

# DARWIN PRECISIONS CORPORATION

## Meeting Minutes of 2023 Annual General Shareholders' Meeting

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

Means: Physical Shareholders Meeting

Place: Meeting Room in GIS HSP Convention Center EINSTIEN Room  
(2F, No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City, Taiwan)

Total shares represented by shareholders present in person or by proxy: 354,048,728 shares (including 336,071,965 shares casted electronically), representing 53.19% of the 665,555,114 outstanding shares of the Company, constituting the quorum.

Directors present: Kuo-Hsin (Michael) Tsai, Chairman and CEO

Sheng-Kai (SK) Huang, Director and President

I-Shih Chen, Independent Director, Convener of Audit Committee and Remuneration Committee

Cheng-Chung Li, Independent Director, Member of Audit Committee and Remuneration Committee

Attendee: An-Chih Cheng, Certified Public Accountant of KPMG

Chair: Kuo-Hsin (Michael) Tsai, Chairman and CEO

Recorder: Erica Chang

1. Meeting Commencement Announced (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.)

2. Chair's Address (Omitted)

3. Report Items

(1) To report the business of 2022

Explanation: The 2022 Business Report is attached hereto as Attachment 1.

(2) Audit Committee's Review Report of 2022

Explanation: The Audit Committee's Review Report is attached hereto as Attachment 2.

(3) To report the cash dividend distribution of 2022

Explanation:

a. In accordance with Article 18-2 of the Articles of Incorporation of the Company, where the Company has a profit at the end of each fiscal year, the Board of Directors shall prepare an earnings distribution proposal. Dividend distribution in the form of cash shall be approved by the Board of Directors and a report of such distribution shall be submitted to the shareholders' meeting.

b. The available earnings for distribution was NT\$101,969,935 at the end of the 2022 period, and the Company distributed cash dividends of NT\$0.15321035 per common share, have been approved by the meeting of Board held on April 25, 2023, and approved that the Chairman of the Board is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.

- c. If the dividend distribution ratio is adjusted due to a change in the Company's total number of outstanding common shares it is approved that the Chairman of the Board be authorized to adjust the ratio of dividend to be distributed to each common share based on the total amount of cash dividends and the actual number of common shares outstanding on the record date for distribution.
- d. The cash dividend is calculated according to the distribution ratio up to the nearest NT Dollar by unconditional rounding based on the names of shareholders and their shareholdings as recorded in the stockholders' register on the record date for distribution and the total undistributed dividend which less than one NT Dollar shall be adjusted by the decimal places from the largest to the smallest and the shareholder's account number from the first to the last in order to meet the total amount of cash dividends distributed.
- (4) To report the distribution of employees' and directors' remuneration of 2022

Explanation:

Distribution of NT\$15,814,345 and NT\$1,581,435 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of the Board of Directors held on February 6, 2023.

The Chair, President and the convener of the Audit Committee have explained the above report items to the shareholders and there were no questions from the shareholders.

#### 4. Recognition Items

- (1) To accept 2022 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

- a. The 2022 Financial Statements were audited by the independent auditors, Shyh-Huar Kuo and Chun-Yuan Wu of KPMG.
- b. For the 2022 Business Report, Independent Auditors' Report, and Financial Statements thereto, please refer to Attachment I and Attachments 3-4.

**Resolution:**

**Voting Results:**

354,048,728 shares were represented at the time of voting (including 336,071,965 shares casted electronically)

Voting Results	Voting Rights	Percentage of Voting Rights by Attending Shareholders
Votes in favor	338,964,997	95.73%
Votes against	436,647	0.12%
Votes invalid	0	0.00%
Votes abstained / Not voted	14,647,084	4.13%

RESOLVED, that the above proposal be and hereby was accepted as proposed after attending shareholders voted.

(2) To accept the proposal for the distribution of 2022 earnings (Proposed by the Board of Directors)

Explanation: For the Proposal for 2022 Earnings Distribution, please refer to Attachment 5.

**Resolution:**

**Voting Results:**

354,048,728 shares were represented at the time of voting (including 336,071,965 shares casted electronically)

Voting Results	Voting Rights	Percentage of Voting Rights by Attending Shareholders
Votes in favor	339,338,238	95.84%
Votes against	505,300	0.14%
Votes invalid	0	0.00%
Votes abstained / Not voted	14,205,190	4.01%

RESOLVED, that the above proposal be and hereby was accepted as proposed after attending shareholders voted.

(There were no questions from the shareholders on any of the above recognition items.)

5. Election Item

To elect seven directors (including three independent directors) being the thirteenth-term directors.

(Proposed by the Board of Directors)

Explanation:

- (1) The term of office for the twelfth-term directors expired on June 11, 2023. Thus, it is proposed to elect seven directors (including three independent directors) at the 2023 Annual General Shareholders' Meeting. The term of office for the new directors (including independent directors) is three years from June 14, 2023 to June 13, 2026. The twelfth-term directors will leave their office when the 2023 Annual General Shareholders' Meeting is completed.
- (2) According to the Company's Articles of Incorporation, directors shall be elected by adopting candidate nomination system and nomination and election of the directors shall be conducted in accordance with the applicable laws and regulations. Shareholders shall elect the directors from the nominated candidates. The academic background, experience, reason of continuing nomination and relevant information of the nominated candidates are attached hereto as Attachment 6.

**Result:**

The list of the newly elected directors with indication of votes received by each was as listed below:

The elected Directors:

Shareholder account number or identification document number	Shareholder Name or Name	Votes Received
144061	Kuo-Hsin (Michael) Tsai, Representative of AUO Corporation	667,498,051
144061	Sheng-Kai (SK) Huang, Representative of AUO Corporation	341,183,507

Shareholder account number or identification document number	Shareholder Name or Name	Votes Received
144061	Frank Ko, Representative of AUO Corporation	314,498,548
222671	Feng-Cheng Su	247,954,272

The elected Independent Directors:

Shareholder account number or identification document number	Shareholder Name or Name	Votes Received
B10045****	I-Shih Chen	287,192,546
VI2021****	Cheng-Chung Li	258,256,269
A21016****	Huei-Shih Lung	245,021,156

(There were no questions from the shareholders on the above election item.)

#### 6. Discussion Item

To lift non-competition restrictions on board members (Proposed by the Board of Directors)

Explanation:

- a. According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on behalf of other people that is within the Company's business scope, shall provide explanation for the essential contents of such conduct at the Shareholders' Meeting, and obtain approval therefrom.
- b. List of non-competition restrictions proposed to be lifted in the 2023 Annual General Shareholders' Meeting is as Attachment 7.

