-
Share of profits of associates and joint accounted for using equity method (Note 14)	<u>17,126</u>	<u>-</u>	<u>13,764</u>	<u>-</u>
Total non-operating income and expenses	<u>562,133</u>	<u>4</u>	<u>222,098</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,373,347	25	3,696,843	24
INCOME TAX EXPENSE (Note 25)	<u>(567,843)</u>	<u>(4)</u>	<u>(579,859)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>2,805,504</u>	<u>21</u>	<u>3,116,984</u>	<u>20</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 11,609	-	\$ (8,138)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(902,903)	(7)	1,180,893	8
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>231</u>	<u>-</u>	<u>(185)</u>	<u>-</u>
	<u>(891,063)</u>	<u>(7)</u>	<u>1,172,570</u>	<u>8</u>
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	106,056	1	(35,567)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>3,000</u>	<u>-</u>	<u>(737)</u>	<u>-</u>
	<u>109,056</u>	<u>1</u>	<u>(36,304)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(782,007)</u>	<u>(6)</u>	<u>1,136,266</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,023,497</u>	<u>15</u>	<u>\$ 4,253,250</u>	<u>28</u>
EARNINGS PER SHARE (Note 26)				
From continuing and discounted operations				
Basic	<u>\$ 9.06</u>		<u>\$ 10.06</u>	
Diluted	<u>\$ 8.68</u>		<u>\$ 9.91</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent						Others		Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	309,757	\$ 3,097,570	\$ 1,668,269	\$ 1,480,696	\$ 524,372	\$ 3,230,861	\$ (523,275)	\$ 176,513	\$ 9,655,006
Appropriation of 2020 earnings (Note 22)									
Legal reserve	-	-	-	155,246	-	(155,246)	-	-	-
Special reserve	-	-	-	-	(177,611)	177,611	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(1,177,077)	-	-	(1,177,077)
Net profit for the year ended December 31, 2021	-	-	-	-	-	3,116,984	-	-	3,116,984
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(8,279)	(36,304)	1,180,849	1,136,266
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,108,705	(36,304)	1,180,849	4,253,250
Equity component of convertible bonds issued by the Company	-	-	28,431	-	-	-	-	-	28,431
Other changes in capital surplus	-	-	84	-	-	-	-	-	84
BALANCE AT DECEMBER 31, 2021	309,757	3,097,570	1,696,784	1,635,942	346,761	5,184,854	(559,579)	1,357,362	12,759,694
Appropriation of 2021 earnings (Note 22)									
Legal reserve	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	146,974	-	(146,974)	-
Donation from shareholders	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	12,915	-	-	-	-	-	12,915
BALANCE AT DECEMBER 31, 2022	309,757	\$ 3,097,570	\$ 1,709,979	\$ 1,946,812	\$ -	\$ 5,861,917	\$ (450,523)	\$ 307,453	\$ 12,473,208

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

TXC CORPORATION AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,373,347	\$ 3,696,843
Adjustments for:		
Depreciation expenses	1,225,810	1,040,515
Amortization expenses	22,825	15,823
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(3,869)	(21,740)
Finance costs	48,847	41,553
Interest income	(27,435)	(20,872)
Dividend income	(11,486)	(2,682)
Share of profit of associates and joint ventures	(17,126)	(13,764)
Gain on disposal of property, plant and equipment	(7,560)	(2,507)
Impairment loss recognized on property, plant and equipment	1,749	2,606
Loss on disposal of non-current assets held for sale	249	1,575
Expected credit loss (reversed) recognized on trade receivables	(39)	4
Write-down of inventories	18,949	16,370
Changes in operating assets and liabilities		
Notes receivable	(27,446)	17,280
Trade receivables	489,630	(530,697)
Trade receivables from related parties	21,043	(733)
Other receivables	39,857	(26,557)
Other receivables from related parties	536	(689)
Inventories	(265,192)	(293,140)
Other current assets	25,474	68,188
Contract liabilities - current	(10,774)	(718,265)
Trade payables	(787,821)	141,873
Trade payables to related parties	(1,518)	(1,403)
Other payables	(57,776)	519,049
Other payables to related parties	(2,245)	2,015
Other current liabilities	18,092	(7,347)
Net defined benefit liabilities	(12,074)	(11,944)
Deferred revenue	18,544	94,489
Cash generated from operations	4,072,591	4,005,843
Interest paid	(37,852)	(38,057)
Income tax paid	(684,306)	(340,060)
Net cash generated from operating activities	<u>3,350,433</u>	<u>3,627,726</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(25,359)	(5,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	178,498	-
Purchase of financial assets at amortized cost	(63,561)	-

