Metatech (AP) Inc.

Minutes for 2023 Annual Meeting of Shareholders

Meeting Time：9:00 A.M**.** (Wednesday) June 28, 2023

Meeting Place：No. 152, Sec. 1, Datoong Road, Xizhi District, New Taipei City (Yiyuan Hall at 1F., Fushin Hotel)

Type of Meeting：Physical Meeting

Number of shares attended：The total number of shares issued by the Company was 68,172,648 shares, the total number of shares attended was 34,659,702 shares (among them, 4,729,592 shares, accounting for 6.93% of the total number of shares issued, participated in the voting by the electronic way), the number of shares attended accounted for 50.84% of the total number of shares issued, has reached the statutory number of meeting shares.

Attending directors：

Chairman Hong-Ren Yang
Director, Wei-Lun Weng
Independent Director, Wen-Zhu Wang,
Independent Director, Chun-Rong Chiu
Independent Director, Shih-Chieh Yang ,

Other in attendance：

General Manager Hong-De Tang
Deputy General Manager of Biomedical Business Group Wen-Ting Liu
Assistant vice president Chih-Tsung Zhan of division of finance
Assistant vice president Shi-Jun Wang of division of Taiwan Operations
Lawyer, Yi-Fei Chen of Tsanya Law Firm,
Accountant, Ming-Chuan Xu of PricewaterhouseCoopers Taiwan,

Chairman：Director, Hong-Ren Yang

Minutes taker：Xiu-Min Xie

Statement by the Chairman：(omitted)

A.Report matters

【Proposal 1】

Cause of action：To report the business report of 2022 for approval.

Explanation：1. Please refer to appendix 1 for Year 2022 Business Report.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 2】

Cause of action：To report the audited financial statements by the Audit Committee for 2022 and request for approval.

Explanation：1.The Company's 2022 Parent Company Only Financial Statements and the Consolidated Financial Statements have been audited by CPAs, and the Audit Committee has issued an audit report. Please refer to Appendix 2 and Appendix 3.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 3】

Cause of action：To report implementation status of the Company's seasoned equity offerings in 2017 for approval.

Explanation：1. The Company's seasoned equity offerings in 2017 has been declared by Letter Chin Guan Cheng Zi No. 1060036940 issued by Financial Supervisory Commission on October 13th, 2017, and is effective and filed. With each share of NT$36, new stocks of 14,000,000 shares were issued through capital increase by cash. A fund of total NT$504,000,000 was raised. The capital stock was collected in full on January 16th, 2018, and the trading in over-the-counter markets started on January 19th, 2018. In addition, the change of registration was approved and filed in Letter Ching Shou Shan Zi No. 10701010990 on January 29th, 2018. The paid-in capital after change was NT$580,160,450.

2. By the request from the competent authority through relevant letters, the implementation status of capital increase by cash in 2017 has been submitted to the shareholders' meeting. Up to the end of Q4, 2022, the

plan has been fully implemented and the declaration of closure was completed on January 10th, 2023. Please refer to Appendix 4.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 4】

Cause of action：To report the implementation status of the Company's sound operation plans for approval.

Explanation：1. According to the request from Financial Supervisory Commission on the Point 7 in Letter Chin Guan Cheng Fa Zi No. 1100335941 on April 14th, 2021, the implementation of 2021 sound operation plan has been submitted to the board of director by quarter for supervision as well as been reported to the shareholders' meeting. Please refer to Appendix 5.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 5】

Cause of action：To report progress of the plant construction for the reinvestment of Locus Cell Co., Ltd. through capital increase by cash in 2020 and the beneficial results achieved.

Explanation：1. According to the request from Financial Supervisory Commission on the Point 9.2 in Letter Chin Guan Cheng Fa Zi No. 1100335941 on April 14th, 2021, the proposal of issuing 10,000,000 ordinary shares through the capital increase declared in 2020 in the denomination of each share NT$10, a total amount of NT$100,000,000, has been followed up each quarter at the meeting of the board of directors as well as reported to the shareholders' meeting each year for the progress of plant construction on the Locus Cell Co., Ltd. invested and the beneficial result achieved. If there is any matter related to the delay of the schedule or the beneficial result failing to meet expectation, it shall be stated the reasons and the improvement measures altogether until the completion of the project. The above matters shall be disclosed on the annual report of the shareholders' meeting at the same time for investors' reference. Please refer to

Appendix 6.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 6】

Cause of action：To report the distribution of employees' compensation (bonus) and directors' remuneration for 2022

Explanation：1. According to Article 18 of the Company's Articles of Incorporation, if there is any profit in the annual accounts, the Company should appropriate 1%-5% as the employees' compensation. However, if the Company is still in the accumulated losses, a make-up amount must be reserved in advance. The employees in the Company's re-invested subsidiaries (or employees in the subsidiaries of the Company that meet certain criteria) are entitled to the distribution nof the employees' compensation mentioned above. The criteria and method will be established by the board of directors. There was no earnings distribution for 2022 in the Company.

2.According to Article 15 of the Articles of Incorporation, the remuneration of directors should be determined by the board of directors based on the normal standards among the same trade in the industry. Because the remuneration is in a fixed standard and is not determined by the earnings of the year and future risks, it has no relative impact with the Company's operating performance. The Company has not determined the directors' remuneration yet, and each director only receives an attendance fee for the meetings of the board of directors. Pleaer refer to Appendix 7.

The case was received and known by the Chairman for consultation with all shareholders.

