

# **TXC Corporation**

## **2024 Annual Shareholders' Meeting Procedure**

**I. Call Meeting to Order**

**II. Chairman's Address**

**III. Reported Matters**

**IV. Acknowledged Matters**

**V. Discussion Matters**

**VI. Extemporaneous Motions**

**VII. Meeting Adjourned**

# **TXC Corporation**

## **2024 Annual Shareholders' Meeting Agenda**

**Time: 9:30 a.m., May 28, 2024 (Tuesday)**

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

**Type of Meeting: Hybrid Shareholders' Meeting (Adopt physical shareholders meeting and hold it through video-assisted method)**

**Video conferencing platform: Taiwan Depository & Clearing Corporation "eMeeting"  
(<https://stockservices.tdcc.com.tw>)**

### **1. Call Meeting to Order**

### **2. Chairman's Address**

### **3. Reported Matters**

- (1) To report the business of 2023
- (2) Audit Committee's review report
- (3) To report 2023 employees' profit sharing bonus and directors' compensation
- (4) To report 2023 earnings distribution

### **4. Acknowledged Matters**

- (1) To accept 2023 Business Report and Financial Statements

### **5. Discussion Matters**

- (1) To remove the restriction of non-compete agreement of directors
- (2) To issue common shares for cash capital increase through private placement

### **6. Extemporaneous Motions**

### **7. Meeting Adjourned**

## Reported Matters

### Reported Matter (1)

Subject : To report the business of 2023

Description :

1. The company's 2023 consolidated revenue was NT\$10,850,402 thousand, a decrease of 17.61% over last year. Net income was NT\$ 1,713,702 thousand, a decrease of 38.92% over last year.
2. Business report and related financial statements please refer to Appendix (1) and (3).

### Reported Matter (2)

Subject : Audit Committee's review report

Description :

1. The company's 2023 financial Statements were reviewed by Audit Committee and audited by independent auditors, Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
2. Request audit committee to read audit report and please refer to Appendix (2).

### Reported Matter (3)

Subject : To report 2023 employees' profit sharing bonus and directors' compensation

Description :

1. The company's 2023 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$2,164,784,635 according to the Article 19 of Articles of Incorporation, the Board of Directors approved employees' profit sharing bonus is NT\$194,830,617 (9%) and directors' compensation is NT\$32,471,770 (1.5%) which are to be distributed in cash. The employees eligible to the employee's remuneration include the full time employees of parent company and subsidiary.
2. There are no different from the expenses acknowledge of 2023.

### Reported Matter (4)

Subject : To report 2023 earnings distribution

Description :

1. The company's net profits for 2023 were NT\$1,713,702,009. After the legal reserve and special reserve were allocated according to law and the undistributed profit at the beginning of the year was added, the amount of distributable surplus is NT\$4,619,628,662. The company is planned to distribute Cash Dividends NT\$1,393,910,640 (NT\$4.5 per share) to shareholders. After distribution, the undistributed surplus will be NT\$3,225,718,022.
2. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
3. The total amount of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly should if convertible corporate bonds are converted into common shares or TXC subsequently buyback of company shares or transfer or cancellation of treasury stock or capital increase by cash, a proposal shall be made at the shareholders' meeting to authorize the board of directors to handle related matters.
4. The base date of distribution of cash dividends, distribution date and related matters shall be determined by the chairman of the board of directors and handled with full authority.
5. The proposal of earnings distribution please refer to Appendix (4).

## **Acknowledged Matters**

### **Acknowledged Matter (1)**

**Proposed by the Board of Directors**

Subject : To accept 2023 Business Report and Financial Statements

Description :

1. 2023 business report, financial statements and earnings distribution please refer to Appendix (1), (3) and (4).
2. The above business report, financial statements and earnings distribution were approved by the board of directors and reviewed by the audit committee. The financial statements were audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
3. Please accept the aforementioned.

Resolution :

## Discussion Matters

### Discussion Matter (1)

Proposed by the Board of Directors

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

Description :

1. In accordance with Article 209 of the Company Act “A director engaging, either for himself or on behalf of another person that are within the scope of the company's business, shall explain to the meeting of shareholders the essential details of such activities and secure its approval.”
2. For the restrictions of non-compete items for directors proposed to be approved at the 2024 Annual Shareholders’ Meeting of are as follows:

Title	Name	The Restrictions of Non-Compete Items	
Director	Lin, Jin-Bao	GALLOPWAVE INC.	Juristic-person director representative
Independent Director	Su, Yan-Syue	UNIVERSAL CEMENT CORPORATION	Independent Director
Independent Director	Wang, Chuan-Fen	Lotus Pharmaceutical Co., Ltd.	Independent Director
		O-Bank Co., Ltd.	Independent Director

3. Please approve.

Resolution :

### Discussion Matter (2)

Proposed by the Board of Directors

Subject : To issue Common Shares for Cash Capital Increase through Private Placement

Description :

1. In order to cooperate with long-term operational development with introducing strategic partners, enriches working capital, strengthens the financial structure, and considers the cost of raising funds and the timeliness and convenience, the company plans to comply with the provisions of Article 43-6 of the Securities and Exchange Act.

