Innodisk Corporation
Parent Company Only Financial Statements and Independent Auditor's Report
Years Ended December 31, 2022 and 2021

(Stock Code: 5289)

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Innodisk Corporation

Parent Company Only Financial Statements and Independent Auditor's Report for the Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

(112) Cai-Shen-Bao-Zi #22003702

To the Board of Directors and Stockholders of Innodisk Corporation:

Opinion

We have audited the parent company only balance sheets of Innodisk Corporation (the "Company") as of December 31, 2022 and 2021, and the related 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 a summary of significant accounting policies.

In our opinion, the aforementioned parent company only 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 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 planned and conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards 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 were of most significance in our audit of the 2022 parent company only financial statements in our professional judgment. 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.

Key audit matters for the Innodisk Corporation's 2022 parent company only financial statements are as follows:

Key audit matter –Inventory Evaluation

Description

With respect to the accounting policy for inventory valuation, please refer to Note 4 (12) of the parent company only financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6(5).

Innodisk Corporate mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to parent company only financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Understand the inventory allowance evaluation and presentation policy, and confirm the adoption of the provision policy for the inventory evaluation loss during the financial statement period.
2. Obtain the statement of the net realizable value of each inventory, confirm its calculation logic, test the relevant parameters, including the source data of the sales data file and the relevant supporting evaluation documents, and recalculate the allowance evaluation loss that should be accrued after each item number compares its cost with the net realizable value, whichever is lower.
3. Obtain an inventory aging report to conduct inventory aging test. Random sampling of inventory and compare inventory transaction records to confirm the classification of aging intervals.
4. Compared current and previous year's allowance for valuation of inventory loss and reviewed the reasonableness of allowance recognized.

Key audit matter –Existence of Sales Revenue

<u>Description</u>

For the accounting policy of income recognition, please refer to Note 4(29) of the parent company only financial statements. For the description of accounting entries of sales income, please refer to Note 6(19).

Innodisk Corporation is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Due to that product diversification and innovation affect changes to top ten customers sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

<u>How our audit addressed the matter</u>

The scope of our audit responded to the risk as follows:

1. Obtained an understanding of the process and basis of sales revenue recognition and collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control on shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Selected samples of details of sales for the top ten customers to verify the related vouchers and status of subsequent payment collection.
5. Obtain details of sales returns in the subsequent period of the top ten customers and examine the status of sales returns.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, 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 misstatements, 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 means a high level of assurance, but an audit conducted in accordance with the Generally Accepted Auditing Standards of the Republic of China does not provide assurance that material misstatements in the parent company only financial statements can be detected. Misstatements can arise from fraud or error. They 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.

We exercised professional judgment and professional suspicion when conducting the audit in accordance with the auditing standards of the Republic of China. 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 Innodisk'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 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 for the parent company. 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 Company's parent company only financial statements of 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yeh, Tsui Miao Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2023

Innodisk Corporation
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Expressed in Thousands of NTD

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 3,608,016	41	$ 1,824,752	23
1136	Current financial assets at amortised cost	6 (3)	-	-	600,000	8
1150	Notes receivable	6 (4)	2,565	-	1,986	-
1170	Accounts receivable, net	6 (4)	1,101,024	12	1,178,044	15
1180	Accounts receivable -- related parties	6 (4) and 7 (2)	223,754	3	357,219	5
1200	Other receivables		1,763	-	2,879	-
1210	Other receivables -- related parties	7 (2)	808	-	279	-
1220	Current income tax assets	6 (26)	913	-	494	-
130X	Inventories	6 (5)	1,048,647	12	1,532,434	19
1410	Prepayments		41,239	-	87,465	1
11XX	**Current Assets**		6,028,729	68	5,585,552	71
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6 (2)	27,839	-	-	-
1535	Non-current financial assets at amortized cost	6 (3) and 8	10,706	-	10,706	-
1550	Investments accounted for using equity method	6 (6)	560,864	6	469,476	6
1600	Property, plant and equipment	6 (7) and 8	1,751,178	20	1,324,833	17
1755	Right-of-use assets	6 (8)	179,933	2	182,889	2
1760	Investment property, net	6 (10) and 8	236,213	3	136,438	2
1780	Intangible assets		25,299	-	27,164	-
1840	Deferred income tax assets	6 (26)	68,722	1	56,350	1
1920	Refundable deposit		1,382	-	780	-
1990	Other non-current assets - others	6 (7)	-	-	82,761	1
15XX	**Non-current assets**		2,862,136	32	2,291,397	29
1XXX	**Total Assets**		$ 8,890,865	100	$ 7,876,949	100

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Innodisk Corporation
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Expressed in Thousands of NTD

	Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2130	Current contract liabilities	6 (19)	$ 35,857	-	$ 8,184	-
2170	Accounts payable		675,442	8	923,937	12
2180	Accounts payable -- related parties	7 (2)	65	-	16,023	-
2200	Other payables	6 (11)	527,316	6	429,717	6
2220	Other payables -- related parties	7 (2)	8,292	-	8,124	-
2230	Current income tax liabilities	6 (26)	190,184	2	272,026	3
2250	Provisions for liabilities-current	6 (15)	68,289	1	59,600	1
2280	Current lease liabilities		7,915	-	7,959	-
2300	Other current liabilities		3,327	-	3,603	-
21XX	**Current Liabilities**		1,516,687	17	1,729,173	22
	Non-current liabilities					
2540	Long-term loans	6 (12)	180,000	2	-	-
2570	Deferred income tax liabilities:	6 (26)	4,323	-	8,279	-
2580	Non-current lease liabilities		175,203	2	177,216	2
2645	Guarantee deposit received		1,785	-	1,292	-
25XX	**Non-current Liabilities**		361,311	4	186,787	2
2XXX	**Total liabilities**		1,877,998	21	1,915,960	24
	Equity attributable to owners of parent					
	Share capital	6 (16)				
3110	Share capital - common stock		865,531	10	826,680	11
	Capital surplus	6 (17)				
3200	Capital surplus		1,356,462	15	1,213,829	15
	Retained earnings	6 (18)				
3310	Legal reserve		766,831	9	610,743	8
3320	Special reserve		13,147	-	5,438	-
3350	Unappropriated retained earnings		4,011,820	45	3,317,446	42
	Other equity interests					
3400	Other equity interests		(924)	-	(13,147)	-
3XXX	**Total equity**		7,012,867	79	5,960,989	76
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 8,890,865	100	$ 7,876,949	100

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman: Chien, Chuan-Sheng   Manager: Chien, Chuan-Sheng   Head of Accounting: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Expressed in Thousands of NTD
(Except for earnings per share)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6 (19) and 7 (2)	$ 9,258,869	100	$ 9,427,772	100
5000	Operating costs	6 (5) and 7 (2)	(6,318,605)	(68)	(6,752,343)	(72)
5900	Gross profit before unrealized gross profit on sales to subsidiaries		2,940,264	32	2,675,429	28
5910	Unrealized profit from sales		(7,095)	-	(14,316)	-
5920	Realized profit on from sales		14,316	-	12,625	-
5950	Gross profit before unrealized gross profit on sales to subsidiaries		2,947,485	32	2,673,738	28
	Operating expenses	6 (24) and 7 (2)				
6100	Selling expenses		(420,502)	(4)	(323,578)	(3)
6200	General and administrative expenses		(346,141)	(4)	(364,014)	(4)
6300	Research and development expenses		(270,834)	(3)	(171,450)	(2)
6450	Expected loss on credit impairment	12 (2)	(21,045)	-	(493)	-
6000	Total operating expenses		(1,058,522)	(11)	(859,535)	(9)
6900	Operating profit		1,888,963	21	1,814,203	19
	Non-operating income and expenses					
7100	Interest income	6 (20)	13,174	-	4,844	-
7010	Other income	6 (21) and 7 (2)	29,693	-	16,647	-
7020	Other gains and losses	6 (22)	200,560	2	(24,098)	-
7050	Finance cost	6 (23)	(5,269)	-	(2,304)	-
7070	Share of profit/(loss) of associates and joint ventures accounted for using equity method	6 (6)	69,545	1	110,802	1
7000	Total non-operating income and expenses		307,703	3	105,891	1
7900	**Profit before income tax**		2,196,666	24	1,920,094	20
7950	Income tax expense	6 (26)	(346,477)	(4)	(359,206)	(4)
8200	**Profit for the year**		$ 1,850,189	20	$ 1,560,888	16
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized appraisal gains and losses of equity instrument investment measured at fair value through other comprehensive income		($ 2,131)	-	$ -	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		14,354	-	(7,709)	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		12,223	-	(7,709)	-
8500	**Total comprehensive income for the year**		$ 1,862,412	20	$ 1,553,179	16
	Basic earnings per share					
9750	Profit for the year		$ 21.46		$ 18.39	
	Diluted earnings per share					
9850	Profit for the year		$ 21.23		$ 18.08	

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman: Chien, Chuan-Sheng　　Manager: Chien, Chuan-Sheng　　Head of Accounting: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Expressed in Thousands of NTD

				Retained earnings			Other equity interests		
	Note	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive income	Total equity
2021									
Balance as of January 1, 2021		$ 813,240	$ 1,082,702	$ 517,734	$ 4,080	$ 2,403,928	($ 5,438)	$ -	$ 4,816,246
Profit for the year		-	-	-	-	1,560,888	-	-	1,560,888
Other comprehensive profit and loss for the year		-	-	-	-	-	(7,709)	-	(7,709)
Total comprehensive profit and loss for the year		-	-	-	-	1,560,888	(7,709)	-	1,553,179
Appropriations and of 2020 earnings	6 (18)								
Legal reserve		-	-	93,009	-	(93,009)	-	-	-
Special reserve		-	-	-	1,358	(1,358)	-	-	-
Cash dividends		-	-	-	-	(553,003)	-	-	(553,003)
Share-based payment	6 (14)	-	19,973	-	-	-	-	-	19,973
Exercise of employee share options	6 (16)	13,440	111,055	-	-	-	-	-	124,495
Share-based remuneration for employees of subsidiaries		-	99	-	-	-	-	-	99
Balance as of December 31, 2021		$ 826,680	$ 1,213,829	$ 610,743	$ 5,438	$ 3,317,446	($ 13,147)	$ -	$ 5,960,989
2022									
Balance as of January 1, 2022		$ 826,680	$ 1,213,829	$ 610,743	$ 5,438	$ 3,317,446	($ 13,147)	$ -	$ 5,960,989
Profit for the year		-	-	-	-	1,850,189	-	-	1,850,189
Other comprehensive profit and loss for the year		-	-	-	-	-	14,354	(2,131)	12,223
Total comprehensive profit and loss for the year		-	-	-	-	1,850,189	14,354	(2,131)	1,862,412
Appropriation and distribution of 2021 earnings	6 (18)								
Legal reserve		-	-	156,088	-	(156,088)	-	-	-
Special reserve		-	-	-	7,709	(7,709)	-	-	-
Stock dividends		24,801	-	-	-	(24,801)	-	-	-
Cash dividends		-	-	-	-	(967,217)	-	-	(967,217)
Share-based payment	6 (14)	-	31,447	-	-	-	-	-	31,447
Exercise of employee share options	6 (16)	14,050	110,918	-	-	-	-	-	124,968
Share-based remuneration for employees of subsidiaries		-	268	-	-	-	-	-	268
Balance as of December 31, 2022		$ 865,531	$ 1,356,462	$ 766,831	$ 13,147	$ 4,011,820	$ 1,207	($ 2,131)	$ 7,012,867

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flow from operating activities			
Profit before income tax for the year		$ 2,196,666	$ 1,920,094
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (24)	86,622	60,532
Depreciation charges on right-of-use assets	6 (24)	9,170	9,315
Amortization charges on the intangible assets and deferred assets.	6 (24)	21,660	21,499
Depreciation charges on investment property	6 (22)	2,886	2,028
Expected loss (profit) on credit impairment	12 (2)	21,045	493
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (5)	43,847	124,783
Loss on scrapping inventory	6 (5)	13,326	3,353
Share of profit/(loss) of associates accounted for under equity method	6 (6)	(69,545)	(110,802)
Gains on revaluation of investments accounted for using equity method	6 (22)	-	(2,780)
Loss (gain) on disposal of property, plant and equipment	6 (22)	-	(388)
Disposal of investment gains	6 (22)	(4,228)	-
Gain on lease modification	6 (8)	(3)	-
Interest expense	6 (23)	5,269	2,304
Interest income	6 (20)	(13,174)	(4,844)
Compensation cost of employee stock options	6 (14)	31,447	19,973
Unrealized profit from sales		7,095	14,316
Realized profit on from sales		(14,316)	(12,625)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(579)	(1,728)
Accounts receivable, net		55,975	(596,197)
Accounts receivable -- related parties		133,465	(75,003)
Other receivables		1,116	(251)
Other receivables - related parties		(529)	549
Inventories		426,614	(923,334)
Prepayments		46,226	(42,899)
Changes in operating liabilities			
Current contract liabilities		27,673	(18,821)
Accounts payable		(248,495)	386,924
Accounts payable -- related parties		(15,958)	13,970
Other payables		60,964	137,751
Other payables -- related parties		168	3,898
Provisions for liabilities-current		8,689	(1,593)
Other current liabilities		(276)	1,530
Cash inflow generated from operations		2,832,820	932,047
Interest received		13,174	4,843
Income tax paid		(445,066)	(208,728)
Net cash flows from operating activities		2,400,928	728,162