【Proposal 7】

Cause of action： Report for changes of shareholding ratio in the listed-company-to-be subsidiary, Locus Cell Co., Ltd.

Explanation: 1. Please refer to Appendix 8 for the Changes of Shareholding Ratio in the Listed-company-to-be subsidiary, Locus Cell Co., Ltd.

The case was received and known by the Chairman for consultation with all shareholders.

B. Matters to be ratified

【Proposal 1】 Proposed by the board of directors

Cause of action：To ratify the business report, parent company only financial reports, and consolidated financial statements for 2022.

Explanation：1. The Company's parent company only financial statements and the consolidated financial statements for 2022 have been audited by CPA Ming-Chuan Hsu and CPA Ping-Chun Chih at Pricewaterhouse Coopers Taiwan.

2. 2022 Business Report, Parent Company Only Financial Statements, and the Consolidated Financial Statements have been approved through the resolution of the Board of Directors as well as been audited and issued an audit report by the Audit Committee. It was submitted according to the regulations for ratification.

3. Please refer to Appendix 1 and Appendix 3.

Resolution：

Result after voting	% of the voting rights of shareholders attended
Approval votes：34,623,601 rights (including electronic voting： 4,695,491 rights)	99.9%
Disapproval votes：20,600 rights (including electronic voting：20,600 rights)	0.06%
Invalid votes：0 rights (including electronic voting：0 rights)	0.00%
Abstention votes/no votes：15,501 rights (including electronic voting：13,501 rights)	0.04%

The case was approved after voting.

【Proposal 2】 Proposed by the board of directors

Cause of action：To ratify 2022 loss off-setting proposal.

Explanation：1. The Company's net loss after tax in 2022 was NT (the same currency below) $11,766,664, and the accumulated loss to be covered by the end of period was $35,319,321. The loss off-setting table is as below:

MetaTech (AP) Inc.

Table of covering losses in 2022

Unit：NT$／dollar

Item	Amount	Remark
Accumulated losses at the beginning of the period	(24,662,717)	
Add: Net loss after tax in 2022	(11,766,664)	
Other comprehensive profits or losses in the current period	1,110,060	
Accumulated losses to be covered by the end of the period	(35,319,321)	

Resolution：

Result after voting	% of the voting rights of shareholders attended
Approval votes：34,659,567 rights (including electronic voting：4,641,457 rights)	99.74%
Disapproval votes：74,633 rights (including electronic voting：74,633 rights)	0.22%
Invalid votes：0 rights (including electronic voting：0 rights)	0.00%
Abstention votes/no votes：15,502 rights (including electronic voting：13,502 rights)	0.04%

The case was approved after voting.

C. Matters to be discussed

【Proposal 1】 Proposed by the board of directors

Cause of action：To discuss the cancellation of restrictions on competition prohibition for directors in the Company.

Explanation：1. It shall be handled according to Article 209 of Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. In the consideration of the directors of the Company investing in or run other businesses the same as or similar to the business scope of our Company, it is proposed to the shareholders’ meeting to lift the restrictions of competition prohibition on individual director until the expiration of the term of service of the 9th board of directors.

3. The details of lifting the competition prohibition on the directors of the Company are as shown in the table below:

Elected post	Company/ Name	Concurrent position in other companies
Legal Representative of Director/ President	Bede Bixiu Investment Co., Ltd. Representative: Hung-Ren Yang	President, Handing Digital Technology Co., Ltd. President, Wonder Grace Management Consulting Co., Ltd. President, Sheng Yo Rehabilitative Technologies, Inc. President, Anzhun Technology Co., Ltd. Supervisor, Shengyu Health Technology Co., Ltd. Director, Global Venture Technology Limited Director, Macro Global Corporation President, YES Health Co., Ltd. President, Mytrex Health Technologies Inc. Supervisor, Yida International Hospital Management & Consultant Co. Director, Pregetic Medical Health Co. Ltd.
Legal Representative of Director/ Vice President	Bede Bixiu Investment Co., Ltd. Representative: Tsung-Chi Chen	Representative of institutional director, Locus Cell Co., Ltd. Director, Xisi Consulting Co., Ltd. President, Da Jyun Capital Investment Corporation President, Up Cell Biomedical Inc.

Elected post	Company/ Name	Concurrent position in other companies
Legal Representative of Director	Bede Bixiu Investment Co., Ltd. Representative: Ying-Chen Yang	Professor, Department of Biotechnology and Animal Science, National Ilan University Adjunct Professor, Graduate Institute of Medical Sciences, Taipei Medical University Adviser, MetaTech (AP) Inc.
Director	Jun Investment International Co., Ltd.	Institutional Director, Top Taiwan XIII Venture Capital Co. Ltd. Institutional Director, Top Taiwan XIV Venture Capital Co. Ltd.
Legal Representative of Director	Jun Investment International Co., Ltd. Representative: Chun-Yi Wu	President, Jun Investmetn International Co., Ltd. President, Edora Park Co., Ltd. Supervisor, Junbao Construction Co., Ltd. Director, Midea Intelligent Technology Co., Ltd. Director, Jungroup Fashion Boutique Co., Ltd.
Legal Representative of Director	National Development Fund, Executive Yuan Representative: Ming-Hsien Wu	Director, PharmaEngine, Inc.
Legal Representative of Director	Da Jyun Capital Investment Corporation Representative: Wei-Lun Weng	Supervisor, Shin Kong No.1 REIT (Taiwan Stock Exchange: 01003T) Supervisor, Universal Biotechnology Multimedia Co., Ltd. Director, H&W Law

Resolution：

Result after voting	% of the voting rights of shareholders attended
Approval votes：34,598,249 rights (including electronic voting： 4,670,139 rights)	99.82%
Disapproval votes：46,954 rights (including electronic voting：46,954 rights)	0.14%
Invalid votes：0 rights (including electronic voting：0 rights)	0.00%
Abstention votes/no votes：14,499 rights (including electronic voting：12,499 rights)	0.04%

The case was approved after voting.

