

**Sunplus Technology Co., Ltd.**  
**2024 Annual General Shareholders' Meeting**  
**Meeting Proceeding**

- I. Time: 9:00a.m., June 12, 2024 (Wednesday)
- II. Place: Newton Palace, Science Park Life Hub  
No.1, Industrial East Road 2, Hsinchu Science Park, Taiwan 300  
(Hsinchu Science Industrial Park Science and Technology Living Hall)
- III. Present shareholders: 391,042,614 shares of shares represented by attendance and delegates (including 95,495,992 shares of electronic voting shares ) are 66.45% of the total 588,434,923 shares of the company with voting rights.
- IV. Chairman: Chou-Chye Huang, Recorder: Meijuan Chen
- V. Attend:
- |                            |                    |
|----------------------------|--------------------|
| Audit Committee Convener   | Tse-Jen Huang      |
| Independent Director       | Rui-qi Chen        |
| Independent Director       | Cong-ling Guo      |
| Gwin-Attorneys Corporation | Lawyer Shigong Guo |
| Deloitte Taiwan            | CPA Allan Yeh      |
- VI. Speech by the Chairman (omitted)
- VII. REPORT ITEMS

**(1) 2023 Business Report**

**Explanatory Notes:**

The 2023 Business Report is attached hereto as ANNEX 1.  
(Shareholder question: None)

**(2) Audit Committee's Review Report**

**Explanatory Notes:**

The Report by Audit Committee is attached hereto as ANNEX 2.

(Shareholder question: None)

**RECOGNITION ITEMS**

**(1) T Adoption of the 2023 Business Report and Financial Statements.**

(Proposed by the Board of Directors)

**Explanatory Notes:**

1. Sunplus' 2023 Financial Statements were audited by independent auditors and approved by the Company's audit committee and Board Meeting on 2024/03/13.
2. The 2023 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 and ANNEX 3 to 4.

**Resolution:**

Explanation of voting results: Approval votes are 366,135,979 rights (including electronic voting 70,608,567 rights ). Disapproval votes are 184,891 rights (All exercised by electronic vote). Invalid votes are 0. Abstention votes are 24,721,744 rights (including electronic voting 24,702,534 rights). Approval votes are 93.63% of the total 391,042,614 votes of the attendance shareholders .

**(2) Adoption of the Proposal for 2023 Deficit Compensation.**

(Proposed by the Board of Directors)

**Explanatory Notes:**

1. Because of the losses in 2023, there is no dividend available for distribution this year.
2. Please refer to Attachment 5 of this manual for the surplus Deficit Compensation statement for the year 2023.

Shareholders speak:

Shareholder account number 117137 asked: About the customer complaint of Eastech Holding Ltd · whether Sunplus recognized the losses in advance.

Chairman replied:

Sunplus has its own distributors, and there is a contractual relationship between the distributors and customers, and the distributors will handle customer relationships.

**Resolution:**

Explanation of voting results: Approval votes are 371,127,716 rights (including electronic voting 75,600,304 rights ). Disapproval votes are 209,138rights (All exercised by electronic vote). Invalid votes are 0. Abstention votes are 19,705,760 rights (including electronic voting 19,686,550 rights ). Approval votes are 94.90% of the total 391,042,614 votes of *the attendance shareholders* .

## ELECTION ITEMS

### (1) The re-election proposal for the 13th term of the company's directors (including independent directors) is submitted for re-election

(Proposed by the Board of Directors)

#### Explanatory Notes:

- (1) The tenth term of the company's 12th directors (including independent directors) is three years, from July 20, 2021 to the expiration of July 19, 2024. It is proposed to be a shareholder in 2024 The regular meeting re-elected the 13th directors (including independent directors).
- (2) According to the company's articles of association, the 13th term of directors intends to elect seven directors (including four independent directors), and all newly elected independent directors will form an audit committee.
- (3) The term of office of the 13th term of directors (including four independent directors) is three years, from June 12, 2024 to June 11, 2027, and they are eligible for re-election. The 12th term of directors (including independent directors) will retire from office on June 12, 2024 when the 13th term of directors is elected.
- (4) In accordance with Article 18 of the company's articles of association, seven directors (including four independent directors) are to be elected for the twelfth term, and the candidate nomination system is adopted. The company's board of directors was held on May 2, 2024 to review the qualifications of directors (including independent directors) candidates. The qualifications of directors (including independent directors) candidates were approved at the meeting. The relevant information is set out as follows:

| Candidate Category   | Name  | Number of Shares Held | Major Educational Background or Experience   | Reasons for Continuing to Nominate as Independent Director for Three Consecutive Terms |
|----------------------|---|-----------------------|--|--|
| Director             | Chou-Chye Huang                                       | 92,737,817            | Master's Degree in Electrical Engineering from Tsinghua University;<br>Chairman and CEO of Sunplus Technology Co., Ltd.  | Not Applicable   |
| Director             | TAIWAN LAF'E CO., LTD representative : Wen-Hsiung Jan | 10,000                | Master's Degree in International Business from National Taiwan University;<br>Chairman of Advanced Echem Materials Company Limited (AEMC)                                    | Not Applicable   |
| Director             | GLOBAL VIEW Co., Ltd.                                 | 10,038,049            | Director of Sunplus Technology Co., Ltd.   | Not Applicable   |
| Director             | Chih-Chieh Tsai                                       | 0                     | Master's Degree in Business Administration from National Taipei University;<br>CPA and Director, Jianda Accounting Firm ;<br>Director and President of GLOBAL VIEW Co., Ltd. | Not Applicable   |
| Independent Director | Tse-Jen Huang   | 0                     | Master's Degree in Finance EMBA Management from  | Considering Mr. Huang Zeren's expertise in   |

| Candidate Category   | Name          | Number of Shares Held | Major Educational Background or Experience  | Reasons for Continuing to Nominate as Independent Director for Three Consecutive Terms  |
|----------------------|---------------|-----------------------|---|---|
|                      |               |                       | National Taiwan University of Science and Technology;<br>Shengxin United Certified Public Accountants, practicing accountant and managing partner.  | finance and taxation, his familiarity with relevant laws, and his experience in corporate governance, he is deemed to be of significant benefit to our company. Therefore, Mr. Huang Zeren is nominated to continue serving as an independent director candidate. |
| Independent Director | Rui-Qi Chen   | 0                     | Bachelor's Degree in Law from National Taiwan University<br>Master's Degree in Science and Digital Learning from the College of Science at National Chiao Tung University<br>Lawyer at WTW International Law Firm   | Not applicable  |
| Independent Director | Cong-Ling Guo | 0                     | Master's Degree in Computer Engineering from Penn State University<br>Wayne Lo - President of BIG Innovation Company, Ltd. CEO  | Not applicable  |
| Independent Director | Shu-Jun Huang | 0                     | EMBA from the Graduate Institute of Business Administration, National Taiwan University<br>Master's Degree in Technology Management from National Chiao Tung University<br>CHOICE DELIGHTS INCORPORATED Chairman<br>Qisda Corporation<br>Independent Director | Not applicable  |

(5) Please refer to Appendix Three of this handbook for Election Procedures for Board of Directors (see page 46 for details).

(6) Please proceed with the election.

(Shareholder question: None)

Election result :

#### Elected list

| Job title               | ID         | NAME  | Number of votes |
|-------------------------|------------|---|-----------------|
| director                | 1          | Chou-Chye Huang   | 1,148,574,080   |
| director                | 413741     | TAIWAN LAF' E CO.,<br>LTD representative : Wen-<br>Hsiung Jan | 238,427,778     |
| director                | X120144*** | Chih-Chieh Tsai   | 203,293,063     |
| Independent<br>director | N120030*** | Tse-Jen Huang   | 279,993,099     |
| Independent<br>director | E125031*** | Rui-Qi Chen   | 248,213,170     |
| Independent<br>director | Q120043*** | Cong-Ling Guo   | 244,766,542     |
| Independent<br>director | A221947*** | Shu-Jun Huang   | 208,083,343     |

#### DISCUSSION ITEMS

##### (1) Proposal to Lift Restrictions on Competition for Newly Appointed Directors (including Independent Directors) and their Representatives.

(Proposed by the Board of Directors)

Explanatory Notes:

A. According to Article 209 of the Company Act, directors, when engaging in acts within the scope of the company's business on behalf of themselves or others, shall explain the significant content of their actions to the shareholders' meeting and obtain a resolution of approval from the shareholders' meeting.