#### **Resolution:**

#### **Voting Results:**

354,048,728 shares were represented at the time of voting (including 336,071,965 shares casted electronically)

Voting Results	Voting Rights	Percentage of Voting Rights by Attending Shareholders
Votes in favor	338,533,857	95.61%
Votes against	1,013,448	0.28%
Votes invalid	0	0.00%
Votes abstained / Not voted	14,501,423	4.09%

RESOLVED, that the above proposal be and hereby was approved as proposed after attending shareholders voted.

(There were no questions from the shareholders on the above discussion item.)

7. Extraordinary Motions:

There were no extraordinary motions, and the Chair announced the meeting was finished and adjourned.

There were no questions from the shareholders about extraordinary motions.

8. Meeting Adjourn: 9:38 a.m. on the same day.

(The content of the statement recorded in this meeting minutes is only a summary. The actual speech shall be subject to on-site video and audio recording.)

(Because the percentage of approval votes, disapproval votes, invalid votes, abstention votes and no votes held by total votes is calculated to the second decimal place by unconditional rounding and then the total percentage might not be exactly equal to 100.00 %.)

## Attachment 1

### **2022 Annual Business Report**

The entire world was impacted by the COVID-19 pandemic in 2021; however, driven by the stay-at-home economy, the demand of the overall PC industry was very strong, and the overall revenue of DARWIN grew significantly. Entering 2022, because of the negative factors such as the continual impact of the pandemic, inflation and conflict between Ukraine and Russia, weakening of the global economy and channel inventories being too high, the market demand for notebook computers and desktop monitors rapidly declined in the second quarter; the performance and revenue of DARWIN were also affected by this and declined. Speeding up the adjustment of the operating system, strengthening technology development and client relationship have become the focuses of the company operation at this time.

Consolidated revenue for the FY2022 is NT\$14.47 billion, a decrease of 29% from 2021. The net operating loss for the same year is NT\$1.15 billion, with net profit after tax standing at NT\$126 million. The basic earnings per share is NT\$0.19.

#### **Looking back at 2022, important achievements and progresses are as follows:**

- Manufacturing:
  1. Non-competitive plants were converged to save operational costs and activate capital utilization.
  2. Improved the smart manufacturing capability of the Wujiang fab and Xiamen fab:  
Wujiang fab: NB automation transformation, increased prolificacy by 25%.  
Xiamen fab: MNT completed the construction of 2 new automated advanced process production lines, and increased production capacity by 30%.
- Precision Components:
  1. Mass production of NB Fly-cut LGP; shipment in 2022 was over 50K.
  2. Commercialization of MNT Fly-cut LGP; the panel plant was successfully introduced and verification had started. MP is expected to begin in Q3 of 2023.
  3. Car Mini LED BLU successfully introduced the panel plant client; MLP (Mini Lens Plate) related technologies can reduce LED usage effectively and improve the product cost performance. The development of Cavity Mini LED BLU has completed, which can improve the Halo effect; it is being actively promoted to clients.
  4. Fine metal masks (FMM): Continually developing thin (16um~20um) FMM for mobile phones and large width FMM for tablets and notebook computers, while conducting client product verifications.
  5. Crossed into the semiconductor QFN lead frame field by utilizing experiences in chemical etching integrated with electroplating technology. In terms of lead frame etching process, DARWIN has half-etching technology for fine metal masks, and the process can be copied and used for QFN to improve product precision; existing microetching technology can also be used for the roughening needs of client products to improve the adhesion of product packaging processes. Our etching equipment that combines customization and flexible scheduling allows us to develop and grow together with our clients.
  6. Integrated precision mold processing and electrochemical technologies and developed microneedle patch with fine structures. This product is a new transdermal delivery technology that can penetrate the stratum corneum and work directly on the dermis layer; it can be used for medical aesthetics, medical treatment, vaccines and bio-sensing applications in the future.

- **System Integration:**

1. Crossed into smart mobile: Cooperative development of smart display station signs and charging piles.
2. Crossed into field applications: Smart indicators at university campuses, transparent displays at train stations.
3. Customized manufacturing service: Professional monitors, advertising machines, central consoles and POS machine manufacturing services.

### **Overall Business Environment and Industry Trends:**

The PC industry will continue to maintain a steady growth trend in 2023. According to market research reports, the global income of the PC market is expected to reach US\$290 billion dollars in 2023, growing by approximately 3.5%. Predicted development trends that may impact the PC industry in 2023 include:

1. Artificial intelligence technology and big data technology will further impact and change the PC market.
2. Lightweight and ultra-thin designs; products will become thinner, lighter and easier to carry in the future.
3. The increase in game and entertainment needs will push the demand for higher specification PC hardware products.
4. The increase in awareness on sustainability and environmental protection; PC products will pay more attention to energy efficiency and the use of environmentally friendly materials in the future.

Market research companies also predict that the growth rate of the global in-vehicle display market will maintain at approximately 5~6% in 2023. There are several factors that might push the growth of this market. For example, improving driver experience will require the use of more in-vehicle displays, as well as the increasing demand from consumers for the intellectualization of vehicles, and connecting the Internet to entertainment. In addition, with the development of the self-driving technology and the Internet of Things, the in-vehicle display market may have more potentials. Steady market growth can be expected for the next five years. In-vehicle displays will become another incubation hotbed for the Mini LED backlight application field. In-vehicle displays have higher requirements for brightness, contrast and reliability; under the stimulation of the active pursuit of higher display effect and digital dashboard display trends, Mini LED backlights will also be the first to be widely equipped on new energy vehicles.

### **Business Strategy and Outlook**

Looking into 2023, the operation of DARWIN will still focus on stability and the strengthening of profitability:

1. For client products, complete the market realization of collimated back light (CBL) components and also enter mass production; its application fields include: privacy display applications and brightened energy-saving display applications.
2. Expand the implementation scale of Mini LED backlight modules for in-vehicle displays.
3. In 2023, the performances of NB and MNT are expected to grow each season. DARWIN manufacturing plants will quickly introduce automated production lines to improve manufacturing efficiency and quality capabilities, and to increase the proportion of high-end products in order to strengthen profitability.
4. In the second half of 2023, realize the plan to achieve full production of the seven MNT lines of the Xiamen fab.
5. System integration service business, we continue to optimize the energy of Taiwan's manufacturing service, and continue to promote smart application fields and system integration solutions, and also expand the overseas markets.