D. Shareholder Questions：None.

E. Other Matters and Questions and Motions：None.

F. Adjournment：After the Chairman inquired that there was no other provisional motion from the shareholders attended, the Chairman announced the adjournment of the meeting.

Chairman：Hong-Ren Yang

Minutes taker：Xiu-Min Xie

Appendix 1: 2022 Business Report

Report of Business Operation in 2022

1. Business performance in 2022

(1) Implementation results of business plans in 2022

The consolidated revenue in 2022 was NT (the same currency below) $1,852,461 thousand, and it decreased $159,356 thousand compared to $2,011,817 thousand in 2021, a decrease rate of 7.92%. The net loss after tax attributable to owners of parent company in 2022 was $24,119 thousand, and it decreased $12,352 thousand. The deficit per share after tax was $0.17.

(2) Financial income and expenditure as well as profitability analysis

1. The consolidated revenue in 2022 was NT$1,852,461 thousand, and it was increased compared to the same period last year. It was mainly because of the delayed demand from the end customers for IC components of electronic products causing the decrease of NT$5,975 thousand. Besides, the operating income of biomedical products reduced NT$153,403 thousand because there was no demand for negative pressure isolation cabins after Q2 in 2022. The operating expense in 2022 increased NT$5,858 thousand compared to the same period in the previous year. It was mainly because the merged subsidiary, Locus Cell Co., Ltd., was formally in operation from the second half of last year. The recruitment of staff caused an increase in the personnel expenses. Non-operating income and expenditure increased significantly compared to the same period because of the exchange gain of NT$39,349 thousand caused by the appreciation of USD under the impact of exchange rate fluctuations. In conclusion, the gross profits decreased in 2022 due to the decrease of the revenue and the increase of non-operating income and expenditure led to the reduction of losses.
2. Relevant financial ratios are as below:

Item	2022	2021
Return on equity of the parent company (%)	(0.90)	(2.19)
Return on assets (%)	(1.52)	(1.80)
Ratio of gross loss before tax attributable to parent company to the paid-in capital (%)	(0.70)	(2.13)
Losses per share ($) after retrospection	(0.17)	(0.40)

The analysis of financial ratios and the formula for calculation can be referred to the disclosure on the session of “financial analysis” in 2022 Annual Report.

(3) Technology and R&D overview

1. Department of Electronics

(1) Strengthen the replacement of old models with new models on product combinations and continue working with the international key manufacturers and for product agency. Look for next-generation electronic components and active components and passive components for the application in the green energy market as well as provide advanced technology to satisfy customer demands.

(2) Provide customers complete design combination to save their R&D expenses in order to enhance our service standards, strengthen the relationship between the Company and customers, and ensure the continuous business growth of the Company.

2. Department of Biomedicine

(1) Introduction of the source of technology

The source of technology for the biomedical department in MetaTech (AP) Inc. includes technology transfer items and self-developed items. The main transfer items are the temperature-sensing petri dish cell sheet culturing technology from CellSeed Inc. in Japan. The items of transfer application are “esophagus regeneration medical technology” and “knee cartilage cell sheet technology”.

The self-developed items include fibroblast and stem cell treatments as well as immunocyte storage and application.

(2) Esophagus regeneration medical technology:

The technology is the application of epithelial cell sheet products on esophageal mucosa on patients with esophageal cancer to repair the operation wound after endoscopic submucosal dissection (ESD). It is expected to reduce the probability of esophageal stenosis after operation. MetaTech (AP) Inc. obtained the approval from Ministry of Health and Welfare in 2020 for the domestic clinical trial of the phase III. In addition, in order to speed up schedule of clinical trial, MetaTech called together the doctors at Division of Endoscopy, Division of Gastroenterology, and Division of Digestive System in the domestic main hospitals on January 24th, 2021, to establish Taiwan Esophageal Research Alliance to enhance the domestic research on esophageal cancer.

(3) Knee cartilage cell sheet technology:

The application of the technology is based on “Administrative Regulations for the Implementation or Utilization of Special Medical Instruments and Inspection Techniques” (special regulations). By the end of February 2022, there were nine domestic hospitals approved to execute the cell treatment technology of knee cartilage cell treating chondral injury. Each hospital entrusted MetaTech (AP) Inc. for the preparation and manufacturing of knee cartilage cell products, including cell separation, culture, product collection, and quality inspection.

By the end of December 2022, sixty-six cases of knee cartilage cell sheet transplantation have been completed all over Taiwan. Most of these patients were used to be treated with painkillers or antibiotic drugs, PRP, hyaluronic acid, or arthroscopic surgery but failed to achieve effects. After the cell transplantation, the longest postoperative follow-up time was over the scheduled 24 months. All the patients who received the operation recovered well without serious adverse reaction, and all the symptoms appeared have been effectively improved.