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

	2022	2021
Proceeds from sale of financial assets at amortized cost	\$ -	\$ 644,774
Purchase of financial assets at fair value through profit or loss	-	(159,082)
Proceeds from sale of financial assets/liabilities at fair value through profit or loss	334,526	-
Purchase of investments accounted for using the equity method	(11,185)	(14,166)
Proceeds from disposal of non-current assets held for sale	1,745	27,338
Payments for property, plant and equipment	(1,242,411)	(2,112,820)
Proceeds from disposal of property, plant and equipment	13,637	39,544
Payments for intangible assets	(23,748)	(22,921)
Payments for right-of-use assets	-	(115,206)
Decrease in other non-current assets	6,424	852
Increase in prepayment for equipment	-	(183,750)
Interest received	27,338	20,906
Dividends received	<u>29,090</u>	<u>19,662</u>
Net cash used in investing activities	<u>(775,006)</u>	<u>(1,860,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(68,615)	(298,035)
Increase in short-term bills payable	-	86,974
Decrease in short-term borrowings	(88,631)	-
Proceeds from issuance of convertible bonds	-	1,194,573
Proceeds from long-term borrowings	914,867	480,000
Repayments of long-term borrowings	(465,533)	(646,932)
Proceeds from guarantee deposits received	1,037	34,363
Repayment of the principal portion of lease liabilities	(3,051)	(3,066)
Dividends paid to owners of the Company	(2,323,178)	(1,177,077)
Other changes in capital surplus	<u>280</u>	<u>84</u>
Net cash used in financing activities	<u>(2,032,824)</u>	<u>(329,116)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>48,362</u>	<u>(25,014)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	590,965	1,413,368
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>3,631,645</u>	<u>2,218,277</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,222,610</u>	<u>\$ 3,631,645</u>

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

(Concluded)

TXC Corporation

**Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Company's financial statements for the year ended December 31, 2022 is stated as follows:

The revenue of the Company for the year ended December 31, 2022 had an approximate 9% decrease compared to revenue for the year ended December 31, 2021. In comparison with 2021, the revenue derived from specific customers increased; therefore, we considered the validity of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

1. We obtained an understanding and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.

2. We selected samples from the revenue details of specific customers, checked the sales orders and delivery orders and confirmed the occurrence of the sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