B. The directors of this company, due to business needs or investment, may engage in activities involving investment or management in other companies that operate within the same or similar scope of business as this company, as directors or executives. We propose to lift the restrictions on competition for the newly appointed directors (including independent directors) of the 13th term. Please refer to ANNEX 6 of this handbook for the list of individuals for whom the restrictions are proposed to be lifted (see pages 36 to 37). We request the shareholders' meeting to deliberate on this matter.

(Shareholder question: None)

#### **Resolution:**

Explanation of voting results: Approval votes are 344,642,984 rights (including electronic voting 49,115,572 rights ). Disapproval votes are 26,550,956 rights (All exercised by electronic vote). Invalid votes are 0. Abstention votes are 19,848,674 rights (including electronic voting 19,829,464 rights ). Approval votes are 88.13% of the total 391,042,614 votes of the attendance shareholders .

#### EXTEMPORARY MOTIONS

(Shareholder question: None)

**MEETING ADJOURNED (AM09:28)**

## BUSINESS REPORT

### 2023 Business Results

Sunplus consolidated net operating revenue totaled NT\$5,535 million and the gross profit were NT\$2,524 million in 2023. While R&D expense totaled NT\$2,040 million and the G&A expenses were NT\$512 million, marketing expense were NT\$218 million, The net loss was NT\$247 million in 2023. Including total non-operating net income NT\$161 million, The pre-tax net loss were NT\$86 million. Excluding the income tax expense NT\$135 million, net loss after tax of the year totaled NT\$221 million, the net loss attributable to the owners of the Company were NT\$493 million which the Loss per Share after tax for 2023 was NT\$0.84.

The consolidated net sales in 2023 decreased 17.45% compared to the same period last year. Gross profit margin is approximately 46%, decreased from 49% in the previous year. The operating net loss in 2023 is NT\$247 million compared with the operating net profit of NT\$288 million in 2022, a loss increase of 185.92%.

Non-operating revenue decreased from NT\$ 594 million in 2022 to NT\$ 161 million in 2023, mainly due to the disposal of equity method company interests in 2023, which will decrease by NT\$449 million yuan compared with 2022.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2023, Including the difference between the conversion of financial statements of foreign operating institutions, unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net after-tax other comprehensive profit and loss in 2023 is NT\$88 million. The total comprehensive loss in 2023 was NT\$134 million, the total comprehensive loss was attributed to NT\$404 million by the owner of the Company.

### PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus technology mergers and acquisitions of major individuals, including Sunplus Technology, Generplus Technology, Sunplus Innovation Technology, Jumplux Technology, and mainland subsidiaries.

Sunplus is deeply engaged in automotive chips and intelligent surround sound chips. Automotive chips include intelligent cockpit (IVI, Display Audio), Advanced Driver Assistance Systems (AVM, DMS, ADAS), and in-car acoustics (Auto-EQ, EC/NR). Intelligent surround sound chips include products such as Soundbar, Gaming Soundbar, Party Speaker, and Speakerphone. In addition to the above two categories and audio-visual entertainment systems, Sunplus also offers intelligent computing chips Plus1 suitable for AIoT applications, as well as high-speed interfaces, data converters, and analog IP licensing. In addition to the In-Vehicle Infotainment (IVI) systems, Sunplus has also introduced products that integrate IVI with the dashboard and IVI with Advanced Driver Assistance Systems (ADAS) to enhance the functionality and value of automotive products. For SoundBar, besides incorporating Bluetooth wireless transmission into the product line, Sunplus is also actively promoting PC/Gaming Soundbar. The sales growth of these new products will be the main driver of revenue and profit growth for Sunplus.

The intelligent computing chip Plus1 significantly reduces the development threshold for Edge Computing applications. With the development of a 12-nanometer chip with AI capabilities, it will be the optimal solution for small-scale diversified AIoT startups. Many innovative applications will be commercialized to benefit the public.

Generplus's main product lines include consumer ICs, multimedia ICs, and MCUs. In the consumer IC segment, they have developed a new generation of 4-bit Reduced Instruction Set CPU voice synthesis control ICs and 16-bit voice microcontroller signal processors ICs, providing customers with high-performance and cost-effective voice/music synthesis solutions. In the multimedia product segment, they have developed a 22-nanometer 32-bit high-end multimedia open application platform SoC, which integrates Cortex-A7 CPU, 3D GPU, next-generation deep learning engine, high-speed audio/video interfaces, etc., assisting customers in developing various audiovisual applications such as human-machine interface platforms and edge computing platforms. In the MCU product segment, they have developed a 55-nanometer 32-bit Flash MCU, which integrates high-bandwidth operational amplifiers and high-speed digital-to-analog converters IP, providing high-performance and cost-effective MCU solutions.

In 2023, 82% of Sunplus Innovation Technology's sales revenue came from built-in cameras related to NB (Notebook) devices, while 18% came from USB external camera devices, dashcams, dashcams, high-speed cameras, IOT, and other related products. Amidst unclear market visibility, the company will continue to improve the efficiency of technology research and development and product development, while continuing to deepen its presence in the AI machine vision field.

Subsidiaries in China include Shanghai Sunplus, Sunplus Prof-tek Technology (Shenzhen), Sunmedia, CQPlus1 (Chongqing), Sunplus-EHUE and Sunplus APP. Mainly to support the Company's mainland customers in the Company's engineering services and business promotion.

#### EXTERNAL COMPETITION, REGULATIONS, AND OVERALL ECONOMIC ENVIRONMENT

Looking back at 2023, impacted by global inflation, the US-China trade war, geopolitical tensions, and economic downturn in China, market consumer demand fell short of expectations. Sunplus experienced its first loss in many years amid this significant upheaval. Facing these challenges, apart from providing customers with more cost-effective products to continuously reduce inventory, Sunplus continues to invest in research and development resources. The group will persist in investing in technology and product development, accelerating the development of new products and applications to cope with market competition and establish a competitive advantage.

Looking ahead to 2024, uncertainties such as the duration of the Russia-Ukraine war, the trajectory of global inflation, and the potential recovery of the Chinese economy make economic development fraught with variables and challenges. The bottleneck to industry growth is no longer found in the outsourcing of wafer fabrication or packaging testing, but rather in the demand generated by economic growth. The company will closely monitor changes in the international economic environment, adjust the pace of product development in a timely manner, and adapt to market demand.

#### **Future company development strategy**

Sunplus Technology and all entities within the group will continue to deepen their core competencies in various fields, develop new products, and actively invest in advanced technologies to enhance product value and explore new products and markets. By adjusting and optimizing product lines and investments, observing market trends, and actively expanding into new markets, we aim to improve performance both within and outside our core business, thereby accumulating new growth momentum. We hope to turn losses into profits and reward our shareholders for their long-term support.

Chairman of the Board:

Manager:

Accountant:

**AUDIT COMMITTEE'S REVIEW REPORT**

Sunplus' Board has prepared and submitted the 2023 business report, Financial statements and Resolution for Deficit Compensation, etc. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The above-mentioned business report, financial statement and Resolution for Deficit Compensation have been reviewed by this audit committee. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, the Committee hereby submits this report.

Please check

Sincerely

**To Sunplus Technology 2024 Annual General Shareholders' Meeting**

Chairman of the Audit Committee: Tse-Jen Huang

March 13, 2024

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Opinion**

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

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

### **Basis for Opinion**

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

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

#### Occurrence of Revenue from Specific Customers

Integrated circuit chip sales accounted for 95% of Sunplus Technology Company Limited's total revenue. Among them revenue declined in 2023, some of the customers whose revenue has grown significantly and significant amount carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 21 to the accompanying consolidated financial statements.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the related internal control and operating procedures in Sunplus Technology Company Limited's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormalities and confirmed that sales revenue did occur.

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

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

In preparing the financial statements, management is responsible for assessing Sunplus Technology Company Limited'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 Sunplus Technology Company Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are responsible for overseeing Sunplus Technology Company Limited's financial reporting process.