To continue developing the application of “knee cartilage cell sheet technology”, MetaTech (AP) Inc. works with E-Da Hospital and National Health Research Institutes for a tripartite cooperation to promote the examination and registration for Administrative Regulation on Special Medical Instruments and Inspection Techniques on cell therapy technology linking with cell therapy preparations. The clinical data obtained from the Administrative Regulation on Special Medical Instruments and Inspection Techniques on cell therapy in the dimensions of manufacturing processing, control, non-clinical, and clinical dimensions, which is so-called “real world data”, was analyzed by well-designed statistics to create “real world evidence” for the adoption to explain the utilization, benefit, and risks of pharmaceuticals. The mechanism of using real world evidence speeds up the launch of knee cartilage cell sheet products. On November 18th, 2021, our Company formally signed the contract for collaboration with Institute of Population Health Sciences, National Health Research Institutes under the witness of Vice Minister, Chung-Liang Shih, Ministry of Health and Welfare.

(4) Self-developed items:

In terms of autologous fibroblasts, we have obtained two Taiwan invention patents; one is “a manufacturing method of microcell sheet” (invention No. I693283), and the other is “cell spheres of 3D structure with high proliferative activity, its manufacturing method, and purpose" (application No. I724528) in succession. Besides, the patent applications in China and in U.S.A. have also be submitted. The technology also received cell therapy program application submitted by medical institutions according to "regulations of special medical techniques" for the utilization on the refilling and repairing of skin defects, including wrinkles, cavity, and scar. The technology started to accept manufacturing and production commissioning in 2021. Moreover, through process optimization, the technology is able to extend product expiration date and enhance transportation convenience to achieve product upgrading and development. Besides, the Administrative Regulation on Special Medical Instruments and Inspection Techniques opened the application of cell therapy to clinics in 2021. MetaTech (AP) Inc. successfully supervised six clinics to apply for "clinic cell therapy quality certification" and assist the partner clinics obtaining the qualification for the cell therapy approved by the Administrative Regulation on Special Medical Instruments and Inspection Techniques step by step to expand the scope of business.

MetaTech (AP) Inc. also devotes to the storage and application of stem cell and immunocyte in order to expand the scope of cell services, further our technology capabilities, prepare production technology, as well as increase the capability and manufacturing experience in products and OEM service of cell preparations.

(5) Cell preparation center:

The cell preparation center in our company started the operation in January 2019 and has continued passing the verification of "Good Tissue Practice" (GTP). It is approved by Ministry of Health and. Welfare as the cell processing unit (CPU) of cell treatment technology and the cell product manufacturing unit for clinical trial. It has started the implementation of clinical trial and to receive production commissioning for cell treatment products. Our Company also passed the auditing of PIC/S Guide to Good Distribution Practice for Medicinal Products (GDP) and meets the requirements of medicinal product purchase and warehousing.

The biological testing laboratory at our quality control department is a testing lab (lab certification No. 3691) recognized by Taiwan Accreditation Foundation (TAF) according to ISO/IEC 17025 to provide quality control and inspection that meet standards. The quality control lab also passed the verification of lab biosafety and is a recognized biosafety level II (BLS-2) lab. Its operation on infective pathogens, like microorganisms, meets the management regulations of lab safety.

In addition, to link to the examination and inspection of cell preparation and production demands, the cell preparation center has invested in the quality enhancement in the plant area to increase the quality standards of production in order to meet PIC/S Guide to Good Manufacturing Practice for Medicinal Products (GMP). In the future, it can be ready for the production and provision of cell treatment drugs.

(6) In order to promote regenerative medicine in Taiwan to the world, MetaTech (AP) Inc. established a joint venture, Locus Cell Co., Ltd., with Taiwan Hitachi Asia Pacific Co., Ltd. that represents Hitachi Group in Japan. In the future, we will work for the development of "Contract Development and Manufacturing Organization). Moreover, the Company continues developing the production methods for cell products, planning the construction of cell preservation bank, and carries on the technology transfer of excellent regenerative medical or tissue engineering technology to aim for the provision of complete cell products as our future goal.

2. Overview of operating plans in 2023

(1) Business policy

1. Department of Electronics

a) Electronic component distributors focused on high added-value and niche products.

b) Rooted in Taiwan and develop the marketing networks in Mainland China, Southeast Asia, and India; combining the resources in Mainland China and Association of Southeast Asian Nations to create multiplied profits and value.

c) Continuous adjustment to expand the niche and provide customers with even more complete solutions.

d) Seeking customers in blue ocean markets for the existing product lines and enhancing customer satisfaction at the same time in order to become their working partner of long-term relationship. Actively introducing components related to the internet of things to the existing sales channels to pursue sustainable growth in business.

e) Actively recruiting and cultivating talents and enhancing technical support and product application capability.

f) Providing differential service and technical integration to satisfy customers' demands in order to achieve profit maximization.

g) Increasing the customer groups of green energy market application to enhance the comprehensiveness of the application market.

2. Department of Biomedicine

a) Enhancing the service of knee articular cartilage defects by autologous knee cartilage cell sheet transplantation based on "Administrative Regulation on Special Medical Instruments and Inspection Techniques" in order to increase product business performance of the Department of Biomedicine.

b) Promoting the cell therapy programs on refilling and repairing skin defects, including wrinkles, cavity, and scar by autologous fibroblast transplantation base on "Administrative Regulation on Special Medical Instruments and Inspection Techniques". Other than the collection in hospitals, we also work with clinics to apply for Administrative Regulation on Special Medical Instruments and Inspection Techniques and collect the cases after approval in order to increase the business performance of the Department of Biomedicine.

c) Following up the progress of cell sheet of esophagus clinical trial cases regularly to ensure the launching schedule of products.

d) Developing the service of cell storage business, including immunocyte and fibroblast, to expand the revenue of the Department of Biomedicine.

