

Stock Code: 3570

# **Otsuka Information Technology Corp.**

## **2023 Annual Shareholders' Meeting**

### **Meeting Agenda**

(In case of any discrepancy between the Chinese and English versions,  
the Chinese version shall prevail.)

**Manner of Meeting: Physical Shareholders' Meeting**

**Time: June 19 (MON) of 2023 at 9: 00 a.m.**

**Place: 26F, No. 68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City**

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# **Otsuka Information Technology Corp.**

## **2023 Annual Shareholders' Meeting Procedure**

**I. Commencement of Meeting**

**II. Chairman's Statement**

**III. Report Items**

**IV. Matters for Ratification**

**V. Extempore Motion**

**VI. Adjournment**

# **Otsuka Information Technology Corp.**

## **2023 Annual Shareholders' Meeting Agenda**

**Manner: Physical Shareholder Meeting**

**Time: June 19 (MON) of 2023 at 9: 00 a.m.**

**Place: 26F, No. 68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City**

**Attendees: All shareholders and representatives of the shares**

**Chairman: Chairman Hironobu Tsurumi**

### **I. Commencement of Meeting**

### **II. Chairman's Statement**

### **III. Report Items:**

- (I) 2022 Business Report.
- (II) 2022 Audit Committee's Review Report.
- (III) 2022 Employee Bonus Stock and Directors' Bonus Stock Allocation Plans.
- (IV) 2022 Report of Retained Earnings Allocation through Cash Dividend.

### **IV. Matters for Ratification:**

- (I) 2022 Business Report and Consolidated Financial Statements
- (II) 2022 Earning Distribution Table.

### **V. Extempore Motion:**

### **VI. Adjournment**

## **Report Items:**

### **Proposal 1: 2022 Business Report. For your review.**

Explanation: 2022 Business Report, attached in the Meeting Agenda pages 5~9, **【 Attachment 1 】** .

### **Proposal 2: 2022 Audit Committee's Review Report. For your review.**

Explanation: 2022 Audit Committee's Review Report, attached in the Meeting Agenda page 10, **【 Attachment 2 】** .

### **Proposal 3: 2022 Employee Compensation and Directors' Compensation Allocation Plans. For your review.**

Explanation: I. In accordance with Article 25 of the Corporation's Article of Incorporation, if there is a profit in the final accounts of the Corporation, a proportion no lower than 5 percent shall be reserved as employee's bonus stock, distributed in stock or cash as resolved by the Board; the Corporation shall, based on the aforementioned values of profit, reserve a proportion no lower than 3 percent as the directors' bonus stock as resolved by the Board.

II. Taking into consideration the Corporation's current operation scale and profitability status, the Corporation's Remuneration Committee and the Board have resolved the total amount of distributable for employee's compensation in 2022 will be NTD 11,725,184, distributed in form of cash. The total amount of distributable for directors is NTD 3,517,555.

### **Proposal 4: 2022 Report of Retained Earnings Allocation through Cash Dividend. For your review.**

Explanation: I. In accordance with Article 25 of the Corporation's Article of Incorporation and pursuant to Article 240, paragraph 5 of the Company Act, the Corporation authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

II. Board of the Directors of the Corporation has resolved the distribution of shareholders' dividend at NTD 128,227,500 through cash dividend, with NTD 7.5 distributed for per share held. The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The total number of odd shares for less than NTD 1 is transferred to other revenue of the Corporation.

## **Matters for Ratification:**

**Proposal 1: 2022 business report and financial statement. For your adoption.** (Proposed by the board)

Explanation: I. The Corporation's 2022 parent-only financial statement and consolidated financial statement are audited by independent certified public accountants Ms. Wu, Mei Ping and Mr. Fu, Hong Wen of KPMG, with unqualified opinion audit report offered. The aforementioned financial statements along with the business report shall be submitted to the audit committee for audit and resolved by the Corporation's Board of Directors.

II. 2022 business report, attached in the Meeting Agenda pages 5~9, **【Attachment 1】** KPMG audit report and financial statement, attached in the Meeting Agenda pages 11~26, **【Attachment 3】** .

III. For your adoption.

Resolution:

**Proposal 2: 2022 Earning Distribution Table, for your adoption.** (Proposed by the Board)

Explanation: I. The Corporation's appropriation of the 2022 earnings is resolved by the Corporation's Board. Earnings Distribution Table, attached in the Meeting Agenda, page 27, **【Attachment 4】** .

II. For your adoption.

Resolution:

## **Extempore Motions:**

## **Adjournment**

## 【Attachment 1】 2022 Business Report

### I. 2022 Business Report

#### (I) Implementation Results of Business Plans

The Corporation has been dedicated to assisting clients in integration of all 3D computer graphics software systems, providing middle-to-high level CAX/CAM software application solutions and technical consultation to our clients, meanwhile performing optimization process for design of link information to enhance client R&D efficiency. We expand new high-level application opportunities continuously and develop agency opportunities for new products, meanwhile assisting clients in incorporating all production node information management, integrating data system and introducing mixed reality and mobile data. Becoming the best business partner for client's digital transformation. As a result, with the injection of revenue brought by groups of high-quality clients, operating income and profit in 2021 could still maintain a satisfactory performance.

1. The Corporation's Operation results and sales condition of primary products are shown in the table below:

#### (1) Operation result comparison:

The Corporation's 2022 operating revenue is NTD 1,556,029 Thousand, which increased by NTD 255,503 Thousand, 19.65% from last year; operating margin is NTD 521,704 Thousand, which increased by 40,982 Thousand, 8.53% from last year, and net income is NTD 181,706 Thousand, which increased by 36,587 Thousand, 25.21% from last year.

#### Otsuka Consolidated Financial Statement

Unit: NTD thousands

Year	2021		2022		Gain/Loss	
	Amount	%	Amount	%	Amount	%
Operating Revenue	1,300,526	100.00	1,556,029	100.00	255,503	19.65
Gross Profit	480,722	36.96	521,704	33.53	40,982	8.53
Operating Expenses	303,468	23.33	300,652	19.32	-2,816	-0.93
Operating Income	177,254	13.63	221,052	14.21	43,798	24.71
Income before Tax	179,248	13.78	219,089	14.08	39,841	22.23
Net Income	145,119	11.16	181,706	11.68	36,587	25.21

#### (2) Financial Receipts and Expenditure (Structure) and Profitability Analysis

Item		2021	2022	Difference	
Financial Structure	Debt to Assets Ratio	25.00%	25.07%	0.07%	
	Long-term Funds to Fixed Assets Ratio	2,758.81%	3,048.58%	289.77%	
Debt Paying Ability	Current Ratio	384.87%	387.66%	2.79%	
	Quick Ratio	331.28%	324.97%	-6.31%	
Profitability	Return on Assets (%)	15.06%	17.05%	1.99%	
	Shareholders' Return on Equity (%)	19.85%	22.71%	2.86%	
	Profit before Tax to Capital Stock (%)	Operating Profit	103.67%	129.29%	25.62%
		Net Profit Before Tax	104.84%	128.14%	23.30%
	Net Profit Ratio (%)	11.16%	11.68%	0.52%	
Earnings per Share(NTD)	8.50	10.65	2.15		

### (3) Conditions of Research and Development

The Corporation's R&D expense and proportion to each year's operating net operating revenue in the recent three years are shown in the following table:

Unit: NTD thousands ; %

Item and Year	2020	2021	2022
R&D Expense(A)	7,715	8,161	7,478
Net Operating Revenue(B)	1,129,672	1,300,526	1,556,029
(A)/(B)	0.68%	0.63%	0.48%

In 2022, the R&D Department of the Corporation conducted custom digitization introduction plans for clients with intelligent layout design and process, in which percentages of errors and reworks for clients can be reduced among the flow through the utilization of digitized assets. Besides, the high-end CAD system value-added software, developed by the Corporation, and introduction of agency of digital productivity tool served as leads to clients in the digital transformation and furthermore boosted the clients' 3D design performance. On the other hand, the Corporation has been dedicated to ERP system updating and upgrading and internal system integration with a view to facilitate overall business management effectiveness and providing customers with more complete service system.