At an appropriate time, the cash capital increase and the issuance of common shares in the form of private placement will be submitted to the shareholders' meeting to authorize the board of directors to decide based on the circumstances of the specific person and market conditions in the future. This will be conducted in batches (up to two batches) within one year from the date the shareholders' meeting resolves this private placement case.

2. The company’s cash capital increase and issuance of common shares by private placement are as follows:

(1) Private placement amount and number of shares: it is estimated that the total number of private placement common shares will not exceed 25,000,000 shares, with a par value of NT\$10 per share. The actual number of shares issued will not exceed the estimated number of private placement shares approved by the shareholders' meeting, and will be submitted to the shareholders' meeting. The board of

directors is authorized to handle the matter according to the circumstances of the specific person and market conditions in the future.

(2) Matters to be explained when conducting private placement of securities in accordance with Article 43-6 of the Securities and Exchange Act:

A、The basis and rationality for the privately placed common stock pricing:

The price of this private placement shall be no less than 80% of the higher of the following two reference prices before the company's pricing date:

(a) The simple arithmetic average of the closing prices of common shares calculated on one of 1, 3, and 5 business days before the pricing date, deducting the ex-rights of gratuitous allotment of shares and dividends, and adding back the stock price per share after adding back the right of ex-rights for capital reduction.

(b) The simple arithmetic average of the closing prices of common shares 30 business days before the pricing date, deducting the ex-rights and dividends of gratuitous share allotment, and adding back the stock price per share after adding back the anti-ex-rights of capital reduction.

The actual pricing date and the actual issuance price shall be within the range of not less than the majority of the resolution of the shareholders' meeting, and the board of directors is authorized to decide based on the circumstances of the specific person and market conditions in the future. The basis for setting the aforementioned private placement price complies with the provisions of "Directions for Public Companies Conducting Private Placements of Securities" and also considers that there are strict restrictions on the transfer time, objects and quantity of private placement common shares. Therefore, the setting of this private placement price should be reasonable.

B、Specific person selection method

(a) The method of applicant selection: The targets of this issuance of common shares are limited to specific persons who comply with the provisions of Article 43-6 of the Securities and Exchange Act and other relevant laws and regulations and relevant letters and explanations from the competent authorities.

(b) The purpose, necessity and expected benefits of applicant selection: To strengthen the competitive advantage of the product market and coordinate with the company's future product planning, it is necessary to introduce strategic partners. Through strategic partner applicant, the operational competitiveness of the company's product market can be stabilized and strengthened.

(c) The relationship between the applicant and the company: The company has not yet decided on a specific applicant, and the selection of the actual applicant will be submitted to the shareholders' meeting to authorize the board of directors to decide in accordance with the above-mentioned laws.

C、Necessary reasons for conducting private placement

(a) The reason for not using public offering: In order to introduce strategic partners in response to the company's long-term development and to stabilize and strengthen the company's product market operation competitiveness, and considering that private placement targets, private placement methods are relatively quick and simple, such as issuing securities through raising, it may not be easy to obtain the required funds smoothly in the short term. It is planned to use private placement to increase cash capital and issue common stock to raise funds from specific people. By authorizing the board of directors to conduct private placement based on market conditions and in line with the company's actual needs, it will increase the company's flexibility and efficiency to raise capital. The restriction on the transfer of privately-placed securities within three years will further ensure the long-term cooperative relationship between the company and its strategic partners.

(b) Private placement quota: within the quota of no more than 25,000,000 shares, it will be conducted in batches (up to two batches) within one year from the date of resolution of the shareholders' meeting. The actual fundraising quota is planned to be authorized by the board of directors based on the current

market conditions, the actual needs of the company, and handle it by contacting a specific person.

(c) Manage the use of funds from the private placement and expected benefits: The funds raised this time will be used to meet the company's long-term operational development needs and to enrich working capital. It is expected to reduce the company's operating risks, strengthen its financial structure, improve future operating performance, and have positive benefits for shareholders' equity.

D · Rights and Obligations: The rights and obligations of this private placement of common shares are the same as the existing issued shares of the Company; however, in accordance with the provisions of the Securities and Exchange Law, unless certain circumstances are met, the company's private placement of common shares within three years from the date of delivery, except in accordance with except for the transfer objects stipulated in Article 43-8 of the Act, the remaining assets may not be sold. Three years after the completion of this private placement of common shares from the date of delivery, the board of directors is authorized to decide based on the current situation whether to obtain a letter of consent from the Taiwan Stock Exchange for the issuance of listing standards in accordance with relevant regulations, and then submit the issuance procedures to the Financial Supervisory Commission, and apply for listing and trading.

E · After this private placement and the introduction of strategic partners, there will be no major changes in management rights.

F · This private placement of common shares will be conducted in batches (up to two batches) within one year from the date of submitting the resolution to the shareholders' meeting.