(2)Important production and marketing policies

1.Department of Electronics

Strengthening the promotion of product application in the high-end markets of cloud market (server, storage equipment, high-end commercial switch), wireless communications (router, 5G hub), industrial control (industrial switch, railway communication equipment), medical equipment, vehicle electronics (electronic equipment for electric cars), market of tool, machine, and equipment, and market of semiconductor test equipment.

Due to the impact of coronavirus, suppliers faced insufficient raw materials in the second half of the year. The delivery of the goods is expected to be 20-56 weeks longer. The downstream customers need to face the impact of the overall delivery speed and response caused by longer delivery time and component shortage. Therefore, we request that all the orders from customers not to be cancelled to avoid further inventory issues.

Under the extension of COVID-19 and the impact of Ukrainian-Russian War, the original manufacturers enhanced costs and selling prices on some customers. Besides, with the condition of the epidemic, it further requested to enhance product profits. In addition, we request the downstream customers to place order in advance to avoid the shortage of raw material and further prevent the reduction of the Company's revenue caused by material shortage.

Two new production lines were added. One is for Amphenol LLC, which is the second largest international manufacturer of connectors in the world. The main product is the connector in the industrial grade, and the main markets are the green energy market, electric vehicle application market, and electrical equipment for infrastructure. The other is for AME Inc. (Analog MicroElectronics), and the main product is the semiconductor for power supply. Its main markets are mobile device application products and products with high demand of electricity saving.

2.Department of Biomedicine

The policies that the Department of Biomedicine focuses on are optimizing products and the service process, increasing customer channels, and enhancing product reliability. We aim to work with hospitals and clinics to establish an alliance of products and services and expand cosmetic medicine channels. In response to the approved regulations, the Company also worked with six clinics based on the cooperation of special regulations to enter the market of cosmetic medicine. We also constructed the second cell production center for the commissioning from the patients with special demands in order to increase customer groups. We cooperated with hospitals for the host of performance presentation and news exposure to assist hospitals for the promotion to increase the case-receiving numbers. Sheet therapy performance presentation was held regularly to demonstrate the clinical effect of the therapy. The significant performance of cartilage sheets attracted patients from Japan for the therapy. It is expected that we will introduce it to international customers in the future to enhance product values. Moreover, the Department of Biomedicine also provides the service of immunocyte storage to expand company's revenue and enhance business performance.

In facing the changes and challenges in the domestic and overseas environment, we hope all of our shareholders share opinions with us at any time and continue trusting and supporting our company. We firmly believe the business in the company will be able to grow steadily under the multiple operations and efforts in the future to create better revenue for the company and share the business performance with our shareholders, customers, and employees.

Finally, we would like to thank all the shareholders for the support, trust and encouragement they provided.

Wish you a good health and all the best,

President: Chih-Hui Yang Manager: Hung-De Tang Accounting Supervisor: Chih-Tsung Chan

Appendix 2: 2022 Audit Report by the Audit Committee

MetaTech (AP) Inc.

Audit Report by the Audit Committee

The Company’s 2022 parent company only financial reports and consolidated financial statements prepared by the board of directors have been audited and certified by CPA Ming-Chuan Hsu and CPa Ping-Chun Chih at PricewaterhouseCoopers Taiwan. Along with the business report and the loss off-setting proposal, they were reviewed and verified by the audit committee and confirmed no discrepancy. The report was prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve.

To

The Company’s Ordinary Shareholders’ Meeting of 2023

MetaTech (AP) Inc.

Convenor of Audit Committee: Wen-Zhu Wang

March 28th, 2023

Appendix 3: 2022 Financial Statements and the Auditors' Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and shareholders of Metatech (AP) Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Metatech (AP) Inc. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Metatech (AP) Inc. as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Appropriateness of warehouse operating revenue cut-off

<u>Description</u>

For a description of accounting policy on revenue recognition, please refer to Note 4(28). For details of operating revenue, please refer to Note 6(16).

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. In accordance with IFRS 15 'Revenue from contracts with customers' as endorsed by the Financial Supervisory Commission, assets are transferred when customers obtain control of assets. Revenue is recognised when the Company transfers promised goods to customers and the performance obligation is satisfied. The Company's warehouses are located in Shanghai, and a consignee obtains control of the assets when a consignee picks up the goods, but the timing of asset transfer is not fixed and management recognises revenue based on the reports of inventory movement provided by the hub custodians. As the information process, recording and maintenance of the reports were done manually, it may lead to improper revenue recognition or a discrepancy between physical inventory quantities in the hubs and the quantities in accounting records. Moreover, since transaction amounts before and after the balance sheet date are significant to the financial statements, we determined the appropriateness of warehouse operating revenue cut-off as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on appropriateness of warehouse operating revenue cut-off:

1. Based on our understanding of the Company's business and industry, we assessed the reasonableness of warehouse operating revenue recognition policies and procedures and confirmed that these were consistently applied in the financial statements.
2. Understood the warehouses' process of collection, management and shipping, assessed and tested relevant internal controls, including randomly checking whether the product name, quantity and amount in the reports provided by hub custodians were in agreement with pick-up details and information on sales vouchers and confirmed that revenue from inventory movement are recognised in the correct reporting periods.
3. Performed cut-off tests on warehouse operating sales transactions that took place shortly before and after the balance sheet date, including verifying pick-up details provided by hub custodians are in agreement with the product name and quantity of inventory movement records and sales revenue amount, and are recognised in the correct reporting periods.
4. Performed confirmation for stock quantities at the warehouse and verified it against the system and accounting records.