6. P-Device fine metal mask (FMM): Expanded into China's OLED FMM market, expanded the PMOLED metal mask business, and developed Quad Flat No Leads Package (QFN) lead frame sample for new application fields.
7. Continued to promote the microneedle technology, developed different base formulas for different application fields, and carried out supporting development for mass production automation.
8. Key technology development:
  - Development for applying privacy light guide plates on in-vehicle display products.
  - The energy efficiency of Fly-cut Gen I has improved by 10-15% and it is now mass produced, and we are now planning for second generation energy-saving high-brightness products, with a target energy efficiency of 40%.
  - Develop and promote front light guide plates that can be applied on e-paper readers and new generation reflective LCD or cholesteric liquid crystal displays.
  - Continue to optimize the modularization design of POS machines and display signages. Provide more choices for end-users through modular designs.
  - Continue to develop smart display solutions for field applications, such as: charging piles with smart display modules and customized smart display solutions.
  - Precision component business (FMM metal mask), continued to develop FMM for thin WQHD OLED smartphone applications; realized large AMOLED product applications and mass production.
  - Continually improved the microneedle patch technology and entered the mass production stage; the product has first entered the medical aesthetic field, and was used to develop whitening and anti-wrinkle skin care products. In the future, it will develop towards the medical medicine field.
  - Continued improving the semiconductor QFN lead frame process, and developed towards high-precision. Also, for the electroplating process, maskless photoresist electroplating production lines will be developed in response to the diverse production processes of QFN, to give high added-value to QFN lead frames. Value-added technical services and professional manufacturing capabilities will be provided to help clients further expand their market share, and we will continue to work hard to strengthen Taiwan's leading edge in semiconductor technology.

Global inflation and geopolitical rivalry are getting worse, and the business environment continues to be filled with challenges and uncertainty. DARWIN will use the stable and focused business philosophies to speed up the improvement of profitability and seek breakthroughs in technology development and layout of new businesses, actively pushing the improvement of business performances, and establish sustainable development business models to give back to the society, shareholders and employees for their support.

Kuo-Hsin (Michael) Tsai,  
Chairman

Sheng-Kai (SK) Huang,  
President

Kuo-Tai Ching,  
Chief Accounting Officer

## **Attachment 2**

### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2022. Shyh-Huar Kuo and Chun-Yuan Wu, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2022 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of DARWIN PRECISIONS CORPORATION. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

DARWIN PRECISIONS CORPORATION

Chair of the Audit Committee meeting

I-Shih Chen

April 25, 2023

## **Attachment 3**

# **Independent Auditors' Report**

To the Board of Directors of Darwin Precisions Corporation:

### **Opinion**

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

In our opinion, 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 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Please refer to individual financial report Note 4(15) and Note 6(16) of the financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. If the recognition occurs at inappropriate time, transactions that happened near the financial reporting date can have a significant impact on the financial statement. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

## 2. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) "Impairment of nonfinancial assets" , Note 5 "Critical accounting judgments and key sources of estimation and assumption uncertainty" , and Note 6(7) Impairment-non-financial assets of estimation" to the financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results;we also appointed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

## **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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the 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 investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period 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 audit resulting in this independent auditors' report are Shyh-Huar Kuo and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)  
February 6, 2023

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION**

**Balance Sheets**

**December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 1,523,896	8	898,828	4	2130	Contract liabilities—current(Note 6(16) and 7)	24,659	-	52,449	-
1170	Accounts receivable(Note 6(3))	311,889	2	699,638	4	2170	Accounts payable	208,432	1	247,636	1
1180	Accounts receivable from related parties (Note 6(3) and 7)	1,413,805	8	2,076,978	10	2180	Accounts payable to related parties(Note 7)	1,664,177	9	2,516,910	13
1200	Other receivables (Note 6(4))	2,236,841	12	54	-	2200	Other payables	471,821	3	474,743	2
1210	Other receivables from related parties (Note 6(4) and 7)	1,420,658	8	2,021,961	10	2220	Other payables to related parties (Note 7)	1,738,178	9	2,638,762	13
1310	Inventories (Note 6(5))	232,379	1	399,396	2	2250	Provisions—current (Note 6(11))	37,574	-	89,228	1
1476	Other financial assets—current (Note 8)	230,490	1	-	-	2320	Long-term borrowings, current portion (Note 6(10) and 8)	299,912	2	40,116	-
1479	Other current assets (Note (6)8)	14,386	-	13,707	-	2399	Other liabilities—current (Note 6(9) and 7)	464,442	3	466,159	2
		<u>7,384,344</u>	<u>40</u>	<u>6,110,562</u>	<u>30</u>			<u>4,909,195</u>	<u>27</u>	<u>6,526,003</u>	<u>32</u>
<b>Noncurrent assets:</b>						<b>Noncurrent liabilities:</b>					
1517	Financial assets at fair value through other comprehensive income—noncurrent (Note 6(2))	98,263	-	98,263	1	2540	Long-term borrowings (Note 6(10) and 8)	3,362,069	18	3,690,021	19
1550	Investments in equity-accounted investees (Note 6(6))	7,640,417	41	9,594,262	47	2570	Deferred tax liabilities (Note 6(13))	895,320	5	833,861	4
1600	Property, plant and equipment (Note 6(7) 、7 and 8)	2,529,427	14	4,289,917	21	2600	Other liabilities—noncurrent	92	-	272	-
1840	Deferred tax assets (Note 6(13))	138,373	1	148,275	1			<u>4,257,481</u>	<u>23</u>	<u>4,524,154</u>	<u>23</u>
1915	Prepayments for business facilities	10,508	-	20,374	-		<b>Total liabilities</b>	<u>9,166,676</u>	<u>50</u>	<u>11,050,157</u>	<u>55</u>
1980	Other financial assets—noncurrent(Note 8)	693,138	4	1,762	-		<b>Equity attributable to owners of parent (Note 6(14)):</b>				
		<u>11,110,126</u>	<u>60</u>	<u>14,152,853</u>	<u>70</u>	3100	Common Stock	6,655,551	36	6,655,551	32
						3200	Capital surplus	2,837,438	15	3,486,669	17
						3300	Retained earnings	920,934	5	146,039	1
						3400	Other components of equity	(1,086,129)	(6)	(1,075,001)	(5)
							<b>Total equity</b>	<u>9,327,794</u>	<u>50</u>	<u>9,213,258</u>	<u>45</u>
<b>Total assets</b>		<u>\$ 18,494,470</u>	<u>100</u>	<u>20,263,415</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 18,494,470</u>	<u>100</u>	<u>20,263,415</u>	<u>100</u>