## II. 2023 Business Plan Abstract:

### (I) Guideline for management

#### 1. Maintaining long-term relationships with clients, and trailblazing new business opportunities:

The Corporation is entering its 27<sup>th</sup> year on the management of Taiwanese computer-aided design software market, and service is the core of maintaining the relationships between our clients and us. This year, through big data analysis and systematic management over solutions to targeted customers, etc. we wish to review and discover our key clients' changing needs and continuously heighten the coverage rate of repurchases by our existing clients. In addition, technical support team, high-quality client service center and Otsuka e-Consultant on the official website of the Corporation this year, including online technical counseling, professional introduction courses and value-added toolkits, etc., with an objective to segment our brands from our competitors. We believe that through a stable, long-term and systematic management, we can experience overall competitive edge facilitation.

#### 2. Providing complete product line technical integration

(1) The Corporation has the dealership for the middle and high level CAX/CAM product line, including manufacturing, construction and Autodesk Media & Entertainment (M&E), and has established a complete technical incubation and service team under the design and manufacturing of complete solutions for tools and applications used in full process. Also, the Corporation has experiences in introductions of all types of projects and has accumulated rich technical consultation and system planning experiences; therefore, with the support from complete product line planning, we will provide more effective solutions to clients for their satisfaction.

(2) The advanced level 3D graphic software, for which the Corporation serves as agent, is the system with extraordinarily extensive use among Taiwanese computer manufacturers, and the industries related to mechanical equipment and vehicles, etc., containing powerful features of strong advanced surface design, structural static analysis, and intuitional modeling, etc. Moreover, it is equipped with the kit of application programs with excellent integration, built-in computer-assisted design, engineering and manufacturing toolkits, which provide clients with such supreme features of more flexible software configuration, etc. Also, as the Corporation is equipped with solid industry guidance experiences and serves as an agent providing



product life cycle management system, we are able to facilitate the internal collaboration efficiency between the departments of our clients, and integrates various tools for data management, process automation, decision-making support, etc..

(3)The Institute for Information Industry suggests that decentralization and OMO (online merge offline) application development will be more diversified, such as application related to metaverse, mixed reality, digital transformation and internal productivity tools, etc. The Corporation will develop a diversity of brands to maintain the service capability. We continue to provide domestic clients CAD software integration with diverse application, information security protection, virtual reality and augmented reality market expansion, and by integrating the development technology of computer graphics, computer simulation, artificial intelligence, sensing, display and network parallel processing, we provide clients with computer technology-assisted high-tech simulation systems and internal management paperless process consultant introduction, making our way forward versatile.

3. Integration of the internal management process:

With the trend of digitization, the Corporation's management process shall be more effective and equipped with data analysis capabilities. In 2022, the Corporation undertook ERP system upgrading, and proceeded with integration of CRM to combine the client contract management, online consultation service and sales provided to clients, furthermore assisting business units, technical units, and central supervisors accountable to have instant grasp on condition of clients case by case, service progress, business performance, etc., In 2023, after all systems are connected in series, better service can be provided to clients to allow a smoother process of operation information and generate operation benefits.

(II) Expected sales amount and its accordance

On basis of the changes to domestic and overseas circumstances and industry development trend, a 5% growth in sales of the Corporation in 2023 is expected.

(III) Important selling and promotion strategies

- 1.Enhance internal information system to integrate client needs, deliver business opportunities, and actively enhance organizational response and service network efficiency, while developing core technologies to meet industry development requirements on the technical side.
- 2.In response to the rapid changes in the business environment of the industry, rapid growth was driven in emerging application markets such as mobile apps, cloud computing, and artificial intelligence, plus, companies are moving towards smart development or actively carrying out digital transformations, which allows manufacturers to build an automated equipment of high flexibility, fast sample change and introduction of intelligent robot system technology, and furthermore attain flexible manufacturing needs with quick line change. We will actively engage in client proposals with high potential on automation introduction and provide complete system solutions.
- 3.In the future, the software industry's challenge is how to use software tools to drive the enterprises to carry out digital transformation. Therefore, our business department continues to promote development based on the needs of large target clients, and actively keeps abreast of the pulse and development of products from the original manufacturers, performing a more active and effective business drive through more comprehensive product services for implementation of digital transformation Furthermore, we will maintain a concrete introduction of our product lines with value-adding synergy and increase width and depth of product lines.
- 4.The MIC of the Institute of Information Industry indicates that importance of "soft and hard integration" in the future will be continuously enhanced and during the process of product development, software design shall be accompanied with a variety of application scenarios in the vertical industries; incessant innovation in soft and hard

integration ability is the impetus to an enterprise's development. As VR/MR(Mixed Reality) and 3D sensing elements are surging in production, and the pandemic era has changed consumption habits and led to the digital transformation of remote zero-contact interfaces, remote communication and multi-party cooperation,, many applications including hardware, service and contents are benefitting from such; therefore, we actively cultivate professional technical support consultants to provide a complete and integrated sales model and client service, to cultivate management trainees, to pass on the Corporation's technical ability, and furthermore enhance the Corporation's competitiveness in sustainable development.

(IV) Future development strategies

1. Provide integrated business systems via professional service

Being a domestic leading-brand service provider in middle and high level CAX/CAM software integration, the high-level technology team the Corporation has fostered for years keeps abreast with clients to jointly cope with every challenge during technical development in such an environment wherein the global supply chain technology is highly developed without interruption. CAD and vision software technology is widely applied to personal computers, smart handheld devices, digital TVs, AR and VR. 3D image display smoothness and control precision and user-friendliness determine the competitiveness of a single CAD software. The Corporation, by cooperating with complete and diverse solutions platforms and actively cultivating certified engineers, performs Total Solution services to drive sales as the significant management strategy and establishes a close and reciprocal partnership to make a win-win situation among the Corporation, manufacturers and sales force.

2. As the manufacturing industry has, in recent years, faced rapid changes in the international market and a strong challenge from the Chinese supply chain, enhancement in finishing efficiency operation model shall be made to maintain competitiveness and raise the added value, therefore, the Corporation started off from hastening the pace of client product development, offering versatile manufacturing industry solutions and technical support, assisting clients in the new product's research and development and acceleration of product launch efficiency, and with all efforts expanding business domains to operations and development of different franchised product lines to navigate Taiwan toward the goal of intelligent manufacturing.

3. Future R&D orientation:

(1) Strengthening and optimization of toolkits. In terms of main CAD product systems, we will continue to incorporate requirements from client feedbacks and advanced application features, and increase toolkits of newly-distributed product lines, meanwhile, we will develop online auto update feature to provide contract clients access to download kits of latest version and to allow them to experience the new productivity tools immediately.