Valuation of allowance for inventory valuation losses

Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(11); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(4).

The Company's inventories and allowance for inventory valuation losses amounted to $50,215 thousand and $8,026 thousand, respectively, as at December 31, 2022. The Company is an agent of semiconductor components which is primarily engaged in sales of niche products and agent of consumer products, communications and connectors. As the agent products are in a small-volume, large-variety production, facing highly competitive nature of the market price and having a short life cycle, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company recognises inventories at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including the identification of obsolete inventory and determination of net realisable value, often involves subjective judgement and a high degree of uncertainty. Considering the material effect of inventory and its allowance for valuation losses on the parent company only financial statements, we determined the valuation of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on valuation of allowance for inventory valuation losses:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the operations and the characteristics of its industry.
2. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.

3. Tested the accuracy of obsolete inventory aging report and assessed the individual assessment used by the management, including confirming that the inventory movement is within the appropriate age range.
4. Reviewed the appropriateness of the estimation basis for the evaluation of net realisable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Hsu, Ming-Chuan Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 28, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

METATECH(AP) INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 61,959	4	$ 52,339	3
1136	Current financial assets at amortised cost	6(2) and 8	4,800	-	11,017	1
1150	Notes receivable, net	6(3)	971	-	603	-
1170	Accounts receivable, net	6(3)	117,747	7	138,635	8
1180	Accounts receivable - related parties	7	179	-	439	-
1200	Other receivables		2,417	-	6,577	-
1210	Other receivables - related parties	7	11,363	1	29,970	2
1220	Current income tax assets		18	-	-	-
130X	Inventories	6(4)	42,189	3	78,976	5
1410	Prepayments		6,981	-	5,743	-
1470	Other current assets		3	-	502	-
11XX	**Current Assets**		248,627	15	324,801	19
	Non-current assets					
1550	Investments accounted for under equity method	6(5)	809,720	50	741,752	45
1600	Property, plant and equipment	6(6) and 8	190,897	12	200,199	12
1755	Right-of-use assets	6(7)	34,770	2	36,906	2
1780	Intangible assets	6(8)	262,327	16	270,130	16
1840	Deferred income tax assets	6(20)	81,890	5	91,482	6
1900	Other non-current assets		7,229	-	5,219	-
15XX	**Non-current assets**		1,386,833	85	1,345,688	81
1XXX	**Total assets**		$ 1,635,460	100	$ 1,670,489	100

(Continued)

METATECH(AP) INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9) and 8	$ 190,000	12	$ 45,226	3
2130	Current contract liabilities	6(16)	1,878	-	36,849	2
2150	Notes payable		1,627	-	1,422	-
2170	Accounts payable		45,087	3	69,823	4
2180	Accounts payable - related parties	7	2,156	-	257	-
2200	Other payables		17,897	1	23,707	2
2220	Other payables - related parties	7	130	-	191	-
2280	Current lease liabilities		7,441	-	5,316	-
2320	Long-term liabilities, current portion	6(10)	-	-	146,200	9
2399	Other current liabilities, others		326	-	308	-
21XX	**Current Liabilities**		266,542	16	329,299	20
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	20,559	2	18,325	1
2580	Non-current lease liabilities		32,014	2	35,181	2
2600	Other non-current liabilities		1,530	-	330	-
25XX	**Non-current liabilities**		54,103	4	53,836	3
2XXX	**Total Liabilities**		320,645	20	383,135	23
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		681,726	42	681,116	41
	Capital surplus	6(14)				
3200	Capital surplus		675,810	41	672,092	40
	Retained earnings	6(15)				
3350	Accumulated deficit		(35,320)	(2)	(24,663)	(2)
	Other equity interest					
3400	Other equity interest		(7,401)	(1)	(41,191)	(2)
3XXX	**Total equity**		1,314,815	80	1,287,354	77
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent event	11				
3X2X	**Total liabilities and equity**		$ 1,635,460	100	$ 1,670,489	100

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

METATECH(AP) INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except loss per share)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 592,493	100	$ 708,308	100
5000	Operating costs	6(4)(18)(19) and 7	(498,842)	(84)	(576,230)	(82)
5950	Net operating margin		93,651	16	132,078	18
	Operating expenses	6(18)(19)				
6100	Selling expenses		(64,471)	(11)	(74,491)	(11)
6200	General and administrative expenses		(38,475)	(6)	(45,312)	(6)
6300	Research and development expenses		(35,575)	(6)	(65,497)	(9)
6000	Total operating expenses		(138,521)	(23)	(185,300)	(26)
6900	Operating loss		(44,870)	(7)	(53,222)	(8)
	Non-operating revenue and expenses					
7100	Interest income		461	-	181	-
7010	Other income		5,931	1	9,239	1
7020	Other gains and losses	6(17)	9,271	2	(290)	-
7050	Finance costs		(3,432)	(1)	(8,974)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		23,974	4	32,903	5
7000	Total non-operating revenue and expenses		36,205	6	33,059	5
7900	**Profit (loss) before income tax**		(8,665)	(1)	(20,163)	(3)
7950	Income tax (expense) benefit	6(20)	(3,102)	(1)	(3,956)	(1)
8200	**Loss for the year**		($ 11,767)	(2)	($ 24,119)	(4)
	Other comprehensive income (net)					
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	$ 1,387	-	($ 680)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(277)	-	136	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		1,110	-	(544)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		42,237	7	(11,650)	(2)
8399	Income tax relating to the components of other comprehensive income	6(20)	(8,447)	(1)	3,712	1
8360	Components of other comprehensive loss that will be reclassified to profit or loss		33,790	6	(7,938)	(1)
8300	**Other comprehensive loss for the year**		$ 34,900	6	($ 8,482)	(1)
8500	**Total comprehensive loss for the year**		$ 23,133	4	($ 32,601)	(5)
	Basic loss per share	6(21)				
9750	Total basic loss per share		($ 0.17)		($ 0.40)	
9850	Total diluted loss per share		($ 0.17)		($ 0.40)	