The main contents of the plan for private placement of common stock, including the actual number of private placement shares, the actual private placement price, and the selection of applicants, pricing date, record date, project items, use and status of funds, expected results and other related matters and so on, if changes are required due to approval by the competent authority or based on operational assessment or due to objective circumstances, it is proposed to the shareholders' meeting to authorize the board of directors to handle it with full authority.

G · In addition to the scope of authorization mentioned above, it is proposed that the shareholders' meeting authorize the chairman to sign, negotiate and change all contracts and documents related to the issuance of common shares through private placement on behalf of the company, and to handle all matters necessary for the company to issue common shares through private placement.

3. Please approve.

Resolution :

**Extemporary Motions**

**Meeting Adjourned**

## **TXC Corporation Business Report**

Looking back on 2023, it has been an eventful year. Major changes have taken place in global politics, military, economy, environment, and science and technology. The conflict between China and the United States continues to escalate, the Russia-Ukraine war has reached a stalemate, the Israeli-Palestinian war has broken out, interest rates have risen beyond expectations, and bank failures have triggered financial crises. Consumer demand is sluggish, global extreme temperatures have broken historical records, and ChatGPT artificial intelligence and new energy smart cars are blooming everywhere. Faced with various unfavorable factors in the general environment, all colleagues of TXC Corporation actively worked hard to comprehensively respond, exerted resilience and worked tirelessly to jointly create revenue and profit results that were ahead of the industry. Although the results for the whole year are not satisfactory, we are pleased because TXC Corporation is still full of healthy momentum and continues to move forward.

In 2023, TXC's consolidated sales revenue was NT\$10.850 billion, a decrease of 17.60% from the previous year's consolidated sales revenues of NT\$13.170 billion; the net profit was NT\$1.714 billion, compared with the previous year's net profit of NT\$2.806 billion decreased by 38.92%; the basic earnings per share was NT\$5.53, a decrease of 38.96% from the previous year's earnings per share of NT\$9.06.

TXC Corporation's various investments and global layout have gradually been put in place to show performance. The development and revenue share of new application markets such as 5G/WiFi/vehicle electronics/artificial intelligence have increased significantly. The subsidiaries TXC (NINGBO) and TXC (CHONGQING) continue to expand revenue and profit contribution. In addition, TETC CORP. NINGBO, which specializes in the automotive electronics market, has also successfully production. The wafer advanced manufacturing process of the PCF plant is steadily advancing, and new-generation products have begun to be provided to customers for preliminary verification in small quantities. The third-site production project has begun and will be officially mass-produced in the second half of 2024, providing stable strength for the group's long-term development and meeting the requirements of international customers. TXC Corporation's automated smart manufacturing-related information and communication application systems and data analysis platforms have also been integrated and launched one after another to accelerate the company's smart transformation and improve operational performance.

ESG has also made great progress in 2023. The disclosure scope of the sustainability report has been expanded to include the NGB plant and CKG plant. The self-built solar power generation of the PCF plant has successfully completed operation and power supply. It has completed a CPPA contract with a private power supply provider to purchase renewable energy for a long time of 50 million kilowatt-hours. Crystal product series have completed ISO14067 product carbon footprint certification and ISO50001 energy management system certification, and at the same time started to build an energy management information system. So far, TXC Corporation has obtained three major net-zero carbon emission ESG-related certifications: ISO14064, ISO14067 and ISO50001, which not only conforms to world trends and international customer requirements, but also fully demonstrates the company's determination and commitment to sustainable development. These achievements have also been recognized by many domestic and foreign ESG corporate governance organizations such as the low-risk evaluation of Sustainalytics, was awarded the 2023 BSI "Sustainability Leader Award", the 1.5°C recognized corporate seal by World Magazine, and the Taiwan Institute of Directors "Taiwan Best-in-Class 100" recognition.



With the restructuring of the global situation and game rules, the rapid development and proliferation of artificial intelligence, and the innovation of 5G/6G/WiFi next-generation communication technology, it has driven global industrial innovation and development of smarter, faster, more stable, and wider information and communication industrial equipment and solutions include supercomputing computers, high-speed transmission data centers, artificial intelligence computers and consumer electronics, mobile satellite communications, automotive electronics, consumer goods and industrial smart Internet of Things, etc. These applications will provide large and long-term stable demand for quartz frequency components. We are facing a great opportunity for the rapid development of the quartz industry. We must continue to accelerate smart transformation and advanced product technology development, strengthen management to improve the overall competitiveness of the organization, focus on AI, 5G+, and automotive electronics markets, and elevate corporate governance to a higher level. To provide all stakeholders with better and more valuable development opportunities, and strive to become a top enterprise with excellent performance and sustainable operation.

2024 is the first year for TXC Corporation to move forward into the new century. We will continue to work tirelessly, respond comprehensively, assess the situation, and work hard to be resilient to break through adversity and achieve greater success.

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

President : **Kuo, Ya-Ping**

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

The Board of Directors has prepared the Company's 2023 business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution, of which the consolidated financial statements and the individual financial statements have been audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche. The business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution have been recognized by Audit Committee according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Please examine.

