

# INNOCARE OPTOELECTRONICS CORPORATION

## 2023 Annual Shareholders' Meeting Minutes

**Method of Convening the Meeting:** Hybrid Shareholders' Meeting (physical shareholders meeting supported by video conferencing)

**Time:** 09:00 a.m., May 24, 2023

**Place:** No. 22, Nanke 3rd Rd., Xinshi Dist., Tainan City, Taiwan  
(1F, The Performance Hall, Southern Taiwan Science Park Administration Building)

**E-Meeting Platform:** "E-Voting platform" by Taiwan Depository & Clearing Corporation  
(<https://www.stockvote.com.tw>)

**Actions taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events:** Please refer to the meeting notice for details; NA.

**Total shares represented by shareholders present in person or by proxy:** 29,415,997 shares (including 22,291,690 shares casted electronically and 2 shares casted by virtual meeting), accounting for 74.68% of total outstanding shares 39,387,400 shares.

**Directors present:** Chu-Hsiang Yang, Chairman  
Jyh-Chau Wang, Director  
Tien-Jen Lin, Director  
Hung-Chi Li, Independent Director, Convener of the Audit and Remuneration Committee  
Chi-Tsung Huang, Independent Director, Member of the Audit and Remuneration Committee  
Yi-Hung Chou, Independent Director, Member of the Audit and Remuneration Committee

**Non-voting delegates:** Chih-Sheng Lee, President  
Chou-Shan Yeh, Attorney  
Ya-Ling Wong, Certified Public Accountant of Deloitte & Touche

**Chairman:** Chu-Hsiang Yang

**Recorder:** Chia-Chen Lin

**Commencement:** The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

**Chairman Remarks:** (Ommitted)

### Reporting Items:

1. 2022 Business Report (ommitted)
2. Audit Committee Review Report (ommitted)
3. 2022 Report on Directors and Employees Remuneration Distribution (ommitted)

### Adopting Items:

(Proposed by the Board of Directors)

**Proposal 1:** 2022 Business Report and Financial Statements

**Explanatory note:**

- a. 2022 Financial Statements of the Company had been duly audited by CPA Wong Ya-Ling and CPA Shao Chih-Ming of Deloitte & Touche.
- b. The Business Report and Financial Statements are attached hereto as Attachment 1 & 3.

**Resolution:** RESOLVED, that the above proposal be and hereby was approved as proposed.

**Voting Results:** 29,415,997 shares were represented at the time of voting (including 22,291,690 shares casted electronically and 2 shares casted by virtual meeting)

<b>Voting Results</b>	<b>Voting Rights</b>	<b>% of the Represented Share Present</b>
Votes in Favor	29,401,076	99.94%
Votes against	5,512	0.01%
Invalid Votes	0	0.00%
Votes abstained / Not Voted	9,409	0.03%

(Proposed by the Board of Directors)

**Proposal 2:** Recognition of 2022 Earnings Distribution Table

**Explanatory note:**

- a. Please refer to Attachment 4 for 2022 Earnings Distribution Table.
- b. Proposed cash dividend distributed to shareholders is NT\$51,203,620 (NT\$ 1.30 per share). The distribution of cash dividends shall be accounted by dollars and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 are aggregated and recorded as Capital Surplus of the Company.
- c. In the event that there is change in capital of the Company affecting the outstanding shares of the Company, causing the distribution ratio shall be changed and adjusted, it is proposed that the Chairman be authorized to handle this situation.
- d. It is proposed that the Chairman be authorized to decide the record date, the distribution date, and other related matters after this proposal is resolved by the shareholders meeting.

**Resolution:** RESOLVED, that the above proposal be and hereby was approved as proposed.

**Voting Results:** 29,415,997 shares were represented at the time of voting (including 22,291,690 shares casted electronically and 2 shares casted by virtual meeting)

<b>Voting Results</b>	<b>Voting Rights</b>	<b>% of the Represented Share Present</b>
Votes in Favor	29,394,366	99.92%
Votes against	10,102	0.03%
Invalid Votes	0	0.00%
Votes abstained / Not Voted	11,529	0.03%

**Discussion Items:**

(Proposed by the Board of Directors)

**Proposal 1:** Amendments to the “Articles of Incorporation”

**Explanatory note:**

- a. In response to the development of the Company's AXI inspection product business, it is planned to increase the business of "X-ray inspection equipment" category of R&D, design, production, and distribution, and the business code "CE01010 General Instrument Manufacturing".
- b. The comparative table of the amendment is attached hereto as Attachment 5.

**Resolution:** RESOLVED, that the above proposal be and hereby was approved as proposed.

**Voting Results:** 29,415,997 shares were represented at the time of voting (including 22,291,690 shares casted electronically and 2 shares casted by virtual meeting)

<b>Voting Results</b>	<b>Voting Rights</b>	<b>% of the Represented Share Present</b>
Votes in Favor	29,401,941	99.95%
Votes against	5,618	0.01%
Invalid Votes	0	0.00%
Votes abstained / Not Voted	8,438	0.02%

(Proposed by the Board of Directors)

**Proposal 2:** Amendments to the “Procedures for the Acquisition and Disposal of Assets”

**Explanatory note:**

- a. The Company will partly revise the Procedures for the Acquisition and Disposal of Assets of the Company, pursuant to the needed for operation of the Company.
- b. The comparative table of the amendment is attached hereto as Attachment 6.