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Tung-Hui Yeh and Ya-Yun Chang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

| ASSETS   | 2023                 |            | 2022 (Restated)      |            |
|--|----------------------|------------|----------------------|------------|
|  | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>  |                      |            |                      |            |
| Cash and cash equivalents (Notes 4 and 6)  | \$ 444,895           | 4          | \$ 446,666           | 4          |
| Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)                  | 35,087               | -          | 59,120               | 1          |
| Trade receivables, net (Notes 4, 5, 9, 21 and 28)  | 148,866              | 2          | 185,771              | 2          |
| Other receivables (Notes 4 and 28)   | 56,327               | 1          | 83,579               | 1          |
| Inventories (Notes 4 and 10)   | 598,840              | 6          | 977,619              | 9          |
| Other financial assets - current (Notes 15 and 25)   | -                    | -          | 43,610               | -          |
| Other current assets (Note 15)   | 43,124               | -          | 54,419               | -          |
| Total current assets   | 1,327,139            | 13         | 1,850,784            | 17         |
| <b>NON-CURRENT ASSETS</b>  |                      |            |                      |            |
| Financial assets at FVTPL - non-current (Notes 4 and 7)  | 658,569              | 6          | 276,006              | 3          |
| Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8) | 91,766               | 1          | -                    | -          |
| Investments accounted for using the equity method (Notes 4 and 11)                                       | 7,198,582            | 70         | 7,722,878            | 70         |
| Property, plant and equipment (Notes 4, 12, 29 and 30)   | 680,224              | 7          | 744,972              | 7          |
| Right-of-use assets (Notes 4 and 13)   | 156,686              | 2          | 163,350              | 1          |
| Intangible assets (Notes 4 and 14)   | 133,241              | 1          | 187,370              | 2          |
| Deferred tax assets (Notes 4 and 23)   | 2,485                | -          | 2,485                | -          |
| Net defined benefit assets - non-current (Notes 4 and 19)  | 40,513               | -          | 31,993               | -          |
| Other financial assets- non-current (Notes 15 and 30)  | 10,500               | -          | 12,343               | -          |
| Other non-current assets (Note 15)   | 9,037                | -          | 9,095                | -          |
| Total non-current assets   | 8,981,603            | 87         | 9,150,492            | 83         |
| <b>TOTAL</b>   | <b>\$ 10,308,742</b> | <b>100</b> | <b>\$ 11,001,276</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>  |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Contract liabilities - current (Note 21)   | \$ 8,439             | -          | \$ 14,027            | -          |
| Accounts payable (Notes 17 and 30)   | 63,452               | 1          | 172,388              | 2          |
| Lease liabilities - current (Notes 4 and 13)   | 5,316                | -          | 5,169                | -          |
| Current portion of long-term bank borrowings (Note 16)   | 270,295              | 3          | -                    | -          |
| Other current liabilities (Notes 18 and 30)  | 351,780              | 3          | 329,998              | 3          |
| Total current liabilities  | 699,282              | 7          | 521,582              | 5          |
| <b>NON-CURRENT LIABILITIES</b>   |                      |            |                      |            |
| Long-term borrowings (Note 16)   | 929,705              | 9          | 1,000,000            | 9          |
| Lease liabilities - non-current (Notes 4 and 13)   | 159,761              | 2          | 165,077              | 2          |
| Guarantee deposits   | 34,775               | -          | 46,820               | -          |
| Other liabilities (Note 18)  | -                    | -          | 5,709                | -          |
| Total non-current liabilities  | 1,124,241            | 11         | 1,217,606            | 11         |
| Total liabilities  | 1,823,523            | 18         | 1,739,188            | 16         |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (NOTES 4 AND 20)</b>                                     |                      |            |                      |            |
| Share capital  |                      |            |                      |            |
| Ordinary shares  | 5,919,949            | 57         | 5,919,949            | 54         |
| Capital surplus  | 1,160,931            | 11         | 1,197,373            | 11         |
| Retained earnings  |                      |            |                      |            |
| Legal reserve  | 1,898,136            | 19         | 1,870,234            | 17         |
| Special reserve  | 180,682              | 2          | 239,203              | 2          |
| (Accumulated deficit) unappropriated earnings  | (486,919)            | (5)        | 279,413              | 3          |
| Total retained earnings  | 1,591,899            | 16         | 2,388,850            | 22         |
| Other equity   | (124,159)            | (1)        | (180,683)            | (2)        |
| Treasury shares  | (63,401)             | (1)        | (63,401)             | (1)        |
| Total equity   | 8,485,219            | 82         | 9,262,088            | 84         |
| <b>TOTAL</b>   | <b>\$ 10,308,742</b> | <b>100</b> | <b>\$ 11,001,276</b> | <b>100</b> |

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

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

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

|   | 2023               |             | 2022 (Restated)  |             |
|---|--------------------|-------------|------------------|-------------|
|   | Amount             | %           | Amount           | %           |
| NET OPERATING REVENUE (Notes 4, 21 and 29)  | \$ 1,132,485       | 100         | \$ 1,381,041     | 100         |
| OPERATING COSTS (Notes 10, 22 and 29)   | <u>826,378</u>     | <u>73</u>   | <u>920,161</u>   | <u>67</u>   |
| GROSS PROFIT  | <u>306,107</u>     | <u>27</u>   | <u>460,880</u>   | <u>33</u>   |
| OPERATING EXPENSES (Notes 22 and 29)  |                    |             |                  |             |
| Selling and marketing expenses  | 86,356             | 8           | 98,712           | 7           |
| General and administrative expenses   | 182,195            | 16          | 211,263          | 15          |
| Research and development expenses   | <u>1,065,224</u>   | <u>94</u>   | <u>1,035,650</u> | <u>75</u>   |
| Total operating expenses  | <u>1,333,775</u>   | <u>118</u>  | <u>1,345,625</u> | <u>97</u>   |
| LOSS FROM OPERATIONS  | <u>(1,027,668)</u> | <u>(91)</u> | <u>(884,745)</u> | <u>(64)</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)  |                    |             |                  |             |
| Interest income   | 4,591              | -           | 1,800            | -           |
| Other income  | 55,336             | 5           | 186,254          | 13          |
| Other gains and losses  | 147,616            | 13          | 331,430          | 24          |
| Finance costs   | (30,260)           | (3)         | (13,975)         | (1)         |
| Share of profit or loss of subsidiaries and associates  | <u>357,246</u>     | <u>32</u>   | <u>593,311</u>   | <u>43</u>   |
| Total non-operating income and expenses   | <u>534,529</u>     | <u>47</u>   | <u>1,098,820</u> | <u>79</u>   |
| (LOSS) PROFIT BEFORE INCOME TAX   | (493,139)          | (44)        | 214,075          | 15          |
| INCOME TAX EXPENSE (Notes 4 and 23)   | <u>8</u>           | <u>-</u>    | <u>194</u>       | <u>-</u>    |
| NET (LOSS) PROFIT FOR THE YEAR  | <u>(493,147)</u>   | <u>(44)</u> | <u>213,881</u>   | <u>15</u>   |
| OTHER COMPREHENSIVE INCOME (LOSS)   |                    |             |                  |             |
| Items that will not be reclassified subsequently to profit or loss (Notes 4, 19 and 20):                    |                    |             |                  |             |
| Remeasurement of defined benefit plans  | 4,200              | -           | 27,762           | 2           |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income       | 61,279             | 5           | -                | -           |
| Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method | 50,547             | 5           | (29,155)         | (2)         |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

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

|   | 2023                |             | 2022 (Restated)   |           |
|---|---------------------|-------------|-------------------|-----------|
|   | Amount              | %           | Amount            | %         |
| Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):                                 |                     |             |                   |           |
| Exchange differences on translation of the financial statements of foreign operations                           | \$ 12,510           | 1           | \$ 81,686         | 6         |
| Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method | <u>(39,826)</u>     | <u>(3)</u>  | <u>29,332</u>     | <u>2</u>  |
| Other comprehensive income for the year, net of income tax  | <u>88,710</u>       | <u>8</u>    | <u>109,625</u>    | <u>8</u>  |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>   | <u>\$ (404,437)</u> | <u>(36)</u> | <u>\$ 323,506</u> | <u>23</u> |
| <b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>   |                     |             |                   |           |
| Owners of the Company   | (493,147)           | (44)        | 215,899           | 15        |
| Non-controlling interests   | <u>-</u>            | <u>-</u>    | <u>(2,018)</u>    | <u>-</u>  |
|   | <u>\$ (493,147)</u> | <u>(44)</u> | <u>\$ 213,881</u> | <u>15</u> |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>   |                     |             |                   |           |
| Owners of the Company   | (404,437)           | (36)        | 325,524           | 23        |
| Non-controlling interests   | <u>-</u>            | <u>-</u>    | <u>(2,018)</u>    | <u>-</u>  |
|   | <u>\$ (404,437)</u> | <u>(36)</u> | <u>\$ 323,506</u> | <u>23</u> |
| <b>(LOSS) EARNINGS PER SHARE (Note 24)</b>  |                     |             |                   |           |
| Diluted earnings per share  | <u>\$ (0.84)</u>    |             | <u>\$ 0.37</u>    |           |
| Basic earnings per share  | <u>\$ (0.84)</u>    |             | <u>\$ 0.37</u>    |           |