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

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

TXC CORPORATION

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,375,033	13	\$ 2,270,993	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	20,350	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	52,213	1	53,719	1
Notes receivable (Notes 4 and 10)	535	-	2,827	-
Trade receivables (Notes 4 and 10)	2,976,981	16	3,383,659	18
Trade receivables from related parties (Notes 4, 10 and 28)	214,000	1	160,655	1
Other receivables (Notes 4 and 10)	18,059	-	43,349	-
Other receivables from related parties (Notes 4 and 28)	370	-	375	-
Inventories (Notes 4 and 11)	1,471,204	8	1,344,912	7
Non-current assets held for sale (Notes 4 and 12)	-	-	6,979	-
Other current assets	9,797	-	27,986	-
Total current assets	<u>7,138,542</u>	<u>39</u>	<u>7,295,454</u>	<u>39</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,080	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	475,292	3	1,476,734	8
Right-of-use assets (Notes 4 and 15)	4,637	-	7,704	-
Investments accounted for using equity method (Notes 4 and 13)	7,750,691	42	7,050,255	37
Property, plant and equipment (Notes 4 and 14)	2,891,305	16	2,621,486	14
Investment properties (Notes 4 and 16)	18,589	-	19,966	-
Other intangible assets (Note 4)	17,795	-	15,190	-
Deferred tax assets (Notes 4 and 24)	42,852	-	30,472	-
Prepayment for equipment	83,784	-	310,078	2
Refundable deposits	2,566	-	2,566	-
Total non-current assets	<u>11,287,511</u>	<u>61</u>	<u>11,535,531</u>	<u>61</u>
TOTAL	<u>\$ 18,426,053</u>	<u>100</u>	<u>\$ 18,830,985</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 13,620	-	\$ 1,383	-
Trade payables	430,715	2	607,896	3
Trade payables to related parties (Note 28)	931,578	5	1,020,783	6
Other payables (Note 19)	867,361	5	942,545	5
Other payables to related parties (Note 28)	1,364	-	3,864	-
Current tax liabilities (Notes 4 and 24)	235,808	1	301,233	2
Lease liabilities - current (Notes 4 and 15)	3,088	-	3,051	-
Current portion of long-term borrowings and bonds payable (Note 17)	656,087	4	238,754	1
Other current liabilities	20,664	-	12,932	-
Total current liabilities	<u>3,160,285</u>	<u>17</u>	<u>3,132,441</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	1,183,273	6	1,172,721	6
Long-term borrowings (Note 17)	1,483,420	8	1,619,507	9
Lease liabilities - non-current (Notes 4 and 15)	1,596	-	4,685	-
Deferred tax liabilities (Notes 4 and 24)	79,518	1	70,598	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	35,203	-	61,789	-
Guarantee deposits received	9,550	-	9,550	-
Total non-current liabilities	<u>2,792,560</u>	<u>15</u>	<u>2,938,850</u>	<u>15</u>
Total liabilities	<u>5,952,845</u>	<u>32</u>	<u>6,071,291</u>	<u>32</u>
EQUITY (Note 21)				
Share capital				
Ordinary shares	3,097,570	17	3,097,570	17
Capital surplus	1,709,979	9	1,696,784	9
Retained earnings				
Legal reserve	1,946,812	11	1,635,942	9
Special reserve	-	-	346,761	2
Unappropriated earnings	5,861,917	32	5,184,854	27
Total retained earnings	<u>7,808,729</u>	<u>43</u>	<u>7,167,557</u>	<u>38</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(450,523)	(3)	(559,579)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	307,453	2	1,357,362	7
Total other equity	<u>(143,070)</u>	<u>(1)</u>	<u>797,783</u>	<u>4</u>
Total equity	<u>12,473,208</u>	<u>68</u>	<u>12,759,694</u>	<u>68</u>
TOTAL	<u>\$ 18,426,053</u>	<u>100</u>	<u>\$ 18,830,985</u>	<u>100</u>