**Resolution:** RESOLVED, that the above proposal be and hereby was approved as proposed.

**Voting Results:** 29,415,997 shares were represented at the time of voting (including 22,291,690 shares casted electronically and 2 shares casted by virtual meeting)

<b>Voting Results</b>	<b>Voting Rights</b>	<b>% of the Represented Share Present</b>
Votes in Favor	29,401,698	99.95%
Votes against	5,714	0.01%
Invalid Votes	0	0.00%
Votes abstained / Not Voted	8,585	0.02%

(Proposed by the Board of Directors)

**Proposal 3:** Amendments to the “Rules of Shareholders’ Meeting”

**Explanatory note:**

- a. In conformity with the amendments of laws & regulations and the needed for operation of the Company, it is proposed to amend “Rules of Shareholders’ Meeting” of the Company.
- b. The comparative table of the amended provisions is attached hereto as Attachment 7.

**Resolution:** RESOLVED, that the above proposal be and hereby was approved as proposed.

**Voting Results:** 29,415,997 shares were represented at the time of voting (including 22,291,690 shares casted electronically and 2 shares casted via E-Meeting platform)

<b>Voting Results</b>	<b>Voting Rights</b>	<b>% of the Represented Share Present</b>
Votes in Favor	29,398,807	99.94%
Votes against	5,642	0.01%
Invalid Votes	0	0.00%
Votes abstained / Not Voted	11,548	0.03%

**Extemporary Motions:** None.

**Adjournment:** The meeting was adjourned at 09:13 a.m.

There was no attendaning shareholder raised questions in this annual shareholders’ meeting.

<The video recording of this annual shareholder’s meeting shall prevail in the event of any discrepancy between this meeting minutes and the video recording.>

## **InnoCare Optoelectronics Corporation**

### **2022 Business Report**

Report on the Company's operating results for 2022 as follows.

I. Report on operating results for 2022

At the beginning of 2022, the Russian-Ukrainian War broke out in a global accident. The war and related international sanctions directly impacted the European continent natural gas and oil supply chains, causing skyrocketing global energy prices, and the sharply rising inflation pressure. The U.S. Fed and the European Central Bank have adopted urgent interest rate hikes as a means to deal with severe inflation. The capital flow tightening has impacted on exchange rates and business operations, and also caused tightening pressure on consumption and employment, adding uncertain factors to the economic situation.

The Company's main product, the X-ray flat panel sensor, is mainly used in the fields of medical testing and industrial non-destructive testing. Despite the increasing global economy uncertainties, the medical industry still maintains steady growth. The new technologies and new products of the Company are gradually entering mass production, so that the sales volume maintains a growth trend. In addition, in the field of non-destructive testing, the Company expects that smart manufacturing will boost the demand for related products. The market promotion in 2022 has achieved preliminary results, and it is expected that there will be further development and growth in 2023.

This year, the Company's product and technology development has received external recognition. In addition to the ODM product Yushan flexible substrate series, which obtained the Medical Equipment License (TFDA) from the Ministry of Health and Welfare and the FDA license, Sylvia dynamic capture X-ray flat panel sensor, a next-generation IGZO snow mountain, won the bronze award of "2022 SDIA Award" in the fourth quarter, and subsequently won the "19th National Innovation Award-Enterprise" with "Smart X-ray Flat Panel Detector", reflecting the company's R&D achievements.

In addition, the Company actively participates in social welfare activities. Since July, the Company has joined hands with the National Cheng Kung University School of Medicine to launch the "Southwest Coast Ten Thousands People Action X-ray Early Lung Cancer Screening Project". The dual-energy X-ray flat panel sensor module produced by the Company is combined with the mobile X-ray vehicle to go deep into various towns and cities to assist in the early screening of lung cancer and contribute to the promotion of people's health.

The Company applied to the Taiwan Stock Exchange for stock listing in July 2022, and received the letter of approval at the end of December. The cash capital increase proposal for listing

became effective on January 11, 2023. Listing will enhance the Company's international visibility and stock liquidity, make the Company's future fundraising more convenient, and lay the foundation for subsequent expansion and development.

## II. Results of business plan implementation

The Company's net operating revenue in 2022 was NT\$1,886,619 thousand, a decrease of 2.8% compared to the previous year, mainly due to the product structure adjustment. The proportion of IGZO products sold in components and small-sized models increased, and the unit price of amorphous silicon component products fell due to market competition, resulting in revenue decline. For 2022, the Company achieved the after-tax income attributable to shareholders of NT\$198,717 thousand, a year-on-year increase of 0.1%, and the earnings per share was NT\$5.62.

## III. Budget execution

The Company recorded net operating revenue of NT\$1,886,619 thousand in 2022, an achievement rate of 88.2% compared to the original operating plan of NT\$2,139,700 thousand. The total shipments of flat panel sensor components and modules totaled 59,291 pieces, an achievement rate of 95.6% compared with the original plan of 62,069 pieces.

## IV. Analysis of Financial Income and Expenditure and Profitability

Item		2022
Financial structure	Liability-to-asset ratio (%)	59.17
Solvency	Current ratio (%)	158.56
	Quick ratio (%)	112.14
Profitability	Return on assets (%)	10.96
	Return on shareholder equity (%)	27.35
	Operating income as a percentage of paid-in capital (%)	24.11
	Net income before tax as a percentage of paid-in capital (%)	67.63
	Profit margin (%)	10.53
	Earnings per share (NTD)	5.62

## V. Status of Research and Development

The Company takes TFT-PD as the core technology, and mainly develops X-ray flat panel sensor-related products based on this core technology. The products are mainly used in digital X-ray testing systems in medical, industrial manufacturing and other testing fields. Since this type of testing system requires high precision, high reliability and durability, the product development and design verification often lasts for several years, so the product life cycle is generally over 5 to 7 years, and some even cost more than 10 years.