TXC Corporation 2024 Annual Shareholders' Meeting

**TXC Corporation**

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

March 11, 2024

**TXC Corporation and Subsidiaries**

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


## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

A handwritten signature in black ink, appearing to read "Peter Lin", with a long horizontal stroke extending to the right.

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PETER LIN  
Chairman

March 11, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TXC Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of TXC Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

For the year ended December 31, 2023, the Group's revenue was approximately 18% less compared to its revenue for the year ended December 31, 2022. In comparison with 2022, the revenue derived from specific customers increased; therefore, we considered the occurrence of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

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

#### **Other Matter**

We have audited the accompanying parent company only financial statements of TXC Corporation as of December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2024

Notice to Readers

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

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



# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,204,269	22	\$ 4,222,610	21
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	619,050	3	417,450	2
Financial assets at amortized cost - current (Notes 4 and 9)	99,349	1	351,977	2
Notes receivable (Notes 4 and 10)	87,571	-	32,125	-
Trade receivables (Notes 4 and 10)	3,159,403	17	3,514,781	18
Trade receivables from related parties (Notes 4, 10 and 30)	8,377	-	9,851	-
Finance lease receivables - current (Note 11)	4,052	-	-	-
Other receivables (Note 4)	32,041	-	65,288	-
Other receivables from related parties (Notes 4 and 30)	1,193	-	643	-
Current tax assets (Notes 4 and 25)	17,525	-	-	-
Inventories (Notes 4 and 11)	2,469,993	13	2,699,721	14
Other current assets	109,199	1	98,005	-
Total current assets	<u>10,812,022</u>	<u>57</u>	<u>11,412,451</u>	<u>57</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	375,757	2	662,533	4
Financial assets measured at amortized cost - non-current (Notes 4 and 9)	199,107	1	-	-
Investments accounted for using equity method (Notes 4 and 14)	446,126	3	458,607	2
Property, plant and equipment (Notes 4 and 15)	5,770,331	31	6,319,742	32
Right-of-use assets (Notes 4 and 16)	196,240	1	205,984	1
Investment properties (Notes 4 and 17)	540,242	3	571,346	3
Other intangible assets (Note 4)	50,795	-	53,838	-
Deferred tax assets (Notes 4 and 25)	67,308	-	61,271	-
Finance lease receivables - non-current (Note 11)	6,741	-	-	-
Prepayment for equipment	348,019	2	94,538	1
Other non-current assets	9,689	-	10,934	-
Total non-current assets	<u>8,010,355</u>	<u>43</u>	<u>8,438,793</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 18,822,377</u>	<u>100</u>	<u>\$ 19,851,244</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 241,618	1	\$ 513,750	3
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	18,323	-	13,620	-
Contract liabilities - current (Notes 12 and 23)	40	-	40	-
Trade payables	1,414,958	8	1,208,497	6
Trade payables to related parties (Note 30)	970	-	622	-
Other payables (Note 20)	1,101,594	6	1,421,979	7
Other payables to related parties (Note 30)	1,989	-	1,250	-
Current tax liabilities (Notes 4 and 25)	-	-	204,057	1
Lease liabilities - current (Notes 4 and 16)	5,958	-	3,088	-
Deferred revenue - current (Notes 20 and 27)	39,565	-	38,817	-
Current portion of long-term liabilities (Note 18)	1,875,612	10	890,785	5
Other current liabilities	67,648	-	39,206	-
Total current liabilities	<u>4,768,275</u>	<u>25</u>	<u>4,335,711</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 19)	-	-	1,183,273	6
Long-term borrowings (Note 18)	1,882,765	10	1,522,600	8
Deferred tax liabilities (Notes 4 and 25)	111,792	1	118,132	1
Lease liabilities - non-current (Notes 4 and 16)	6,714	-	3,399	-
Deferred revenue - non-current (Notes 20 and 27)	79,319	-	108,191	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	20,105	-	35,203	-
Guarantee deposits received	79,791	1	71,527	-
Total non-current liabilities	<u>2,180,486</u>	<u>12</u>	<u>3,042,325</u>	<u>15</u>
Total liabilities	<u>6,948,761</u>	<u>37</u>	<u>7,378,036</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)</b>				
Share capital				
Ordinary shares	3,097,570	17	3,097,570	16
Bond conversion entitlement certificates	9	-	-	-
Total share capital	<u>3,097,579</u>	<u>17</u>	<u>3,097,570</u>	<u>16</u>
Capital surplus	1,718,693	9	1,709,979	9
Retained earnings				
Legal reserve	2,243,247	12	1,946,812	10
Special reserve	143,071	1	-	-
Unappropriated earnings	5,198,793	27	5,861,917	29
Total retained earnings	<u>7,585,111</u>	<u>40</u>	<u>7,808,729</u>	<u>39</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(582,706)	(3)	(450,523)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	54,939	-	307,453	1
Total other equity	<u>(527,767)</u>	<u>(3)</u>	<u>(143,070)</u>	<u>(1)</u>
Total equity	<u>11,873,616</u>	<u>63</u>	<u>12,473,208</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 18,822,377</u>	<u>100</u>	<u>\$ 19,851,244</u>	<u>100</u>