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

METATECH(AP) INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Capital Reserves							
	Notes	Share capital - common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee share options	Stock warrants	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
2021										
Balance at January 1, 2021		$ 580,160	$ 601,205	$ -	$ 51,018	$ 5,565	$ 84	($ 289,712)	($ 33,253)	$ 915,067
Loss for the year		-	-	-	-	-	-	(24,119)	-	(24,119)
Other comprehensive loss		-	-	-	-	-	-	(544)	(7,938)	(8,482)
Total comprehensive loss		-	-	-	-	-	-	(24,663)	(7,938)	(32,601)
Share-based payments	6(12)	-	993	-	2,995	-	-	-	-	3,988
Changes in the equity of the subsidiary based on the shareholding ratio		-	-	54	-	-	-	-	-	54
Capital surplus used to cover accumulated deficits	6(14)(15)	-	(289,712)	-	-	-	-	289,712	-	-
Issuance of common stock	6(13)(14)	100,000	295,000	-	-	-	-	-	-	395,000
Exercise of employee stock options	6(13)(14)	350	2,435	-	(739)	-	-	-	-	2,046
Conversion of convertible bonds to share common stock	6(13)(14)	606	3,335	-	-	(141)	-	-	-	3,800
Balance at December 31, 2021		$ 681,116	$ 613,256	$ 54	$ 53,274	$ 5,424	$ 84	($ 24,663)	($ 41,191)	$1,287,354
Year 2021										
Year 2021		$ 681,116	$ 613,256	$ 54	$ 53,274	$ 5,424	$ 84	($ 24,663)	($ 41,191)	$1,287,354
Profit (loss)		-	-	-	-	-	-	(11,767)	-	(11,767)
Other comprehensive income		-	-	-	-	-	-	1,110	33,790	34,900
Total comprehensive income		-	-	-	-	-	-	(10,657)	33,790	23,133
Share-based payments	6(12)	-	-	257	721	-	-	-	-	978
Exercise of employee stock options	6(13)(14)	610	3,895	-	(1,155)	-	-	-	-	3,350
Expired Employee Stock Warrants		-	-	-	(5,584)	-	5,584	-	-	-
Year 2021		$ 681,726	$ 617,151	$ 311	$ 47,256	$ 5,424	$ 5,668	($ 35,320)	($ 7,401)	$1,314,815

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

METATECH(AP) INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 8,665)	($ 20,163)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right of use assets)	6(6)(7)(18)	26,089	28,389
Amortization expense	6(18)	8,262	8,476
Interest expense		3,432	6,382
Interest expense of bonds discount amortization		-	2,592
Interest income		(461)	(181)
Share of profit of associates and joint ventures accounted for using equity method		(23,974)	(32,903)
Share based compensation cost	6(12)	721	3,988
Loss on disposal of property, plant and equipment	6(6)	7	-
Gains arising from lease modifications		-	(1,154)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(368)	(366)
Accounts receivable		20,888	(40,975)
Accounts receivable - related parties		260	(439)
Other receivables		4,160	(4,381)
Other receivables - related parties		18,607	(29,889)
Inventories		36,787	(33,985)
Prepayments		(1,238)	310
Other current assets		500	(30)
Net defined benefit assets	6(11)	24	(4)
Changes in operating liabilities			
Contract liabilities		(34,971)	35,979
Notes payable		205	1,098
Accounts payable		(24,736)	1,050
Accounts payable - related parties		1,899	169
Other payables		(7,376)	7,046
Other payables - related parties		(61)	(18)
Provisions for liabilities - current		-	(4,433)
Other current liabilities		18	(50)
Cash inflow (outflow) generated from operations		20,009	(73,492)
Interest received		461	181
Interest paid		(3,432)	(6,382)
Interest taxes paid		(19)	8
Net cash flows from (used in) operating activities		17,019	(79,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost	6(2)	6,216	1,999
Acquisition of investments accounted for using equity method		(1,500)	(299,000)
Acquisition of property, plant and equipment	6(6)	(6,603)	(3,912)
Proceeds from disposal of property, plant and equipment	6(6)	1	-
Decrease (increase) in refundable deposits		(534)	4,111
Increase in prepayment for equipment		(1,138)	(444)
Increase in other non-current assets		22	(477)
Net cash flows used in investing activities		(3,536)	(297,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		863,697	674,460
Repayments of short-term borrowings		(718,923)	(740,234)
NewItem		(146,200)	-
Repayment of principal portion of lease liabilities	6(7)	(6,987)	(9,441)
Increase in guarantee deposit received		1,200	-
Proceeds from issuance of shares	6(14)	-	395,000
Exercise of employee stock	6(13)(14)	3,350	2,046
Net cash flows (used in) from financing activities		(3,863)	321,831
Net increase (decrease) in cash and cash equivalents		9,620	(55,577)
Cash and cash equivalents at beginning of year	6(1)	52,339	107,916
Cash and cash equivalents at end of year	6(1)	$ 61,959	$ 52,339

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MetaTech (AP) Inc.