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Innodisk Corporation
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash Flow from Investing Activities			
Acquisition of non-current financial assets at fair value through other comprehensive income	6 (2)	($ 29,970)	$ -
Decrease (increase) in current financial assets at amortized cost		600,000	(200,000)
Increase in non-current financial assets at amortized cost		-	(3,000)
Acquisition of investments accounted for using equity method	6 (6)	-	(19,889)
Proceeds from disposal of investments accounted for using equity method		4,228	-
Acquisition of property, plant and equipment	6 (29)	(393,756)	(129,362)
Disposal of property, plant and equipment		-	450
Acquisition of intangible assets		(20,206)	(22,885)
Acquisition of investment property	6 (10)	(102,661)	-
Increase in prepayments for equipment		-	(68,802)
Increase in refundable deposits		(755)	(207)
Decrease in refundable deposits		153	207
Decrease (increase) in other non-current assets		414	(13,229)
Net cash flows from (used in) investing activities		57,447	(456,717)
Cash Flow from Financing Activities			
Proceeds from long-term debt	6 (30)	180,000	-
Increase in guarantee deposits received		1,092	524
Decrease in guarantee deposits received		(599)	(332)
Cash dividends paid	6 (30)	(967,217)	(553,003)
Exercise of employee share options		124,968	124,495
Interest paid		(5,087)	(2,304)
Payment of lease liabilities	6 (30)	(8,268)	(8,343)
Net cash used in financing activities		(675,111)	(438,963)
Net increase (decrease) in cash and cash equivalents		1,783,264	(167,518)
Cash and cash equivalents at beginning of year		1,824,752	1,992,270
Cash and cash equivalents at end of year		$ 3,608,016	$ 1,824,752

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman: Chien, Chuan-Sheng Manager: Chien, Chuan-Sheng Head of Accounting: Hsiao, Wen-Kui

Innodisk Corporation
Notes to the Parent Company Only Financial Statements
Years Ended December 31, 2022 and 2021

Expressed in Thousands of NTD
(Except as otherwise indicated)

I. Company history

(I) Innodisk Corporation (hereinafter referred to as the "Company") was established in March 2005. The Company mainly engage in the research, development, manufacturing and sales of various types of industrial embedded storage devices.

(II) The Taipei Exchange reviewed the Company's application and approved its eligibility to be publicly traded in October, 2013 and the Company became officially on the OTC board on November 27, 2013.

II. The date of authorization for issuance of the financial statements and procedures for authorization

The parent company only financial statements have been approved and authorized for issuance by the Board of Directors on February 23, 2023.

III. Application of new standards, amendments, and interpretations

(I) Effect of the adoption of new issuances or amended International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC").

The following table summarizes the new standards, interpretations and amendments endorsed by FSC and became effective from 2022:

New/Amended/Revised Standards and Interpretations	Effective date of issuance by IASB
Amendment to IFRS 3 "Reference to the conceptual framework"	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: proceeds before intended use"	January 1, 2022
Amendment to IAS 37 "Onerous contracts—cost of fulfilling a contract"	January 1, 2022
Annual improvement to IFRS Standards 2018–2020	January 1, 2022

The Company believes that the adoption of aforementioned standards and interpretations will not have a significant impact on the parent company only financial position and performance.

(II) Effect of the new issuances of or amendments to IFRS as endorsed by the FSC but not yet adopted by the Company.

The following table summarizes the new standards, interpretations and amendments endorsed by FSC and effective from 2023:

New/Amended/Revised Standards and Explanations	Effective date of issuance by IASB
Amendment to IAS 1 "Disclosure of accounting policies"	January 1, 2023
Amendment to IAS 8 "Definitions of accounting estimates"	January 1, 2023
Amendment to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

The Company believes that the adoption of aforementioned standards and interpretations will not have a significant impact on the parent company only financial position and performance.

(III) IFRSs issued by the IASB but not yet endorsed by the FSC.

The following table summarizes the new standards, interpretations and amendments issued by the IASB but not yet included in the IFRSs as endorsed by the FSC:

New/Amended/Revised Standards and Explanations	Effective date of issuance by IASB
Amendment to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by IASB.
Amendment to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 -- Initial application of IFRS 17 and IFRS 9 - Comparative information "	January 1, 2023
Amendment to IAS 1 " Classification of liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1 "Non-current liabilities with covenants"	January 1, 2024

The Company believes that the adoption of aforementioned standards and interpretations will not have a significant impact on the parent company only financial position and performance.

IV. Summary of significant accounting policies

The principal accounting polices applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

These parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers."

(II) Basis of preparation

1. Other than financial assets measured at fair value through other comprehensive income, the parent company only financial statements are prepared based on historical cost.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation (hereinafter collectively referred to as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the parent company only financial report of the Company are measured using the currency of the primary economic environment in which the Company operates (hereinafter referred to as "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency and reporting currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using spot exchange rate at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those

which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.

(4) All foreign exchange gains and losses are presented in the parent company only statement of comprehensive income under "Other gains and losses."

2. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

(3) All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets that do not meet the above criteria are considered non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Liabilities that are to be paid off within twelve months from the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are considered non-current.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through other comprehensive income

1. It refers to the irrevocable choice made at the time of initial recognition to report the changes in the fair value of the equity instrument investment not held for trading in other comprehensive income.
2. The Company adopts transaction-date accounting for financial assets measured at fair value through other comprehensive income in accordance with the transaction practice.
3. The Company measures assets at the fair value plus transaction cost at the time of initial recognition, and subsequently measures at the fair value; changes in the fair value of equity instruments are recognized in other comprehensive income. At derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profits and losses but transferred to retained earnings. When the right to receive dividends is confirmed, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably, the Company recognizes dividend income in profit or loss.

(VII) Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:
   (1) The objective of the business model is achieved by collecting contractual cash flows.
   (2) The assets' contractual cash flows solely represent payments of principal and interest.
2. On a regular way purchase or sale basis, financial assets measured at amortized cost are recognized and de-recognized using trade date accounting.
3. The Company measures financial assets at fair value plus transaction costs in the initial recognition. The financial assets are subsequently amortized by the effective interest rate during the circulation to recognize interest income and impairment loss. The profits or losses are recognized in the profit and loss when the assets are derecognized.
4. The Company holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

Regarding the financial assets measured at amortized cost, the Company considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(X) De-recognition of financial assets

A financial asset is de-recognized when the Company's rights to receive cash flows from the financial assets have expired.

(XI) Leasing arrangements (lessor) -- operating leases

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. The item-by-item comparison method is adopted when comparing whether the cost or the net realizable value is lower. The net realizable value refers to the balance of the estimated selling price in the normal course of business, minus the estimated cost to be invested until completion and the estimated cost to complete the sale.

(XIII) Investments accounted for under equity method -- subsidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. Unrealized gains or losses on transactions between Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognized the profit and loss upon the acquisition of subsidiaries as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. If the Company's recognized profit and loss of the subsidiaries equal to or exceed the equity in the subsidiaries, the Company will continue to recognize the loss in proportion to its shareholding.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions and they are considered as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.
5. Associates refer to entities over which the Company has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Company. The Company accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
6. The Company recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
7. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Company's shareholding in the associate, the Company will recognize all changes in equity as "capital surplus" according to the shareholding percentage.
8. Unrealized gains on transactions between the Company and associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
9. In the event that an associate issues new shares and the Company does not subscribe to or acquire the new shares in proportion, which results in a change to the Company's shareholding percentage but the Company maintains a significant influence on the

associate, the increase or decrease of the Company's share of equity interest is the adjustment of "capital surplus" and "investments accounted for under the equity method." If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.

10. When the Company loses its significant influence on an associate, the remaining investment in the said associate is re-measured at fair value, and the difference between the fair value and the book value is recognized as profit or loss in the current period.

11. When the Company disposes of an associate, if it loses the significant influence on the associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses the significant influence on an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If the Company still has a significant influence on the associate, only the amount recognized in other comprehensive income previously will be transferred out in the manner above on a pro-rata basis.

12. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in the parent company only financial report shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial report prepared on a consolidated basis, and the owners' equity presented in the parent company only financial report shall be the same as the equity attributable to owners of the parent presented in the financial report prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any changes are accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change.

   The estimated useful lives of property, plant and equipment are as follows:

Buildings and construction	2 to 50 years
Machines and equipment	1 to 8 years
Office equipment	2 to 6 years
Others	1 to 6 years

(XV) Leasing agreements (lessee) - right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

   The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is re-measured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use asset is recognized at cost comprising the amount of initial measurement of lease liability.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is re-measured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.
4. For lease modifications that decrease the scope of the lease, the lessee shall decrease the

carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognizes the difference in profit or loss.

(XVI) Investment property

Investment properties are initially measured at cost and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 24 to 41 years.

(XVII) Intangible assets

Computer and software recognized by the acquisition cost, and is amortized on a straight-line basis with an estimated service life of 1 to 8 years.

(XVIII) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exists or diminishes, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XX) Accounts and notes payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) De-recognition of financial liabilities

The Company de-recognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired.

(XXII) Financial assets and liabilities are offset against each other

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amount of the recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(XXIII) Provisions

Liability reserve (which is for warranty) is a present statutory or deferred obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XXIV) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Pre-paid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

3. Employees' bonuses and directors' and supervisors' remuneration

   Employees' bonuses and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any differences between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXV) Employee share-based payment

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service is received as consideration for the Company's equity instrument at fair value. It is recognized as compensation costs during the vesting period and the equity is adjusted accordingly. The equity instrument's fair value shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXVI) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets

against current tax liabilities. They are levied by the same taxation authority on either the same entities or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVII) Share capital

Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(XXVIII) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks on the base date of issuance of new shares.

(XXIX) Revenue recognition

1. Our Company develops, manufactures and sells various products related to industrial storage devices and memory modules. Sales revenue is recognized when the control of products is transferred to customers. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Company has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.
2. The payment terms of sales transactions are usually payment in advance or net 30 to 90. With respect to the contracts signed between the Company and customers, the time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Company has not adjusted the transaction price to reflect the time value of money.
3. Sales revenue is recognized as the net from subtracting sales discounts from the contract price. The Company estimates possible sales discounts based on past experience and different contract conditions and recognizes the refund liabilities accordingly.
4. The Company provides warranty for products sold, and has the obligation to repair product defects, which are recognized as liability provisions when goods are sold.
5. Accounts receivable are recognized when goods are delivered to customers. The

Company has unconditional rights to the contract price, and will be able to collect the amount from the customers after the time has passed.

(XXX) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of government grants is to compensate the Company for expenses incurred, the government grants are recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

(XXXI) Business combinations

1. The Company adopts the acquisition method to account for business combinations. The consideration transferred for a combination is measured as the fair value of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued at the acquisition. The consideration for the transfer includes the fair value of any assets and liabilities arising from contingent consideration agreements. All acquisition-related costs related are expensed as incurred. The identifiable assets acquired and liabilities assumed in a business combination are measured at fair value at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
2. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

V. Critical accounting judgments and key sources of estimation and uncertainty

The preparation of these parent company only financial statements requires the management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please refer to the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Important judgments adopted by the accounting policies

The critical judgments adopted in the Company's accounting policies have been assessed to be free from significant uncertainty.

(II) Critical accounting estimates and assumptions

Inventory Evaluation

During the inventory valuation, the Company needs to use judgment to evaluate the wear and tear, obsolescence and market sales value of the inventory to estimate the net realizable value, and write down the inventory cost to the net realizable value. Technological changes, environmental changes and sales conditions will change the inventory value, further affecting its valuation.

The book value of the Company's inventory as of December 31, 2022 is detailed in Note 6(5).