As the penetrability of X-rays makes the internal structure of the human body and objects visualized and interpreted, it is irreplaceable in the testing field. It is expected that with the advancement of image analysis technology, the X-ray detection application field will be further

expanded in the future. In addition, the X-ray flat panel sensor using thin film transistor-photodiode technology has the advantage of building large-sized products, and it is easier to realize large-sized dynamic detection after upgrading with a new generation of high-frame-rate technology. The scale of this market is increasing rapidly, and is estimated to be the key factor driving the Company's growth in the next few years.

In order to continuously build the technology and product competitiveness, the Company is now committed to developing a new generation of IGZO structure, component design with high pixel filling factor, key scintillator process, increasing the product line of medical X-ray sensor module and industrial nondestructive testing equipment, and investing in AI image analysis technology development. The research and development costs of 2022 totaled NTD 248,437 thousand, accounting for 13.17% of the sales revenue. In the future, devotion of R&D resources will be continued and high value-added products will be introduced in order to enhance customer stickiness and competitive advantages on the market.

Chairman:

Managerial Officer:

Chief Accountant:

## Attachment 2

# Audit Committee Review Report

The Board of Directors has duly submitted the 2022 business report, financial statements, and the proposal of earnings distribution. The financial statements has been duly reviewed and approved by CPAs of Deloitte Taiwan with the issuance of Independent Auditor's Report.

The Audit Committee of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above business report, financial statements, and the proposal of earnings distribution. Therefore, I issue this audit report for acknowledgment in accordance with the Securities and Exchange Act and the Company Act.

To

Annual Shareholders' Meeting of the Company in 2023

Convener of the Audit Committee  
Li, Hung-Chi  
Date: April 12, 2023



## 2022 Independent Auditors' Report and Financial Statements

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
InnoCare Optoelectronics Corporation

#### Opinion

We have audited the accompanying consolidated financial statements of InnoCare Optoelectronics 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.

Key audit matters of the consolidated financial statements for the year ended December 31, 2022 are as follows:

#### Revenue Recognition of Sales from Major Customers

The Group mainly engaged in manufacturing and sales of X-ray flat panel detectors. Since most of these products are mostly used for medical purpose, the Group's major customers are relatively stable; the sales revenue from the major customers amounting to \$984,665 thousand in 2022 was significant. Therefore, the occurrence of sales revenue from major customers was considered as a key audit matter. The main audit procedure we performed in response to the key audit matter described above included: understanding and testing the design and implementation as well as the operating effectiveness of the internal controls relevant to sales revenue from major customers, sampling from journals of sales from major customers and examining the external orders, shipping documents and receipt vouchers to confirm their occurrence, and checking any significant unusual sales returns and allowance in the subsequent period to realize the reasonableness of revenue recognition for sales from major customers.

#### **Other Matter**

We have also audited the parent company only financial statements of InnoCare Optoelectronics Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued unmodified opinion and unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and 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 professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 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.*

# INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 577,373	29	\$ 459,451	27
Note receivable (Notes 10 and 21)	-	-	9,139	1
Accounts receivable (Notes 10 and 21)	585,754	30	375,281	22
Accounts receivable from related parties (Notes 21 and 29)	23,853	1	33,363	2
Other receivables (Note 10)	15,379	1	31,065	2
Other receivables from related parties (Note 29)	4,944	-	2,385	-
Current tax assets (Note 23)	3,812	-	11,926	1
Inventories (Note 11)	503,173	25	464,710	27
Other current assets (Note 29)	15,879	1	22,319	1
Total current assets	<u>1,730,167</u>	<u>87</u>	<u>1,409,639</u>	<u>83</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Note 7)	272	-	84	-
Financial assets at amortized cost (Notes 8, 9 and 30)	-	-	34,810	2
Property, plant and equipment (Notes 13 and 29)	186,695	9	180,436	11
Right-of-use assets (Notes 14 and 29)	34,301	2	39,859	2
Intangible assets (Note 29)	1,789	-	1,523	-
Deferred tax assets (Note 22)	15,466	1	7,840	1
Prepayments for equipment (Note 13)	25,352	1	24,248	1
Other non-current assets (Note 29)	5,899	-	5,349	-
Total non-current assets	<u>269,774</u>	<u>13</u>	<u>294,149</u>	<u>17</u>
<b>TOTAL</b>	<u>\$ 1,999,941</u>	<u>100</u>	<u>\$ 1,703,788</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 425,000	21	\$ -	-
Contract liabilities (Note 21)	13,353	1	2,037	-
Accounts payable (Note 16)	178,430	9	133,787	8
Accounts payable to related parties (Note 29)	170,238	8	569,356	34
Other payables (Notes 13 and 17)	203,073	10	176,199	10
Other payables to related parties (Note 29)	18,014	1	23,498	1
Current tax liabilities (Note 23)	40,304	2	31,507	2
Provisions (Note 18)	16,398	1	14,007	1
Lease liabilities (Notes 14 and 29)	15,466	1	12,955	1
Other current liabilities (Notes 17 and 29)	10,884	-	22,046	1
Total current liabilities	<u>1,091,160</u>	<u>54</u>	<u>985,392</u>	<u>58</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 22)	-	-	669	-
Lease liabilities (Notes 14 and 29)	19,027	1	26,937	2
Net defined benefit liabilities (Note 19)	140	-	95	-
Guarantee deposits received	72,992	4	54,013	3
Total non-current liabilities	<u>92,159</u>	<u>5</u>	<u>81,714</u>	<u>5</u>
Total liabilities	<u>1,183,319</u>	<u>59</u>	<u>1,067,106</u>	<u>63</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20, 25 and 29)</b>				
Common stock	357,815	18	349,845	20
Capital collected in advance	50	-	-	-
Capital surplus	77,070	4	66,257	4
Retained earnings				
Legal reserve	34,823	2	17,527	1
Special reserve	17,647	1	-	-
Unappropriated earnings	343,556	17	220,700	13
Total retained earnings	<u>396,026</u>	<u>20</u>	<u>238,227</u>	<u>14</u>
Other equity	(14,339)	(1)	(17,647)	(1)
Total equity	<u>816,622</u>	<u>41</u>	<u>636,682</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 1,999,941</u>	<u>100</u>	<u>\$ 1,703,788</u>	<u>100</u>