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

**DARWIN PRECISIONS CORPORATION**

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue</b> (Note 6(16) and 7)	\$ 6,809,294	100	10,740,173	100
5000	<b>Operating costs</b> (Note 6(5), (12), (17), Note 7)	<u>6,886,017</u>	<u>101</u>	<u>10,767,523</u>	<u>100</u>
	<b>Gross loss from operations</b>	<u>(76,723)</u>	<u>(1)</u>	<u>(27,350)</u>	<u>-</u>
6000	<b>Operating expenses</b> (Note 6(12), (17) , Note 7):				
6100	Selling expenses	134,316	2	183,107	2
6200	Administrative expenses	359,512	6	331,897	3
6300	Research and development expenses	<u>355,673</u>	<u>5</u>	<u>321,001</u>	<u>3</u>
		<u>849,501</u>	<u>13</u>	<u>836,005</u>	<u>8</u>
	<b>Loss from Operations</b>	<u>(926,224)</u>	<u>(14)</u>	<u>(863,355)</u>	<u>(8)</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(18))	36,684	1	1,431	-
7010	Other income (Note 6(18) and 7)	167,852	2	163,314	2
7020	Other gains and losses (Note 6(7), (18) and 7)	1,085,178	16	19,295	-
7050	Finance costs (Note 6(18))	(41,290)	(1)	(36,790)	-
7370	Share of (losses) profit of subsidiaries, associates and joint ventures accounted for using the equity method, net (Note 6(6))	<u>(23,309)</u>	<u>-</u>	<u>43,984</u>	<u>-</u>
		<u>1,225,115</u>	<u>18</u>	<u>191,234</u>	<u>2</u>
7900	<b>Profit (loss) before income tax</b>	298,891	4	(672,121)	(6)
7950	Less: Income tax expenses (benefit) (Note 6(13))	<u>173,227</u>	<u>2</u>	<u>(22,890)</u>	<u>-</u>
8200	<b>Profit (loss) for the period</b>	<u>125,664</u>	<u>2</u>	<u>(649,231)</u>	<u>(6)</u>
	<b>Other comprehensive income:</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b> (Note 6(14))				
8361	Exchange differences on translation of foreign financial statements	(13,910)	-	(82,195)	(1)
8399	Income tax related to items that may be reclassified subsequently(Note 6(13))	<u>2,782</u>	<u>-</u>	<u>16,439</u>	<u>-</u>
8300	<b>Other comprehensive income(loss), net of tax</b>	<u>(11,128)</u>	<u>-</u>	<u>(65,756)</u>	<u>(1)</u>
8500	<b>Total comprehensive income (loss) for the year</b>	<u>\$ 114,536</u>	<u>2</u>	<u>(714,987)</u>	<u>(7)</u>
	<b>Earnings (loss) per share (NT dollars)</b> (Note 6(15))				
9750	Basic earnings (loss) per share	<u>\$ 0.19</u>		<u>(0.98)</u>	
9850	Diluted earnings (loss) per share	<u>\$ 0.19</u>		<u>(0.98)</u>	

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

**DARWIN PRECISIONS CORPORATION**

**Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
<b>Balance at January 1, 2021</b>	\$ 6,655,551	4,308,845	414,023	795,270	(1,236,199)	(26,906)	(1,006,745)	(2,500)	(1,009,245)	9,928,245
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(822,176)	-	-	822,176	822,176	-	-	-	-
Legal reserve used to cover accumulated deficits	-	-	(414,023)	-	414,023	-	-	-	-	-
	-	(822,176)	(414,023)	-	1,236,199	822,176	-	-	-	-
Loss for the year	-	-	-	-	(649,231)	(649,231)	-	-	-	(649,231)
Other comprehensive income for the year	-	-	-	-	-	-	(65,756)	-	(65,756)	(65,756)
Total comprehensive income (loss) for the year	-	-	-	-	(649,231)	(649,231)	(65,756)	-	(65,756)	(714,987)
<b>Balance at December 31, 2021</b>	<b>\$ 6,655,551</b>	<b>3,486,669</b>	<b>-</b>	<b>795,270</b>	<b>(649,231)</b>	<b>146,039</b>	<b>(1,072,501)</b>	<b>(2,500)</b>	<b>(1,075,001)</b>	<b>9,213,258</b>
<b>Balance at January 1, 2022</b>	\$ 6,655,551	3,486,669	-	795,270	(649,231)	146,039	(1,072,501)	(2,500)	(1,075,001)	9,213,258
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(649,231)	-	-	649,231	649,231	-	-	-	-
	-	(649,231)	-	-	649,231	649,231	-	-	-	-
Profit for the year	-	-	-	-	125,664	125,664	-	-	-	125,664
Other comprehensive income for the year	-	-	-	-	-	-	(11,128)	-	(11,128)	(11,128)
Total comprehensive income (loss) for the year	-	-	-	-	125,664	125,664	(11,128)	-	(11,128)	114,536
<b>Balance at December 31, 2022</b>	<b>\$ 6,655,551</b>	<b>2,837,438</b>	<b>-</b>	<b>795,270</b>	<b>125,664</b>	<b>920,934</b>	<b>(1,083,629)</b>	<b>(2,500)</b>	<b>(1,086,129)</b>	<b>9,327,794</b>