VI. Statements of main accounting items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand and working capital	$ 517	$ 562
Checking deposits and demand deposits	2,271,999	1,688,690
Cash equivalents:		
Time deposits	1,335,500	135,500
	$ 3,608,016	$ 1,824,752

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has not provided cash and cash equivalents as pledged collateral.

(II) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Preference shares of TWSE/TPEx listed domestic companies	$ 29,970	$ -
Evaluation adjustment	(2,131)	-
	$ 27,839	$ -

1. The Company chooses to classify equity instruments of strategic investment nature as financial assets measured at fair value through other comprehensive income.
2. Please refer to the parent company only comprehensive income statement for the details of the financial assets measured at fair value through other comprehensive income which are recognized in the comprehensive profit and loss of the Company.
3. The Company has not provided financial assets measured at fair value through other comprehensive income as pledged collateral.
4. Please refer to Note 12(3) for relevant fair value information.

(III) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Current items:		
Time deposits due in more than three months	$ -	$ 600,000
Non-current items:		
Pledged time deposits	$ 10,706	$ 10,706

1. Please refer to Note 6(20) for the recognized interest income from financial assets measured at amortized cost.
2. Please refer to Note 8 for the Company's provision of financial assets at amortized cost as pledged collateral.

(IV) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 2,565	$ 1,986
Less: Loss allowance	-	-
	$ 2,565	$ 1,986
Accounts receivable	$ 1,123,261	$ 1,179,236
Accounts receivable - related parties	223,754	357,219
	1,347,015	1,536,455
Less: Loss allowance	(22,237)	(1,192)
	$ 1,324,778	$ 1,535,263

1. For the aging analysis and the related credit risk information on notes and accounts receivable, please refer to Note 12 (2).
2. As of December 31, 2022 and 2021, notes receivable and accounts receivable were from contracts with customers. The balances of notes and accounts receivable as of January 1, 2021 were NT$865,513.
3. The Company does not hold any collateral for the aforementioned notes and accounts receivable.

(V) Inventories

	December 31, 2022		
	Cost	Loss allowance for falling prices	Book value
Raw materials	$ 746,347	($ 187,122)	$ 559,225
Work in process	220,742	(13,232)	207,510
Finished products	319,069	(37,210)	281,859
Products	570	(517)	53
	$ 1,286,728	($ 238,081)	$ 1,048,647

	December 31, 2021		
	Cost	Loss allowance for falling prices	Book value
Raw materials	$ 1,253,468	($ 171,133)	$ 1,082,335
Work in process	193,162	(10,482)	182,680
Finished products	279,849	(12,527)	267,322
Products	189	(92)	97
	$ 1,726,668	($ 194,234)	$ 1,532,434

1. None of the above inventories are provided with pledged collaterals.
2. The cost of inventories recognized as losses by the Company.

	2022	2021
Cost of inventory sold	$ 6,241,776	$ 6,598,428
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	43,847	124,783
Loss on scrapping of inventory	13,326	3,353
Others	19,656	25,779
	$ 6,318,605	$ 6,752,343

(VI) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
	Amount	Shareholding percentage	Amount	Shareholding percentage
Subsidiaries:				
Innodisk USA Corporation	$ 115,751	100%	$ 91,662	100%
Innodisk Japan Corporation	9,767	100%	8,513	100%
Innodisk Europe B.V.	42,783	100%	33,118	100%
Innodisk Global-M Corporation	40,667	100%	73,883	100%
Antzer Tech Co., Ltd.	32,549	100%	28,545	100%
Aetina Corporation	306,394	74.20%	215,017	74.78%
	547,911		450,738	
Affiliates:				
AccelStor Inc.	-	-	-	40.37%
Millitronic Co.,Ltd.	6,134	33.55%	10,501	33.55%
Sysinno Technology Inc.	6,819	43.00%	8,237	43.00%
	12,953		18,738	
	$ 560,864		$ 469,476	

Note: In 2022 and 2021, the Company’s share of (losses) profits from affiliates recognized by the equity method was NT$69,545 and NT$110,802, respectively, based on the financial statements audited by the Company’s independent auditors.

1. Subsidiaries

For information on the Company’s subsidiaries, please refer to Note 4 (3) of 2022 consolidated financial statements.

2. Affiliates:

(1) AccelStor Inc.

The liquidation of AccelStor Inc. was completed on May 19, 2022,

(2) As of December 31, 2022 and 2021, the Company had no significant affiliates, and the aggregate book values of non-significant affiliates were NT$12,953 and NT$18,738, respectively. Their operating results are summarized as follows:

	2022	2021
Net loss from continuing operations	($ 5,785)	($ 7,854)
Other comprehensive income or loss (net after tax)	-	-
Total comprehensive profit and loss for the year	($ 5,785)	($ 7,854)

(3) None of the affiliates have open market quotes, so there is no information on fair value.

(VII) Property, plant and equipment

	Land	Buildings and construction	Machines and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
January 1, 2022							
Cost	$ 480,076	$ 740,469	$ 259,792	$ 31,174	$ 55,500	$ 73,064	$ 1,640,075
Accumulated depreciation and impairments	-	(94,868)	(153,852)	(21,336)	-	(45,186)	(315,242)
	$ 480,076	$ 645,601	$ 105,940	$ 9,838	$ 55,500	$ 27,878	$ 1,324,833
2022							
January 1	$ 480,076	$ 645,601	$ 105,940	$ 9,838	$ 55,500	$ 27,878	$ 1,324,833
Addition	99,803	73,242	16,019	17,492	206,010	17,643	430,209
Reclassification	41,826	26,974	47,685	13,959	(48,553)	867	82,758
Depreciation expense	-	(23,283)	(36,805)	(17,194)	-	(9,340)	(86,622)
December 31	$ 621,705	$ 722,534	$ 132,839	$ 24,095	$ 212,957	$ 37,048	$ 1,751,178
December 31, 2022							
Cost	$ 621,705	$ 840,685	$ 323,496	$ 62,625	$ 212,957	$ 91,574	$ 2,153,042
Accumulated depreciation and impairments	-	(118,151)	(190,657)	(38,530)	-	(54,526)	(401,864)
	$ 621,705	$ 722,534	$ 132,839	$ 24,095	$ 212,957	$ 37,048	$ 1,751,178

	Land	Buildings and construction	Machines and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
January 1, 2021							
Cost	$ 480,076	$ 706,574	$ 227,410	$ 29,813	$ -	$ 56,879	$ 1,500,752
Accumulated depreciation and impairments	-	(78,617)	(132,774)	(16,115)	-	(39,114)	(266,620)
	$ 480,076	$ 627,957	$ 94,636	$ 13,698	$ -	$ 17,765	$ 1,234,132
2021							
January 1	$ 480,076	$ 627,957	$ 94,636	$ 13,698	$ -	$ 17,765	$ 1,234,132
Addition	-	34,117	37,615	1,515	55,500	16,963	145,710
Reclassification	-	3,680	1,425	-	-	480	5,585
Disposal	-	-	-	(8)	-	(54)	(62)
Depreciation expense	-	(20,153)	(27,736)	(5,367)	-	(7,276)	(60,532)
December 31	$ 480,076	$ 645,601	$ 105,940	$ 9,838	$ 55,500	$ 27,878	$ 1,324,833
December 31, 2021							
Cost	$ 480,076	$ 740,469	$ 259,792	$ 31,174	$ 55,500	$ 73,064	$ 1,640,075
Accumulated depreciation and impairments	-	(94,868)	(153,852)	(21,336)	-	(45,186)	(315,242)
	$ 480,076	$ 645,601	$ 105,940	$ 9,838	$ 55,500	$ 27,878	$ 1,324,833

1. Please refer to note 8 for the information on the collateral provided by the Company with its property, plant and equipment.
2. The Company had no capitalization of interest for property, plant and equipment in 2022 and 2021.
3. The abovementioned property, plant and equipment are all held and used by the Company.
4. As of December 31, 2022 and 2021, the Company's prepayments for business facilities (recognized in "other non-current assets - others") that have not been reclassified were NT$0 and NT$68,802, respectively.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Company include land, buildings and company vehicles. Leasing contracts for buildings and company vehicles are typically made for periods of 1 to 4 years. The land for the plant site in Taiwan is leased from Hsinchu Science Park for a lease contract period of 20 years; the Company enjoys the priority of lease and the expected lease period is 50 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collateral.
2. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Land	Buildings	Company vehicles	Total
January 1, 2022	$ 178,850	$ 3,138	$ 901	$ 182,889
Addition	3,020	4,731	327	8,078
Contract revision	-	(1,864)	-	(1,864)
Depreciation expense	(6,610)	(2,007)	(553)	(9,170)
December 31, 2022	$ 175,260	$ 3,998	$ 675	$ 179,933

	Land	Buildings	Company vehicles	Total
January 1, 2021	$ 185,386	$ 1,162	$ 300	$ 186,848
Addition	-	5,576	1,161	6,737
Contract revision	-	(1,068)	-	(1,068)
Early termination of leases	-	(313)	-	(313)
Depreciation expense	(6,536)	(2,219)	(560)	(9,315)
December 31, 2021	$ 178,850	$ 3,138	$ 901	$ 182,889

3. The information on profit and loss items related to lease contracts is as follows:

Items affecting current profit and loss	2022	2021
Interest expenses on lease liabilities	$ 2,200	$ 2,243
Lease modification loss (gain)	(3)	-

4. In 2022 and 2021, other than the cash outflow from lease-related expenses mentioned in Note 6(8)3 above, please refer to Note 6(30) for details of the amount of cash outflow arising from the repayment of principal of lease liabilities.

(IX) Leasing arrangements - lessor

1. The Company leases out assets such as land and buildings. The lease contracts are typically made for periods of 1 to 5 years. The terms of lease contracts are negotiated separately. In order to preserve the condition of leased assets, the Company usually requires lessees not to sublet, sublease or pledge all or part of the underlying leased assets.
2. Please refer to 6(21) for the rental income recognized by the Company based on operating lease contracts.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2022	$ -	$ 8,087
2023	4,215	1,625
2024	332	-
	$ 4,547	$ 9,712

(X) Investment property

	Land	Buildings and construction	Total
January 1, 2022			
Cost	$ 99,301	$ 53,888	$ 153,189
Accumulated depreciation and impairments	-	(16,751)	(16,751)
	$ 99,301	$ 37,137	$ 136,438
2022			
January 1	$ 99,301	$ 37,137	$ 136,438
Addition	63,630	39,031	102,661
Depreciation expense	-	(2,886)	(2,886)
December 31	$ 162,931	$ 73,282	$ 236,213
December 31, 2022			
Cost	$ 162,931	$ 92,919	$ 255,850
Accumulated depreciation and impairments	-	(19,637)	(19,637)
	$ 162,931	$ 73,282	$ 236,213

	Land	Buildings and construction	Total
January 1, 2021			
Cost	$ 99,301	$ 53,888	$ 153,189
Accumulated depreciation and impairments	-	(14,723)	(14,723)
	$ 99,301	$ 39,165	$ 138,466
2021			
January 1	$ 99,301	$ 39,165	$ 138,466
Depreciation expense	-	(2,028)	(2,028)
December 31	$ 99,301	$ 37,137	$ 136,438
December 31, 2021			
Cost	$ 99,301	$ 53,888	$ 153,189
Accumulated depreciation and impairments	-	(16,751)	(16,751)
	$ 99,301	$ 37,137	$ 136,438

1. Rental income and direct operating expenses of investment real estate:

	2022	2021
Rental income from investment property	$ 11,116	$ 7,466
Direct operating expenses incurred by investment property that generates rental income for the period	$ 3,614	$ 3,512

2. The fair value of the investment property held by the Company as of December 31, 2022 and 2021 were NT$282,510 and NT$201,413, respectively. The abovementioned fair value is obtained from the market price assessments of similar properties in the vicinity of the relevant assets.
3. Please refer to Note 8 for the information on the collateral provided by the Company with its property, plant and equipment.
4. The Company had no capitalization of interest for investment property in 2022 and 2021.

(XI) Other payables

	December 31, 2022	December 31, 2021
Payroll and bonus payable	$ 263,690	$ 227,143
Employees' remuneration and directors' and supervisors' remuneration payable	141,225	123,400
Accrued expenses	54,905	51,067
Payable on equipment	52,801	16,348
Others	14,695	11,759
	$ 527,316	$ 429,717

(XII) Long-term loans

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2022
Long-term bank borrowing				
Chinatrust Commercial Bank secured loan	The borrowing period is from January 7, 2022 to January 7, 2042; the grace period for principal repayment is two years, and the interest is paid monthly.	0.82%～1.07%	Please see Note 8 for details.	$ 67,343
Chinatrust Commercial Bank secured loan	The borrowing period is from January 13, 2022 to January 13, 2042; the grace period for principal repayment is two years, and the interest is paid monthly.	0.82%～1.07%	Please see Note 8 for details.	112,657
				180,000
Less: Long-term loans due within one year or one business cycle				-
				$ 180,000

December 31, 2021: None.