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

|  | <u>Share Capital Issued and Outstanding</u> |              | <u>Retained Earnings</u> |               |                        |                      |                        | <u>Other Equity</u>                                  |   |   | <u>Total</u>  | <u>Non-controlling Interests</u> | <u>Total Equity</u> |   |                        |
|--|---|--------------|--------------------------|---------------|------------------------|----------------------|------------------------|--|---|---|---------------|----------------------------------|---------------------|---|------------------------|
|  |   |              | <u>Share (Thousands)</u> | <u>Amount</u> | <u>Capital Surplus</u> | <u>Legal Reserve</u> | <u>Special Reserve</u> | <u>Unappropriated Earnings (Accumulated Deficit)</u> | <u>Equity Directly Associated with Non-current Assets Held for Sale</u> | <u>Exchange Differences on Translating the Financial Statements of Foreign Operations</u> |               |                                  |                     | <u>Unrealized Gain (Losses) on Financial Assets</u> | <u>Treasury Shares</u> |
|  |   |              |                          |               |                        |                      |                        |  |   |   |               |                                  |                     |   |                        |
| BALANCE AT JANUARY 1, 2022   | 591,995                                     | \$ 5,919,949 | \$ 1,223,544             | \$ 1,745,279  | \$ 261,078             | \$ 1,249,574         | \$ 21,517              | \$ (259,512)   | \$ 20,309   | \$ (63,401)   | \$ 10,118,337 | \$ -                             | \$ 10,118,337       |   |                        |
| Effect of retrospective application and retrospective restatement  | -   | -            | -                        | -             | -                      | -                    | -                      | -  | -   | -   | -             | 20,481                           | 20,481              |   |                        |
| BALANCE AT JANUARY 1, 2022 AS RESTATED   | 591,995                                     | 5,919,949    | 1,223,544                | 1,745,279     | 261,078                | 1,249,574            | 21,517                 | (259,512)  | 20,309  | (63,401)  | 10,118,337    | 20,481                           | 10,138,818          |   |                        |
| Appropriation of the 2021 earnings   |   |              |                          |               |                        |                      |                        |  |   |   |               |                                  |                     |   |                        |
| Legal reserve  | -   | -            | -                        | 124,955       | -                      | (124,955)            | -                      | -  | -   | -   | -             | -                                | -                   |   |                        |
| Cash dividends distributed by the Company  | -   | -            | -                        | -             | -                      | (1,146,102)          | -                      | -  | -   | -   | (1,146,102)   | -                                | (1,146,102)         |   |                        |
| Reversal of special reserve  | -   | -            | -                        | -             | (21,875)               | 21,875               | -                      | -  | -   | -   | -             | -                                | -                   |   |                        |
| Changes in capital surplus from investments in associates accounted for using the equity method                | -   | -            | 27,879                   | -             | -                      | -                    | (21,517)               | -  | -   | -   | 6,362         | -                                | 6,362               |   |                        |
| Issuance of share dividends from capital surplus   | -   | -            | (37,888)                 | -             | -                      | -                    | -                      | -  | -   | -   | (37,888)      | -                                | (37,888)            |   |                        |
| Proceeds from disposal of subsidiaries   | -   | -            | -                        | -             | -                      | -                    | -                      | 12,017   | -   | -   | 12,017        | -                                | 12,017              |   |                        |
| Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition | -   | -            | (922)                    | -             | -                      | -                    | -                      | -  | -   | -   | (922)         | -                                | (922)               |   |                        |
| Changes in percentage of ownership interests in subsidiaries   | -   | -            | (22,360)                 | -             | -                      | -                    | -                      | -  | -   | -   | (22,360)      | -                                | (22,360)            |   |                        |
| Net profit for the year ended December 31, 2022  | -   | -            | -                        | -             | -                      | 215,899              | -                      | -  | -   | -   | 215,899       | (2,018)                          | 213,881             |   |                        |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax                      | -   | -            | -                        | -             | -                      | 26,534               | -                      | 111,018  | (27,927)  | -   | 109,625       | -                                | 109,625             |   |                        |
| Total comprehensive income (loss) for the year ended December 31, 2022   | -   | -            | -                        | -             | -                      | 242,433              | -                      | 111,018  | (27,927)  | -   | 325,524       | (2,018)                          | 323,506             |   |                        |
| Adjustments to capital surplus for the Company cash dividends received by subsidiaries                         | -   | -            | 7,120                    | -             | -                      | -                    | -                      | -  | -   | -   | 7,120         | -                                | 7,120               |   |                        |
| Reduction in non-controlling interests   | -   | -            | -                        | -             | -                      | -                    | -                      | -  | -   | -   | -             | (18,463)                         | (18,463)            |   |                        |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income   | -   | -            | -                        | -             | -                      | 36,588               | -                      | -  | (36,588)  | -   | -             | -                                | -                   |   |                        |
| BALANCE AT DECEMBER 31, 2022   | 591,995                                     | 5,919,949    | 1,197,373                | 1,870,234     | 239,203                | 279,413              | -                      | (136,477)  | (44,206)  | (63,401)  | 9,262,088     | -                                | 9,262,088           |   |                        |
| Appropriation of the 2022 earnings   |   |              |                          |               |                        |                      |                        |  |   |   |               |                                  |                     |   |                        |
| Legal reserve  | -   | -            | -                        | 27,902        | -                      | (27,902)             | -                      | -  | -   | -   | -             | -                                | -                   |   |                        |
| Cash dividends distributed by the Company  | -   | -            | -                        | -             | -                      | (309,613)            | -                      | -  | -   | -   | (309,613)     | -                                | (309,613)           |   |                        |
| Reversal of special reserve  | -   | -            | -                        | -             | (58,521)               | 58,521               | -                      | -  | -   | -   | -             | -                                | -                   |   |                        |
| Changes in capital surplus from investments in associates accounted for using the equity method                | -   | -            | 21,249                   | -             | -                      | -                    | -                      | -  | -   | -   | 21,249        | -                                | 21,249              |   |                        |
| Issuance of share dividends from capital surplus   | -   | -            | (45,584)                 | -             | -                      | -                    | -                      | -  | -   | -   | (45,584)      | -                                | (45,584)            |   |                        |
| Proceeds from disposal of subsidiaries   | -   | -            | -                        | -             | -                      | -                    | -                      | (26,377)   | -   | -   | (26,377)      | -                                | (26,377)            |   |                        |
| Changes in percentage of ownership interests in subsidiaries   | -   | -            | (14,244)                 | -             | -                      | -                    | -                      | -  | -   | -   | (14,244)      | -                                | (14,244)            |   |                        |
| Net loss for the year ended December 31, 2023  | -   | -            | -                        | -             | -                      | (493,147)            | -                      | -  | -   | -   | (493,147)     | -                                | (493,147)           |   |                        |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax                      | -   | -            | -                        | -             | -                      | 5,809                | -                      | (27,316)   | 110,217   | -   | 88,710        | -                                | 88,710              |   |                        |
| Total comprehensive income (loss) for the year ended December 31, 2023   | -   | -            | -                        | -             | -                      | (487,338)            | -                      | (27,316)   | 110,217   | -   | (404,437)     | -                                | (404,437)           |   |                        |
| Adjustments to capital surplus for the Company cash dividends received by subsidiaries                         | -   | -            | 2,137                    | -             | -                      | -                    | -                      | -  | -   | -   | 2,137         | -                                | 2,137               |   |                        |
| BALANCE AT DECEMBER 31, 2023   | 591,995                                     | \$ 5,919,949 | \$ 1,160,931             | \$ 1,898,136  | \$ 180,682             | \$ (486,919)         | \$ -                   | \$ (190,170)   | \$ 66,011   | \$ (63,401)   | \$ 8,485,219  | \$ -                             | \$ 8,485,219        |   |                        |