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

# INNOCARE OPTOELECTRONICS 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	%
OPERATING REVENUE (Notes 21 and 29)	\$ 1,886,619	100	\$ 1,940,758	100
OPERATING COSTS (Notes 11, 22 and 29)	<u>1,303,407</u>	<u>69</u>	<u>1,414,836</u>	<u>73</u>
GROSS PROFIT	<u>583,212</u>	<u>31</u>	<u>525,922</u>	<u>27</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	131,911	7	102,626	5
General and administrative expenses	116,583	6	78,915	4
Research and development expenses	<u>248,437</u>	<u>13</u>	<u>239,669</u>	<u>13</u>
Total operating expenses	<u>496,931</u>	<u>26</u>	<u>421,210</u>	<u>22</u>
OPERATING INCOME	<u>86,281</u>	<u>5</u>	<u>104,712</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22, 26 and 29)				
Interest income	5,422	-	1,030	-
Other income	125,408	7	117,426	6
Other gains	30,156	1	10,687	1
Finance cost	<u>(5,284)</u>	<u>-</u>	<u>(803)</u>	<u>-</u>
Total non-operating income and expenses	<u>155,702</u>	<u>8</u>	<u>128,340</u>	<u>7</u>
INCOME BEFORE INCOME TAX	241,983	13	233,052	12
INCOME TAX EXPENSE (Note 22)	<u>43,266</u>	<u>2</u>	<u>34,529</u>	<u>2</u>
NET INCOME	<u>198,717</u>	<u>11</u>	<u>198,523</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	(36)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>
	-	-	(29)	-

(Continued)

# INNOCARE OPTOELECTRONICS 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	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 3,308	-	\$ (10,911)	-
Other comprehensive income (loss), net of income tax	<u>3,308</u>	-	<u>(10,940)</u>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 202,025</u>	<u>11</u>	<u>\$ 187,583</u>	<u>10</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	198,717	11	198,523	10
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 198,717</u>	<u>11</u>	<u>\$ 198,523</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	202,025	11	187,583	10
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 202,025</u>	<u>11</u>	<u>\$ 187,583</u>	<u>10</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 5.62</u>		<u>\$ 6.05</u>	
Diluted	<u>\$ 5.22</u>		<u>\$ 5.49</u>	

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

(Concluded)

**INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES**

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

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translation of Foreign Operations	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2021	\$ 200,000	\$ -	\$ 29,047	\$ -	\$ -	\$ 175,269	\$ (6,736)	\$ 397,580
Appropriation of 2020 earnings								
Legal reserve	-	-	-	17,527	-	(17,527)	-	-
Stock dividends of common stock	110,000	-	-	-	-	(110,000)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	198,523	-	198,523
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	(29)	(10,911)	(10,940)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	198,494	(10,911)	187,583
Reorganization	-	-	-	-	-	(16,830)	-	(16,830)
Employee share options	39,845	-	17,930	-	-	-	-	57,775
Share-based payments	-	-	19,280	-	-	(8,706)	-	10,574
BALANCE AT DECEMBER 31, 2021	349,845	-	66,257	17,527	-	220,700	(17,647)	636,682
Appropriation of 2021 earning								
Legal reserve	-	-	-	17,296	-	(17,296)	-	-
Special reserve	-	-	-	-	17,647	(17,647)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(38,483)	-	(38,483)
Net income for the year ended December 31, 2022	-	-	-	-	-	198,717	-	198,717
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	3,308	3,308
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	198,717	3,308	202,025
Employee share options	7,970	50	3,587	-	-	-	-	11,607
Share-based payments	-	-	7,226	-	-	(2,435)	-	4,791
BALANCE AT DECEMBER 31, 2022	<u>\$ 357,815</u>	<u>\$ 50</u>	<u>\$ 77,070</u>	<u>\$ 34,823</u>	<u>\$ 17,647</u>	<u>\$ 343,556</u>	<u>\$ (14,339)</u>	<u>\$ 816,622</u>