Please refer to Note 6(23) for the interest expense recognized in profit or loss by the Company.

(XIII) Pensions

The Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were NT$25,024 and NT$20,606, respectively.

(XIV) Share-based payment

1. Share-based payment agreement of the Company

(1) The Company's board meeting on November 8, 2018 resolved the first issuance of employee stock option certificates in 2018 and the stock option measures; it was proposed to issue 3,000,000 units of employee stock option certificates, and the number of shares that may be subscribed to by each unit of stock option certificate is one share. The above came into effect on December 11, 2018 upon filing, and the Company will issue employee stock option certificates on January 29, 2019.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock options plan	2019.1.29	3,000 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 years of service tenure are entitled to 50%. Those with 3 years of service tenure are entitled to 100%.

(2) The Company's board meeting on July 6, 2022 resolved the first issuance of employee stock option certificates in 2022 and the stock option measures; it was proposed to issue 3,500,000 units of employee stock option certificates, and the number of shares that may be subscribed to by each unit of stock option certificate is one share. The above will come into effect on July 26, 2022 upon filing, and the Company will issue employee stock option certificates on August 5, 2022.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock options plan	2022.8.5	3,500 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 years of service tenure are entitled to 50%. Those with 3 years of service tenure are entitled to 100%.

2. The detailed information of the share-based payment above

	2022				2021			
		Number of stock options (thousand shares)	Weighted average exercise price (NT$)			Number of stock options (thousand shares)	Weighted average exercise price (NT$)	
Options outstanding as of January 1		1,628	89.80			3,000	92.80	
Stock options granted in this period		3,500	168.00			-	-	
Free allotment of additional shares or adjustment of the number of subscribed shares		-	-			-	-	
Stock options lost in this period	(	145	) 89.80		(	28	) 92.80	
Stock options exercised in this period	(	1,405	) 88.95		(	1,344	) 92.63	
Stock options expired in this period		-	-			-	-	
Stock options outstanding as of December 31		3,578	166.28			1,628	89.80	
Stock options exercisable as of December 31		78				156		

3. The Company's weighted-average share prices of the stock options exercised in 2022 and 2021 were NT$185.69 and NT$189.78, respectively on the date of exercise.

4. The expiration date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2022	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT$)
January 29, 2019	January 29, 2023	78	81.40
August 5, 2022	August 5, 2026	3,500	168.00

		December 31, 2021	
Approved issue date	Expiration date	Number of shares (thousand)	Exercise price (NT$)
January 29, 2019	January 29, 2023	1,628	89.80

5. The fair value of stock options granted on grant date is measured using Black-Scholes option-pricing model and the relevant information is as follows:

Type of arrangement	Grant date	Stock price (NT$)	Exercise price (NT$)	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Weighted average fair value per unit (NT$)
Employee stock options plan	2019.1.29	105.50	105.50	34.34%	4 years	NA	0.61%	26.4442
Employee stock options plan	2022.8.5	168.00	168.00	30.62%	3.25 years	NA	0.95%	38.5462

6. Expenses incurred on share-based payment transactions are shown below:

	2022	2021
Equity delivery	$ 31,447	$ 19,973

(XV) Provisions

	2022	2021
Balance on January 1	$ 59,600	$ 61,193
Provision for liabilities used in the period	(9,828)	(6,579)
Provision for liabilities added in this period	18,517	4,986
Balance on December 31	$ 68,289	$ 59,600

The analysis of provisions is as follows:

	December 31, 2022	December 31, 2021
Current	$ 68,289	$ 59,600

The Company’s provisions for warranty liabilities are mainly related to sales of industrial storage devices and memory modules. The provisions for warranty liabilities are estimated based on the historical warranty information of the products.

(XVI) Share capital

1. As of December 31, 2022, the Company’s authorized capital was NT$1,000,000, consisting of 100,000 thousand shares (including 10,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT$865,531 with a par value of NT$10. All proceeds from shares issued have been collected.

   The movements in the number of the Company’s common stocks outstanding are as follows: (Unit: Share)

	2022	2021
January 1	82,668,040	81,324,040
Stock dividends	2,480,041	-
Exercise of employee share options	1,405,000	1,344,000
December 31	86,553,081	82,668,040

2. The shareholders' meeting on May 31, 2022 resolved to increase the Company's capital by issuing new shares with the 2021 undistributed earnings of NT$24,801. The ex-date for the capital increase is August 6, 2022, and the capital change registration is already completed.
3. For 2022, the ordinary shares issued due to the exercise of employee stock options were 1,405,000 shares. As of December 31, 2022, 82,500 shares have not been registered for share capital change.
4. The ordinary shares issued due to the exercise of employee stock options in 2021 were 1,344,000 shares, and all of them had been registered for share capital change.

(XVII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2022	Issue premium	Difference between the price of acquiring or disposing of equities of a subsidiary and the book value	Recognition of changes in ownership in subsidiaries	Employee stock options	Others	Total
January 1	$ 1,157,494	$ 802	$ 24,538	$ 30,321	$ 674	$ 1,213,829
Share-based payment	-	-	-	31,447	-	31,447
Share-based remuneration for employees of subsidiaries	-	-	268	-	-	268
Exercise of employee share options	145,335	-	-	(34,417)	-	110,918
Expired options	-	-	-	(4,031)	4,031	-
December 31	$ 1,302,829	$ 802	$ 24,806	$ 23,320	$ 4,705	$ 1,356,462

2021	Issue premium	Difference between the price of acquiring or disposing of equities of a subsidiary and the book value	Recognition of changes in ownership in subsidiaries	Employee stock options	Others	Total
January 1	$ 1,013,516	$ 802	$ 24,439	$ 43,945	$ -	$ 1,082,702
Share-based payment	-	-	-	19,973	-	19,973
Share-based remuneration for employees of subsidiaries	-	-	-	-	-	-
Exercise of employee share options	143,978	-	-	(32,923)	-	111,055
Expired options	-	-	-	(674)	674	-
Share-based remuneration for employees of subsidiaries	-	-	99	-	-	99
December 31	$ 1,157,494	$ 802	$ 24,538	$ 30,321	$ 674	$ 1,213,829

(XVIII) Retained earnings / subsequent event

1. According to the Company’s Articles of Incorporation, the surplus income after the final accounts is distributed to the following accounts in their respective order:

   (1) Withholding taxes.

   (2) Make up for past losses.

   (3) Allocate 10% as legal reserve. If the legal reserve has reached the total share capital, no further allocations will be conducted. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority.

   (4) With respect to the balance and the accumulated undistributed surplus of the previous year, the board proposes a surplus distribution to the shareholders meeting for resolution.

Dividend policy: The Company considers future needs for business operations, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's surplus distribution and shareholders' equity shall not be less than 30% of the current year's surplus.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purposes. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

4. The Company's distribution of profits

(1) The appropriations of 2021 and 2020 earnings were resolved at the shareholders' meeting on May 31, 2022 and July 8, 2021, respectively. Details are summarized below:

	2021		2020	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserve allocation	$ 156,088		$ 93,009	
Special reserve allocation	7,709		1,358	
Stock dividends	24,801	0.30	-	-
Cash dividends	967,217	11.70	553,003	6.80
	$ 1,155,815		$ 647,370	

(2) The appropriation of the Company's 2022 earnings was resolved by the board meeting on February 23, 2023. Details are summarized below:

	2022	
	Amount	Dividends per share (NT$)
Legal reserve allocation	$ 185,019	
(Reversal of) special reserve	(12,223)	
Stock dividends	17,311	0.20
Cash dividends	1,194,433	13.80
	$ 1,384,540	

(XIX) Operating revenue

1. Segmentation of revenue from contracts with customers

The Company derives its revenue from the transfer of goods and services at a point in time in the following product categories and geographical regions:

	Industrial storage devices and memory modules					
2022	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 2,977,132	$ 2,404,601	$ 1,542,995	$ 2,088,653	$ 245,488	$ 9,258,869

	Industrial storage devices and memory modules					
2021	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 2,924,669	$ 2,625,605	$ 1,756,930	$ 1,933,502	$ 187,066	$ 9,427,772

2. Contract liabilities

(1) Contract liabilities related to contracts with customers recognized by the Company:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - Product sales contracts	$ 35,857	$ 8,184	$ 27,005

(2) Contract liabilities at the beginning of the period recognized as revenue of the period

	2022	2021
Product sales contracts	$ 8,120	$ 26,988

(XX) Interest income

	2022	2021
Income from bank deposits and other interests	$ 10,298	$ 2,372
Interest income on financial assets at amortized cost	2,876	2,472
	$ 13,174	$ 4,844

(XXI) Other income

	2022	2021
Rental income	$ 11,409	$ 7,812
Government grants	2,283	2,848
Others	16,001	5,987
	$ 29,693	$ 16,647

(XXII) Other gains and losses

	2022	2021
Net foreign exchange gain (loss)	$ 199,140	($ 24,820)
Gain (loss) on disposal of property, plant and equipment	-	388
Disposal of investment gains	4,228	-
Gains (losses) on revaluation of fair value of investments accounted for using equity method	-	2,780
Depreciation charges on investment property	(2,886)	(2,028)
Others	78	(418)
	$ 200,560	($ 24,098)

(XXIII) Finance cost

	2022	2021
Interest expense on bank borrowings	$ 3,061	$ 61
Interest expenses on lease liabilities	2,200	2,243
Others	8	-
	$ 5,269	$ 2,304

(XXIV) Expenses by nature

	2022	2021
Employee benefits expense	$ 990,582	$ 857,532
Depreciation charges on property, plant and equipment	$ 86,622	$ 60,532
Depreciation charges on right-of-use assets	$ 9,170	$ 9,315
Amortization charges on the intangible assets and deferred assets.	$ 21,660	$ 21,499

(XXV) Employee benefits expense

	2022	2021
Payroll expenses	$ 821,394	$ 720,635
Employee stock options	31,447	19,973
Labor and health insurance fees	56,311	46,586
Pension costs	25,024	20,606
Directors' remuneration	22,746	19,925
Other employee benefit expenses	33,660	29,807
	$ 990,582	$ 857,532

1. According to the Company's Articles of Incorporation, the no more than 2% of the net profit before tax is allocated as remunerations for directors and supervisors and no less than 3% of the net profit before tax is allocated as employees' bonuses when distributing profits.

2. The estimated amount of employees' remuneration for 2022 and 2021 is NT$120,225 and NT$105,000, respectively; the estimated amount of directors' and supervisors' remuneration is NT$21,000 and NT$18,400, respectively; these amounts are recorded as salary expenses.

   The remuneration to employees and directors and supervisors was estimated and accrued at 5.14% and 0.90%, respectively, based on the profitability of 2022. The actual amounts to be distributed based on the board's resolution were NT$120,225 and NT$21,000, respectively, of which employee remuneration would be paid in cash.

   The employees' remuneration and directors' and supervisors' remuneration approved by the board meeting for 2021 were NT$105,000 and NT$18,400, respectively, which were consistent with the amounts recognized in the 2021 financial statements. NT$105,000 and NT$18,400 have been paid in cash respectively as of December 31, 2022.

3. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXVI) Income tax

1. Income tax expense

(1) Components of income tax expense

	2022	2021
Current income tax:		
Current income tax liabilities and (assets)	$ 189,271	$ 271,532
Amount of income tax not paid in the previous year		
Tax underestimate (overestimate) in the previous year	(21,540)	(11,940)
Withholding and provisional tax	195,074	112,957
Additional tax on undistributed earnings	(20,254)	(14,215)
Total current income tax	342,551	358,334
Deferred income tax:		
Origination and reversal of temporary differences	(16,328)	(13,343)
Others:		
Additional tax on undistributed earnings	20,254	14,215
Income tax expense	$ 346,477	$ 359,206

(2) For the year ended 2022 and 2021, the Company had no income tax related to other comprehensive income and direct debits or credits.