**DARWIN PRECISIONS CORPORATION****Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (Loss) before income tax</b>	\$ 298,891	(672,121)
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	316,328	346,956
Interest expense	41,290	36,790
Interest income	(36,684)	(1,431)
Dividend income	(1,939)	(1,768)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	23,309	(43,984)
Gain on disposal of property, plant and equipment, net	(970,015)	(24,444)
<b>Total adjustments to reconcile (loss) profit</b>	<u>(627,711)</u>	<u>312,119</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in accounts receivable	387,749	50,589
Decrease (increase) in accounts receivable from related parties	663,173	(452,014)
Increase in other receivables	(4,835)	(26)
Decrease (increase) in other receivable from related parties	601,303	(884,554)
Decrease in inventories	167,017	94,316
(Increase) decrease in prepaid assets	(1,442)	4,947
Decrease in other current assets	3,532	7,158
<b>Total changes in operating assets</b>	<u>1,816,497</u>	<u>(1,179,584)</u>
<b>Changes in operating liabilities:</b>		
Decrease in accounts payable	(39,204)	(130,131)
(Decrease) increase in accounts payable to related parties	(852,733)	140,173
Increase (decrease) in other payables	5,665	(89,573)
(Decrease) increase in other payable to related parties	(900,584)	822,026
(Decrease) increase in provisions	(51,654)	29,505
(Decrease) increase in other current liabilities	(29,507)	196,356
<b>Total changes in operating liabilities</b>	<u>(1,868,017)</u>	<u>968,356</u>
<b>Total changes in operating assets and liabilities</b>	<u>(51,520)</u>	<u>(211,228)</u>
<b>Total adjustments</b>	<u>(679,231)</u>	<u>100,891</u>
Cash generated from operations	(380,340)	(571,230)
Interest received	36,684	1,431
Dividends received	1,823,418	352,471
Interest paid	(40,841)	(37,038)
Income taxes paid	(101,853)	(35,877)
<b>Net cash flows from (used in) operating activities</b>	<u>1,337,068</u>	<u>(290,243)</u>
<b>Cash flows from (used in) investing activities:</b>		
Return of capital of investments in equity-accounted investees	95,147	-
Acquisition of property, plant and equipment	(35,310)	(90,276)
Proceeds from disposal of property, plant and equipment	2,458,218	93,069
Decrease (Increase) in refundable deposits	94	(148)
Increase in other receivables	(2,231,952)	-
Increase in other financial assets	(921,960)	-
Increase in prepayments for business facilities	(7,901)	(10,219)
<b>Net cash used in investing activities</b>	<u>(643,664)</u>	<u>(7,574)</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	4,186,960	1,986,000
Repayments of long-term borrowings	(4,255,116)	(2,037,351)
Decrease in guarantee deposits received	(180)	-
<b>Net cash used in financing activities</b>	<u>(68,336)</u>	<u>(51,351)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	625,068	(349,168)
<b>Cash and cash equivalents at beginning of period</b>	898,828	1,247,996
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,523,896</u>	<u>898,828</u>

## **Attachment 4**

# **Independent Auditors' Report**

To the Board of Directors of Darwin Precisions Corporation:

### **Opinion**

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

In our opinion, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Certification of Financial Statements by Certified Public Accountants and 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **1. Revenue recognition**

Please refer to Note 4(15) and Note 6(18) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

2. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) “Impairment of nonfinancial assets”, Note 5 “Critical accounting judgments and key sources of estimation and assumption uncertainty”, and Note 6(7) “Impairment-non-financial assets of estimation” of the consolidated financial statements.

Description of key audit matter:

The Group operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group’s controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Group and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets’ future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; We also performed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