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

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

|   | 2023           | 2022             |
|---|----------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                |                  |
| (Loss) income before income tax   | \$ (493,139)   | \$ 214,075       |
| Adjustments for:  |                |                  |
| Depreciation expense  | 193,706        | 159,068          |
| Amortization expense  | 83,842         | 96,271           |
| Net (gain) loss on the fair value change of financial assets at FVTPL   | (94,023)       | 207,514          |
| Financial costs   | 30,260         | 13,975           |
| Interest income   | (4,591)        | (1,800)          |
| Dividends income  | (2,853)        | (78,400)         |
| Share of profit of subsidiaries and associates                          | (357,246)      | (593,311)        |
| Gain on disposal of subsidiaries  | (19,485)       | (73,962)         |
| Gain on disposal of associates  | -              | (449,000)        |
| Impairment loss recognized on financial assets                          | 6,009          | 6,826            |
| Impairment loss recognized on non-financial assets                      | -              | 457              |
| Unrealized gain on the transactions with subsidiaries and associates    | (1,388)        | (1,387)          |
| Net loss (gain) on foreign currency exchange                            | 3,655          | (9,515)          |
| Changes in operating assets and liabilities:                            |                |                  |
| Decrease in trade receivables   | 32,391         | 80,752           |
| Decrease (increase) in other receivables                                | 53,427         | (7,924)          |
| Decrease (increase) in inventories                                      | 378,779        | (438,295)        |
| Decrease in other current assets  | 9,068          | 20,024           |
| Increase in net defined benefit assets - non-current                    | (8,520)        | (27,440)         |
| (Decrease) increase in contract liabilities                             | (5,588)        | 2,067            |
| Decrease in trade payables  | (107,937)      | (122,140)        |
| Increase (decrease) in other current liabilities                        | 33,554         | (197,466)        |
| Increase in net defined benefit liabilities - non-current               | 4,200          | 27,762           |
| Cash used in operations   | (265,879)      | (1,171,849)      |
| Interest received   | 4,521          | 1,804            |
| Dividends received  | 466,218        | 994,348          |
| Interest paid   | (28,876)       | (13,124)         |
| Income tax paid   | (8)            | (3,499)          |
| Net cash generated from (used in) operating activities                  | <u>175,976</u> | <u>(192,320)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                |                  |
| Purchase of financial assets at FVTOCI                                  | (15,290)       | -                |
| Proceeds from the sale of financial assets at FVTOCI                    | -              | 33,539           |
| Purchase of financial assets at FVTPL                                   | (284,553)      | (310,784)        |
| Proceeds from the sale of financial assets at FVTPL                     | 164,845        | 392,358          |
| Refund of shares through capital reduction of financial assets at FVTPL | 120,000        | -                |
| Acquisition of investments accounted for using equity method            | (398,518)      | -                |
| Net cash inflow on disposal of subsidiaries                             | 531,454        | 86,000           |
| Proceeds from disposal of associates                                    | -              | 535,987          |
| Payments for property, plant and equipment                              | (126,154)      | (205,872)        |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

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

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| Increase in refundable deposits   | \$ -              | \$ (1,180)        |
| Decrease in refundable deposits   | 58                | 57                |
| Payments for intangible assets  | (42,095)          | (44,516)          |
| Decrease (increase) in other financial assets   | <u>45,453</u>     | <u>(19,820)</u>   |
| Net cash (used in) generated from investing activities                                    | <u>(4,800)</u>    | <u>465,769</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                   |
| Proceeds from long-term borrowings  | 200,000           | 1,000,000         |
| Repayments of long-term borrowings  | -                 | (430,000)         |
| Proceeds from guarantee deposits received   | 2,579             | -                 |
| Refund of guarantee deposits received   | (14,619)          | (11,071)          |
| Repayment of the principal portion of lease liabilities                                   | (5,169)           | (4,408)           |
| Cash dividends paid   | (355,197)         | (1,183,990)       |
| Reduction in non-controlling interests  | <u>-</u>          | <u>(19,384)</u>   |
| Net cash used in financing activities   | <u>(172,406)</u>  | <u>(648,853)</u>  |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b> |                   |                   |
|   | <u>(541)</u>      | <u>19,056</u>     |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(1,771)</b>    | <b>(356,348)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                             | <u>446,666</u>    | <u>803,014</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                   | <u>\$ 444,895</u> | <u>\$ 446,666</u> |

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in Sunplus Technology Company Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is as follows:

#### Occurrence of Revenue from Specific Customers

Integrated circuit chip sales accounted for 93% of Sunplus Technology Company Limited and its subsidiaries' total revenue. Among them revenue declined in 2023, some of the customers whose revenue has grown significantly and significant amount carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 23 to the accompanying consolidated financial statements.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the related internal control and operating procedures in Sunplus Technology Company Limited and its subsidiaries' sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormalities and confirmed that sales revenue did occur .

### **Other Matter**

We have also audited the accompanying financial statements of Sunplus Technology Company Limited as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing Sunplus Technology Company Limited and its subsidiaries' 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 Sunplus Technology Company Limited and its subsidiaries 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 Sunplus Technology Company Limited and its subsidiaries' financial reporting process.

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors’ report are Tung-Hui Yeh and Ya-Yun Chang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

| ASSETS  | 2023                 |            | 2022                 |            |
|---|----------------------|------------|----------------------|------------|
|   | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>   |                      |            |                      |            |
| Cash and cash equivalents (Notes 4 and 6)   | \$ 4,091,218         | 29         | \$ 4,427,919         | 29         |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7)                 | 1,062,950            | 8          | 678,017              | 5          |
| Notes receivable and trade receivables, net (Notes 4, 5, 9, 23 and 33)                          | 805,983              | 6          | 887,148              | 6          |
| Other receivables (Notes 4, 9 and 33)   | 70,972               | 1          | 139,427              | 1          |
| Inventories (Notes 4 and 10)  | 1,366,297            | 10         | 2,246,656            | 15         |
| Other financial assets - current (Note 17)  | 29,077               | -          | 48,018               | -          |
| Other current assets (Notes 17 and 33)  | 69,217               | -          | 103,069              | 1          |
| Total current assets  | <u>7,495,714</u>     | <u>54</u>  | <u>8,530,254</u>     | <u>57</u>  |
| <b>NON-CURRENT ASSETS</b>   |                      |            |                      |            |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)             | 1,693,706            | 12         | 1,524,969            | 10         |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 379,853              | 3          | 295,555              | 2          |
| Investments accounted for using the equity method (Notes 4 and 12)                              | 898,833              | 7          | 932,789              | 6          |
| Property, plant and equipment (Notes 4, 13 and 34)  | 1,811,640            | 13         | 1,930,269            | 13         |
| Right-of-use assets (Notes 4 and 14)  | 189,690              | 1          | 202,111              | 1          |
| Investment properties (Notes 4 and 15)  | 805,213              | 6          | 890,156              | 6          |
| Intangible assets (Notes 4 and 16)  | 199,006              | 1          | 248,585              | 2          |
| Deferred tax assets (Notes 4 and 25)  | 57,897               | -          | 59,008               | -          |
| Net defined benefit assets - non-current (Notes 4 and 21)                                       | 40,513               | -          | 31,993               | -          |
| Other financial assets - non-current (Notes 17 and 34)  | 242,831              | 2          | 230,100              | 2          |
| Other non-current assets (Note 17)  | 141,135              | 1          | 144,958              | 1          |
| Total non-current assets  | <u>6,460,317</u>     | <u>46</u>  | <u>6,490,493</u>     | <u>43</u>  |
| <b>TOTAL</b>  | <u>\$ 13,956,031</u> | <u>100</u> | <u>\$ 15,020,747</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>   |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Short-term borrowings (Note 18)   | \$ 27,635            | -          | \$ 42,000            | -          |
| Contract liabilities - current (Note 24)  | 29,544               | -          | 53,462               | 1          |
| Accounts payable (Note 19)  | 331,737              | 2          | 420,335              | 3          |
| Current tax liabilities (Notes 4 and 25)  | 154,794              | 1          | 145,222              | 1          |
| Lease liabilities - current (Notes 4 and 14)  | 7,425                | -          | 13,071               | -          |
| Deferred revenue - current (Notes 4, 20 and 28)   | 1,885                | -          | 1,921                | -          |
| Current portion of long-term bank borrowings (Note 18)  | 270,295              | 2          | -                    | -          |
| Other current liabilities (Note 20)   | 891,419              | 7          | 1,063,701            | 7          |
| Total current liabilities   | <u>1,714,734</u>     | <u>12</u>  | <u>1,739,712</u>     | <u>12</u>  |
| <b>NON-CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Long-term borrowings (Note 18)  | 929,705              | 7          | 1,000,000            | 7          |
| Lease liabilities - non-current (Notes 4 and 14)  | 192,545              | 2          | 197,690              | 1          |
| Deferred revenue - non-current (Notes 4, 20 and 28)   | 52,012               | -          | 54,905               | -          |
| Net defined benefit liabilities - non-current (Notes 4 and 21)                                  | 18,414               | -          | 18,277               | -          |
| Guarantee deposits  | 248,452              | 2          | 268,638              | 2          |
| Other liabilities (Note 20)   | 888                  | -          | 6,597                | -          |
| Total non-current liabilities   | <u>1,442,016</u>     | <u>11</u>  | <u>1,546,107</u>     | <u>10</u>  |
| Total liabilities   | <u>3,156,750</u>     | <u>23</u>  | <u>3,285,819</u>     | <u>22</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 30)</b>                        |                      |            |                      |            |
| Share capital   |                      |            |                      |            |
| Ordinary shares   | 5,919,949            | 43         | 5,919,949            | 39         |
| Capital surplus   | 1,160,931            | 8          | 1,197,373            | 8          |
| Retained earnings   |                      |            |                      |            |
| Legal reserve   | 1,898,136            | 14         | 1,870,234            | 12         |
| Special reserve   | 180,682              | 1          | 239,203              | 2          |
| (Accumulated deficit) unappropriated earnings   | (486,919)            | (4)        | 279,413              | 2          |
| Total retained earnings   | 1,591,899            | 11         | 2,388,850            | 16         |
| Other equity  | (124,159)            | (1)        | (180,683)            | (1)        |
| Treasury shares   | (63,401)             | -          | (63,401)             | -          |
| Total equity attributable to owners of the Company  | 8,485,219            | 61         | 9,262,088            | 62         |
| <b>NON-CONTROLLING INTERESTS (Notes 4, 12, 22 and 30)</b>                                       | <u>2,314,062</u>     | <u>16</u>  | <u>2,472,840</u>     | <u>16</u>  |
| Total equity  | <u>10,799,281</u>    | <u>77</u>  | <u>11,734,928</u>    | <u>78</u>  |
| <b>TOTAL</b>  | <u>\$ 13,956,031</u> | <u>100</u> | <u>\$ 15,020,747</u> | <u>100</u> |