2. Reconciliation between income tax expense and accounting profit

	2022	2021
Income tax calculated based on net profit before tax and statutory tax rate	$ 439,333	$ 384,019
Impact of income tax of investment tax credits	(30,000)	(16,000)
Realized investment loss on domestic operations	(45,052)	-
Unrealized investment gain on domestic operations	(17,865)	(11,004)
Impact that cannot be recognized according to laws and regulations	806	(421)
Tax underestimate (overestimate) in the previous year	(21,540)	(11,940)
Additional tax on undistributed earnings	20,254	14,215
Others	541	337
Income tax expense	$ 346,477	$ 359,206

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2022		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Loss on falling prices of inventory and inventory obsolescence	$ 38,846	$ 8,770	$ 47,616
Deferred unrealized sales benefits	2,863	(1,444)	1,419
Provisions for after-sales services	11,920	1,738	13,658
Attendance bonus	2,314	511	2,825
Unrealized exchange loss	407	2,797	3,204
Subtotal	56,350	12,372	68,722
Deferred income tax liabilities:			
Unrealized investment loss on foreign operations	(8,279)	3,956	(4,323)
Total	$ 48,071	$ 16,328	$ 64,399

	2021		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Loss on falling prices of inventory and inventory obsolescence	$ 13,890	$ 24,956	$ 38,846
Deferred unrealized sales benefits	2,525	338	2,863
Provisions for after-sales services	12,239	(319)	11,920
Attendance bonus	1,974	340	2,314
Unrealized investment loss on foreign operations	2,878	(2,878)	-
Unrealized exchange loss	1,222	(815)	407
Subtotal	34,728	21,622	56,350
Deferred income tax liabilities:			
Unrealized investment loss on foreign operations		(8,279)	(8,279)
Total	$ 34,728	$ 13,343	$ 48,071

4. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(XXVII) Earnings per share

	2022		
	Amount after tax	Weighted average number of share outstanding (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Current net profit attributable to ordinary shareholders	$ 1,850,189	86,207	21.46
Diluted earnings per share			
Current net profit attributable to ordinary shareholders	$ 1,850,189	86,207	
Impact of conversion of all dilutive potential ordinary shares			
Employee remuneration	-	775	
Employee stock options	-	183	
Current net profit attributable to ordinary shareholders of the Company plus the potential conversion of all dilutive ordinary shares	$ 1,850,189	87,165	21.23

	2021		
	Amount after tax	Weighted average number of share outstanding (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Current net profit attributable to ordinary shareholders	$ 1,560,888	84,899	18.39
Diluted earnings per share			
Current net profit attributable to ordinary shareholders	$ 1,560,888	84,899	
Impact of conversion of all dilutive potential ordinary shares			
Employee remuneration	-	577	
Employee stock options	-	858	
Current net profit attributable to ordinary shareholders of the Company plus the potential conversion of all dilutive ordinary shares	$ 1,560,888	86,334	18.08

The aforesaid weighted average number of outstanding shares in 2021 has been retroactively adjusted according to the ratio of capital increase from surplus in 2021.

(XXVIII) Business combinations

1. The Company acquired 68.11% in equity of Antzer Tech Co., Ltd. on May 18, 2021 in the amount of NT$19,889 in cash, and obtained control over Antzer Tech Co., Ltd., which sells software and hardware related to automotive electronics.

2. Information on the consideration paid for the acquisition of Antzer Tech Co.,Ltd., the fair value of the assets acquired and the liabilities assumed on the acquisition date, and the fair value of the non-controlling interests on the acquisition date is as follows:

		May 18, 2021
Consideration for acquisition - cash	$	19,889
Acquisition-date fair value of equities in Antzer Tech Co.,Ltd. previously held		9,311
		29,200
Fair value of the identifiable assets acquired and the liabilities assumed		
Cash and cash equivalents		7,007
Notes receivable		13
Accounts receivable		1,583
Other receivables		134
Inventories		5,197
Prepayments		998
Property, plant and equipment		182
Intangible assets		9,000
Other non-current assets		9,616
Contract liabilities - current	(	1,424)
Accounts payable	(	829)
Accounts payable -- related parties	(	247)
Other payables	(	1,984)
Other current liabilities	(	46)
Total identifiable net assets		29,200
Goodwill	$	-

3. The fair value of the identifiable intangible assets acquired (including trademark rights and patent rights) is NT$9,000.

4. The Company had held 31.89% of equity interests in Antzer Tech Co., Ltd. before the business combination, and the gains recognized after remeasurement at fair value were NT$2,780.

(XXIX) Supplemental cash flow information

1. Investing activities with partial cash payments:

		2022		2021
Purchase of property, plant and equipment	$	430,209	$	145,710
Add: Opening balance of payable on equipment		16,348		-
Less: Ending balance of payable on equipment	(	52,801)	(	16,348)
Cash paid during the year	$	393,756	$	129,362

2. Financing activities with no cash flow effects:

	2022	2021
Stock dividends	$ 24,801	$ -

(XXX) Changes in liabilities from financing activities

2022	Other payables - Cash dividends payable	Long-term loans (including current portion)	Lease liabilities (current/non-current)	Guarantee deposit received
January 1	$ -	$ -	$ 185,175	$ 1,292
Increase in borrowings	-	180,000	-	-
Repayment of borrowings	-	-	-	-
Declared cash dividends	967,217	-	-	-
Cash dividends paid	(967,217)	-	-	-
Increase in principal of lease liabilities	-	-	8,078	-
Payment of lease liabilities	-	-	(8,268)	-
Other non-cash transactions	-	-	(1,867)	-
Increase in guarantee deposits received	-	-	-	1,092
Decrease in guarantee deposits received	-	-	-	(599)
December 31	$ -	$ 180,000	$ 183,118	$ 1,785

2021	Other payables - Cash dividends payable	Short-term loans	Lease liabilities (current/non-current)	Guarantee deposit received
January 1	$ -	$ -	$ 188,162	$ 1,100
Increase in borrowings	-	185,743	-	-
Repayment of borrowings	-	(185,743)	-	-
Declared cash dividends	553,003	-	-	-
Cash dividends paid	(553,003)	-	-	-
Increase in principal of lease liabilities	-	-	6,737	-
Payment of lease liabilities	-	-	(8,343)	-
Other non-cash transactions	-	-	(1,381)	-
Increase in guarantee deposits received	-	-	-	524
Decrease in guarantee deposits received	-	-	-	(332)
December 31	$ -	$ -	$ 185,175	$ 1,292

VII. Related-party transactions

(I) Related parties' names and relationships

Name of the related party	Relationship with the Company
Subsidiaries:	
Innodisk USA Corporation	The Company's 100% owned subsidiary
Innodisk Japan Corporation	The Company's 100% owned subsidiary
Innodisk Europe B.V.	The Company's 100% owned subsidiary
Innodisk Global-M Corporation	The Company's 100% owned subsidiary
Aetina Corporation	The Company's 100% owned subsidiary
Antzer Tech Co., Ltd.	The Company acquired its control and it became a subsidiary of the Company in the second quarter of 2021.
Innodisk Shenzhen Corporation	The Company's 100% owned sub-subsidiary
Affiliates:	
Millitronic Co.,Ltd.	An entity over which the Company has a significant influence
Sysinno Technology Inc.	An entity over which the Company has a significant influence
Other related parties:	
I-Media Tech Co., Ltd.	The chairman of that company and one of the Company's directors are the same person.
Innodisk Foundation	The amount donated by the Company and the directors is more than one-third of the total fund received by the foundation.
Key management of Aetina Corporation	Subsidiary's key management and governance unit
All directors, the general manager and key executives.	The Company's key executives and governance unit

(II) Significant transactions with the related parties

1. Sales and processing transactions

(1) Operating revenue

The Company's revenue from sales of goods and services to the related parties is shown as follows:

	2022	2021
Subsidiaries:		
Innodisk USA Corporation	$ 1,116,708	$ 1,401,964
Innodisk Shenzhen Corporation	511,711	748,434
Others	25,664	12,542
An entity over which the Company has a significant influence	213	330
	$ 1,654,296	$ 2,163,270

The prices of products sold and services provided to the related parties from the Company are based on the agreements between the parties. The payment terms are net 25 to net 60. There are no significant differences with the non-related parties. The payment terms for non-related parties are payment in advance and net 30 to 90 days.

(2) Accounts receivable

The Company's accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2022	December 31, 2021
Subsidiaries:		
Innodisk USA Corporation	$ 139,295	$ 270,261
Innodisk Shenzhen Corporation	79,320	85,534
Others	5,030	1,422
An entity over which the Company has a significant influence	109	2
	$ 223,754	$ 357,219

2. Purchase transaction

(1) Operating costs

Details on the Company's purchase transactions with related parties are as follows:

	2022	2021
Subsidiary		
Innodisk USA Corporation	$ 26,916	$ 73,589
Antzer Tech Co., Ltd.	40	5,232
Other related parties	92	312
An entity over which the Company has a significant influence	620	232
	$ 27,668	$ 79,365

The Company's prices of purchase transaction with related parties are based on the agreements between the parties. The payment term is payment in advance and monthly settlement, net 30 to 90 days, which is not significantly different from those of non-related parties. The payment term for non-related parties is payment in advance, 7 days after shipment and monthly settlement, net 30 to 90 days.

(2) Accounts payable

The Company's accounts payable from the above transactions with related parties is shown as follows:

	December 31, 2022	December 31, 2021
Subsidiary	$ -	$ 15,761
Other related parties	53	147
An entity over which the Company has a significant influence	12	115
	$ 65	$ 16,023

3. Leases and services

(1) Other income

The Company's income from leasing assets to related parties and for providing administrative support and other services is detailed as follows:

	2022		2021	
	Rental income	Other income	Rental income	Other income
Subsidiaries:				
Innodisk Japan Corporation	$ 3,740	$ 52	$ 3,336	$ 58
Aetina Corporation	1,757	5,856	-	1,761
Innodisk USA Corporation	-	5,240	-	217
Antzer Tech Co., Ltd.	110	240	-	70
An entity over which the Company has a significant influence:				
Entity:				
Others	960	360	127	779
	$ 6,567	$ 11,748	$ 3,463	$ 2,885

The Company's rental income from leasing out offices is negotiated with the related parties and is collected on a monthly basis.

(2) Other receivables

The Company's other accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2022	December 31, 2021
Subsidiaries:		
Aetina Corporation	$ 504	$ 232
Innodisk Japan Corporation	-	5
Antzer Tech Co., Ltd.	252	-
An entity over which the Company has a significant influence	52	42
	$ 808	$ 279

(3) Other non-current liabilities

The Company's deposits received from the above transactions with related parties are shown as follows:

	December 31, 2022	December 31, 2021
Subsidiaries:		
Innodisk Japan Corporation	$ 209	$ 166

4. Marketing promotion services and miscellaneous purchases

(1) Operating expenses

The Company's expenses incurred by marketing promotion services provided by the related parties and miscellaneous purchases are as follows:

	2022	2021
	Selling expenses	Selling expenses
Subsidiaries:		
Innodisk Japan Corporation	$ 39,434	$ 35,755
Innodisk USA Corporation	3,836	-
Innodisk Europe B.V.	69,944	61,832
Aetina Corporation	75	-
	$ 113,289	$ 97,587

(2) Other payables

The Company's other payables from the above transactions are shown as follows:

	December 31, 2022	December 31, 2021
Subsidiary		
Innodisk Japan Corporation	$ 3,707	$ 4,332
Innodisk Europe B.V.	4,543	3,792
Aetina Corporation	42	-
	$ 8,292	$ 8,124

5. Provision of endorsements and guarantees

Endorsements and guarantees provided to related parties:

	December 31, 2022	December 31, 2021
Subsidiaries:		
Innodisk Europe B.V.	$ 22,904	$ 21,924

6. Donations / operating expenses

The operating expenses arising from supporting education development, fulfilling corporate social responsibility and donations to related parties are detailed as follows:

	2022	2021
Innodisk Foundation	$ 4,000	$ 4,000

(III) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 103,972	$ 71,819
Post-employment benefits	835	745
Share-based payment	7,390	4,228
	$ 112,197	$ 76,792

VIII. Pledged assets

Assets pledged by the Company as collateral are as follows:

	Book value		
Assets	December 31, 2022	December 31, 2021	Purpose of guarantee
Other non-current assets - pledge of time deposits	$ 10,706	$ 10,706	Provide pledged time deposits for lease and customs tax guarantee
Land and buildings	295,555	-	Long-term loans
Investment property Land and buildings	32,839	-	Long-term loans
	$ 339,100	$ 10,706	

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Major contingent liabilities

Not applicable.

(II) Significant unrecognized contract commitments

1. As of December 31, 2022 and 2021, the amount of endorsements and guarantees for individual entities in the Company was NT$22,904 and NT$21,924, respectively, and the amount used was NT$14,397 and NT$15,973, respectively.
2. Capital expenditures with contracts signed that have not yet been incurred

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 383,940	$ 268,544

December 31, 2022: It was mainly due to the contract commitment of the Company to invest in the new plant in the Yilan area of Hsinchu Science Park for NT$383,940.