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
SALES (Note 23)	\$ 10,850,402	100	\$ 13,169,688	100
COST OF GOODS SOLD (Note 24)	<u>(6,990,395)</u>	<u>(65)</u>	<u>(8,138,850)</u>	<u>(62)</u>
GROSS PROFIT	<u>3,860,007</u>	<u>35</u>	<u>5,030,838</u>	<u>38</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	446,702	4	527,312	4
General and administrative expenses	593,830	5	653,187	5
Research and development expenses	950,460	9	1,039,164	8
Expected credit loss gain reversal of trade receivables	<u>(6)</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
Total operating expenses	<u>1,990,986</u>	<u>18</u>	<u>2,219,624</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,869,021</u>	<u>17</u>	<u>2,811,214</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	77,204	1	27,435	-
Other income (Note 24)	163,029	2	173,762	1
Other gains and losses (Note 24)	7,038	-	392,657	3
Finance costs (Note 24)	(57,619)	(1)	(48,847)	-
Shares of profits of associates and joint ventures (Note 14)	<u>4,573</u>	<u>-</u>	<u>17,126</u>	<u>-</u>
Total non-operating income and expenses	<u>194,225</u>	<u>2</u>	<u>562,133</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	2,063,246	19	3,373,347	25
INCOME TAX EXPENSE (Note 25)	<u>(349,544)</u>	<u>(3)</u>	<u>(567,843)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>1,713,702</u>	<u>16</u>	<u>2,805,504</u>	<u>21</u>

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,030	-	\$ 11,609	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(24,632)	-	(902,903)	(7)
Share of the other comprehensive income of associates and join ventures accounted for using the equity method	<u>67</u>	<u>-</u>	<u>231</u>	<u>-</u>
	<u>(21,535)</u>	<u>-</u>	<u>(891,063)</u>	<u>(7)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(127,850)	(2)	106,056	1
Share of the other comprehensive (loss) income of associates and join ventures accounted for using the equity method	<u>(4,333)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
	<u>(132,183)</u>	<u>(2)</u>	<u>109,056</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(153,718)</u>	<u>(2)</u>	<u>(782,007)</u>	<u>(6)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,559,984</u>	<u>14</u>	<u>\$ 2,023,497</u>	<u>15</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
From continuing and discounted operations				
Basic	<u>\$ 5.53</u>		<u>\$ 9.06</u>	
Diluted	<u>\$ 5.33</u>		<u>\$ 8.68</u>	

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

(Concluded)

## TXC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent							Others		Total Equity
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
		Ordinary Shares	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ -	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694
Appropriation of 2021 earnings (Note 22)										
Legal reserve appropriated	-	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	146,974	-	(146,974)	-
Donation from shareholders	-	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	12,915	-	-	-	-	-	12,915
BALANCE AT DECEMBER 31, 2022	309,757	3,097,570	-	1,709,979	1,946,812	-	5,861,917	(450,523)	307,453	12,473,208
Appropriation of 2022 earnings (Note 22)										
Legal reserve appropriated	-	-	-	-	296,435	-	(296,435)	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-
Equity component of convertible bonds issued by the Company	1	-	9	91	-	-	-	-	-	100
Donation from shareholders	-	-	-	269	-	-	-	-	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	\$ 3,097,570	\$ 9	\$ 1,718,693	\$ 2,243,247	\$ 143,071	\$ 5,198,793	\$ (582,706)	\$ 54,939	\$ 11,873,616

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

# TXC CORPORATION AND SUBSIDIARIES

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,063,246	\$ 3,373,347
Adjustments for:		
Depreciation expenses	1,210,381	1,225,810
Amortization expenses	17,790	22,825
Expected credit loss (reversed) recognized on trade receivables	(6)	(39)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,729)	(3,869)
Finance costs	57,619	48,847
Interest income	(77,204)	(27,435)
Dividend income	(12,561)	(11,486)
Share of profit of associates and joint ventures	(4,573)	(17,126)
Gain on disposal of property, plant and equipment	(1,527)	(7,560)
Impairment losses recognized on property, plant and equipment	3,234	1,749
Loss on disposal of non-current assets held for sale	-	249
Write-down of inventories	13,277	18,949
Gain on modifications of lease	(7)	-
Changes in operating assets and liabilities		
Notes receivable	(55,440)	(27,446)
Trade receivables	355,433	489,630
Trade receivables from related parties	1,474	21,043
Other receivables	33,728	39,857
Other receivables from related parties	(550)	536
Inventories	216,970	(265,192)
Other current assets	(11,194)	25,474
Contract liabilities - current	-	(10,774)
Trade payables	206,461	(787,821)
Trade payables to related parties	348	(1,518)
Other payables	(317,731)	(57,776)
Other payables to related parties	739	(2,245)
Other current liabilities	28,442	18,092
Net defined benefit liabilities	(11,310)	(12,074)
Deferred revenue	(32,077)	18,544
Cash generated from operations	3,683,233	4,072,591
Interest paid	(46,426)	(37,852)
Income tax paid	(583,324)	(684,306)
Net cash generated from operating activities	<u>3,053,483</u>	<u>3,350,433</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(204,378)	-
Proceeds from sale of financial assets/liabilities at fair value through profit or loss	-	334,526