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

|  | 2023             |            | 2022             |           |
|--|------------------|------------|------------------|-----------|
|  | Amount           | %          | Amount           | %         |
| NET OPERATING REVENUE (Notes 4, 23 and 33)   | \$ 5,535,421     | 100        | \$ 6,705,708     | 100       |
| OPERATING COSTS (Notes 10 and 24)  | <u>3,011,176</u> | <u>54</u>  | <u>3,404,941</u> | <u>51</u> |
| GROSS PROFIT   | <u>2,524,245</u> | <u>46</u>  | <u>3,300,767</u> | <u>49</u> |
| OPERATING EXPENSES (Notes 24 and 33)   |                  |            |                  |           |
| Selling and marketing expenses   | 218,384          | 4          | 239,183          | 4         |
| General and administrative expenses  | 512,457          | 9          | 616,032          | 9         |
| Research and development expenses  | <u>2,040,283</u> | <u>37</u>  | <u>2,153,458</u> | <u>32</u> |
| Total operating expenses   | <u>2,771,124</u> | <u>50</u>  | <u>3,008,673</u> | <u>45</u> |
| OTHER OPERATING INCOME AND EXPENSES  | <u>(475)</u>     | <u>-</u>   | <u>(4,204)</u>   | <u>-</u>  |
| (LOSS) PROFIT FROM OPERATIONS  | <u>(247,354)</u> | <u>(5)</u> | <u>287,890</u>   | <u>4</u>  |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 24, 28 and 33)   |                  |            |                  |           |
| Interest income  | 59,068           | 1          | 38,307           | -         |
| Other income   | 119,955          | 2          | 281,389          | 4         |
| Other gains and losses   | 132,548          | 3          | 307,202          | 5         |
| Finance costs  | (41,142)         | (1)        | (17,139)         | -         |
| Share of profit or loss of associates  | <u>(109,245)</u> | <u>(2)</u> | <u>(15,299)</u>  | <u>-</u>  |
| Total non-operating income and expenses  | <u>161,184</u>   | <u>3</u>   | <u>594,460</u>   | <u>9</u>  |
| (LOSS) PROFIT BEFORE INCOME TAX  | (86,170)         | (2)        | 882,350          | 13        |
| INCOME TAX EXPENSE (Notes 4 and 25)  | <u>135,103</u>   | <u>2</u>   | <u>211,893</u>   | <u>3</u>  |
| NET (LOSS) PROFIT FOR THE YEAR   | <u>(221,273)</u> | <u>(4)</u> | <u>670,457</u>   | <u>10</u> |
| OTHER COMPREHENSIVE INCOME (LOSS)  |                  |            |                  |           |
| Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22):                         |                  |            |                  |           |
| Remeasurement of defined benefit plans   | 4,215            | -          | 26,374           | -         |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | 98,531           | 2          | (5,975)          | -         |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

|  | 2023                |            | 2022              |           |
|--|---------------------|------------|-------------------|-----------|
|  | Amount              | %          | Amount            | %         |
| Share of the other comprehensive income (loss) of associates accounted for using the equity method | \$ 17,355           | -          | \$ (22,533)       | -         |
| Items that may be reclassified subsequently to profit or loss (Notes 4 and 22):                    |                     |            |                   |           |
| Exchange differences on translation of the financial statements of foreign operations              | (30,016)            | -          | 114,760           | 2         |
| Share of other comprehensive (loss) income of associates accounted for using the equity method     | <u>(2,420)</u>      | <u>-</u>   | <u>768</u>        | <u>-</u>  |
| Other comprehensive income for the year, net of income tax   | <u>87,665</u>       | <u>2</u>   | <u>113,394</u>    | <u>2</u>  |
| TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR   | <u>\$ (133,608)</u> | <u>(2)</u> | <u>\$ 783,851</u> | <u>12</u> |
| NET (LOSS) PROFIT ATTRIBUTABLE TO:   |                     |            |                   |           |
| Owners of the Company  | \$ (493,147)        | (9)        | \$ 215,899        | 3         |
| Non-controlling interests  | <u>271,874</u>      | <u>5</u>   | <u>454,558</u>    | <u>7</u>  |
|  | <u>\$ (221,273)</u> | <u>(4)</u> | <u>\$ 670,457</u> | <u>10</u> |
| TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:   |                     |            |                   |           |
| Owners of the Company  | \$ (404,437)        | (7)        | \$ 325,524        | 5         |
| Non-controlling interests  | <u>270,829</u>      | <u>5</u>   | <u>458,327</u>    | <u>7</u>  |
|  | <u>\$ (133,608)</u> | <u>(2)</u> | <u>\$ 783,851</u> | <u>12</u> |
| (LOSS) EARNINGS PER SHARE (Note 26)  |                     |            |                   |           |
| Basic  |                     |            |                   |           |
|  | <u>\$ (0.84)</u>    |            | <u>\$ 0.37</u>    |           |
| Diluted  |                     |            |                   |           |
|  | <u>\$ (0.84)</u>    |            | <u>\$ 0.37</u>    |           |