December 31, 2021: It was mainly due to the contract commitment of the Company to purchase the real estate in Xizhi District, New Taipei City for NT$268,544.

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

The appropriation of 2022 earnings was resolved by the board meeting on February 23, 2023. Details are summarized in Note 6(18).

XII. Others

(I) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The total debt is the total liabilities reported in the parent company only balance sheet. Total capital is calculated as “equity”, as shown in the parent company only balance sheet, plus net debt.

The Company maintained the same strategy in 2022 as in 2021. Please refer to the parent company only balance sheet for the Company’s debt-to-capital ratio as of December 31, 2022 and 2021.

(II) Financial instruments

1. Types of financial instrument

For the Company’s financial assets (cash and cash equivalents, current financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, other receivables due from related parties, non-current financial assets at fair value through other comprehensive income, non-current financial assets at amortized cost and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable to related parties, other payables, Long-term loans (including the current portion), guarantee deposits received, current lease liabilities and non-current lease liabilities), please refer to the relevant information in the consolidated balance sheet and Note 6.

2. Risk management policies

(1) The Company’s activities are exposed to a variety of financial risks, including market risk (exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial position and performance.

(2) Risk management is carried out by the Company’s central treasury department under policies approved by the senior executives, and it primarily identifies, evaluates and hedges financial risks.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

(A) The Company is a multinational operation and therefore is subject to exchange rate risk arising from transactions between the different currencies of the Company and its subsidiaries, mainly in USD, RMB, JPY and Euro. The related exchange risk from future business transactions have been recognized in assets and liabilities.

(B) The Company's management has set up policies to require companies within the Company to manage their foreign exchange risk against their functional currency. The Company hedges its overall exchange rate risk through its treasury department. Exchange rate risk arises when future business transactions and recognized assets or liabilities are denominated in foreign currencies that are not the entity's function currency.

(C) The Company's operations involve certain non-functional currencies (the Company's functional currency is the New Taiwan dollar (NTD)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

	December 31, 2022		
(foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book value (NT$)
Financial assets			
Monetary items			
USD : NTD	75,173	30.7100	$ 2,308,563
RMB : NTD	9,799	4.4080	43,194
JPY : NTD	125,816	0.2324	29,240
EUR : NTD	383	32.7200	12,532
Non-monetary items			
- Investment in subsidiaries			
USD : NTD	5,093	30.7100	156,418
RMB : USD	8,920	0.1435	39,309
JPY : NTD	42,027	0.2324	9,767
EUR : NTD	1,374	32.7200	44,949
Financial Liabilities			
Monetary items			
USD : NTD	10,024	30.7100	307,837
EUR : NTD	1,964	32.7200	64,262
JPY : NTD	18,580	0.2324	4,318

(foreign currency: functional currency)	December 31, 2021 Foreign currency (in thousands)	Exchange rate	Book value (NT$)
Financial Assets			
Monetary items			
USD : NTD	87,455	27.6800	$ 2,420,754
RMB : NTD	22,086	4.3440	95,942
JPY : NTD	224,092	0.2405	53,894
EUR : NTD	204	31.3200	6,389
Non-monetary items			
- Investment in subsidiaries			
USD : NTD	5,981	27.6800	165,544
RMB : USD	16,715	0.1569	72,595
JPY : NTD	35,397	0.2405	8,513
EUR : NTD	1,078	31.3200	33,777
Financial Liabilities			
Monetary items			
USD : NTD	29,479	27.6800	815,979
EUR : NTD	4	31.3200	125
JPY : NTD	5,837	0.2405	1,404

(D) Please refer to Note 6(22) for the total exchange gain (loss) (realized and unrealized) due to significant foreign exchange rate fluctuations on monetary items held by the Company in 2022 and 2021.

(E) The analysis of foreign currency risk due to significant exchange rate fluctuations is as follows:

	2022 Sensitivity Analysis		
	Fluctuation	Impact on profit or loss	Impact on other comprehensive income
Financial Assets			
Monetary items			
USD : NTD	1%	$ 23,086	$ -
RMB : NTD	1%	432	-
JPY : NTD	1%	292	-
EUR : NTD	1%	125	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	(3,078)	-
EUR : NTD	1%	(643)	-
JPY : NTD	1%	(43)	-

	2021		
	Sensitivity Analysis		
	Fluctuation	Impact on profit or loss	Impact on other comprehensive income
Financial Assets			
Monetary items			
USD : NTD	1%	$ 24,208	$ -
RMB : NTD	1%	959	-
JPY : NTD	1%	539	-
EUR : NTD	1%	64	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	(8,160)	-
EUR : NTD	1%	(1)	-
JPY : NTD	1%	(14)	-

B. Price risk

(A) The Company's equity instruments exposed to price risk are financial assets held and recognized at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Company dispersed its investment portfolio in accordance with the limits set by the Company.

(B) The Company mainly invests in equity instruments issued by domestic companies, and the price of such equity instruments will be affected by the uncertainty of the future values of the investment objects. If the price of such instruments rises or falls by 1%, while all other factors remain unchanged, the other comprehensive income classified as equity investments measured at fair value through other comprehensive income in 2022 and 2021 will increase or decrease by NT$278 and NT$0 respectively.

C. Cash flow and fair value interest rate risk

(A) The Company's interest rate risk arises from long-term loans. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Borrowings issued at floating rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at floating rates. The Company's borrowings at floating rates in 2022 and 2021 were denominated in NTD.

(B) On December 31, 2022 and 2021, if the borrowing rate increased by 1% with all other reasons remained unchanged, the net profit before tax in 2022 and

2021 would decrease by NT$$1,800 and NT$0 respectively, mainly due to the increase of borrowing interest caused by floating interest rates.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost.

B. The management of credit risk is established with a Company perspective. According to the Company’s credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

C. The credit risk of the Company’s investment in debt instrument measured at amortized cost refers to counterparties defaulting on contractual obligations, leading to the Company’s financial losses. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

D. In considering the past experience, if the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

E. In considering the past experience with payment collection, if a contract payment is overdue for more than 180 days in accordance with the agreed payment terms, it is considered a breach of contract.

F. The Company categorizes the accounts receivable from customers based on their evaluation ratings. The loss rate method is adopted as the basis for estimating the expected credit loss.

G. The Company has included the economic indicators and signals of the National Development Council and Basel Committee on Banking Supervision’s forward-looking considerations to adjust the loss rate based on historical and current information for a specific period.

H. The Company uses the following indicators to determine the status of credit impairments of debt instruments:

(A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(C) The issuer delays or does not pay for the interest or principal.

(D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.

I. The Company will continue the recourse for financial assets that have defaulted to protect the rights of the claims. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse.

J. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historical and current data in order to estimate the loss allowance notes and accounts receivables. The loss rates are shown as follows:

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
December 31, 2022						
Expected loss rate	0.05%	1.12%	7.64%	23.30%-78.96%	100.00%	
Notes receivable	$ 2,565	$ -	$ -	$ -	$ -	$ 2,565
Accounts receivable	1,277,836	41,567	4,256	11,686	11,670	1,347,015
Total book value	$ 1,280,401	$ 41,567	$ 4,256	$ 11,686	$ 11,670	$ 1,349,580
Loss provision	($ 550)	($ 465)	($ 325)	($ 9,227)	($ 11,670)	($ 22,237)

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
December 31, 2021						
Expected loss rate	0.05%	0.95%	6.46%	1 9.67%-81.53%	100%	
Notes receivable	$ 1,986	$ -	$ -	$ -	$ -	$ 1,986
Accounts receivable	1,518,734	11,758	5,963	-	-	1,536,455
Total book value	$ 1,520,720	$ 11,758	$ 5,963	$ -	$ -	$ 1,538,441
Loss provision	($ 695)	($ 112)	($ 385)	$ -	$ -	($ 1,192)

The above is an aging report based on the number of days past due.

K. The Company adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	2022	2021
	Accounts receivable	Accounts receivable
January 1	$ 1,192	$ 699
Expected loss on credit impairment	21,045	493
December 31	$ 22,237	$ 1,192

(3) Liquidity risk

A. Cash flow forecasting is performed by the various departments of the Company and aggregated by the Company's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs.

B. The treasury department of the Company invests the remaining funds in interest-bearing demand deposits and domestic money market funds, as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. For the years ended December 31, 2022 and 2021, the position of the money market held by the Company is expected to generate immediate cash flow to manage liquidity risk.

C. The Company does not have derivative financial liabilities. The table below analyzes the non-derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. Except for those listed in the table, others mature within a year. The undiscounted cash flow amount is equivalent to the amount listed in the balance sheet. The remaining undiscounted cash flow of non-derivative financial liabilities is shown as follows:

December 31, 2022	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative Financial Liabilities:					
Lease liabilities (current/non-current)	$ 10,628	$ 9,459	$ 24,138	$ 177,376	$ 221,601
Long-term loans	1,478	10,614	33,850	149,028	194,970

December 31, 2021	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative Financial Liabilities:					
Lease liabilities (current/non-current)	$ 10,136	$ 9,228	$ 23,585	$ 182,208	$ 225,157

(III) Fair value information

1. Each level of evaluation technology used to measure the fair value of financial and non-financial instruments is defined as follows:

Level 1: The Company may obtain the quoted price (unadjusted) of the same asset or liability in an active market on the measurement date. An active market refers to a market with sufficient frequency and quantity of asset or liability transactions to provide pricing information on an ongoing basis. The fair value of the Company's investments in TWSE and TPEx listed stocks belongs to this category.

Level 2: The input value of assets or liabilities is directly or indirectly observable, except for the quotations included in Level 1.

Level 3: The input value of assets or liabilities is unobservable.

2. For fair value information of investment property measured at cost, please refer to Note 6 (10).

3. Financial instruments not measured at fair value

For the Company's financial assets (cash and cash equivalents, current financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, other receivables due from related parties, non-current financial assets at fair value through other comprehensive income, non-current financial assets at amortized cost and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable to related parties, other payables, long-term borrowings (including the current portion), guarantee deposits received, current lease liabilities and non-current lease liabilities) which are not measured at fair value, the book amount is a reasonable approximation of the fair value.

4. Financial and non-financial instruments measured at fair value are classified by the Company based on the nature, characteristics and risks of assets and liabilities and the level of fair value, and the relevant information is as follows:

(1) The Company classifies its assets and liabilities according to their nature, and the relevant information is as follows

December 31, 2022	Level 1	Level 2	Level 3	Total
Repetitive fair value				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 27,839	$ -	$ -	$ 27,839

December 31, 2021: None.

(2) The methods and assumptions used by the Company to measure fair value are as follows:

A. Where the Company adopts market quotation as the fair value input (i.e., Level 1), the closing price of the shares of TWSE and TPEx listed companies on the balance sheet date shall be adopted.

B. The Company includes the adjustment of credit risk evaluation into the calculation of fair value of financial instruments and non-financial instruments to reflect the credit risk of counterparties and the credit quality of the Company.

5. The Company did not have any transfer between Level 1 and Level 2, and there was no

change in Level 3 and no transfer into and out of Level 3 in 2022 and 2021.

(IV) Additional information

In response to the COVID-19 pandemic and the anti-pandemic measures implemented by the government, the Company has adjusted the resources, manpower, and supply chains prudently and flexibly. Meanwhile, we have adopted relevant measures, such as flexible working hours and regular screening, to reduce the impact of the pandemic on the Company's operations. As of February 23, 2023, the changes due to the pandemic did not significantly impact our operations.

XIII. Additional disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Schedule 1.
3. Holdings of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Note 2.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to Schedule 3.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7. The amount of goods purchased or sold with related parties reaches NT$100 million or more than 20% of the paid-in capital: Please refer to Schedule 4.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to Schedule 5.
9. Engagement in derivative transactions: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Schedule 6.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Schedule 7.

(III) Information on investments in China

1. Basic information: Please refer to Schedule 8.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Schedule 9.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Schedule 10.