## **Other Matter**

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit 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 with the IFRSs, IAS, IFRIC, 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 (inclusive of the Audit Committee) are responsible for overseeing the Company'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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 audit resulting in this independent auditors' report are Shyh-Huar Kuo and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)  
February 6, 2023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(1))	\$ 4,058,322	22	5,958,728	30	2100	Short-term loans (note 6(10))	\$ -	-	43,324	-
1110	Financial assets at fair value through profit or loss—current (note 6(2))	9,752	-	13,597	-	2130	Contract liabilities—current (note 6(18) and 7)	54,011	-	77,521	-
1150	Notes receivable (note 6(3))	-	-	68,831	-	2170	Accounts payable	2,095,230	11	3,895,029	20
1170	Accounts receivable (note 6(3))	1,025,278	6	1,589,699	8	2180	Accounts payable to related parties (note 7)	94,113	-	212,511	1
1180	Accounts receivable from related parties (note 6(3) and 7)	1,404,727	8	1,968,934	10	2200	Other payables	1,026,278	6	1,266,546	6
1200	Other receivables (note 6(4))	2,275,537	13	42,076	-	2220	Other payables to related parties (note 7)	14,990	-	19,673	-
1210	Other receivables from related parties (note 6(4) and 7)	557	-	1,967	-	2230	Current tax liabilities	108,172	1	227,753	1
1310	Inventories (note 6(5))	984,181	5	1,691,159	9	2250	Provisions—current (note 6(13))	58,938	-	93,215	1
1476	Other financial assets—current (note 8)	230,490	1	-	-	2320	Long-term borrowings, current portion (note 6(12) and 8)	300,794	2	40,116	-
1479	Other current assets (note 6(9) and 7)	72,177	-	153,047	1	2399	Other current liabilities (note 6(11) and 7)	325,934	2	123,801	1
		<u>10,061,021</u>	<u>55</u>	<u>11,488,038</u>	<u>58</u>			<u>4,078,460</u>	<u>22</u>	<u>5,999,489</u>	<u>30</u>
<b>Noncurrent assets:</b>						<b>Noncurrent liabilities:</b>					
1517	Financial assets at fair value through other comprehensive income—noncurrent (note 6(2))	98,263	1	98,263	-	2540	Long-term borrowings (note 6(12) and 8)	3,787,843	21	3,690,021	19
1535	Financial assets at amortized cost (note 6(2))	1,142,218	6	706,340	4	2550	Provisions—noncurrent (note 6(13))	4,688	-	17,004	-
1550	Investments in equity-accounted investees (note 6(6))	257,410	1	330,192	2	2570	Deferred tax liabilities (note 6(15))	895,320	5	833,861	4
1600	Property, plant and equipment (note 6(7),7 and 8)	5,572,871	31	6,848,937	34	2600	Other noncurrent liabilities	88,785	-	101,887	1
1755	Right-of-use assets (note 6(8) and 8)	204,974	1	210,084	1			<u>4,776,636</u>	<u>26</u>	<u>4,642,773</u>	<u>24</u>
1840	Deferred tax assets (note 6(15))	138,373	1	148,275	1		<b>Total liabilities</b>	<u>8,855,096</u>	<u>48</u>	<u>10,642,262</u>	<u>54</u>
1915	Prepayments for business facilities	10,508	-	20,374	-	<b>Equity attributable to owners of parent (note 6(16)):</b>					
1980	Other financial assets—noncurrent (note 8)	694,751	4	4,048	-	3100	Common stock	6,655,551	37	6,655,551	33
1995	Other noncurrent assets	2,501	-	969	-	3200	Capital surplus	2,837,438	16	3,486,669	17
		<u>8,121,869</u>	<u>45</u>	<u>8,367,482</u>	<u>42</u>	3300	Retained earnings	920,934	5	146,039	1
						3400	Other components of equity	(1,086,129)	(6)	(1,075,001)	(5)
							<b>Total equity</b>	<u>9,327,794</u>	<u>52</u>	<u>9,213,258</u>	<u>46</u>
<b>Total assets</b>		<u>\$ 18,182,890</u>	<u>100</u>	<u>19,855,520</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 18,182,890</u>	<u>100</u>	<u>19,855,520</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating Revenue</b> (notes 6(18) and 7)	\$ 14,465,590	100	20,284,221	100
5000	<b>Operating Costs</b> (notes 6(5), (14) and 7)	14,493,310	100	20,287,932	100
	<b>Gross loss from operations</b>	(27,720)	-	(3,711)	-
6000	<b>Operating expenses</b> (notes 6(3), (14) and 7):				
6100	Selling expenses	185,374	1	246,448	1
6200	Administrative expenses	580,586	4	705,710	3
6300	Research and development expenses	355,674	2	321,001	2
		1,121,634	7	1,273,159	6
	<b>Loss from Operations</b>	(1,149,354)	(7)	(1,276,870)	(6)
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(20))	119,364	-	84,313	-
7010	Other income (note 6(20) and 7)	146,197	1	110,918	1
7020	Other gains and losses (note 6(7) 、(20) and 7)	1,330,751	9	744,050	4
7050	Finance costs (note 6(20))	(45,317)	-	(37,046)	-
7370	Share of losses of associates and joint ventures accounted for using the equity method, net (note 6(6))	(12,533)	-	(107,146)	(1)
		1,538,462	10	795,089	4
7900	<b>Profit (loss) before income tax</b>	389,108	3	(481,781)	(2)
7950	Less: Income tax expenses (note 6(15))	263,444	2	167,450	1
	Profit (loss) for the period	125,664	1	(649,231)	(3)
8200	<b>Other comprehensive income:</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b> (note 6(16))				
8361	Exchange differences on translation of foreign financial statements	(13,910)	-	(82,195)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(15))	2,782	-	16,439	-
8300	<b>Other comprehensive income (loss), net of tax</b>	(11,128)	-	(65,756)	-
8500	<b>Total comprehensive income (loss) for the year</b>	\$ 114,536	1	(714,987)	(3)
	<b>Earnings (loss) per share (NT dollars)</b> (note 6(17))				
9750	Basic earnings (loss) per share	\$ 0.19		(0.98)	
9850	Diluted earnings (loss) per share	\$ 0.19		(0.98)	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Other components of equity			Total equity
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total				
<b>Balance at January 1, 2021</b>	\$ 6,655,551	4,308,845	414,023	795,270	(1,236,199)	(26,906)	(1,006,745)	(2,500)	(1,009,245)	9,928,245
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(822,176)	-	-	822,176	822,176	-	-	-	-
Legal reserve used to cover accumulated deficits	-	-	(414,023)	-	414,023	-	-	-	-	-
	-	(822,176)	(414,023)	-	1,236,199	822,176	-	-	-	-
Loss for the year	-	-	-	-	(649,231)	(649,231)	-	-	-	(649,231)
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(65,756)	-	(65,756)	(65,756)
Total comprehensive income (loss) for the year	-	-	-	-	(649,231)	(649,231)	(65,756)	-	(65,756)	(714,987)
<b>Balance at December 31, 2021</b>	<b>\$ 6,655,551</b>	<b>3,486,669</b>	<b>-</b>	<b>795,270</b>	<b>(649,231)</b>	<b>146,039</b>	<b>(1,072,501)</b>	<b>(2,500)</b>	<b>(1,075,001)</b>	<b>9,213,258</b>
<b>Balance at January 1, 2022</b>	\$ 6,655,551	3,486,669	-	795,270	(649,231)	146,039	(1,072,501)	(2,500)	(1,075,001)	9,213,258
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(649,231)	-	-	649,231	649,231	-	-	-	-
	-	(649,231)	-	-	649,231	649,231	-	-	-	-
Profit for the year	-	-	-	-	125,664	125,664	-	-	-	125,664
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(11,128)	-	(11,128)	(11,128)
Total comprehensive income (loss) for the year	-	-	-	-	125,664	125,664	(11,128)	-	(11,128)	114,536
<b>Balance at December 31, 2022</b>	<b>\$ 6,655,551</b>	<b>2,837,438</b>	<b>-</b>	<b>795,270</b>	<b>125,664</b>	<b>920,934</b>	<b>(1,083,629)</b>	<b>(2,500)</b>	<b>(1,086,129)</b>	<b>9,327,794</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before income tax</b>	\$ 389,108	(481,781)
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	965,055	1,090,465
Expected credit gain	-	(2,318)
Net loss (gain) on financial instruments at fair value through profit or loss	80,068	(63,945)
Interest expense	45,317	37,046
Interest income	(119,364)	(84,313)
Dividend income	(1,939)	(1,768)
Share of loss of associates and joint ventures accounted for using equity method	12,533	107,146
Gain on disposal of investment	(148,620)	-
Gains on disposal of property, plant and equipment, net	(1,036,920)	(714,552)
Gains on disposal of right-of-use asset	-	(8,294)
Others	-	(143)
<b>Total adjustments to reconcile profit</b>	(203,870)	359,324
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Increase) decrease in Financial assets at fair value through profit or loss	(76,223)	123,166
Decrease in notes and accounts receivable	633,252	269,315
Decrease (increase) in accounts receivable from related parties	564,207	(521,930)
(Increase) decrease in other receivables	(4,883)	1,164
Decrease in other receivables from related parties	1,410	461,684
Decrease (increase) in inventories	698,366	(161,489)
Decrease (increase) in other current assets	71,944	(5,418)
(Increase) decrease in other noncurrent assets	(1,532)	4,350
<b>Total changes in operating assets</b>	1,886,541	170,842
<b>Changes in operating liabilities:</b>		
(Decrease) increase in accounts payable	(1,799,799)	707,389
(Decrease) increase in accounts payable to related parties	(118,398)	10,862
Decrease in other payables	(201,284)	(42,925)
(Decrease) increase in other payable to related parties	(4,683)	3,421
(Decrease) increase in provisions	(46,882)	15,748
Increase in other current liabilities	178,623	34,876
Increase in other noncurrent liabilities	6,834	44,904
<b>Total changes in operating liabilities</b>	(1,985,589)	774,275
<b>Total changes in operating assets and liabilities</b>	(99,048)	945,117
<b>Total adjustments</b>	(302,918)	1,304,441