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

|  | Equity Attributable to Owners of the Company |              |                   |              |                 |                         |  | Other Equity   |   |                 |               |               | Non-controlling Interests | Total Equity |
|--|--|--------------|-------------------|--------------|-----------------|-------------------------|--|--|---|-----------------|---------------|---------------|---------------------------|--------------|
|  | Share Capital Issued and Outstanding         |              | Retained Earnings |              |                 | Unappropriated Earnings | Equity Directly Associated with Non-current Assets | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Treasury Shares | Total         |               |                           |              |
|  |  |              | Share             | Amount       | Capital Surplus |                         |  |  |   |                 |               | Legal Reserve |                           |              |
|  | (Thousands)                                  |              |                   |              |                 |                         | Held for Sale                                      |  |   |                 |               |               |                           |              |
| BALANCE AT JANUARY 1, 2022   | 591,995                                      | \$ 5,919,949 | \$ 1,223,544      | \$ 1,745,279 | \$ 261,078      | \$ 1,249,574            | \$ 21,517  | \$ (259,512)   | \$ 20,309   | \$ (63,401)     | \$ 10,118,337 | \$ 2,460,759  | \$ 12,579,096             |              |
| Appropriation of 2021 earnings   |  |              |                   |              |                 |                         |  |  |   |                 |               |               |                           |              |
| Legal reserve  | -  | -            | -                 | 124,955      | -               | (124,955)               | -  | -  | -   | -               | -             | -             | -                         |              |
| Reversal of special reserve  | -  | -            | -                 | -            | (21,875)        | 21,875                  | -  | -  | -   | -               | -             | -             | -                         |              |
| Cash dividends distributed by the Company  | -  | -            | -                 | -            | -               | (1,146,102)             | -  | -  | -   | -               | (1,146,102)   | -             | (1,146,102)               |              |
| Changes in capital surplus from investments in associates accounted for using the equity method                | -  | -            | 27,879            | -            | -               | -                       | (21,517)   | -  | -   | -               | 6,362         | -             | 6,362                     |              |
| Issuance of cash dividends from capital surplus  | -  | -            | (37,888)          | -            | -               | -                       | -  | -  | -   | -               | (37,888)      | -             | (37,888)                  |              |
| Proceeds from disposal of subsidiaries   | -  | -            | -                 | -            | -               | -                       | -  | 12,017   | -   | -               | 12,017        | -             | 12,017                    |              |
| Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition | -  | -            | (922)             | -            | -               | -                       | -  | -  | -   | -               | (922)         | -             | (922)                     |              |
| Changes in percentage of ownership interest in subsidiaries  | -  | -            | (22,360)          | -            | -               | -                       | -  | -  | -   | -               | (22,360)      | 22,360        | -                         |              |
| Net profit for the year ended December 31, 2022  | -  | -            | -                 | -            | -               | 215,899                 | -  | -  | -   | -               | 215,899       | 454,558       | 670,457                   |              |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax                      | -  | -            | -                 | -            | -               | 26,534                  | -  | 111,018  | (27,927)  | -               | 109,625       | 3,769         | 113,394                   |              |
| Total comprehensive income (loss) for the year ended December 31, 2022   | -  | -            | -                 | -            | -               | 242,433                 | -  | 111,018  | (27,927)  | -               | 325,524       | 458,327       | 783,851                   |              |
| Adjustment of capital surplus for the Company  |  |              |                   |              |                 |                         |  |  |   |                 |               |               |                           |              |
| Cash dividends received by subsidiaries  | -  | -            | 7,120             | -            | -               | -                       | -  | -  | -   | -               | 7,120         | -             | 7,120                     |              |
| Decrease in non-controlling interests  | -  | -            | -                 | -            | -               | -                       | -  | -  | -   | -               | -             | (468,606)     | (468,606)                 |              |
| Disposals of investments in equity instruments designated as at fair value through other comprehensive income  | -  | -            | -                 | -            | -               | 36,588                  | -  | -  | (36,588)  | -               | -             | -             | -                         |              |
| BALANCE AT DECEMBER 31, 2022   | 591,995                                      | 5,919,949    | 1,197,373         | 1,870,234    | 239,203         | 279,413                 | -  | (136,477)  | (44,206)  | (63,401)        | 9,262,088     | 2,472,840     | 11,734,928                |              |
| Appropriation of 2022 earnings   |  |              |                   |              |                 |                         |  |  |   |                 |               |               |                           |              |
| Legal reserve  | -  | -            | -                 | 27,902       | -               | (27,902)                | -  | -  | -   | -               | -             | -             | -                         |              |
| Cash dividends distributed by the Company  | -  | -            | -                 | -            | (58,521)        | 58,521                  | -  | -  | -   | -               | -             | -             | -                         |              |
| Reversal of special reserve reversed   | -  | -            | -                 | -            | -               | (309,613)               | -  | -  | -   | -               | (309,613)     | -             | (309,613)                 |              |
| Changes in capital surplus from investments in associates accounted for using the equity method                | -  | -            | 21,249            | -            | -               | -                       | -  | -  | -   | -               | 21,249        | -             | 21,249                    |              |
| Issuance of cash dividends from capital surplus  | -  | -            | (45,584)          | -            | -               | -                       | -  | -  | -   | -               | (45,584)      | -             | (45,584)                  |              |
| Proceeds from disposal of subsidiaries   | -  | -            | -                 | -            | -               | -                       | -  | (26,377)   | -   | -               | (26,377)      | -             | (26,377)                  |              |
| Changes in percentage of ownership interest in subsidiaries  | -  | -            | (14,244)          | -            | -               | -                       | -  | -  | -   | -               | (14,244)      | 14,244        | -                         |              |
| Net profit for the year ended December 31, 2023  | -  | -            | -                 | -            | -               | (493,147)               | -  | -  | -   | -               | (493,147)     | 271,874       | (221,273)                 |              |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax                      | -  | -            | -                 | -            | -               | 5,809                   | -  | (27,316)   | 110,217   | -               | 88,710        | (1,045)       | 87,665                    |              |
| Total comprehensive income (loss) for the year ended December 31, 2023   | -  | -            | -                 | -            | -               | (487,338)               | -  | (27,316)   | 110,217   | -               | (404,437)     | 270,829       | (133,608)                 |              |
| Adjustment of capital surplus for the Company  |  |              |                   |              |                 |                         |  |  |   |                 |               |               |                           |              |
| Cash dividends received by subsidiaries  | -  | -            | 2,137             | -            | -               | -                       | -  | -  | -   | -               | 2,137         | -             | 2,137                     |              |
| Decrease in non-controlling interests  | -  | -            | -                 | -            | -               | -                       | -  | -  | -   | -               | -             | (443,851)     | (443,851)                 |              |
| BALANCE AT DECEMBER 31, 2023   | 591,995                                      | \$ 5,919,949 | \$ 1,160,931      | \$ 1,898,136 | \$ 180,682      | \$ (486,919)            | \$ -   | \$ (190,170)   | \$ 66,011   | \$ (63,401)     | \$ 8,485,219  | \$ 2,314,062  | \$ 10,799,281             |              |

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

|   | 2023             | 2022             |
|---|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |                  |
| (Loss) income before income tax   | \$ (86,170)      | \$ 882,350       |
| Adjustments for:  |                  |                  |
| Depreciation expense  | 380,370          | 344,059          |
| Amortization expense  | 118,821          | 139,283          |
| Net (gain) loss on fair value change of financial assets at FVTPL                           | (98,133)         | 262,869          |
| Finance costs   | 41,142           | 17,139           |
| Interest income   | (59,068)         | (38,307)         |
| Dividend income   | (35,892)         | (117,124)        |
| Compensation costs of share-based payments  | 19,323           | 109,586          |
| Share of loss of associates   | 109,245          | 15,299           |
| Gain on disposal of property, plant and equipment   | (183)            | (16)             |
| Loss on disposal of intangible assets   | 658              | 4,220            |
| Gain on disposal of subsidiaries  | (19,485)         | (71,274)         |
| Gain on disposal of associates  | -                | (449,000)        |
| Impairment loss recognized on financial assets  | 6,009            | 6,826            |
| Impairment loss recognized on non-financial assets  | -                | 460              |
| Unrealized gain on transactions with associates   | (1,256)          | (1,256)          |
| Net (gain) loss on foreign currency exchange  | 22,982           | 4,039            |
| Changes in operating assets and liabilities:  |                  |                  |
| Decrease in notes receivable and trade receivables  | 51,409           | 385,513          |
| Decrease (increase) in other receivables  | 66,602           | (41,613)         |
| Decrease (increase) in inventories  | 880,359          | (779,094)        |
| Decrease in other current assets  | 28,718           | 3,623            |
| Increase in net defined benefits assets - non-current                                       | (8,520)          | (27,440)         |
| (Decrease) increase in contract liabilities   | (23,893)         | 23,197           |
| Decrease in accounts payables   | (80,621)         | (499,962)        |
| Decrease in deferred revenue  | (1,906)          | (1,916)          |
| Decrease in other current liabilities   | (160,832)        | (321,727)        |
| Increase in net defined benefits liabilities - non-current                                  | <u>4,352</u>     | <u>24,939</u>    |
| Cash generated from (used in) operations  | 1,154,031        | (125,327)        |
| Interest received   | 54,509           | 36,777           |
| Dividends received  | 52,351           | 134,419          |
| Interest paid   | (36,908)         | (19,915)         |
| Income tax paid   | <u>(124,420)</u> | <u>(341,684)</u> |
| Net cash generated from (used in) operating activities                                      | <u>1,099,563</u> | <u>(315,730)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |                  |
| Purchase of financial assets at fair value through other comprehensive income               | (15,290)         | (127,510)        |
| Proceeds from the sale of financial assets at fair value through other comprehensive income | 27,378           | 44,259           |
| Purchase of financial assets at fair value through profit or loss                           | (2,181,488)      | (1,475,697)      |