(2) High-level CAD system value-added software development. At present, a lot of value-added application tools have been developed in optoelectronics industry, molds design and automatic processing. we will launch brand-new value-added software bundles to take a comprehensive facilitation of mold processing precision and effects.

(3) Integrated application development for Cloud-Based AI Services. Using cloud service and AI-developed API, cloud applications and system integration are empowered capability of innovation with enhanced efficiency of information transformation, and unique Cloud-Based AI solutions may therefore be created.

(V) Effects of the external competitive environment, laws & regulations and overall operating environment

1. Effects of the external competitive environment

The domestic enterprises have, step by step, introduced digital tools, and accumulated

the foundation of digital transformation during the pandemic period. Therefore, in terms of data collection, collection through sensors for data collection installed on machines and equipment has become commonplace. Meanwhile, in the trend of growth in the demand on the pre-processing of data as well as its application on the local end of AI, the combination of AI and IoT called AIoT (Artificial Intelligence of Things) application becomes gradually spread in the manufacturing industry. The Corporation, in addition to providing solutions in various aspects of professional computer graphics software, introduces ConMas i-Reporter mobile data collection plans featuring highly automated data processing service which the important but repetitive data collection and compilation are processed by automated AI software services, and clients only needs to operate the modular operating interface and skip to the stage of data analysis application with regards to gaining profits for the enterprise. With such, we enhance client dependence on our technical services and segment our positioning and competitive edges against our peers.

## 2. Effects of laws and regulations

Significant domestic or overseas laws and regulation changes include revision of the IFRS, which didn't cause major impacts to the Corporation's finance, and as the government's laws on Corporate Governance and Enterprise sustainable development became stricter, the Corporation will pay constant attention and propose a revision on relevant internal procedures and measurements, promptly convening discussion meetings with accountants and attorneys at law when necessary in order to minimize the potential impacts.

## 3. Effects of the overall operating environment

According to S&P Global, the global economic growth rate in 2023 will reduce to 1.5%. When faced with domestic and overseas economic environment changes, the Corporation will strive to facilitate technical integration, quality and R&D of technology to raise client satisfaction and profitability.

## (VI) Prospects

According to the latest prediction as announced by Chung-Hua Institution Economic Research in December 2022, the domestic economy growth rate in 2023 is 2.72%. The Corporation, as the CAD/CAM leader in the Taiwanese market holds the "Becoming the best business partner for client's digital transformation" striding towards the goal of expanding technical edge, continuous market share expansion. This year, with broader application of emerging technology, the Corporation will face challenges with a more cautious attitude to ensure the sustainable growth and development of Otsuka Information.

We would like to show our appreciation to the endeavors by our employees in the previous year and the support and trust for a long period of time, which contributed the stable growth in the Corporation's profit in 2022. Since founded, we have persisted in the idea that only through consistent and pragmatic management style and financial structure will we be dauntless in facing challenges, expecting to continuously create higher values for all shareholders with the support of every shareholder and director as well as the efforts by our staff. As for the distribution of the 2022 retained earnings, all are pursuant to the Corporation's long-term and stable dividend policies, and we anticipate creating a rosier business prospect for our clients and all shareholders.

Chairman: Hironobu Tsurumi

General Manager: GUO, Yi Long

Manager of Accounting: FU, Kai Li

**【Attachment 2】 Audit Committee’s Review Report**

**Otsuka Information Technology Corp.  
Audit Committee’s Review Report**

Approved

The Board of Directors hereby submits tabulations of the Corporation’s 2022 separate financial statement and consolidated financial statement and business report and earnings distribution audited and attested by independent certified public accountants Ms. Wu, Mei Ping and Mr. Fu, Hung Wen of KPMG. All tabulations have been reviewed by the Audit Committee and all are produced in compliance with the relevant laws, according to the Securities and Exchange Act and the Company Act, we hereby submit this report. For your approval.

Hereby presented to

The Corporation’s 2023 Annual Shareholders’ Meeting

Audit Committee’s Convener : LIN, Hui Fen

**March 20<sup>th</sup>, 2023**

## 【Attachment 3】 Audit Report of Independent Accountants and 2022 Consolidated Financial Statements



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號88樓(台北101大樓)  
88F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

### Independent Auditors' Report

To the Board of Directors of OTSUKA INFORMATION TECHNOLOGY CORP.:

#### Opinion

We have audited the consolidated financial statements of OTSUKA INFORMATION TECHNOLOGY CORP. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

##### 1. Evaluation of inventories

Please refer to note 4(h) for the accounting policy for "Inventories", note 5(b) for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(d) for the details and related expenses for "Inventories" of the consolidated financial statements.



Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. Due to the rapid transformation of technology, the products may be out of date in the market, and there is a risk that the cost of the inventory would be higher than its net realizable value. The condition of inventories to be sold will influence the result of evaluation, so consistent attention are required. In addition, the inventories are the significant account in the consolidated financial statement. Therefore, evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Group and inspecting whether existing inventory policies are applied; sampling the individual inventory items and examining the sources of the net realizable value of the samples to access whether the net realizable value are reasonable; examining the accuracy of aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate.

2. Impairment of accounts receivable

Please refer to note 4(g) for the accounting policy for "Financial Instruments", note 5(a) for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(c) for the movements of allowance for "Notes and accounts receivable" of the consolidated financial statements.

Description of key audit matter:

The Group's accounts receivable are derived from sales of software and rendering of service, the balance constitutes 27% of the consolidated assets as of December 31, 2022. Due to the payment terms of the major customers are long and the receivables are not collected totally up to the date of the auditors' report. The recoverability of accounts receivable requires subjective judgments of the management. Therefore, impairment assessment of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing internal control process of accounts receivable; understanding the policies of evaluating the allowance of accounts receivable of the Group, and inspecting whether existing receivables policies are applied; asking the management whether there are any debtors with financial difficulties, and examining the accuracy of aging of receivables by sampling; inspecting the reasonableness of impairment loss of receivables recognized by the management in the past, and compare it to the current year to ensure that the measurements and assumptions are appropriate; inspecting collection of receivables in the subsequent period to assess the reasonability of impairment loss measurement.

**Other Matter**

Otsuka Information Technology Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.