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



# INNOCARE OPTOELECTRONICS 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 241,983	\$ 233,052
Adjustments for:		
Depreciation	69,236	67,404
Amortization	545	482
Net gain on fair value changes of financial assets at fair value through profit or loss	(2)	(1)
Finance costs	5,284	803
Interest income	(5,422)	(1,030)
Share-based payments	4,791	10,574
Write-down (reversal of write-down) of inventories	29,028	(5,619)
Unrealized loss on foreign exchange	15,657	35,773
Net changes in operating assets and liabilities		
Notes receivable	9,337	44,698
Accounts receivable	(232,447)	73,578
Accounts receivable from related parties	6,044	15,215
Other receivables	15,314	18,672
Other receivables from related parties	(1,988)	7,172
Inventories	(67,491)	(37,218)
Other current assets	6,333	(63)
Contract liabilities	11,310	(9,824)
Accounts payable	57,636	(23,437)
Accounts payable to related parties	(396,869)	(526,288)
Other payables	27,075	62,383
Other payables to related parties	(5,292)	(32,173)
Provisions	2,391	(6,568)
Other current liabilities	(11,074)	3,340
Net defined benefit liabilities	45	28
Cash used in operations	(218,576)	(69,047)
Income tax refunded	7,789	-
Income tax paid	(42,463)	(57,201)
Net cash used in operating activities	<u>(253,250)</u>	<u>(126,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(29,250)
Proceeds from sale of financial assets at amortized cost	34,810	-
Purchase of financial assets at fair value through profit or loss	(186)	(83)
Acquisition of subsidiaries	-	(90,337)
Payments for property, plant, equipment	(61,850)	(67,452)
Payments for intangible assets	(811)	(147)
Increase in other non-current assets	(636)	(1,230)
Interest received	5,422	1,030
Net cash used in investing activities	<u>(23,251)</u>	<u>(187,469)</u>

(Continued)

# INNOCARE OPTOELECTRONICS CORPORATION AND SUBSIDIARIES

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

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 425,000	\$ -
Increase in guarantee deposits received	13,574	3,719
Repayment of the principal portion of lease liabilities	(14,862)	(13,484)
Cash dividends paid	(38,483)	-
Exercise of employee share options	11,607	57,775
Interest paid	(5,284)	(803)
Reorganization	<u>-</u>	<u>(16,830)</u>
Net cash generated from financing activities	<u>391,552</u>	<u>30,377</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE	<u>2,871</u>	<u>(6,225)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	117,922	(289,565)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>459,451</u>	<u>749,016</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 577,373</u>	<u>\$ 459,451</u>

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders  
InnoCare Optoelectronics Corporation

### **Opinion**

We have audited the financial statements of InnoCare Optoelectronics 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.

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 based on our audits.

### **Key Audit Matters**

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

The key audit matters of the financial statements for the year ended December 31, 2022 are as follows:

#### Revenue Recognition of Sales from Major Customers

The Company mainly engaged in manufacturing and sales of X-ray flat panel detectors. Since these products are mostly used for medical purpose, the Company's major customers are relatively stable; the sales revenue from the major customers amounting to \$984,665 thousand in 2022 was significant. Therefore, the occurrence of sales revenue from major customers was considered as a key audit matter. The main audit procedure we performed in response to the key audit matter described above included: understanding and testing the design and implementation as well as the operating effectiveness of the internal controls relevant to sales revenue from major customers, sampling from journals of sales from major customers and examining the external orders, shipping documents and receipt vouchers to confirm their occurrence, and checking any significant unusual sales returns and allowance in the subsequent period to realize the reasonableness of revenue recognition for sales from major customers.

#### **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 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 entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 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.*

# INNOCARE OPTOELECTRONICS CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 399,972	22	\$ 193,292	12
Accounts receivable (Notes 9 and 20)	61,672	3	30,515	2
Accounts receivable from related parties (Notes 20 and 28)	371,855	21	467,057	29
Other receivables (Note 9)	4,537	-	18,538	1
Other receivables from related parties (Note 28)	20,008	1	18,633	1
Inventories (Note 10)	449,352	25	403,569	25
Other current assets	762	-	1,120	-
Total current assets	<u>1,308,158</u>	<u>72</u>	<u>1,132,724</u>	<u>70</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost (Notes 7, 8 and 29)	-	-	34,810	2
Investments accounted for using the equity method (Note 11)	246,004	14	205,944	13
Property, plant and equipment (Notes 12 and 28)	175,264	10	165,341	10
Right-of-use assets (Notes 13 and 28)	30,262	2	37,960	2
Intangible assets (Note 28)	1,789	-	1,523	-
Deferred tax assets (Note 22)	15,466	1	7,840	1
Prepayments for equipment (Note 12)	25,352	1	24,248	2
Other non-current assets (Note 28)	3,102	-	2,637	-
Total non-current assets	<u>497,239</u>	<u>28</u>	<u>480,303</u>	<u>30</u>
<b>TOTAL</b>	<u>\$ 1,805,397</u>	<u>100</u>	<u>\$ 1,613,027</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 14)	\$ 425,000	23	\$ -	-
Contract liabilities (Note 20)	-	-	1,648	-
Accounts payable (Note 15)	73,581	4	105,631	7
Accounts payable to related parties (Note 28)	197,252	11	570,993	35
Other payables (Notes 12 and 16)	179,887	10	162,296	10
Other payable to related parties (Note 28)	19,625	1	29,140	2
Current tax liabilities (Note 22)	29,290	2	30,069	2
Provision (Note 17)	16,398	1	14,007	1
Lease liabilities (Notes 13 and 28)	13,463	1	11,229	1
Other current liabilities (Notes 16 and 28)	7,545	-	20,863	1
Total current liabilities	<u>962,041</u>	<u>53</u>	<u>945,876</u>	<u>59</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 22)	-	-	669	-
Lease liabilities (Notes 13 and 28)	17,171	1	26,937	2
Net defined benefit liabilities (Note 18)	140	-	95	-
Guarantee deposits received	9,423	1	2,768	-
Total non-current liabilities	<u>26,734</u>	<u>2</u>	<u>30,469</u>	<u>2</u>
Total liabilities	<u>988,775</u>	<u>55</u>	<u>976,345</u>	<u>61</u>
<b>EQUITY (Notes 19, 24 and 28)</b>				
Common stock	357,815	20	349,845	21
Capital collected in advance	50	-	-	-
Capital surplus	77,070	4	66,257	4
Retained earnings				
Legal reserve	34,823	2	17,527	1
Special reserve	17,647	1	-	-
Unappropriated earnings	343,556	19	220,700	14
Total retained earnings	<u>396,026</u>	<u>22</u>	<u>238,227</u>	<u>15</u>
Other equity	(14,339)	(1)	(17,647)	(1)
Total equity	<u>816,622</u>	<u>45</u>	<u>636,682</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 1,805,397</u>	<u>100</u>	<u>\$ 1,613,027</u>	<u>100</u>