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

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

	2023	2022
Purchase of financial assets at fair value through other comprehensive income	\$ (40,435)	\$ (25,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	299,306	178,498
Purchase of financial assets at amortized cost	-	(63,561)
Proceeds from sale of financial assets at amortized cost	38,095	-
Purchase of investments accounted for using the equity method	-	(11,185)
Proceeds from disposal of non-current assets held for sale	-	1,745
Payments for property, plant and equipment	(709,616)	(1,242,411)
Proceeds from disposal of property, plant and equipment	39,386	13,637
Payments for intangible assets	(13,394)	(23,748)
Decrease in other non-current assets	1,245	6,424
Decrease in finance lease receivables	4,367	-
Increase in prepayment for equipment	(253,481)	-
Interest received	76,843	27,338
Dividends received	<u>32,686</u>	<u>29,090</u>
Net cash used in investing activities	<u>(729,376)</u>	<u>(775,006)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(255,733)	(68,615)
Decrease in short-term borrowings	-	(88,631)
Proceeds from long-term borrowings	1,704,099	914,867
Repayments of long-term borrowings	(1,548,006)	(465,533)
Proceeds of guarantee deposits received	8,264	1,037
Repayment of the principal portion of lease liabilities	(26,152)	(3,051)
Dividends paid to owners of the company	(2,168,299)	(2,323,178)
Other changes in capital surplus	<u>269</u>	<u>280</u>
Net cash used in financing activities	<u>(2,285,558)</u>	<u>(2,032,824)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(56,890)</u>	<u>48,362</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(18,341)	590,965
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,222,610</u>	<u>3,631,645</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,204,269</u>	<u>\$ 4,222,610</u>

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

(Concluded)

# **TXC Corporation**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
TXC Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of TXC Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

For the year ended December 31, 2023, the Company's revenue was approximately 17% less compared to its revenue for the year ended December 31, 2022. In comparison with 2022, the revenue derived from specific customers increased; therefore, we considered the occurrence of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

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



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

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 11, 2024

Notice to Readers

*The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

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

# TXC CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,972,837	11	\$ 2,375,033	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	-	-	20,350	-
Financial assets at amortized cost - current (Notes 4 and 9)	75,342	1	52,213	1
Notes receivable (Notes 4 and 10)	-	-	535	-
Trade receivables (Notes 4 and 10)	2,548,323	14	2,976,981	16
Trade receivables from related parties (Notes 4, 10 and 27)	219,990	1	214,000	1
Other receivables (Notes 4 and 10)	26,341	-	18,059	-
Other receivables from related parties (Notes 4 and 27)	7,828	-	370	-
Current tax assets (Notes 4 and 23)	74,030	1	-	-
Inventories (Notes 4 and 11)	1,466,069	8	1,471,204	8
Other current assets	14,911	-	9,797	-
Total current assets	<u>6,405,671</u>	<u>36</u>	<u>7,138,542</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	171,335	1	475,292	3
Investments accounted for using equity method (Notes 4 and 12)	8,221,696	46	7,750,691	42
Property, plant and equipment (Notes 4 and 13)	2,582,189	15	2,891,305	16
Right-of-use assets (Notes 4 and 14)	3,867	-	4,637	-
Investment properties (Notes 4 and 15)	17,225	-	18,589	-
Intangible assets (Note 4)	13,593	-	17,795	-
Deferred tax assets (Notes 4 and 23)	47,746	-	42,852	-
Prepayment for equipment	259,225	2	83,784	-
Refundable deposits	2,566	-	2,566	-
Total non-current assets	<u>11,319,442</u>	<u>64</u>	<u>11,287,511</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 17,725,113</u>	<u>100</u>	<u>\$ 18,426,053</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	\$ 18,323	-	\$ 13,620	-
Trade payables	506,797	3	430,715	2
Trade payables to related parties (Note 27)	1,074,959	6	931,578	5
Other payables (Note 18)	625,593	4	867,361	5
Other payables to related parties (Note 27)	1,869	-	1,364	-
Current tax liabilities (Notes 4 and 23)	-	-	235,808	1
Lease liabilities - current (Notes 4 and 14)	2,270	-	3,088	-
Current portion of long-term liabilities (Note 16)	1,829,907	10	656,087	4
Other current liabilities	30,333	-	20,664	-
Total current liabilities	<u>4,090,051</u>	<u>23</u>	<u>3,160,285</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 17)	-	-	1,183,273	6
Long-term borrowings (Note 16)	1,652,667	9	1,483,420	8
Deferred tax liabilities (Notes 4 and 23)	77,493	1	79,518	1
Lease liabilities - non-current (Notes 4 and 14)	1,631	-	1,596	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	20,105	-	35,203	-
Guarantee deposits received	9,550	-	9,550	-
Total non-current liabilities	<u>1,761,446</u>	<u>10</u>	<u>2,792,560</u>	<u>15</u>
Total liabilities	<u>5,851,497</u>	<u>33</u>	<u>5,952,845</u>	<u>32</u>
<b>EQUITY (Note 20)</b>				
Share capital				
Ordinary shares	3,097,570	17	3,097,570	17
Bond conversion entitlement	9	-	-	-
Total share capital	<u>3,097,579</u>	<u>17</u>	<u>3,097,570</u>	<u>17</u>
Capital surplus	<u>1,718,693</u>	<u>10</u>	<u>1,709,979</u>	<u>9</u>
Retained earnings				
Legal reserve	2,243,247	13	1,946,812	11
Special reserve	143,071	1	-	-
Unappropriated earnings	5,198,793	29	5,861,917	32
Total retained earnings	<u>7,585,111</u>	<u>43</u>	<u>7,808,729</u>	<u>43</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(582,706)	(3)	(450,523)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	54,939	-	307,453	2
Total other equity	<u>(527,767)</u>	<u>(3)</u>	<u>(143,070)</u>	<u>(1)</u>
Total equity	<u>11,873,616</u>	<u>67</u>	<u>12,473,208</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 17,725,113</u>	<u>100</u>	<u>\$ 18,426,053</u>	<u>100</u>