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
Cash generated from operations	86,190	822,660
Interest received	93,113	61,967
Dividends received	1,939	1,768
Interest paid	(44,477)	(37,235)
Income taxes paid	(299,291)	(126,302)
<b>Net cash (used in) provided by operating activities</b>	<u>(162,526)</u>	<u>722,858</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	(402,664)	(695,648)
Proceeds from disposal of financial assets at fair value through profit or loss	-	551,841
Return of capital of investments in equity-accounted investees	83,152	-
Acquisition of property, plant and equipment	(1,159,678)	(798,118)
Proceeds from disposal of property, plant and equipment	2,539,347	1,214,515
Proceed from disposal of right-of-use assets	-	12,752
Decrease in refundable deposits	1,158	3,878
Increase in other receivables	(2,231,952)	-
Increase in other financial assets	(921,960)	-
Increase in prepayments for business facilities	(7,901)	(10,219)
<b>Net cash (used in) provided by investing activities</b>	<u>(2,100,498)</u>	<u>279,001</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from short-term borrowings	118,894	173,426
Repayments of short-term borrowings	(162,814)	(130,000)
Proceeds from long-term borrowings	4,613,616	1,986,000
Repayments of long-term borrowings	(4,255,116)	(2,037,351)
(Decrease) increase in guarantee deposits received	(19,936)	19,546
Payment of lease liabilities	-	(4,857)
<b>Net cash provided by financing activities</b>	<u>294,644</u>	<u>6,764</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>67,974</u>	<u>(47,871)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(1,900,406)	960,752
<b>Cash and cash equivalents at beginning of year</b>	5,958,728	4,997,976
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 4,058,322</b></u>	<u><b>5,958,728</b></u>

## Attachment 5

### DARWIN PRECISIONS CORPORATION 2022 Earnings Distribution Proposal

	Amount in NT\$
Items	Amount
<b>Net income of 2022</b>	125,664,198
Less : Provisioned as legal reserve	(12,566,420)
Less : Appropriation of special reserve(Note 1)	(11,127,843)
<b>Retained earnings available for distribution as of December 31, 2022</b>	101,969,935
Distribution item:	
Cash dividends to shareholders (Note 2) (NT\$0.15321035 per share)	(101,969,935)
<b>Unappropriated retained earnings, ending balance</b>	0

Note1 : The Copmany set aside the special reserve based on the decrease of other components of equity (Exchange differences on translation of foreign financial statements) that occurred in the current year.

Note2 : The above dividend per share is calculated based on the number of common shares outstanding shares on the date of local book-close period for the 2023 Annual General Shareholders' Meeting (April 16, 2023). The actual dividend per share will be based on the actual number of common shares outstanding on the record date for distribution and the total amount of cash dividends.

Kuo-Hsin (Michael) Tsai,  
Chairman

Sheng-Kai (SK) Huang,  
President

Kuo-Tai Ching,  
Chief Accounting Officer

## Attachment 6

### List of Director Candidates (Nominated by the Company's Board of Directors)

No.	Types of Nominee	Name	Gender	Shareholding (Note)	Major Education & Experience	Major Current Positions
1	Director	Kuo-Hsin (Michael) Tsai, Representative of AUO Corporation	Male	190,107,961	<ul style="list-style-type: none"> <li>- Executive MBA, National Chiao Tung University</li> <li>- President and COO, AUO Corporation</li> <li>- Senior Vice President and the General Manager, Video Solutions Business Group, AUO Corporation</li> </ul>	- Chairman and CEO, DARWIN PRECISIONS CORPORATION
2	Director	Sheng-Kai (SK) Huang, Representative of AUO Corporation	Male		<ul style="list-style-type: none"> <li>- Master of Business Administration EMBA, National Taiwan University</li> <li>- Master of Physics, National Cheng Kung University</li> <li>- Vice President, Manufacturing Business, AUO Corporation</li> <li>- Chairman and President, AUO Envirotech Inc.</li> </ul>	- President, DARWIN PRECISIONS CORPORATION
3	Director	Frank Ko, Representative of AUO Corporation	Male		<ul style="list-style-type: none"> <li>- Ph.D., Photonics, National Chiao Tung University</li> <li>- President and COO, AUO Corporation</li> <li>- Chairman and CEO, E INK HOLDINGS INC.</li> <li>- Vice President, Strategic Development Office, AUO Corporation</li> <li>- Vice President, TV Display Business Group, AUO Corporation</li> </ul>	<ul style="list-style-type: none"> <li>- Director, AUO Corporation</li> <li>- CEO and President, AUO Corporation</li> <li>- Director, ADLINK TECHNOLOGY INC.</li> </ul>
4	Director	Feng-Cheng Su	Male	42,000	<ul style="list-style-type: none"> <li>- Ph.D. , Materials Science and Engineering, State University of New York, Stony Brook</li> <li>- Vice President, AUO Corporation</li> </ul>	<ul style="list-style-type: none"> <li>- Director, ENNOSTAR Inc.</li> <li>- Chairman and CEO, Lextar Electronics Corp.</li> <li>- Chairman, Yenrich Technology Corporation</li> <li>- Chairman, Hexawave, Inc.</li> <li>- Chairman, Trendylite Corporation</li> <li>- Chairman, Vogito Innovation Co., Ltd</li> </ul>
5	Independent Director	I-Shih Chen	Male	0	<ul style="list-style-type: none"> <li>- Master of Management Science, National Chiao Tung University</li> <li>- Vice President, ACER INCORPORATED</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman and CSO, Apacer Technology Inc.</li> <li>- Director, JOIUP TECHNOLOGY INC.</li> <li>- Director, OTO PHOTONICS INC.</li> </ul>

No.	Types of Nominee	Name	Gender	Shareholding (Note)	Major Education & Experience	Major Current Positions
6	Independent Director	Cheng-Chung Li	Male	0	<ul style="list-style-type: none"> <li>- Ph.D., Materials Engineering, National Chiao Tung University</li> <li>- Master of Business EMBA, Stanford University</li> <li>- Deputy General Director of Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute</li> <li>- Deputy Director of Display Center Director Room, Industrial Technology Research Institute</li> </ul>	<ul style="list-style-type: none"> <li>- Deputy General Director of Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute</li> </ul>
7	Independent Director	Huei-Shih Lung	Female	0	<ul style="list-style-type: none"> <li>- Bachelor, Department of Business Administration, National ChengChi University</li> <li>- Chief Accounting Officer, ACER INCORPORATED</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman, HsiangLung Investment Co. Ltd.</li> <li>- Chairman, Aserve Technology Corp.</li> <li>- Independent Director and member of Remuneration Committee, AOPEN Incorporated</li> <li>- Independent Director and member of Remuneration Committee, ProLight Opto Technology Corporation</li> <li>- Independent Director and member of Remuneration Committee, Acer Cyber Security Inc.</li> </ul>

Note : The collective shareholdings were shown as of April 16, 2023, the first date of local book close period for the 2023 Annual General Shareholders' Meeting.