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

TXC CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 10,596,932	100	\$ 11,680,702	100
COST OF GOODS SOLD (Notes 11 and 23)	<u>7,414,935</u>	<u>70</u>	<u>8,277,289</u>	<u>71</u>
GROSS PROFIT	3,181,997	30	3,403,413	29
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(9,767)	-	(8,662)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES /AND JOINT VENTURES	<u>8,662</u>	<u>-</u>	<u>2,022</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,180,892</u>	<u>30</u>	<u>3,396,773</u>	<u>29</u>
OPERATING EXPENSES (Notes 4 and 23)				
Selling and marketing expenses	265,891	2	268,235	2
General and administrative expenses	277,400	3	248,665	2
Research and development expenses	<u>722,991</u>	<u>7</u>	<u>647,016</u>	<u>6</u>
Total operating expenses	<u>1,266,282</u>	<u>12</u>	<u>1,163,916</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>1,914,610</u>	<u>18</u>	<u>2,232,857</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	12,075	-	8,033	-
Other income (Notes 4 and 23)	36,439	-	48,989	-
Other gains and losses (Note 23)	344,928	3	7,361	-
Finance costs (Notes 4 and 23)	(23,287)	-	(11,769)	-
Share of profit of associates and joint ventures (Note 13)	<u>1,000,320</u>	<u>10</u>	<u>1,237,115</u>	<u>11</u>
Total non-operating income and expenses	<u>1,370,475</u>	<u>13</u>	<u>1,289,729</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	3,285,085	31	3,522,586	30
INCOME TAX EXPENSE (Note 24)	<u>479,581</u>	<u>5</u>	<u>405,602</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>2,805,504</u>	<u>26</u>	<u>3,116,984</u>	<u>26</u>

(Continued)

TXC CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 11,609	-	\$ (8,138)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(853,288)	(8)	1,257,640	11
Share of the other comprehensive income of associates accounted for using the equity method	<u>(49,384)</u>	<u>-</u>	<u>(76,932)</u>	<u>(1)</u>
	<u>(891,063)</u>	<u>(8)</u>	<u>1,172,570</u>	<u>10</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	106,056	1	(35,567)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>3,000</u>	<u>-</u>	<u>(737)</u>	<u>-</u>
	<u>109,056</u>	<u>1</u>	<u>(36,304)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(782,007)</u>	<u>(7)</u>	<u>1,136,266</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,023,497</u>	<u>19</u>	<u>\$ 4,253,250</u>	<u>36</u>
EARNINGS PER SHARE (Note 25)				
From continuing and discontinued operations				
Basic	<u>\$ 9.06</u>		<u>\$ 10.06</u>	
Diluted	<u>\$ 8.68</u>		<u>\$ 9.91</u>	

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

(Concluded)

TXC CORPORATION

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

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Others		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	309,757	\$ 3,097,570	\$ 1,668,269	\$ 1,480,696	\$ 524,372	\$ 3,230,861	\$ (523,275)	\$ 176,513	\$ 9,655,006
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	-	155,246	-	(155,246)	-	-	-
Special reserve	-	-	-	-	(177,611)	177,611	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,177,077)	-	-	(1,177,077)
Net profit for the year ended December 31, 2021	-	-	-	-	-	3,116,984	-	-	3,116,984
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(8,279)	(36,304)	1,180,849	1,136,266
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,108,705	(36,304)	1,180,849	4,253,250
Equity component of convertible bonds issued by the Company	-	-	28,431	-	-	-	-	-	28,431
Other changes in capital surplus	-	-	84	-	-	-	-	-	84
BALANCE AT DECEMBER 31, 2021	309,757	3,097,570	1,696,784	1,635,942	346,761	5,184,854	(559,579)	1,357,362	12,759,694
Appropriation of 2021 earnings (Note 21)									
Legal reserve	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Surplus donated	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	12,915	-	-	-	-	-	12,915
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	146,974	-	(146,974)	-
BALANCE AT DECEMBER 31, 2022	309,757	\$ 3,097,570	\$ 1,709,979	\$ 1,946,812	\$ -	\$ 5,861,917	\$ (450,523)	\$ 307,453	\$ 12,473,208