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

# TXC CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
SALES (Note 21)	\$ 8,802,818	100	\$ 10,596,932	100
COST OF GOODS SOLD (Notes 11 and 22)	<u>6,791,972</u>	<u>77</u>	<u>7,414,935</u>	<u>70</u>
GROSS PROFIT	2,010,846	23	3,181,997	30
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(9,266)	-	(9,767)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES/AND JOINT VENTURES	<u>9,767</u>	<u>-</u>	<u>8,662</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,011,347</u>	<u>23</u>	<u>3,180,892</u>	<u>30</u>
OPERATING EXPENSES (Notes 4 and 22)				
Selling and marketing expenses	235,954	3	265,891	2
General and administrative expenses	218,275	3	277,400	3
Research and development expenses	642,718	7	722,991	7
Expected credit gain	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,096,941</u>	<u>13</u>	<u>1,266,282</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>914,406</u>	<u>10</u>	<u>1,914,610</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	38,868	1	12,075	-
Other income (Notes 4 and 22)	26,055	-	36,439	-
Other gains and losses (Note 22)	11,296	-	344,928	3
Finance costs (Notes 4 and 22)	(37,349)	-	(23,287)	-
Share of profit of associates and joint ventures (Note 12)	<u>984,206</u>	<u>11</u>	<u>1,000,320</u>	<u>10</u>
Total non-operating income and expenses	<u>1,023,076</u>	<u>12</u>	<u>1,370,475</u>	<u>13</u>
PROFIT BEFORE INCOME TAX	1,937,482	22	3,285,085	31
INCOME TAX EXPENSE (Note 23)	<u>223,780</u>	<u>2</u>	<u>479,581</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>1,713,702</u>	<u>20</u>	<u>2,805,504</u>	<u>26</u>

(Continued)

# TXC CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,030	-	\$ 11,609	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(45,086)	-	(853,288)	(8)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>20,521</u>	<u>-</u>	<u>(49,384)</u>	<u>-</u>
	<u>(21,535)</u>	<u>-</u>	<u>(891,063)</u>	<u>(8)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(127,850)	(2)	106,056	1
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	<u>(4,333)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
	<u>(132,183)</u>	<u>(2)</u>	<u>109,056</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(153,718)</u>	<u>(2)</u>	<u>(782,007)</u>	<u>(7)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,559,984</u>	<u>18</u>	<u>\$ 2,023,497</u>	<u>19</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
From continuing and discontinued operations				
Basic	<u>\$ 5.53</u>		<u>\$ 9.06</u>	
Diluted	<u>\$ 5.53</u>		<u>\$ 8.68</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# TXC CORPORATION

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

	Equity Attributable to Owners of the Company								Total Equity	
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Others		
		Ordinary Share	Bond Conversion Entitlement		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ -	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694
Appropriation of 2021 earnings (Note 21)										
Legal reserve	-	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	146,974	-	(146,974)	-
Donations from shareholders	-	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	12,915	-	-	-	-	-	12,915
BALANCE AT DECEMBER 31, 2022	309,757	3,097,570	-	1,709,979	1,946,812	-	5,861,917	(450,523)	307,453	12,473,208
Appropriation of 2022 earnings (Note 21)										
Legal reserve	-	-	-	-	296,435	-	(296,435)	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-
Convertible bond conversion	1	-	9	91	-	-	-	-	-	100
Donations from shareholders	-	-	-	269	-	-	-	-	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	\$ 3,097,570	\$ 9	\$ 1,718,693	\$ 2,243,247	\$ 143,071	\$ 5,198,793	\$ (582,706)	\$ 54,939	\$ 11,873,616