**Reason of continuing to nominate Mr. I-Shih Chen who has served consecutively as independent director for three consecutive terms as independent director of the Company:**

Mr. I-Shih Chen has met the requirements of independence during his service as a director, and has rich industry experience and the professional ability required for business execution, so that he can continue to provide supervision and professional advice by using his expertise to the Board of Directors. In consideration of the overall diversification of the members of the Board of Directors, Mr. I-Shih Chen continues to be nominated as an independent director of the Company in this election.

## Attachment 7

### List of non-competition restrictions proposed to be lifted

Name	Released restriction items
AUO Corporation	<ul style="list-style-type: none"><li>- Director, Qisda Corporation</li><li>- Director, AUO Crystal Corporation</li><li>- Director, Konly Venture Corp.</li><li>- Director, Ronly Venture Corp.</li><li>- Director, Star River Energy Corp.</li><li>- Director, Star Shining Energy Corporation</li><li>- Director, Space Money Inc.</li><li>- Director, AUO Envirotech Inc.</li><li>- Director, AUO Display Plus Corporation</li><li>- Director, Da Ping Green Energy Corporation</li><li>- Director, AUO Health Corporation</li><li>- Director, AUO Care Inc.</li><li>- Director, ADLINK TECHNOLOGY INC.</li><li>- Director, ENNOSTAR Inc.</li><li>- Director, SINTRONES Technology Corp.</li></ul>
Kuo-Hsin (Michael) Tsai	<ul style="list-style-type: none"><li>- Chairman, Darwin Precisions (L) Corp.</li><li>- Chairman, Darwin Precisions (Hong Kong) Limited</li><li>- Chairman, FORHOUSE INTERNATIONAL HOLDING LTD.</li><li>- Chairman, FORTECH INTERNATIONAL CORP.</li><li>- Chairman, FORWARD OPTRONICS INTERNATIONAL CORPORATION</li><li>- Chairman, FOREFRONT CORPORATION</li><li>- Chairman, BriView (L) Corp.</li><li>- Director, WiBASE Industrial Solutions Inc.</li></ul>

Name	Released restriction items
Sheng-Kai (SK) Huang	<ul style="list-style-type: none"> <li>- Director, Darwin Precisions (L) Corp.</li> <li>- Director, FORHOUSE INTERNATIONAL HOLDING LTD.</li> <li>- Director, FORTECH INTERNATIONAL CORP.</li> <li>- Director, FORWARD OPTRONICS INTERNATIONAL CORPORATION</li> <li>- Director, FOREFRONT CORPORATION</li> <li>- Director, BriView (L) Corp.</li> <li>- Chairman, Darwin Precisions (Xiamen) Corp.</li> <li>- Chairman, Fortech Electronics (Suzhou) Co., Ltd.</li> <li>- Chairman, Darwin Precisions (Suzhou) Corp.</li> <li>- Chairman, Suzhou Forplax Optronics Co., Ltd.</li> <li>- Chairman, Forhouse Electronics (Suzhou) Co., Ltd.</li> </ul>
Frank Ko	<ul style="list-style-type: none"> <li>- Director, AUO Corporation</li> <li>- CEO and President, AUO Corporation</li> <li>- Director, ADLINK TECHNOLOGY INC.</li> <li>- Director, AUO Display Plus Corporation</li> <li>- Director, AUO Health Inc.</li> <li>- Director, AUO Display Plus America Corp.</li> <li>- Director, AUO Display Plus Netherlands B.V.</li> <li>- Director, Rise Vision Incorporated</li> <li>- Director, AUO Foundation</li> <li>- Director, Heilongjiang Talenda Smart Display Technology Co., Ltd.</li> </ul>
Feng-Cheng Su	<ul style="list-style-type: none"> <li>- Director, ENNOSTAR Inc.</li> <li>- Chairman and CEO, Lextar Electronics Corp.</li> <li>- Chairman, Yenrich Technology Corporation</li> <li>- Chairman, Liang Li Venture Corp.</li> <li>- Chairman, Wellybond Corporation</li> <li>- Chairman, Hexawave, Inc.</li> <li>- Chairman, Trendylite Corporation</li> <li>- Chairman, Vogito Innovation Co., Ltd</li> <li>- Director, Wellypower Optronics Corporation</li> <li>- Director, Apower Optronics Corporation</li> <li>- Director, WellyWave Semiconductors Inc.</li> <li>- Director, WELLYHERTZ ELECTRONICS CORP.</li> <li>- Director, Wellybond Optronics (H.K.) Corporation</li> </ul>

Name	Released restriction items
I-Shih Chen	<ul style="list-style-type: none"> <li>- Chairman and CSO, Apacer Technology Inc.</li> <li>- Director, Apacer Technology (BVI) Inc.</li> <li>- Director, JOIUP TECHNOLOGY INC.</li> <li>- Director, OTO PHOTONICS INC.</li> </ul>
Cheng-Chung Li	<ul style="list-style-type: none"> <li>- Deputy General Director of Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute</li> </ul>
Huei-Shih Lung	<ul style="list-style-type: none"> <li>- Chairman, HsiangLung Investment Co. Ltd.</li> <li>- Chairman, Aserve Technology Corp.</li> <li>- Independent Director and member of Remuneration Committee, AOPEN Incorporated</li> <li>- Independent Director and member of Remuneration Committee, ProLight Opto Technology Corporation</li> <li>- Independent Director and member of Remuneration Committee, Acer Cyber Security Inc.</li> </ul>