XIV. Operating Segments Information

Not applicable

Innodisk Corporation
Provision of endorsements and guarantees to others
January 1 to December 31, 2022

Schedule 1

Expressed in Thousands of NTD
(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser / guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Endorsement and guarantee limit for a single enterprise (Note 3)	Maximum outstanding endorsement/guarantee amount for the period (Note 4)	Outstanding endorsement/guarantee amount for the period	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Percentage of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Limit on endorsements/guarantees (Note 3)	Provision of endorsements/guarantees by the parent company to the subsidiary	Provision of endorsements/ guarantees by the subsidiary to the parent company	Provision of endorsements/ guarantees to the party in China	Remarks
0	Innodisk Corporation	Innodisk Europe B.V.	2	$ 1,402,573	$ 22,904	$ 22,904	$ 14,397	$ -	0.33%	$ 3,506,434	Y	N	N	
1	Innodisk Europe B.V.	Innodisk France SAS	4	8,560	4,864	4,864	-	-	11.37%	21,399	N	N	N	

Note 1: The numbers to be filled in the number column is explained as follows:
(1). Fill in 0 for the issuer.
(2). The invested companies are numbered in order starting from 1.
Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are classified into the following seven categories; fill in the number of the category:
(1). A company with business dealings.
(2). A company in which the Company directly or indirectly holds more than 50% of its voting shares.
(3). A company which directly or indirectly holds more than 50% of the voting shares of the Company.
(4). A company in which the Company directly or indirectly holds more than 90% of its voting shares.
(5). A company with mutual guarantees in accordance with the contract which is in the same industry or a joint constructor for the purpose of contracting the project.
(6). A company jointly endorsed/guaranteed by all its shareholders in proportion to their ownerships due to joint venture.
(7). Performance guarantee and joint guarantee by industry peers engaging in a house pre-sale contract in accordance with the Consumer Protection Act.
Note 3: The total amount of endorsements and guarantees of the Company shall not exceed 50% of the Company’s net worth, and the total amount to a single enterprise shall not exceed 20% of the Company’s net worth.
Note 4: The total amount of endorsements and guarantees by a subsidiary shall not exceed 50% of the subsidiary’s net worth, and the total amount to a single enterprise shall not exceed 20% of the subsidiary’s net worth.
Note 5: Maximum outstanding balance of endorsements/guarantees in the current year.

Innodisk Corporation
Holding of marketable securities at the end of the period (not including those of subsidiaries, associates and joint ventures)
December 31, 2022

Schedule 2

Expressed in Thousands of NTD
(Except as otherwise indicated)

Holding company	Type and name of securities	Relationship with the issuer of securities	Account of recognition	Period end				Remarks
				Number of Shares	Book value	Shareholding percentage	Fair value	
Innodisk Corporation	Preference shares of TWSE/TPEx list domestic companies - Supreme Electronics Co., Ltd.	No	Non-current financial assets at fair value through other comprehensive income	666,000	$ 27,839	2.22%	$ 27,839	

Note: The shareholding ratio is calculated based on the total number of shares of the same type issued by the investee company; the stocks of TWSE and TPEx listed companies are expressed at the closing price at the end of the period, and the stocks of non-TWSE or non-TPEx listed companies are expressed at the estimated fair value.

Innodisk Corporation
Acquisition of real estate reaching NT$300 million or 20% of the paid-in capital or more
January 1 to December 31, 2022

Schedule 3

Expressed in Thousands of NTD
(Except as otherwise indicated)

The company which acquired the real estate	Property name	Date of fact	Transaction amount (Note)	Payment status	Counterparty	Relationship with the endorser/ guarantor	Previous transfer information if the counterparty is a related party: Owner	Relationship with the Issuer	Transfer date	Amount	Reference for price determination	Purpose of acquisition and status of use	Other agreed matters
Innodisk Corporation	Real estate in Xizhi District, New Taipei City	November 2021	$ 337,346	2021: Paid the price of the first to the third installment totaling NT$68,802; 2022: Paid the balance of NT$268,544. Paid NT$337,346 in total.	Kingfisher Technology Corporation	-	-	-	-	-	In accordance with the contract.	For the Company's operation.	No

Note: It refers to the total contract price and deed tax.

Innodisk Corporation
Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more
January 1 to December 31, 2022

Schedule 4

Expressed in Thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms of general transactions and reasons		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty name	Relationship with the endorser/ guarantor	Purchase/Sales	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	(Sales)	($ 1,116,708)	(12%)	Net 60	None	None	$ 139,295	10%	
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	(Sales)	(511,711)	(6%)	Net 60	None	None	79,320	6%	
Innodisk USA Corporation	Innodisk Corporation	Parent company	Purchase	1,116,708	19%	Net 60	None	None	(139,295)	(21%)	
Innodisk Shenzhen Corporation	Innodisk Corporation	Parent company	Purchase	511,711	9%	Net 60	None	None	(79,320)	(12%)	

Innodisk Corporation
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:
January 1 to December 31, 2022

Schedule 5

Expressed in Thousands of NTD
(Except as otherwise indicated)

Companies with accounts receivable	Counterparty name	Relationship with the endorser/ guarantor	Balance of account receivable from related parties	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Amount of recognized allowance for bad debts
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	$ 139,295	5.45	$ -	Not applicable	$ 45,890	$ -
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	79,320	6.21	-	Not applicable	46,730	-

Innodisk Corporation
Significant inter-company transactions during the reporting periods and their business relationships.
January 1 to December 31, 2022

Schedule 6
Individual transactions less than NT$10 million will not be disclosed. Transactions which are disclosed as part of the parent company's transactions will not be disclosed again.

Expressed in Thousands of NTD
(Except as otherwise indicated)

				Status of transaction			
Number (Note 1)	Relationship	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Sales	$ 1,116,708	Same with other customers	11%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Sales	511,711	Same with other customers	5%
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Accounts receivable	139,295	Same with other customers	1%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Accounts receivable	79,320	Same with other customers	1%
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Purchase	26,916	Same with other customers	0%
0	Innodisk Corporation	Innodisk Japan Corporation	Parent company to subsidiary	Operating expenses	39,434	Same with other customers	0%
0	Innodisk Corporation	Innodisk Europe B.V.	Parent company to subsidiary	Operating expenses	69,944	Same with other customers	1%

Note 1: The business dealing information between the parent company and its subsidiaries shall be indicated in the number field respectively. The filling method of the number is as follows:
(1). Parent company is "0".
(2). The subsidiaries are numbered in order starting from "1".

Note 2: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement account.

Note 3: For details of endorsements and guarantees between the parent and subsidiaries, please refer to Schedule (I) for the description of endorsements and guarantees for others.

Innodisk Corporation
Names, locations and other information of investee companies (not including investees in China)
January 1 to December 31, 2022

Schedule 7

Expressed in Thousands of NTD
(Except as otherwise indicated)

Name of Investor	Investee	Location	Main business activities	Initial investment amount (Note 1): Balance at the end of period	Initial investment amount (Note 1): End of the previous year	Shares held as of the end of period: Number of Shares	Shares held as of the end of period: Percentage	Shares held as of the end of period: Book value	Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Remarks
Innodisk Corporation	Innodisk USA Corporation	United States	Industrial embedded storage devices	$ 140,499	$ 140,499	2,046,511	100	$ 115,751	$ 6,144	$ 5,440	
Innodisk Corporation	Innodisk Japan Corporation	Japan	After-sales services and support of industrial embedded storage devices	3,533	3,533	196	100	9,767	1,544	1,506	
Innodisk Corporation	Innodisk Europe B.V.	Netherlands	After-sales services and support of industrial embedded storage devices	17,802	17,802	50,000,100	100	42,783	7,844	7,844	
Innodisk Corporation	Innodisk Global-M Corporation	Mauritius	Investment holdings	20,154	20,154	665,000	100	40,667	(34,568)	(34,571)	
Innodisk Corporation	Aetina Corporation	Taiwan	Manufacturing and sales of industrial graphics cards	24,091	24,091	19,107,283	74.20	306,394	122,272	91,108	
Innodisk Corporation	Antzer Tech Co., Ltd.	Taiwan	Electronic parts and components manufacturing.	57,133	57,133	58,400,000	100.00	32,549	5,787	4,003	
Innodisk Corporation	AccelStor Inc.	Taiwan	Computers and computing peripheral equipment manufacturing	-	225,318	-	-	-	-	-	Note 2
Innodisk Corporation	Millitronic Co.,Ltd.	Taiwan	Electronic parts and components manufacturing.	54,157	54,157	5,415,720	33.55	6,134	(11,046)	(4,366)	
Innodisk Corporation	Sysinno Technology Inc.	Taiwan	Electronic parts and components manufacturing.	12,900	12,900	645,000	43.00	6,819	(3,299)	(1,419)	
Innodisk Europe B.V.	Innodisk France SAS	France	After-sales services and support of industrial embedded storage devices	175	175	5,000	100.00	2,166	1,416	1,416	
Aetina Corporation	Aetina USA Corporation	United States	After-sales service and support for industrial graphics cards	-	-	-	100.00	104	104	104	Note 3
Aetina Corporation	Aetina Europe B.V.	Netherlands	After-sales service and support for industrial graphics cards	-	-	-	100.00	267	267	267	Note 4

Note 1: Disclosed at the historical exchange rate
Note 2: The liquidation of AccelStor Inc. was completed on May 19, 2022,
Note 3: Aetina Corporation established the subsidiary Aetina USA Corporation in September 2021, and the capital injection has not been completed as of December 31, 2022.
Note 4: Aetina Corporation established the subsidiary Aetina Europe B.V. in January 2022, and the capital injection has not been completed as of December 31, 2022.

Innodisk Corporation
Information on investments in China - Basic data
January 1 to December 31, 2022

Schedule 8

Expressed in Thousands of NTD
(Except as otherwise indicated)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the year		Accumulated amount of remittance from Taiwan to China	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income(loss) recognized by the Company for the current period (Note 2)	Net profit (loss) of the investee for the year	Accumulated amount of investment income remitted back to Taiwan	Remarks
					Remitted to	Remitted back							
Innodisk Shenzhen Corporation	Industrial embedded storage devices	$18,168 (US$600 thousands) (Note 3)	2. Innodisk Global-M Corporation	$18,168 (US$600 thousands) (Note 3)	$ -	$ -	$18,168 (US$600 thousands) (Note 3)	($ 34,568)	100	($ 34,568)	$ 39,309	$ -	

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

(1). Directly invest in a company in China.

(2). Re-investment in China through a company in a third area (please specify the company in the third area)

(3). Other methods

Note 2: The investment income (loss) recognized in the current period is based on the investee company's financial statements for the same period audited by the parent company's independent accountants in Taiwan.

Note 3: Disclosed at the historical exchange rate

Company name	Accumulated amount of investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission of MOEA (Note 4)
Innodisk Corporation	$18,168 (US$600 thousands) (Note 5)	$18,168 (US$600 thousands) (Note 5)	$ 4,271,662

Note 4: The cap is 60% of the net worth in accordance with the provisions of the (90) Tai-Cai-Zheng (I) #006130 announced by the Securities and Futures Commission, Ministry of Finance on November 16, 2001.

Note 5: Disclosed at the historical exchange rate

Innodisk Corporation
Significant transactions, either directly or indirectly through a third area, with investee companies in China
January 1 to December 31, 2022

Schedule 9

Expressed in Thousands of NTD
(Except as otherwise indicated)

	Sales (Purchases)		Property transactions		Accounts receivable / payable		Notes endorsement and guarantee or provision of collateral		Financial intermediation				
Investee in China	Amount	%	Amount	%	Balance	%	Balance at the end of the period	Purpose	Highest balance	Balance at the end of the period	Range of interest rate	Current interest rate	Others
Innodisk Shenzhen Corporation	$ 511,711	5%	$ -	-	$ 79,320	1%	$ -	-	$ -	$ -	-	$ -	-

Innodisk Corporation
Information on major shareholders
December 31, 2022

Schedule 10

Names of major shareholders	Shares	
	Number of Shares Held	Shareholding percentage
Rui Ding Invest Co., Ltd.	6,687,728	7.72%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company’s common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company’s financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for the shareholder’s declaration of insider’s equity in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares that he or she has delivered to a trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider’s equity declaration.