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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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



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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2023

#### Notes to Readers

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

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



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES**  
 Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	\$ 523,870	46	459,608	45	2170	128,588	12	101,446
1170 Notes and accounts receivable, net (notes 6(c), (m) and 7)	300,767	27	312,927	31	2201	60,646	5	63,056
1300 Inventories (note 6(d))	160,444	14	94,626	10	2200	50,200	4	44,389
1410 Prepaid expense and other current assets (notes 6(a), (c) and (e))	30,923	3	30,339	3	2280	7,390	1	12,698
<b>Total current assets</b>	<u>1,016,004</u>	<u>90</u>	<u>897,500</u>	<u>89</u>	<u>2300</u>	<u>15,265</u>	<u>1</u>	<u>11,607</u>
<b>Non-current assets:</b>								
1535 Financial assets at amortized cost – non-current (note 6(b))	30,000	3	30,000	3		262,089	23	233,196
1600 Property, plant and equipment (note 6(f))	27,643	2	27,468	2	2570	10,778	1	8,607
1755 Right-of-use assets (note 6(g))	17,330	2	18,264	2	2580	9,112	1	5,934
1990 Other non-current assets (notes 6(a), (c), (f), (i), (m) and 8)	33,722	3	37,058	4	2600	-	-	4,791
<b>Total non-current assets</b>	<u>108,695</u>	<u>10</u>	<u>112,790</u>	<u>11</u>		<u>19,890</u>	<u>2</u>	<u>19,332</u>
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Accounts payable (including related parties) (note 7)								
Salaries payable								
Accrued expenses and other payable								
Current lease liabilities (note 6(h))								
Other current liabilities (note 6(m))								
<b>Total current liabilities</b>								
<b>Non-Current liabilities:</b>								
Deferred tax liabilities (note 6(j))								
Non-current lease liabilities (note 6(h))								
Net defined benefit liability (note 6(i))								
<b>Total non-current liabilities</b>								
<b>Total liabilities</b>								
<b>Equity attributable to owners of parent:</b>								
Ordinary shares (note 6(k))	3100					170,970	15	170,970
Capital surplus (note 6(l))	3200					68,813	6	68,813
Legal reserve (note 6(k))	3310					123,003	10	108,463
Special reserve (note 6(k))	3320					10,262	1	10,956
Unappropriated retained earnings (note 6(l))	3350					478,062	44	407,869
Exchange differences on translation of foreign financial statements	3410					(8,390)	(1)	(10,262)
<b>Total equity attributable to owners of parent:</b>						<u>842,720</u>	<u>75</u>	<u>756,809</u>
<b>Non-controlling interests</b>	36XX					-	-	953
<b>Total equity</b>						<u>842,720</u>	<u>75</u>	<u>757,762</u>
<b>Total liabilities and equity</b>						<u>\$ 1,124,699</u>	<u>100</u>	<u>1,010,290</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(m) and 7)	\$ 1,556,029	100	1,300,526	100
5000	Operating costs (notes 6(d) and 7)	<u>1,034,325</u>	<u>66</u>	<u>819,804</u>	<u>63</u>
	Gross profit	<u>521,704</u>	<u>34</u>	<u>480,722</u>	<u>37</u>
	<b>Operating expenses: (notes 6(c), (h), (i), (n) and 12)</b>				
6100	Selling expenses	247,014	16	251,122	19
6200	Administrative expenses	45,811	3	44,529	3
6300	Research and development expenses	7,478	1	8,161	1
6450	Expected credit loss (reversal of expected credit loss)	349	-	(344)	-
	Total operating expenses	<u>300,652</u>	<u>20</u>	<u>303,468</u>	<u>23</u>
	Net operating income	<u>221,052</u>	<u>14</u>	<u>177,254</u>	<u>14</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	2,981	-	1,628	-
7020	Other gains and losses (notes 6(h) and (o))	(4,525)	-	970	-
7510	Interest expense (note 6(h))	<u>(419)</u>	<u>-</u>	<u>(604)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(1,963)</u>	<u>-</u>	<u>1,994</u>	<u>-</u>
	Profit before tax	219,089	14	179,248	14
7950	Less: Income tax expenses (note 6(j))	<u>37,383</u>	<u>2</u>	<u>34,129</u>	<u>3</u>
	Profit	<u>181,706</u>	<u>12</u>	<u>145,119</u>	<u>11</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Remeasurement of defined benefit plans (note 6(i))	4,476	-	(3,554)	-
8349	Income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,476</u>	<u>-</u>	<u>(3,554)</u>	<u>-</u>
8360	<b>Items that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	2,340	-	867	-
8399	Income tax related to items that will be reclassified to profit or loss (note 6(j))	<u>(468)</u>	<u>-</u>	<u>(173)</u>	<u>-</u>
		<u>1,872</u>	<u>-</u>	<u>694</u>	<u>-</u>
8300	Other comprehensive income	<u>6,348</u>	<u>-</u>	<u>(2,860)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 188,054</u>	<u>12</u>	<u>142,259</u>	<u>11</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 182,145	12	145,395	11
8620	Non-controlling interest	<u>(439)</u>	<u>-</u>	<u>(276)</u>	<u>-</u>
		<u>\$ 181,706</u>	<u>12</u>	<u>145,119</u>	<u>11</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 188,493	12	142,535	11
8720	Non-controlling interest	<u>(439)</u>	<u>-</u>	<u>(276)</u>	<u>-</u>
		<u>\$ 188,054</u>	<u>12</u>	<u>142,259</u>	<u>11</u>
	<b>Earnings per share (NT dollars) (note 6(l))</b>				
	Basic earnings per share	<u>\$ 10.65</u>		<u>8.50</u>	
	Diluted earnings per share	<u>\$ 10.56</u>		<u>8.43</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES**

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

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent		
<b>Balance on January 1, 2021</b>	170,970	68,813	94,783	10,930	369,011	(10,956)	703,551	856	704,407
Profit	-	-	-	-	145,395	-	145,395	(276)	145,119
Other comprehensive income	-	-	-	-	(3,554)	694	(2,860)	-	(2,860)
Total comprehensive income	-	-	-	-	141,841	694	142,535	(276)	142,259
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	13,680	-	(13,680)	-	-	-	-
Special reserve	-	-	-	26	(26)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,904)	-	(88,904)	-	(88,904)
Changes in ownership interests in subsidiaries	-	-	-	-	(373)	-	(373)	373	-
Balance on December 31, 2021	170,970	68,813	108,463	10,956	407,869	(10,262)	756,809	933	757,762
Profit	-	-	-	-	182,145	-	182,145	(439)	181,706
Other comprehensive income	-	-	-	-	4,476	1,872	6,348	-	6,348
Total comprehensive income	-	-	-	-	186,621	1,872	188,493	(439)	188,054
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	14,540	-	(14,540)	-	-	-	-
Special reserve	-	-	-	(694)	694	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(102,582)	-	(102,582)	-	(102,582)
Decrease in non-controlling interests	-	-	-	-	-	-	-	(514)	(514)
Balance on December 31, 2022	170,970	68,813	123,003	10,262	478,062	(8,390)	842,720	(514)	842,206

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

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

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

	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 219,089	179,248
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	23,344	26,237
Gains (Losses) related to inventories	1,937	(2,769)
Expected credit loss (reversal of expected credit loss)	349	(344)
Interest income	(2,981)	(1,628)
Interest expense	419	604
Losses on disposal and retirement of property, plant and equipment	783	101
Impairment loss on other non-current assets	5,685	-
Losses on termination of right-of-use assets	1,091	159
Gain on lease modification	-	(185)
<b>Total adjustments to reconcile profit</b>	<b>30,627</b>	<b>22,175</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	12,730	(110,190)
Inventories	(67,931)	(4,955)
Prepaid expenses and other current assets	(371)	5
Accounts payable (including related parties)	27,142	23,554
Salaries payable	(2,410)	13,392
Accrued expenses and other payables	2,647	4,059
Other current liabilities	3,658	3,320
Others	(1,794)	(1,175)
<b>Total adjustments</b>	<b>4,298</b>	<b>(49,815)</b>
Cash inflow generated from operations	223,387	129,433
Interest received	3,168	1,403
Interest paid	(419)	(604)
Income taxes paid	(32,346)	(28,428)
<b>Net cash flows from operating activities</b>	<b>193,790</b>	<b>101,804</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	-	(10,000)
Acquisition of property, plant and equipment	(5,644)	(7,439)
Proceeds from disposal of property, plant and equipment	96	367
Acquisition of unamortized assets	(8,743)	(1,919)
Decrease (increase) in refundable deposits	1,147	(1,221)
Increase in other current assets	-	(27,000)
<b>Net cash flows used in investing activities</b>	<b>(13,144)</b>	<b>(47,212)</b>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(15,795)	(16,007)
Cash dividends	(102,582)	(88,904)
Changes in non-controlling interests	(514)	-
<b>Net cash flows used in financing activities</b>	<b>(118,891)</b>	<b>(104,911)</b>
Effect of exchange rate changes on cash and cash equivalents	2,507	948
Net increase (decrease) in cash and cash equivalents	64,262	(49,371)
Cash and cash equivalents at beginning of year	459,608	508,979
Cash and cash equivalents at end of year	<b>\$ 523,870</b>	<b>459,608</b>