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

# TXC CORPORATION

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,937,482	\$ 3,285,085
Adjustments for:		
Depreciation expenses	504,459	496,254
Amortization expenses	12,386	17,980
Expected credit loss reversed on trade receivables	(6)	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	11,779	19,124
Finance costs	37,349	23,287
Interest income	(38,868)	(12,075)
Dividend income	(12,561)	(11,486)
Share of profit of associates and joint ventures	(984,206)	(1,000,320)
Gain on disposal of property, plant and equipment	(1,091)	(6,679)
Loss on disposal of non-current assets held for sale	-	249
Write-down of inventories	13,573	17,468
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	9,266	9,767
Realized gain on the transactions with subsidiaries, associates and joint ventures	(9,767)	(8,662)
Gain on modifications of lease	(7)	-
Changes in operating assets and liabilities:		
Notes receivable	541	2,292
Trade receivables	428,658	406,678
Trade receivables from related parties	(5,990)	(53,345)
Other receivables	(7,801)	25,387
Other receivables from related parties	(7,458)	5
Inventories	(8,438)	(143,760)
Other current assets	(5,114)	18,189
Trade payables	76,082	(177,181)
Trade payables to related parties	143,381	(89,205)
Other payables	(239,169)	(75,696)
Other payables to related parties	505	(2,500)
Other current liabilities	9,669	7,732
Net defined benefit liabilities	(11,310)	(12,074)
Cash generated from operations	1,853,344	2,736,514
Interest paid	(26,101)	(12,223)
Income taxes paid	(541,295)	(551,369)
Net cash generated from operating activities	<u>1,285,948</u>	<u>2,172,922</u>

(Continued)

# TXC CORPORATION

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

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	\$ -	\$ (26,157)
Proceeds from sale of financial assets at fair value through profit or loss	13,274	-
Purchase of financial assets at fair value through other comprehensive income	(40,435)	(25,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	299,306	178,498
Purchase of financial assets at amortized cost	(23,083)	-
Proceeds from sale of financial assets at amortized cost	-	6,033
Proceeds from disposal of non-current assets held for sale	-	1,745
Payments for property, plant and equipment	(197,244)	(535,481)
Proceeds from disposal of property, plant and equipment	4,393	6,825
Payments for intangible assets	(8,184)	(20,585)
Increase in prepayment for equipment	(175,441)	-
Interest received	38,507	11,978
Dividend received from associates	390,150	353,760
Other dividends received	<u>32,686</u>	<u>29,090</u>
Net cash generated from (used in) investing activities	<u>333,929</u>	<u>(19,653)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,500,000	700,000
Repayments of long-term borrowings	(1,350,753)	(418,754)
Repayments of principle portion of lease liabilities	(3,243)	(3,052)
Dividends paid to owners of the company	(2,168,299)	(2,323,178)
Other changes in capital surplus	<u>269</u>	<u>280</u>
Net cash used in financing activities	<u>(2,022,026)</u>	<u>(2,044,704)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(47)</u>	<u>(4,525)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(402,196)	104,040
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,375,033</u>	<u>2,270,993</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,972,837</u>	<u>\$ 2,375,033</u>

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

(Concluded)



**TXC Corporation**  
**2023 Earnings Distribution**

Unit : NT\$

Item	Amount	
	Sub-total	Sum
<b>Beginning period undistributed profits</b>		<b>3,254,111,865</b>
Net profit after tax for this year	1,713,702,009	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	227,809,903	
Adjusted retained earnings from investments accounted for using equity method	138,999	
Remeasurement of defined employee benefit plans to retained earnings	3,030,163	
The amount of undistributed profits		1,944,681,074
Setting aside 10% legal reserve		(194,468,107)
The setting aside special reserve		(384,696,170)
<b>Profits available for distribution</b>		<b>4,619,628,662</b>
Distribution Item:		
Cash Dividends (NT\$4.5 per share)		(1,393,910,640)
<b>End period of undistributed profits</b>		<b>3,225,718,022</b>

Note: Allocation of 2023 undistributed profit shall be given priority for the above profit distribution.

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

**TXC Corporation**  
**Shareholdings of All Directors**

Record Date : March 30, 2024

<b>Title</b>	<b>Name</b>	<b>Holding Shares</b>
Chairman	Lin, Wan-Shing	5,030,722
Director	Lin, Jin-Bao	5,897,263
Director	Kuo, Ya-Ping	308,000
Director	Chen Chueh, Shang-Hsin	298,212
Director	Huang, Hsiang-Lin	3,309,399
Director	Hsu, Hsing-Hao	3,006,352
Director	TLC Capital Co., LTD	1,977,991
Independent Director	Yu, Shang-Wu	0
Independent Director	Tsai, Song-Qi	0
Independent Director	Su, Yan-Syue	0
Independent Director	Wang, Chuan -Fen	0

Note:

1. TXC's legal holding of all directors in number of shares are 12,390,704 shares.
2. The total shareholdings of all directors as of March 30, 2024 are 19,827,939 shares.