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

# INNOCARE OPTOELECTRONICS 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 (Notes 20 and 28)	\$ 1,658,714	100	\$ 1,783,822	100
OPERATING COSTS (Notes 10, 21 and 28)	<u>1,219,070</u>	<u>73</u>	<u>1,355,755</u>	<u>76</u>
GROSS PROFIT	439,644	27	428,067	24
UNREALIZED GAIN ON SALES	(5,710)	-	(8,020)	-
REALIZED GAIN ON SALES	<u>8,020</u>	<u>-</u>	<u>4,129</u>	<u>-</u>
NET GROSS PROFIT	<u>441,954</u>	<u>27</u>	<u>424,176</u>	<u>24</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	46,321	3	35,910	2
General and administrative expenses	106,647	6	68,976	4
Research and development expenses	<u>240,092</u>	<u>15</u>	<u>232,110</u>	<u>13</u>
Total operating expenses	<u>393,060</u>	<u>24</u>	<u>336,996</u>	<u>19</u>
OPERATING INCOME	<u>48,894</u>	<u>3</u>	<u>87,180</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21, 25 and 28)				
Interest income	4,086	-	129	-
Other income	112,992	7	104,749	6
Other gains and losses	33,713	2	7,567	-
Financial cost	(5,255)	-	(739)	-
Share of profit of subsidiaries accounted for using the equity method	<u>34,442</u>	<u>2</u>	<u>31,928</u>	<u>2</u>
Total non-operating income and expenses	<u>179,978</u>	<u>11</u>	<u>143,634</u>	<u>8</u>
INCOME BEFORE INCOME TAX	228,872	14	230,814	13
INCOME TAX EXPENSE (Note 22)	<u>30,155</u>	<u>2</u>	<u>32,291</u>	<u>2</u>
NET INCOME	<u>198,717</u>	<u>12</u>	<u>198,523</u>	<u>11</u>

(Continued)



# INNOCARE OPTOELECTRONICS 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 INCOME (LOSS) (Notes 18 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ -	-	\$ (36)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>3,308</u>	<u>-</u>	<u>(10,911)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>3,308</u>	<u>-</u>	<u>(10,940)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 202,025</u>	<u>12</u>	<u>\$ 187,583</u>	<u>11</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 5.62</u>		<u>\$ 6.05</u>	
Diluted	<u>\$ 5.22</u>		<u>\$ 5.49</u>	

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

(Concluded)

## INNOCARE OPTOELECTRONICS CORPORATION

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

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translation of Foreign Operations	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2021	\$ 200,000	\$ -	\$ 29,047	\$ -	\$ -	\$ 175,269	\$ (6,736)	\$ 397,580
Appropriation of the 2020 earnings								
Legal reserve	-	-	-	17,527	-	(17,527)	-	-
Stock dividends on common stock	110,000	-	-	-	-	(110,000)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	198,523	-	198,523
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	(29)	(10,911)	(10,940)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	198,494	(10,911)	187,583
Reorganization	-	-	-	-	-	(16,830)	-	(16,830)
Employee share options	39,845	-	17,930	-	-	-	-	57,775
Share-based payments	-	-	19,280	-	-	(8,706)	-	10,574
BALANCE AT DECEMBER 31, 2021	349,845	-	66,257	17,527	-	220,700	(17,647)	636,682
Appropriation of the 2021 earnings								
Legal reserve	-	-	-	17,296	-	(17,296)	-	-
Special reserve	-	-	-	-	17,647	(17,647)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(38,483)	-	(38,483)
Net income for the year ended December 31, 2022	-	-	-	-	-	198,717	-	198,717
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	3,308	3,308
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	198,717	3,308	202,025
Employee share options	7,970	50	3,587	-	-	-	-	11,607
Share-based payments	-	-	7,226	-	-	(2,435)	-	4,791
BALANCE AT DECEMBER 31, 2022	\$ 357,815	\$ 50	\$ 77,070	\$ 34,823	\$ 17,647	\$ 343,556	\$ (14,339)	\$ 816,622