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of OTSUKA INFORMATION TECHNOLOGY CORP.:

### Opinion

We have audited the parent company only financial statements of OTSUKA INFORMATION TECHNOLOGY CORP. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

#### 1. Evaluation of inventories

Please refer to Note 4(g) for the accounting policy for "Inventories", Note 5(b) for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) for the details and related expenses for "Inventories" of the parent company only financial statements.



Description of key audit matter:

The Company's inventories are measured at the lower of cost and net realizable value. Due to the rapid transformation of technology, the products may be out of date in the market and there is a risk that the cost of the inventory would be higher than its net realizable value. The condition of inventories to be sold will influence the result of evaluation so consistent attention are required. In addition, the inventories are the significant account in the parent company only financial statement. Therefore, evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Company and inspecting whether existing inventory policies are applied; sampling the individual inventory items and examining the sources of the net realizable value of the samples to access whether the net realizable value are reasonable; examining the accuracy of aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate.

2. Impairment of accounts receivable

Please refer to Note 4(f) for the accounting policy for "Financial Instruments", Note 5(a) for "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(c) for the movements of allowance for "Notes and accounts receivable" of the parent company only financial statements.

Description of key audit matter:

The Company's accounts receivable are derived from sales of software and rendering of service, the balance constitutes 24% of the assets as of December 31, 2022. Due to the payment terms of the major customers are long and the receivables are not collected totally up to the date of the auditors' report. The recoverability of accounts receivable requires subjective judgments of the management. Therefore, impairment assessment of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing internal control process of accounts receivable; understanding the policies of evaluating the allowance of accounts receivable of the Company and inspecting whether existing receivables policies are applied; asking the management whether there are any debtors with financial difficulties and examining the accuracy of aging of receivables by sampling; inspecting the reasonableness of impairment loss of receivables recognized by the management in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; inspecting collection of receivables in the subsequent period to assess the reasonability of impairment loss measurement.

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

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

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



Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

#### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2023

#### **Notes to Readers**

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

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



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP.**

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	\$ 399,642	36	314,468	32	2170	11	91,204	9
1170 Notes and accounts receivable, net (notes 6(c), (n) and 7)	267,587	24	290,086	30	2201	5	60,675	6
1300 Inventories (note 6(d))	151,104	14	91,237	9	2200	4	42,432	5
1410 Prepaid expense and other current assets (notes 6(c), (e) and 7)	3,206	-	2,467	-	2280	1	10,311	1
<b>Total current assets</b>	<u>821,539</u>	<u>74</u>	<u>698,258</u>	<u>71</u>	<u>2300</u>	<u>1</u>	<u>10,061</u>	<u>1</u>
<b>Non-current assets:</b>								
1535 Financial assets at amortized cost—non-current (note 6(b))	30,000	3	30,000	3				
1550 Investments accounted for using equity method, net (note 6(f))	189,087	17	196,504	20				
1600 Property, plant and equipment (notes 6(g) and 7)	27,018	2	26,013	3	2570	1	8,607	1
1755 Right-of-use assets (notes 6(h) and 7)	15,233	1	13,911	1	2580	1	4,120	-
1900 Other non-current assets (notes 6(a), (c), (i), (k), (n) and 8)	28,804	3	24,324	2	2640	-	4,791	-
<b>Total non-current assets</b>	<u>290,142</u>	<u>26</u>	<u>290,752</u>	<u>29</u>			<u>17,518</u>	<u>1</u>
<b>Total assets</b>	<u>\$ 1,111,681</u>	<u>100</u>	<u>\$ 989,010</u>	<u>100</u>			<u>\$ 232,201</u>	<u>23</u>
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Accounts payable								
Salaries payable								
Accrued expenses and other payables								
Current lease liabilities (note 6(i))								
Other current liabilities (note 6(n))								
<b>Total current liabilities</b>								
<b>Non-Current liabilities:</b>								
Deferred tax liabilities (note 6(k))								
Non-current lease liabilities (note 6(i))								
Net defined benefit liability (note 6(i))								
<b>Total non-current liabilities</b>								
<b>Total liabilities</b>								
<b>Equity attributable to owners of parent:</b>								
Ordinary shares (note 6(l))	170,970	16	170,970	18				
Capital surplus (note 6(l))	68,813	6	68,813	7				
Legal reserve (note 6(l))	123,003	11	108,463	11				
Special reserve (note 6(l))	10,262	1	10,956	1				
Unappropriated retained earnings (note 6(l))	478,062	43	407,869	41				
Exchange differences on translation of foreign financial statements	(8,390)	(1)	(10,262)	(1)				
<b>Total equity</b>	<u>842,720</u>	<u>76</u>	<u>756,809</u>	<u>77</u>				
<b>Total liabilities and equity</b>	<u>\$ 1,111,681</u>	<u>100</u>	<u>\$ 989,010</u>	<u>100</u>				

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP.**

**Statements of Comprehensive Income**

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(n) and 7)	\$ 1,423,360	100	1,182,602	100
5000	Operating costs (notes 6(d) and 7)	931,308	65	737,369	62
	<b>Gross profit</b>	<u>492,052</u>	<u>35</u>	<u>445,233</u>	<u>38</u>
	<b>Operating expenses: (notes 6(c), (i), (j), (o), 7 and 12)</b>				
6100	Selling expenses	227,825	16	224,546	19
6200	Administrative expenses	40,918	3	39,922	3
6300	Research and development expenses	7,478	1	8,161	1
6450	Expected credit loss (reversal of expected credit loss)	406	-	(368)	-
	<b>Total operating expenses</b>	<u>276,627</u>	<u>20</u>	<u>272,261</u>	<u>23</u>
	<b>Net operating income</b>	<u>215,425</u>	<u>15</u>	<u>172,972</u>	<u>15</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 7)	1,511	-	1,182	-
7020	Other gains and losses (notes 6(i), (p) and 7)	2,697	-	689	-
7070	Share of profit of subsidiaries accounted for using equity method	(17)	-	4,889	-
7510	Interest expense (note 6(i))	(355)	-	(467)	-
	<b>Total non-operating income and expenses</b>	<u>3,836</u>	<u>-</u>	<u>6,293</u>	<u>-</u>
	<b>Profit before tax</b>	<u>219,261</u>	<u>15</u>	<u>179,265</u>	<u>15</u>
7950	Less: Income tax expenses (note 6(k))	37,116	2	33,870	3
	<b>Profit</b>	<u>182,145</u>	<u>13</u>	<u>145,395</u>	<u>12</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans (note 6(j))	4,476	-	(3,554)	-
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		<u>4,476</u>	<u>-</u>	<u>(3,554)</u>	<u>-</u>
8360	<b>Items that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	2,340	-	867	-
8399	Income tax related to items that may be reclassified to profit or loss (note 6(k))	(468)	-	(173)	-
		<u>1,872</u>	<u>-</u>	<u>694</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>6,348</u>	<u>-</u>	<u>(2,860)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 188,493</u>	<u>13</u>	<u>142,535</u>	<u>12</u>
	<b>Earnings per share (NT dollars) (note 6(m))</b>				
	Basic earnings per share	\$ 10.65		8.50	
	Diluted earnings per share	\$ 10.56		8.43	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**OTSUKA INFORMATION TECHNOLOGY CORP.**