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

TXC CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,285,085	\$ 3,522,586
Adjustments for:		
Depreciation expenses	496,254	442,154
Amortization expenses	17,980	11,001
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	19,124	7,557
Finance costs	23,287	11,769
Interest income	(12,075)	(8,033)
Dividend income	(11,486)	(2,682)
Share of the other comprehensive income of associates accounted for using the equity method	(1,000,320)	(1,237,115)
Gain on disposal of property, plant and equipment	(6,679)	(1,093)
Loss on disposal of non-current assets held for sale	249	1,575
Write-down of inventories	17,468	15,532
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	9,767	8,662
Realized gain on the transactions with subsidiaries, associates and joint ventures	(8,662)	(2,022)
Changes in operating assets and liabilities:		
Notes receivable	2,292	(2,665)
Trade receivables	406,678	(424,604)
Trade receivables from related parties	(53,345)	(88,057)
Other receivables	25,387	(24,289)
Other receivables from related parties	5	(366)
Inventories	(143,760)	(287,354)
Other current assets	18,189	36,535
Trade payables	(177,181)	(91,327)
Trade payables to related parties	(89,205)	2,950
Other payables	(75,696)	379,833
Other payables to related parties	(2,500)	2,382
Other current liabilities	7,732	1,273
Defined benefit liabilities, net	(12,074)	(11,944)
Cash generated from operations	2,736,514	2,262,258
Interest paid	(12,223)	(7,609)
Income taxes paid	(551,369)	(207,687)
Net cash generated from operating activities	<u>2,172,922</u>	<u>2,046,962</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(26,157)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	2,255

(Continued)

TXC CORPORATION

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

	2022	2021
Purchase of financial assets at fair value through other comprehensive income	\$ (25,359)	\$ (5,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	178,498	-
Proceeds from sale of financial assets at amortized cost	6,033	414,271
Acquisition of associates	-	(14,166)
Proceeds from disposal of non-current assets held for sale	1,745	27,338
Payments for property, plant and equipment	(535,481)	(731,775)
Proceeds from disposal of property, plant and equipment	6,825	2,759
Increase in refundable deposits	-	(58)
Payments for intangible assets	(20,585)	(17,207)
Increase in prepayment for equipment	-	(197,706)
Interest received	11,978	8,067
Dividend received from associates	353,760	171,440
Other dividends received	<u>29,090</u>	<u>19,662</u>
Net cash used in investing activities	<u>(19,653)</u>	<u>(320,479)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(524,993)
Proceeds from issuance of convertible bonds	-	1,194,573
Proceeds from long-term borrowings	700,000	480,000
Repayments of long-term borrowings	(418,754)	(321,739)
Proceeds from guarantee deposits received	-	(48)
Payments for right-of-use assets	(3,052)	(3,066)
Dividends paid to owners of the Company	(2,323,178)	(1,177,077)
Other changes in capital surplus	<u>280</u>	<u>84</u>
Net cash used in financing activities	<u>(2,044,704)</u>	<u>(352,266)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(4,525)</u>	<u>(3,212)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,040	1,371,005
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,270,993</u>	<u>899,988</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,375,033</u>	<u>\$ 2,270,993</u>

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

(Concluded)

TXC Corporation
2022 Earnings Distribution

Unit : NT\$

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		2,897,566,515
Net profit after tax for this year	2,805,504,225	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	146,974,094	
Adjusted retained earnings from investments accounted for using equity method	262,552	
Remeasurement of defined employee benefit plans to retained earnings	11,609,797	
The amount of undistributed profits		2,964,350,668
Setting aside 10% legal reserve		(296,435,067)
The setting aside special reserve		(143,070,971)
Profits available for distribution		5,422,411,145
Distribution Item:		
Cash Dividends (NT\$7.0 per share)		(2,168,299,280)
End period of undistributed profits		3,254,111,865

Note: Allocation of 2022 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Lin, Wan-Shing**Manager: **Kuo, Ya-Ping**Accounting Supervisor: **Hong, Guan-Wen**

TXC Corporation
Directors' Competitive Activities List

Title	Name	Position for Other Companies	
Director	Lin, Wan-Shing	DEPO AUTO PARTS INDUSTRIAL Co., LTD.	Juristic-person director representative
Director	Peng, Chih-Chiang	Simplo Technology Co., LTD.	Juristic-person director representative
		Crystalwise Technology Inc.	Juristic-person director representative
		Topoint Technology Co., Ltd.	Juristic-person director representative