Innodisk Corporation
Cash and Cash Equivalents Statement
December 31, 2022

Statement 1 | Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Cash on hand and working capital		$ 517	
Bank deposits			
- NTD demand deposit		1,276,966	
- NTD checking account		21	
- Foreign currency demand deposit	USD30,075,117 at the exchange rate of 30.71	923,607	
	JPY67,228,560 at the exchange rate of 0.2324	15,624	
	EUR379,549 at the exchange rate of 32.72	12,419	
	RMB9,790,973 at the exchange rate of 4.4080	43,159	
	GBP5,476 at the exchange rate of 37.09	203	
Time deposits			
- NTD time deposit		1,335,500	
		$ 3,608,016	

Innodisk Corporation
Accounts Receivable Statement
December 31, 2022

Statement 2 | Expressed in Thousands of NTD

Customer Name	Summary	Amount	Remarks
Non-related party:			
Customer Z		$ 138,740	
Customer W		104,058	
Others		880,463	The balance of each customer account did not exceed 5% of the total balance of this account.
		1,123,261	
Less: Loss allowance		(22,237)	
Non-related party sub-total		1,101,024	
Related parties:			
Innodisk USA Corporation		139,295	
Innodisk Shenzhen Corporation		79,320	
Others		5,139	The balance of each customer account did not exceed 5% of the total balance of this account.
Related party sub-total		223,754	
Total		$ 1,324,778	

Innodisk Corporation
Inventory Statement
December 31, 2022

Statement 3 Expressed in Thousands of NTD

Item	Amount: Cost	Amount: Net realizable value	Remarks
Raw materials	$ 746,347	$ 584,219	The determination of the net realizable value is the balance of the estimated selling price minus the estimated costs required to complete the project, and the estimated costs required to complete the sale.
Work in process	220,742	311,042	
Finished products	319,069	415,083	
Product inventory	570	53	
	1,286,728	$ 1,310,397	
Less: Allowance for loss from inventory falling prices	(238,081)		
	$ 1,048,647		

Innodisk Corporation
Statement of Changes in Investments Accounted for Under Equity Method
January 1 to December 31, 2022

Statement 4

Expressed in Thousands of NTD

Name	Opening balance		Addition in the period		Investment gain or loss	Cumulative translation adjustment	Amount of other adjustment items (note)	Decrease in this period		Balance at the end of the period			Net equity value		Provision of guarantees or pledges
	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Amount	Number of Shares	Ownership (%)	Amount	Unit price (NT$)	Total price	
Innodisk USA Corporation	2,046,511	$ 91,661	-	$ -	$ 5,440	$ 11,497	$ 7,154	-	$ -	2,046,511	100.00%	$ 115,751	59.11	$ 120,972	No
Innodisk Japan Corporation	196	8,513	-	-	1,506	(252)	-	-	-	196	100.00%	9,767	49,821.43	9,765	No
Innodisk Europe B.V. Innodisk	50,000,100	33,118	-	-	7,844	1,821	-	-	-	50,000,100	100.00%	42,783	0.86	42,783	No
Global-M Corporation	665,000	73,883	-	-	(34,571)	1,288	67	-	-	665,000	100.00%	40,667	60.68	40,349	No
Antzer Tech Co., Ltd.	58,400,000	28,545	-	-	4,003	-	-	-	-	58,400,000	100.00%	32,549	0.47	27,330	No
Aetina Corporation	13,361,737	215,018	5,745,546	-	91,108	-	268	-	-	19,107,283	74.20%	306,394	16.04	306,459	No
AccelStor Inc.	16,652,700	-	-	-	-	-	-	-	-	-	-	-	-	-	No
Millitronic Co.,Ltd.	5,415,720	10,501	-	-	(4,366)	-	-	-	-	5,415,720	33.55%	6,134	1.25	6,795	No
Sysinno Technology Inc.	6,450,000	8,237	-	-	(1,419)	-	-	-	-	645,000	43.00%	6,819	6.61	4,262	No
Total		$ 469,476		$ -	$ 69,545	$ 14,354	$ 7,489		$ -			$ 560,864		$ 558,715	

Note: This represents an adjustment of NT$7,221 in unrealized benefits arising from downstream transactions between affiliated enterprises, and a change of NT$268 in the net equity value of affiliated enterprises and joint ventures accounted for using the equity method.

Innodisk Corporation
Statement of Changes in Costs and Accumulated Depreciation of Property, Plant and Equipment
January 1 to December 31, 2022

Statement 5

Expressed in Thousands of NTD

Item	Opening balance	Increase in this period	Decrease in this period	Transfer in the period	Balance at the end of the period	Provision of pledges
Cost						
Land	$ 480,076	$ 99,803	$ -	$ 41,826	$ 621,705	Please see Note 8 for details
Buildings and construction	740,469	73,242	-	26,974	840,685	Please see Note 8 for details
Machines and equipment	259,792	16,019	-	47,685	323,496	No
Office equipment	31,174	17,492	-	13,959	62,625	No
Unfinished construction and equipment pending acceptance	55,500	206,010	-	(48,553)	212,957	No
Others	73,064	17,643	-	867	91,574	No
Subtotal	1,640,075	430,209	-	82,758	2,153,042	
Accumulated depreciation						
Buildings and construction	(94,868)	(23,283)	-	-	(118,151)	
Machines and equipment	(153,852)	(36,805)	-	-	(190,657)	
Office equipment	(21,336)	(17,194)	-	-	(38,530)	
Unfinished construction and equipment pending acceptance	-	-	-	-	-	
Others	(45,186)	(9,340)	-	-	(54,526)	
Subtotal	(315,242)	($ 86,622)	$ -	$ -	(401,864)	
Total	$ 1,324,833				$ 1,751,178	

Note: Please refer to Note 4 (14) for the description of the depreciation method and service life.

Innodisk Corporation
Accounts Payable Statement
December 31, 2022

Statement 6 Expressed in Thousands of NTD

Customer Name	Summary	Amount	Remarks
Non-related party:			
Supplier C		$ 233,884	
Supplier G		154,489	
Supplier H		37,870	
Supplier W		30,819	
Others		218,380	The balance of each supplier account did not exceed 5% of the total balance of this account.
Non-related party sub-total		675,442	
Related parties:			
Millitronic Co., Ltd.		53	
Others		12	The balance of each supplier account did not exceed 5% of the total balance of this account.
Related party sub-total		65	
Total		$ 675,507	

Innodisk Corporation
Statement of other payables
December 31, 2022

Statement 7 Expressed in Thousands of NTD

Please refer to Note 6 (11) for details

Innodisk Corporation
Statement of Sales Revenue
January 1 to December 31, 2022

Statement 8 Expressed in Thousands of NTD

Item	Quantity	Amount	Remarks
Industrial embedded storage devices	3,106,299	$ 3,726,998	
Industrial dynamic random-access memory module	3,581,491	5,267,964	
Others	1,000,774	263,907	
		$ 9,258,869	

Innodisk Corporation
Statement of Operating Costs
January 1 to December 31, 2022

Statement 9 Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Opening product inventory		$ 189	
Add: Purchase in the period		652	
Less: Ending product inventory		(570)	
Products transferred to expenses		(4)	
Products transferred to manufacturing		(267)	
Purchase and sales costs		-	
Opening raw materials		1,253,468	
Add: Incoming materials in the period		5,204,980	
Products transferred to manufacturing		267	
Work-in-progress transferred to manufacturing		227,572	
Finished products dismantled and transferred into raw materials		5,201	
Finished goods transferred to manufacturing		612,239	
Less: Raw materials at the end of the period		(746,347)	
Raw materials transferred to sales		(56,359)	
Inventory loss of raw materials		(258)	
Raw materials scrapping loss		(10,591)	
Expenses from transfer of raw materials		(5,546)	
Raw materials consumed		6,484,626	
Director labor		209,664	
Manufacturing expenses		256,608	
Total manufacturing cost		6,950,898	
Add: Opening work-in-progress		193,161	
Purchased semi-finished products		167,048	
Less: Ending work-in-progress		(220,742)	
Semi-finished products transferred to sales		(56,918)	
Work-in-process scrapping loss		(2,406)	
Work-in-progress transferred to expenses		(12,954)	
Work-in-progress transferred to manufacturing		(227,572)	
Cost of finished goods		6,790,515	

Innodisk Corporation
Statement of Operating Costs (Continued)
January 1 to December 31, 2022

Statement 9 Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Add: Opening finished goods		279,849	
Purchased finished goods		3,909	
Less: Ending finished goods		(319,069)	
Finished goods scrapping loss		(329)	
Finished products dismantled and transferred into raw materials		(5,201)	
Finished goods transferred to expenses		(8,936)	
Finished goods transferred to manufacturing		(612,239)	
Cost of finished goods		6,128,499	
Raw materials transferred to sales		56,359	
Semi-finished products transferred to sales		56,918	
Cost of manufacturing and sales		6,241,776	
Other adjustments:			
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories		43,847	
Loss on scrapping inventory		13,326	
Product warranty cost		18,518	
Inventory loss		258	
Revenue from sales of leftovers and scraps		(118)	
Others		998	
Other operating costs		76,829	
Operating costs		$ 6,318,605	

Innodisk Corporation
Statement of Manufacturing Expenses
January 1 to December 31, 2022

Statement 10 Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Processing expense		$ 21,067	
Indirect labor		79,625	
Various depreciations		62,907	
Others		93,009	The balance of each account did not exceed 5% of the total balance of this account.
		$ 256,608	

Innodisk Corporation
Statement of Operating Expenses
January 1 to December 31, 2022

Statement 11 | Expressed in Thousands of NTD

Item	Selling expenses	General and administrative expenses	Research and development expenses	Expected loss on credit impairment	Total
Employee benefits expense	$ 183,335	$ 275,511	$ 215,788	$ -	$ 674,634
Various depreciations	658	18,646	13,581	-	32,885
Shipping expense	20,528	11	67	-	20,606
Advertising expense	34,705	240	-	-	34,945
Expected loss on credit impairment	-	-	-	21,045	21,045
Other expenses (note)	181,276	51,733	41,398	-	274,407
	$ 420,502	$ 346,141	$ 270,834	$ 21,045	$ 1,058,522

Note: None of the other items exceeded 5% of this account's balance.

Innodisk Corporation
Schedule of Employee Benefits, Depreciation, Depletion and Amortization in the Current Period
January 1 to December 31, 2022 and 2021

Statement 12 | Expressed in Thousands of NTD

Function / Nature	2022 Belonging to operating costs	2022 Belonging to operating expenses	2022 Total	2021 Belonging to operating costs	2021 Belonging to operating expenses	2021 Total
Employee benefits expense						
Payroll expenses	$ 268,949	$ 552,445	$ 821,394	$ 242,220	$ 478,415	$ 720,635
Employee stock options	-	31,447	31,447	-	19,973	19,973
Labor and health insurance fees	24,590	31,721	56,311	22,141	24,445	46,586
Pension costs	10,891	14,133	25,024	9,496	11,110	20,606
Directors' remuneration	-	22,746	22,746	-	19,925	19,925
Other employee benefit expenses	11,518	22,142	33,660	10,991	18,816	29,807
Depreciation expense	62,907	32,885	95,792	43,482	26,365	69,847
Amortization expenses	1,682	19,978	21,660	6,767	14,732	21,499

Note:

1. The average number of employees in this year and the previous year was 685 and 615, respectively, of which the number of directors who were not concurrently employees was 7 and 7, respectively.
2. If the stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, the following information should be disclosed:
   (1) The average employee welfare expense of the year is NT$1,427 ("total employee welfare expense of the year - total director's remuneration"/"number of employees of the year - number of directors who are not concurrently employees").
   The average employee benefit expense for the previous year is NT$1,378 ("total employee benefit expense for the previous year - total director remuneration"/"number of employees in the previous year - number of directors who are not concurrently employees").
   (2) The average employee salary expense for the current year is NT$1,211 (total salary expense for the current year/"number of employees for the current year - number of directors who are not concurrently employees").
   The average employee salary expense for the previous year is NT$1,185 (total salary expense for the previous year/"number of employees in the previous year - number of directors who are not concurrently employees").
   (3) Adjustment and change of average employee salary expense by 2% ("average employee salary expense for the current year - average employee salary expense for the previous year"/average employee salary expense for the previous year).
   (4) The Company has set up independent directors, so there is no remuneration for supervisors.
   (5) The Company's policy on payment of remuneration:
   A. Directors' remuneration: It is calculated in accordance with the provisions of the "Measures for Distribution of Directors' Remuneration and Compensation" established by the Company, and submitted to the board meeting for resolution after the Remuneration Committee examines the directors' participation in the Company's operations and the value of their contributions.
   B. Manager: Manager compensation includes fixed salary and variable salary. The fixed salary is paid every month, and the variable salary is year-end bonus and employee remuneration.
   C. Employee: Employee salary includes fixed salary and variable salary. The fixed salary is paid every month, and the variable salary is year-end bonus and employee remuneration.
   (a) Fixed salary: It is determined according to the professional title, job grade, education (experience), professional ability and job responsibilities, while taking into account the level of the same industry.
   (b) Year-end bonus: It is based on the Company's current-year operation and performance achievement.
   (c) Employee profit-sharing: According to Article 19 of the Company's Articles of Incorporation, the Company shall set aside at least 3% of the profits before tax for the current year before the distribution of profit-sharing with employees and directors as compensation to employees if there is any remaining balance after making up for losses.
   The actual amount is resolved by the board meeting and submitted to the shareholder meeting for approval.