**Statements of Changes in Equity**

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

	Ordinary shares	Capital surplus	Retained earnings			Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve				
<b>Balance on January 1, 2021</b>	\$ 170,970	68,813	94,783	10,930	369,011	(10,956)	703,551	
Profit	-	-	-	-	145,395	-	145,395	
Other comprehensive income	-	-	-	-	(3,554)	694	(2,860)	
Total comprehensive income	-	-	-	-	141,841	694	142,535	
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	13,680	-	(13,680)	-	-	
Special reserve	-	-	-	26	(26)	-	-	
Cash dividends of ordinary share	-	-	-	-	(88,904)	-	(88,904)	
Changes in equity of subsidiaries accounted for using the equity method	-	-	-	-	(373)	-	(373)	
Balance on December 31, 2021	170,970	68,813	108,463	10,956	407,869	(10,262)	756,809	
Profit	-	-	-	-	182,145	-	182,145	
Other comprehensive income	-	-	-	-	4,476	1,872	6,348	
Total comprehensive income	-	-	-	-	186,621	1,872	188,493	
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	14,540	-	(14,540)	-	-	
Special reserve	-	-	-	(694)	694	-	-	
Cash dividends of ordinary share	-	-	-	-	(102,582)	-	(102,582)	
<b>Balance on December 31, 2022</b>	\$ 170,970	68,813	123,003	10,262	478,062	(8,390)	842,720	

## OTSUKA INFORMATION TECHNOLOGY CORP.

## Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 219,261	179,265
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	20,059	19,028
Losses on inventory valuation and obsolete inventories	1,872	2,016
Expected credit loss (reversal of expected credit loss)	406	(368)
Interest expense	355	467
Interest income	(1,511)	(1,182)
Share of loss (profit) of subsidiaries accounted for using the equity method	17	(4,889)
Loss on disposal and retirement of property, plant and equipment	144	85
Gains on disposal of right-of-use assets	-	(142)
Losses on termination of right-of-use assets	-	174
<b>Total adjustments to reconcile profit</b>	<b>21,342</b>	<b>15,189</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable, including related parties	23,014	(104,640)
Other receivables, including related parties	813	4,027
Inventories	(61,739)	(15,617)
Prepaid expenses and other current assets	(1,125)	(687)
Accounts payable	30,171	24,555
Salaries payable	(2,302)	14,042
Accrued expenses and other payables	3,154	4,195
Other current liabilities	4,898	2,367
Others	(1,794)	(1,768)
<b>Total adjustments</b>	<b>16,432</b>	<b>(58,337)</b>
Cash inflow generated from operations	235,693	120,928
Interest received	1,484	1,110
Interest paid	(355)	(467)
Income taxes paid	(32,054)	(28,010)
<b>Net cash flows from operating activities</b>	<b>204,768</b>	<b>93,561</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	-	(10,000)
Acquisition of investments accounted for using equity method	-	(15,000)
Proceeds from liquidation of investments accounted for using the equity method	9,740	-
Acquisition of property, plant and equipment	(5,386)	(7,263)
Proceeds from disposal of property, plant and equipment	30	3
Decrease (increase) in refundable deposits	715	(1,469)
Acquisition of unamortized assets	(8,743)	(1,919)
Cash received from sub-leasing of right-of-use assets	-	701
<b>Net cash flows used in investing activities</b>	<b>(3,644)</b>	<b>(34,947)</b>
<b>Cash flows from (used in) financing activities:</b>		
Cash dividends	(102,582)	(88,904)
Payment of lease liabilities	(13,368)	(12,274)
<b>Net cash flows used in financing activities</b>	<b>(115,950)</b>	<b>(101,178)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>85,174</b>	<b>(42,564)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>314,468</b>	<b>357,032</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 399,642</b>	<b>314,468</b>

## 【Attachment 4】 Earnings Distribution Table

### Otsuka Information Technology Corp. 2022 Earnings Distribution Table

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning Balance	291,442,334	
Add: Changes on Re-measurement of Defined Benefit Plans in Current Period	4,476,084	
Adjusted beginning balance		295,918,418
Add: 2022 Net Profit After Tax	182,145,113	
Current Distributable Earnings		478,063,531
Minus: Legal Reserve	18,214,511	
Minus: Special Reserve	(1,872,503)	
Distribution Item		
1.Shareholder's Dividend-Shares (NTD 0 per share)	0	
2.Shareholder's Dividend-Cash (NTD 7.5 per share)	128,227,500	
Undistributed Retained Earnings		333,494,023
Note: The cash dividends will be distributed to each shareholder based on shareholding percentages and be rounded down to the nearest dollar. The total number of odd shares for less than NTD 1 is transferred to other revenue of the Corporation.		

**Chairman: Hironobu Tsurumi    Manager: GUO, Yi Long    Manager of Accounting: FU, Kai Li**

# **【Appendix 1】 Articles of Incorporation**

## **Otsuka Information Technology Corp. Articles of Incorporation**

### **Chapter 1 General Provisions**

- Article 1: The Corporation is incorporated in accordance with the regulations for Companies Limited by Shares in the Company Act and registered under the business name of Otsuka Information Technology Corp. °
- Article 2: The Corporation's scope of service is set out hereunder
- CC01080 Electronic Parts and Components Manufacturing.
  - CC01110 Computers and Computing Peripheral Equipment Manufacturing
  - F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
  - F118010 Wholesale of Computer Software
  - F119010 Wholesale of Electronic Materials
  - F199990 Other Wholesale Trade
  - F113050 Wholesale of Computing and Business Machinery Equipment
  - F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
  - F213030 Retail sale of computing and Business Machinery Equipment
  - F218010 Retail Sale of Computer Software
  - F219010 Retail Sale of Electronic Materials
  - I199990 Other Consultancy Services
  - I301010 Software Design Services
  - I301020 Data Processing Services
  - I301030 Digital Information Supply Services
  - J304010 Book Publishers
  - JE01010 Rental and Leasing Business
  - E605010 Computing Equipment Installation Construction
  - I501010 Product Designing
  - F401010 International Trade
  - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Corporation may provide guarantees after resolution from the Board.
- Article 4: The Corporation may make investments (re-investments) to other companies whose amount is not limited to 40 percent of the Corporation's paid-in capital as regulated in Article 13 of the Company Act after the resolution from the Board.
- Article 5: The Corporation has its head office in New Taipei City, and the Corporation may

establish branches, representative offices or factories in and out of this country after the resolution from the Board.