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

# INNOCARE OPTOELECTRONICS CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 228,872	\$ 230,814
Adjustments for:		
Depreciation	63,167	61,221
Amortization	545	482
Finance costs	5,255	739
Interest income	(4,086)	(129)
Share-based payments	4,791	10,574
Share of profits of subsidiaries accounted for using the equity method	(34,442)	(31,928)
Write-down (reversal of write-down) of inventories	23,405	(3,619)
Unrealized gain on sales	5,710	8,020
Realized gain on sales	(8,020)	(4,129)
Unrealized loss on foreign exchange	5,558	30,150
Net changes in operating assets and liabilities		
Accounts receivable	(31,656)	(5,958)
Accounts receivable from related parties	92,113	202,909
Other receivables	14,018	(14,182)
Other receivables from related parties	(752)	19,065
Inventories	(69,188)	(13,726)
Other current assets	358	1,834
Contract liabilities	(1,654)	(4,059)
Accounts payable	(33,112)	(10,444)
Accounts payable to related parties	(375,137)	(528,208)
Other payables	17,992	60,612
Other payables to related parties	(9,534)	(34,683)
Provisions	2,391	(6,568)
Other current liabilities	(13,318)	2,676
Net defined benefit liabilities	45	28
Cash used in operating activities	(116,679)	(28,509)
Income tax paid	(39,229)	(24,760)
Net cash used in operating activities	<u>(155,908)</u>	<u>(53,269)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(29,250)
Proceeds from sale of financial assets at amortized cost	34,810	-
Acquisition of investments accounted for using the equity method	-	(91,999)
Payments for property, plant, equipment	(61,773)	(65,363)
Payments for intangible assets	(811)	(147)
Increase in other non-current assets	(465)	(2,037)
Interest received	4,086	129
Net cash used in investing activities	<u>(24,153)</u>	<u>(188,667)</u>

(Continued)

# INNOCARE OPTOELECTRONICS CORPORATION

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

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 425,000	\$ -
Increase in guarantee deposits received	6,566	2,836
Repayment of the principal portion of lease liabilities	(12,694)	(10,874)
Cash dividends paid	(38,483)	-
Exercise of employee share options	11,607	57,775
Interest paid	(5,255)	(739)
Reorganization	<u>-</u>	<u>(16,830)</u>
Net cash generated from financing activities	<u>386,741</u>	<u>32,168</u>
NET INCREASE (DECREASE) IN CASH	206,680	(209,768)
CASH AT BEGINNING OF THE YEAR	<u>193,292</u>	<u>403,060</u>
CASH AT END OF THE YEAR	<u>\$ 399,972</u>	<u>\$ 193,292</u>

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

(Concluded)

**Attachment 4****InnoCare Optoelectronics Corporation  
2022 Earnings Distribution Table**

Unit: NT\$

Item	Amount	Remark
Unappropriated retained earnings of previous years	147,274,316	
Add : Net income after tax of 2022	<u>198,716,778</u>	
Deduct : Actuarial losses of Defined benefit plans	(178)	
Deduct : Share-based payment	(2,435,246)	
Deduct : Legal reserve	(19,628,135)	
Add : Special reserve (Note 1)	3,308,215	
Unappropriated retained earnings as of December 31, 2022	327,235,750	
Distribution item (Note 2)		
Cash dividends of common stock	(51,203,620)	NT\$1.30 per share
Unappropriated retained earnings	276,032,130	

Note 1: The Company shall set aside a special reserve from the reversal of deduction from shareholders' equity (including exchange differences from the translation of financial statements of foreign operations) for the current fiscal year.

Note 2: The retained earnings of 2022 are distributed first, in accordance with the Articles of Incorporation of the Company and the resolution of shareholders meeting.

Chairman:

Managerial Officer:

Chief Accountant:

## Attachment 5

### Comparative table for Amendment to Articles of Incorporation

Article No.	The Current Article	The Amended Article	Reasons for Amendment
Article 2	<p>The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronics Components Manufacturing.</p> <p>(2) CE01030 Optical Instruments Manufacturing.</p> <p>(3) CE01990 Other Optics and Precision Instrument Manufacturing.</p> <p>(4) CF01011 Medical Devices Manufacturing</p> <p>(5) F401010 International Trade.</p> <p>(6) F108031 Wholesale of Medical Devices.</p> <p>(7) F208031 Retail Sale of Medical Apparatus.</p> <p>(8) I501010 Product Designing.</p> <p>(9) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p> <p>(R&amp;D, design, production, and distribution of “Thin Film Transistor Photodiode (TFT-PD) panels,” “X-Ray Panel Image Detectors,” “X-Ray Sensor DR modules,” and “International Trade Involving the above-mentioned products.”)</p>	<p>The scope of business of the Company shall be as follows:</p> <p>(1) CC01080 Electronics Components Manufacturing.</p> <p>(2) CE01030 Optical Instruments Manufacturing.</p> <p>(3) CE01990 Other Optics and Precision Instrument Manufacturing.</p> <p>(4) CF01011 Medical Devices Manufacturing</p> <p>(5) F401010 International Trade.</p> <p>(6) F108031 Wholesale of Medical Devices.</p> <p>(7) F208031 Retail Sale of Medical Apparatus.</p> <p>(8) I501010 Product Designing.</p> <p>(9) <u>CE01010 General Instrument Manufacturing</u></p> <p>(10) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</p> <p>(R&amp;D, design, production, and distribution of “Thin Film Transistor Photodiode (TFT-PD) panels,” “X-Ray Panel Image Detectors,” “X-Ray Sensor DR modules,” “<u>X-Ray Detection Equipment</u>,” and “International Trade Involving the above-mentioned products.”)</p>	In accordance with the Company's operation plan.
Article 36	<p>This Articles of Incorporation was prepared on March 20, 2019. The first amendment was on September 1, 2019. The second amendment was on September 12, 2019. The third amendment was on July 7, 2020. The fourth amendment was on January 29, 2021. The fifth amendment was on May 12, 2021. The sixth amendment was on November 5, 2021. The seventh amendment was on May 24, 2022.</p>	<p>This Articles of Incorporation was prepared on March 20, 2019. The first amendment was on September 1, 2019. The second amendment was on September 12, 2019. The third amendment was on July 7, 2020. The fourth amendment was on January 29, 2021. The fifth amendment was on May 12, 2021. The sixth amendment was on November 5, 2021. The seventh amendment was on May 24, 2022. <u>The eighth amendment was on May 24, 2023.</u></p>	Clarify the Articles of Incorporation revision history.