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| Proceeds from the sale of financial assets at fair value through profit or loss    | \$ 1,727,001        | \$ 2,414,358        |
| Acquisition of associates  | (54,043)            | -                   |
| Proceeds from disposal of associates   | -                   | 535,987             |
| Proceeds from disposal of subsidiaries   | -                   | 83,827              |
| Payments for property, plant and equipment   | (187,263)           | (267,590)           |
| Proceeds from the disposal of property, plant and equipment                        | 366                 | 352                 |
| Increase in refundable deposits  | -                   | (3,228)             |
| Decrease in refundable deposits  | 138                 | 761                 |
| Payments for intangible assets   | (86,586)            | (62,958)            |
| Decrease on other financial assets   | <u>2,178</u>        | <u>39,812</u>       |
| Net cash (used in) generated from investing activities                             | <u>(767,609)</u>    | <u>1,182,373</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Repayments of short-term borrowings  | (14,365)            | (101,773)           |
| Proceeds from long-term borrowings   | 200,000             | 1,000,000           |
| Repayments of long-term borrowings   | -                   | (430,000)           |
| Proceeds of guarantee deposits received  | 36,993              | 32,925              |
| Refund of guarantee deposits received  | (60,975)            | (42,046)            |
| Repayment of principal portion of lease liabilities                                | (12,500)            | (10,205)            |
| Decrease in other liabilities  | -                   | (10,039)            |
| Cash dividends paid  | (353,060)           | (1,176,870)         |
| Dividends paid to non-controlling interests  | (459,643)           | (557,998)           |
| Decrease in non-controlling interests  | <u>(3,533)</u>      | <u>(19,384)</u>     |
| Net cash used in financing activities  | <u>(667,083)</u>    | <u>(1,315,390)</u>  |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>(1,572)</u>      | <u>41,098</u>       |
| NET DECREASE IN CASH AND CASH EQUIVALENTS  | (336,701)           | (407,649)           |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR                             | <u>4,427,919</u>    | <u>4,835,568</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                                   | <u>\$ 4,091,218</u> | <u>\$ 4,427,919</u> |

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

(Concluded)

**SUNPLUS TECHNOLOGY CO. LTD**  
**DEFICIT COMPENSATION STATEMENT**  
**YEAR 2023**

Unit: New Taiwan Dollar (NTD)

| ITEMS   | AMOUNT        |
|---|---------------|
| Beginning retained earnings   | 417,810       |
| The remeasurement amount of defined benefit plans recognized in retained earnings | 5,809,084     |
| Adjusted retained earnings  | 6,226,894     |
| The net loss after tax for the year 2023  | (493,146,536) |
| Reversal of special surplus reserve as required by law                            | 56,523,418    |
| This period's Deficit yet to be compensated                                       | (430,396,224) |
| The end-of-period accumulated deficit   | (430,396,224) |

Chairman of the board:

Manager:

Accountant:

**SUNPLUS TECHNOLOGY CO. LTD**

**List of newly appointed directors (including independent directors) and their representatives released from non-compete restrictions.**

| <b>Director candidate</b>                | <b>Serve concurrently in the company</b> | <b>Hold concurrent positions</b> |
|--|--|----------------------------------|
| Chou-Chye Huang<br>Director              | VENTUREPLUS GROUP INC.                   | Chairman                         |
|  | VENTUREPLUS MAURITIUS INC.               | Chairman                         |
|  | VENTUREPLUS CAYMAN INC.                  | Chairman                         |
|  | Shanghai Sunplus Technology              | Chairman                         |
|  | Sunplus Venture Capital (Stock) Company  | Chairman                         |
|  | Lingxu Investment Co., Ltd.              | Chairman                         |
|  | Weiyang Investment Co., Ltd.             | Chairman                         |
|  | Sunplus Management Consulting Co., Ltd.  | Chairman                         |
|  | GENERALPLUS INTERNATIONAL (SAMOA) INC.   | Chairman                         |
|  | Sunplus Innovation Technology            | Chairman                         |
|  | GENERALPLUS (MAURITIUS) INC.             | Chairman                         |
|  | Lingjia Technology (Shenzhen) Co., Ltd.  | Chairman                         |
|  | Sunplus mMedia Technology                | Chairman and General Manager     |
|  | Sunplus Prof-tek Technology              | Chairman                         |
|  | Sunmedia Technology                      | Chairman                         |
|  | Generalplus Technology                   | Chairman                         |
|  | Sunplus Ehue Technology                  | Chairman                         |
|  | Jumplux Technology                       | Chairman and General Manager     |
|  | AWARD GLORY LTD.                         | Chairman                         |
|  | SUNNY FANCY LTD.                         | Chairman                         |
|  | GLOBAL VIEW Co., Ltd.                    | Chairman                         |
|  | iCatch Technology                        | Director                         |
|  | GIANT ROCK INC.                          | Chairman                         |
|  | Chongqing CQPlus1 Technology             | Chairman                         |
|  | WORLDPLUS HOLDINGS L.L.C                 | General Manager                  |
|  | GlintMed Innovation Co., Ltd.            | Chairman                         |
| Worldplus Technology (Shen Zhen)Co.,Ltd. | Chairman                                 |                                  |
| Shanghai Beyond Technology Co., Ltd.     | Chairman                                 |                                  |
| Shanghai Joyhorn Technology Co., Ltd.    | Chairman                                 |                                  |

| Director candidate  | Serve concurrently in the company                  | Hold concurrent positions  |
|---|--|--|
|   | WiSilicon Innovation Co.                           | Director   |
| Wen-Hsiung Jan Director<br>(TAIWAN LAF' E CO., LTD<br>Representative) | iCatch Technology                                  | Director   |
|   | ABILITY ENTERPRISE CO., LTD                        | Director   |
|   | BIOSTAR MICROTECH INTERNATIONAL CORP.              | Independent Director   |
|   | Advanced Echem Materials Company Limited           | Chairman   |
|   | NIEN HSING TEXTILE CO., LTD.                       | Independent Director   |
|   | OLEADER TECHNOLOGY CO., LTD.                       | Director   |
|   | Xinying Materials Trading (Guangzhou) Co.,<br>Ltd. | Director   |
|   | Yanwen Asset Management Consulting (Ltd.)          | Director   |
|   | Champion Microelectronic Corp.                     | Independent Director   |
|   | Hiyes International Co., Ltd                       | Director   |
|   | ECS ELITEGROUP Co., Ltd                            | Independent Director   |
| SweeGen Biotech Corporation   | Director   |  |
| Chih-Chieh Tsai<br>Director   | GLOBAL VIEW Co., Ltd.                              | Director and President   |
|   | Jie Deng Co., Ltd.                                 | Chairman   |
|   | Oneness Green Technology Co.,Ltd.                  | Chairman   |
|   | Silergy Corp.                                      | Independent Director   |
|   | Success Prime Corp.                                | Independent Director   |
|   | Nishoku Technology Inc.                            | Independent Director   |
|   | Taifu International Network CO., Ltd.              | Supervisor   |
| Ze-Ren Huang<br>Independent Director                                  | GenMont Biotech Incorporation                      | Independent Director 、<br>Audit Committee Member 、<br>Compensation Committee<br>Member |
|   | SUN FON CONSTRUCTION CO., LTD.                     | Independent Director 、<br>Audit Committee Member 、<br>Compensation Committee<br>Member |
|   | Playsee Inc.                                       | Director   |
| Rui-Qi Chen Independent<br>Director                                   | iCATCH INC.  | Independent Director   |
|   | Huachuang Financial Consultants (Ltd.)<br>Company  | Chairman   |
| Shu-Jun Huang<br>Independent Director                                 | CHOICE DELIGHTS INCORPORATED                       | Chairman   |
|   | Sensortek Technology Ltd.                          | Independent Director   |
|   | Qisda Technology Ltd.                              | Independent Director   |
|   | Zero One Tech.                                     | Independent Director   |
|   | Auras Technology Co., Ltd.                         | Director   |