Article 6: Public announcements of the Corporation shall be made in accordance with the Company Act and other relevant laws and regulations.

Article 6-1: Where the Corporation intends to revoke public offering of the stock, a resolution from the Shareholders' meeting shall be gained, and this article remains unchanged during the emerging listing period.

## **Chapter 2 Shares**

Article 7: The total amount of the Corporation's capital is NTD 300 million, which is further divided into 30 million shares, with the value per share at NTD 10, and the Board is authorized to issue shares in installments. A total of 2 million shares with a value of NTD 10 each and NTD 20 million in aggregate is preserved, which will be used for issuing stock option certificates, preferred shares with warrants or bond with warrants, and the Board is further authorized to issue them in installments thereof based on business needs.

Article 7-1: Where the shares of the Corporation are to be transferred to the employees at the price lower than the average upon actual buyback, a resolution shall be made at the most recent shareholder's meeting before transfer.

Article 7-2: Where the Corporation intends to issue employee stock option certificates at a price lower than the market price (Net Asset Value of Each Share), a resolution during the Shareholders' Meeting shall be made before issuance.

Article 7-3: Qualification requirements of employees, including the employees of parents or subsidiaries of the Corporation meeting certain specific requirements, entitled to receive treasury stock bought back by the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Corporation meeting certain specific requirements, entitled to receive share subscription warrant of the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Corporation meeting certain specific requirements, entitled to receive reserved new shares issued by the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Corporation meeting certain specific requirements, entitled to receive restricted stock for employees from the Corporation.

Article 8: The Corporation's shares are all nominal and shall be numbered and should be signed/stamped with seal by a director representing the Corporation as well as being attested to by a bank responsible for stock issuance certification before issuance.

For the shares to be issued by the Corporation, the Corporation may be exempted from printing any share certificate for the shares issued. However, the Corporation not

printing its share certificate shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 9: Where a shareholder requests assistance with share affairs from the Corporation, unless as otherwise stipulated in the regulations and securities articles, all shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”

Article 10: Shares shall not be transferred within 60 days prior to the convening of a regular shareholders’ meeting, or within 30 days prior to the convening date of a special shareholders’ meeting, or within 5 days prior to the target fixed by the issuing corporation for distribution of dividends, bonus or other benefits.

### **Chapter 3 Shareholders’ Meeting**

Article 11: There are two types of shareholders’ meeting:

Regular meeting: convened within six months after the close of each fiscal year.

Special meeting: convened in accordance with the relevant laws and regulations when necessary.

Shareholders’ meeting of the Corporation can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 12: When a shareholder is unable to attend the shareholders’ meeting for whatever reason, that shareholder shall appoint a proxy to attend by offering company issued written proxies. The written proxies shall be delivered to the Corporation 5 days prior to the date of the shareholders’ meeting.

A shareholder may only execute one power of attorney and appoint one proxy. In case two or more written proxies are received from one shareholder, the first one received by the Corporation shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. The attendance of a shareholder’s proxy shall be handled in accordance with Article 177 of the Company Act and rules by competent authorities.

Article 13: When a shareholders’ meeting is held, the Chairman of the Board shall act as the Chairman of the meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors as proxy; in case the proxy is not designated, the directors shall elect from themselves an Acting Chairman of the Board; where the shareholders’ meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.



Article 14: A shareholder, unless otherwise stipulated in Article 179 of the Company Act relating to the circumstances of certain shares as having no voting right, shall have one voting right in respect of each share in his/her/its possession.

Article 15: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, and shall be handled in accordance with Article 183 of the Company Act.

Article 16: Resolutions of a shareholders' meeting, unless stipulated otherwise in relevant regulations, shall require an affirmative vote of the majority represented by the attending shareholders for the passage of a proposal.

#### **Chapter 4 Directors and Audit Committee**

Article 17: The Corporation shall appoint 7 to 10 people using the cumulative voting system with voting by shareholders' meeting attendees with legal capacity, and the term of the director is three years and may be re-elected after the term. Should the revision for cumulative voting system be necessary, besides handling in accordance with Article 172 of the Company Act, matters shall be itemized in the causes or subjects to be described and the essential contents shall be explained.

The Corporation's director election adopts the candidate nomination system, and the shareholders shall elect the directors from among the nominees.

The aggregate shareholding by all directors of the Corporation shall be handled following the rules of the securities competent authorities.

In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Corporation has established an audit committee and the audit committee is responsible for the supervision of the Company Act, the Securities and Exchange Act and other laws and regulations. The audit committee is composed of all independent directors, with no less than three persons, one of whom is the convener, and the exercise of its powers and related matters shall be handled in accordance with relevant laws and regulations.

Article 17-1: In the aforementioned number of directors of the Corporation, the number of independent directors shall not be less than two persons but not more than one-fifth of the total number of directors. The professional knowledge, shareholding, part-time job restrictions, nominations, means of election as well as other relevant issues of independent directors should all be in accordance with the regulations of the competent authority on securities.

Article 18: When the number of vacancies in the board of directors of a company equals to one third of the total number of directors, the board of directors shall call a special meeting of shareholders to elect succeeding directors to fill the vacancies, and their term of office shall be extended until the time new directors have been elected and assumed their office.

Article 19: The board of directors is composed of all directors. The Chairman is elected by

two-thirds of the directors present at the meeting and representing one-half or more of the number of directors present at the meeting. The board exercises the authority as chairperson of the shareholders' meeting and board of directors according to the laws and regulations, Articles of Incorporation and Resolutions made in the shareholders' meetings and the board of director meetings. Vice chairperson is elected using the same method. When the Chairman of the Board is on leave or for any reason and unable to exercise the powers of the Chairman, the Vice-Chairman shall act as Chairman. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

Meetings of the board of directors shall be convened by the Chairman of the Board of Directors. In case the Chairman of the Board of Directors cannot convene the meeting for any cause, the order of proxy is handled as the preceding paragraph. The reason for convening of the Board of Directors shall be stated and the directors are notified of such seven days in advance, but may be convened at any time when there is an emergency. The above notice in respect of convening the meeting shall be done in writing, by electronic email, or by facsimile.

Article 20: Each director shall attend the meeting of the board of directors in person. However, in case a director cannot attend the meeting, except for the director who resides in a foreign country, the director may appoint another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only. In case a meeting of the board of directors is held via visual communication network, then the directors taking part in such shall be deemed to have attended the meeting in person.

Article 21: A director shall have one voting power. The resolution of the board of directors, unless as otherwise set forth in the Company Act or this Articles of Incorporation, shall be attended by a majority of all the directors and be approved by a majority of the attending directors.

Article 22: The Board of Directors is authorized to determine the amount of compensation to be given to the directors of the Corporation based on the standard terms in the industry; In case the chairman, director or shareholder be concurrently an employee, the chairman is authorized by the shareholder's meeting to conduct in accordance with the Corporation's internal management measures. The board of directors may also determine the amount of transportation allowance based on the standard terms in the

industry and liability insurance for the scope of the business involved for directors.

## **Chapter 5 Manager**

Article 23: The Corporation may have more than one manager, whose appointment, discharge and compensation shall be handled in accordance with the Company Act.

## **Chapter 6 Accounting**

Article 24: The fiscal year of the Corporation starts on the first day of January every year and ends on the thirty-first of December of the same year. The Corporation shall compile the following statements at the end of each fiscal year and submit to its shareholders for their ratification no later than 30 days from the date of the shareholders' meeting.