Attachment 6

**Comparative table for Amendment to  
Procedures for the Acquisition and Disposition of Assets**

Article No.	The Current Article	The Amended Article	Reasons for Amendment
Article 9	<p>Procedures for the acquisition or disposal of intangible assets or right-of-use assets thereof</p> <p>The unit with demand shall perform feasibility assessment and prepare the report on intangible assets or right-of-use assets thereof to be acquired or disposed of by the Company <del>and submit it to the intellectual property right unit.</del></p> <p>1. Operating procedures</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>2. Transaction conditions and procedures to decide the authorized amount</p> <p>A. Price determination and reference basis:</p> <p>The unit with demand shall submit the transaction prices of equivalent intangible assets or right-of-use assets thereof on the market and may engage professional appraisers to render an appraisal report.</p> <p>B. Authorization level</p> <p>Where the transaction amount is less than 20 percent of the Company's paid-in capital, inclusive, the <del>Chairman</del> is authorized to make a decision; when it reaches 20 percent and above of the Company's paid-in capital, it shall be approved by one-half or more of all Audit Committee members in advance and submitted to the Board of Directors for approval before it may take place</p>	<p>Procedures for the acquisition or disposal of intangible assets or right-of-use assets thereof</p> <p>The unit with demand shall perform feasibility assessment and prepare the report on intangible assets or right-of-use assets thereof to be acquired or disposed of by the Company.</p> <p>1. Operating procedures</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>2. Transaction conditions and procedures to decide the authorized amount</p> <p>A. Price determination and reference basis:</p> <p>The unit with demand shall submit the transaction prices of equivalent intangible assets or right-of-use assets thereof on the market and may engage professional appraisers to render an appraisal report.</p> <p>B. Authorization level</p> <p>Where the transaction amount is less than 20 percent of the Company's paid-in capital, inclusive, the <u>responsible unit</u> is authorized to make a decision <u>in accordance with the Decision-making Power Guidelines</u>; when it reaches 20 percent and above of the Company's paid-in capital, it shall be approved by one-half or more of all Audit Committee members in advance and submitted to the Board of Directors for approval before it</p>	<p>The intangible assets include computer software, mail systems, etc., and it is meaningless to report to the intellectual property unit. If the intellectual property unit is required to assist in the evaluation, the in charge of the responsible unit would make the decision to conform to the actual operation process.</p> <p>In considering the scope of the intangible assets and acquisition of intangible assets needs to be signed by the Chairman in current, the revision is based on the Decision-making Power Guidelines.</p>

Article No.	The Current Article	The Amended Article	Reasons for Amendment
	<p>and the requirements under Article 17 Paragraphs 2 and 3 shall apply.</p> <p>3. Transaction process The acquisition or disposal of intangible assets or right-of-use assets thereof throughout the Company shall be based on the requirements for related purchase and payment cycle as part of the Company's Internal Control System.</p>	<p>may take place and the requirements under Article 17 Paragraphs 2 and 3 shall apply.</p> <p>3. Transaction process The acquisition or disposal of intangible assets or right-of-use assets thereof throughout the Company shall be based on the requirements for related purchase and payment cycle as part of the Company's Internal Control System.</p>	



Attachment 7

**Comparative table for Amendments to  
Rules of Shareholders' Meeting**

Article No.	The Current Article	The Amended Article	Reasons for Amendment
Article 3	<p>(Convening shareholders meetings and shareholders meeting notices) (Paragraph 1-7 are omitted) A shareholder holding one percent (1%) or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. (Paragraph 9-11 are omitted)</p>	<p>(Convening shareholders meetings and shareholders meeting notices) (Paragraph 1-7 are omitted) A shareholder holding one percent (1%) or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders' meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. <u>A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</u> (Paragraph 9-11 are omitted)</p>	To comply with the amendment of the regulations.
Article 16	<p>(Public disclosure) (Paragraph 1-2 are omitted) If matters put to a resolution at a shareholders meet constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange (TPEX)-regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>(Public disclosure) (Paragraph 1-2 are omitted) If matters put to a resolution at a shareholders meet constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (TWSE) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	The Company is listing and trading on the Taiwan Stock Exchange.