(I) The annual business report

(ii) The financial statements; and

(iii) The appropriation of profit and remedy in the event of loss proposal

Article 25: If there is a profit in the final accounts of the Corporation, a proportion no lower than 5 percent shall be reserved as employees' compensation, distributed as cash as resolved by the board. Qualification requirements of employees, including the employees of parent or subsidiaries of the Corporation who meet certain specific requirements, entitled to receive shares or cash in accordance with the provisions stipulated by the board; the Corporation may, based on the aforementioned profits, reserve a proportion no higher than 3 percent as compensation to the directors. However, if there's still losses, the amount to make up for the losses shall be made first before distributing the compensation in the ratio hereof.

The Corporation may, by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and compensation to the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The surplus of each company's final accounts, except for the completion of all taxes and compensation for past years' losses, should first allocate 10% of its balance to the statutory surplus reserve, but the statutory surplus reserve has reached the total amount of capital. And according to the provisions of Article 41 of the Securities Exchange Act, the special surplus reserve is proposed or revolved. If there is surplus and the accumulated undistributed surplus in the previous year, the board of directors prepares the surplus distribution case and submits it to the shareholders' meeting for resolution.

The Corporation, following the provisions in Article 240, paragraph 5 of the Company Act, authorizes the distributable dividends and bonuses in whole or in part to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 25-1: Allocation of dividends shall also take the Corporation's needs for future operation expansion into account, considering the Corporation's status on cash flow and operation surplus to enable a more flexible business operation and to strengthen competitiveness. Shareholders' bonus in the retained earnings allocation proposed by the Board of Directors shall not be lower than 20 percent of the value of the current net income deducting the legal reserve. In this dividend allocation, cash dividend shall not be lower than 10 percent of the distributable dividend

Article 25-2: The Corporation, in accordance with Article 241 of the Company Act, distributes its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. The distribution may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

## **Chapter 7 Supplementary Provisions**

Article 26: Organization regulations and operational rules of the Corporation shall be set otherwise by the Board.

Article 27: Any unspecified matters in this Articles of Incorporation shall be dealt in accordance with the Company Act and relevant regulations.

Article 28: I. This Articles of Incorporation was drawn up on the twenty-fourth of July 1997.

II. First amendment was effected on the fifth of August 1998.

III. Second amendment was effected on the twenty-eighth of June 2000.

IV. Third amendment was effected on the fifteenth of November 2000.

V. Fourth amendment was effected on the tenth of December 2002.

VI. Fifth amendment was effected on the twenty-sixth of December 2006.

VII. Sixth amendment was effected on the thirtieth of March 2007.

VIII. Seventh amendment was effected on the twenty-ninth of May 2007

IX. Eighth amendment was effected on the twenty-ninth of October 2007.

X. Ninth amendment was effected on the twenty-seventh of June 2008.

XI. Tenth amendment was effected on the twenty-sixth of June 2009.

XII. Eleventh amendment was effected on the fourteenth of June 2010.

XIII. Twelfth amendment was effected on the twenty-fifth of June 2012.

XIV. Thirteenth amendment was effected on the twenty-third of June 2014.

XV. Fourteenth amendment was effected on the twenty-ninth of June 2016.

XVI. Fifteenth amendment was effected on the twenty-sixth of June 2017.

XVII. Sixteenth amendment was effected on the twenty-fourth of June 2019.

XVIII. Seventeenth amendment was effected on the twenty-second of June 2020.

XIX. Eighteenth amendment was effected on the twenty-first of June 2022.

**Otsuka Information Technology Corp.**

**Chairman: Hironobu Tsurumi**

## **【Appendix 2】 Rules of Procedure for Shareholders' Meetings**

### **Otsuka Information Technology Corp. Rules of Procedure for Shareholders' Meetings**

- Article 1 The rules of procedure for the Corporation's shareholders' meeting, unless as otherwise provided by relevant laws or regulations, shall be as provided in these Rules.
- Article 2 The Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.  
The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 3 The attendance and vote for each shareholders' meeting shall be counted based on number of shares held.
- Article 4 The venue for a shareholders' meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.  
The restrictions on the place of the meeting shall not apply when the Corporation convenes a virtual-only shareholders' meeting.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. Where the chairman of the board is on leave or for any reason and unable to exercise the powers of the chairman, the vice chairman shall act as chair. Where the Corporation has no managing director or the vice chairman of the board is on leave or for any reason and unable to exercise the powers of the chairman, the chairman shall appoint one managing director to act as chair; Where the Corporation does not have a managing director, the chairman shall appoint one managing director to act as chair. Where the chairman does not make a delegation, the managing directors or directors shall elect from among themselves to serve as chair.  
If the shareholders' meeting is convened by any other person having the convening right, he/she shall act as chairman.
- Article 6 The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting.  
The staff handling administrative affairs of a shareholders' meeting shall wear identification cards badge or arm bands.
- Article 7 The Corporation shall make an uninterrupted audio and video recording of all meeting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article 8 The chair shall call the meeting to commence at the appointed meeting time. However, when the attending shareholders does not represent the majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of more than 1 hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent more than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote during the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

Shareholders may not select a new chair and resume the meeting at the original or another venue.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the

chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.

Article 11 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chair may respond in person or ask a direct relevant personnel to respond.

Article 14 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

When the Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Corporation.

The result of the vote shall be made known immediately and recorded in writing.

Article 16 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17 Except as otherwise provided in the Company Act and in the Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Article 18 When there is an amendment or an alternative to a proposal, the chair shall decide the order in which they will be put to a vote.

When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19 The chair may direct the proctors (or security personnel) to help maintain order at the



meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Article 20 Any unspecified matters in these Rules shall be dealt in accordance with the Company Act and relevant regulations.

Article 21 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

**【Appendix 3】Effects on Operation Performance, Earnings per Share and Shareholders’ Return on Equity by the Issuance of Bonus Shares:** Not applicable as the publication of the Corporation’s 2023 financial forecast is not required.

**【Appendix 4】 Shareholding by Directors**

**Otsuka Information Technology Corp.  
Shareholding by Directors**

- I. The Corporation’s paid-in capital is NTD 170,970,000 in 17,097,000 issued shares.  
 The minimum required combined shareholding of all directors by law (percentage) 12%  
 The minimum required combined shareholding of all directors by law (shares) 2,051,640 shares

- II. Shares held by all directors as stated on the shareholders list as of the book closure date are as follows:

Book Closure Date: 2023.4.21

Role	Name	Shares held on Book Closure Date	
		Shares	Ratio
Chairman	Otsuka Corporation Representative: Hironobu TSURUMI	6,465,900	37.82%
Director	Otsuka Corporation Representative: AOKI, Hideyuki	6,465,900	37.82%
Director	GUO, Yi Long	20,000	0.12%
Director	HSU, Hui Ru	128,000	0.75%
Director	Tamehiro Akio	610,050	3.57%
Director	LIU, Cheng Ho	—	—
Director	HUANG, Hsiang Min	—	—
Independent Director	YEN, Jun De	—	—
Independent Director	LIN, Hui Fen	—	—
Independent Director	XIE, Kun-Feng	—	—
Total		7,223,950	42.25%

- III. The Corporation has established an audit committee, so the rule that the number of shares held by the supervisor shall not be less than a certain ratio does not apply.