Opinion

We have audited the accompanying consolidated balance sheets of MetaTech (AP) Inc. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

Existence of cash in banks

Description

Refer to Notes 4(6) and 4(8) of the consolidated financial statements for the accounting policies on cash and cash equivalents and financial assets at amortised cost. Notes 6(1) and 6(2) of the consolidated financial statements for the accounting item description on cash and cash equivalents and financial assets at amortised cost. The balance of cash in banks and restricted bank deposits was NT$2,149,036 thousand and NT$9,800 thousand,respectively.

The balance of cash in banks have a significant impact on the consolidated financial statements, and the Group deposited in many financial institutions with high liquidity risk. Besides,it is necessary to judge one by one whether the time deposit meets the definition of cash and cash equivalents, which refers to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are classified as " cash and cash equivalents " or be classified as appropriate accounting items according to the guarantee situation. The abovementioned assets constituted 62% of the total assets, thus, audit of cash in bank was considered as one of the key audit matters.

How our audit addressed the matter:

We performed the following audit procedures on appropriateness of existence of cash in banks:

1. Obtained detailed listings of cash in banks. Sent confirmation letters to all financial institutions and reviewed special terms and agreements in order to ensure the existence and rights and obligations of cash in banks.

2. Verifying whether the contact information of the bank is true and correct.

3. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.

4. Review the appropriateness of classified cash and cash equivalents.

Appropriateness of warehouse operating revenue cut-off

Description

For a description of accounting policy on revenue recognition, please refer to Note 4(28). For details of operating revenue, please refer to Note 6(16).
The Group has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. In accordance with IFRS 15 'Revenue from contracts with customers' as endorsed by the Financial Supervisory Commission, assets are transferred when customers obtain control of the assets. Revenue is recognised when the Company transfers promised goods to customers and the performance obligation is satisfied. The Company's warehouses are located in Shanghai, and a consignee obtains control of the assets when a consignee picks up the goods, but the timing of assets transfer is not fixed and management recognises revenue based on the reports of inventory movement provided by the hub custodians. As the information process, recording and maintenance of the reports were done manually, it may lead to improper revenue recognition or a discrepancy between physical inventory quantities in the hubs and the quantities in accounting records. Moreover, since transaction amounts before and after the balance sheet date are significant to the financial statements, we determined the appropriateness of warehouse operating revenue cut-off as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on appropriateness of warehouse operating revenue cut-off:

1. Based on our understanding of the Company's business and industry, we assessed the reasonableness of warehouse operating revenue recognition policies and procedures and confirmed that these were consistently applied in the financial statements.
2. Understood the warehouses' process of collection, management and shipping, assessed and tested relevant internal controls, including randomly checking whether the product name, quantity and amount in the reports provided by hub custodians were in agreement with pick-up details and information on sales vouchers and confirmed that revenue from inventory movement are recognised in the correct reporting periods.

3. Performed cut-off tests on warehouse operating sales transactions that took place shortly before and after the balance sheet date, including verifying pick-up details provided by hub custodians are in agreement with the product name and quantity of inventory movement records and sales revenue amount, and are recognised in the correct reporting periods.
4. Performed confirmation for stock quantities at the warehouse and verified it against the system and accounting records.

Valuation of allowance for inventory valuation losses

Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(12) ; for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2) ; and for information on the allowance for inventory valuation losses, please refer to Note 6(4) .

The Group's inventories and allowance for inventory valuation losses amounted to $279,838 thousand and $30,537 thousand, respectively, as at December 31, 2022. The Group is an agent of semiconductor components which is primarily engaged in sales of niche products and agent of consumer products, communications and connectors. As the agent products are in a small-volume, large-variety production, facing highly competitive nature of the market price and having a short life cycle, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group recognises inventories at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including the identification of obsolete inventory and determination of net realisable value, often involves subjective judgement and a high degree of uncertainty. Considering the material effect of inventory and its allowance for valuation losses on the consolidated financial statements, we determined the valuation of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the operations and the characteristics of its industry.
2. Understood the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Tested the accuracy of obsolete inventory aging report and assessed the individual assessment used by the management, including confirming that the inventory movement is within the appropriate age range.
4. Reviewed the appropriateness of the estimation basis for the evaluation of net realisable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of MetaTech (AP) Inc. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Ming-Chuan　　　　　　　　　Chih, Ping-Chiun

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 28, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 2,049,403	59	$ 748,307	21
1136	Current financial assets at amortised cost	6(2) and 8	109,800	3	1,415,673	40
1150	Notes receivable, net	6(3)	971	-	603	-
1170	Accounts receivable, net	6(3)	373,342	11	479,175	14
1200	Other receivables		2,486	-	6,593	-
1220	Current income tax assets		1,270	-	74	-
130X	Inventories	6(4)	249,301	7	159,137	4
1410	Prepayments		10,251	-	20,032	1
1470	Other current assets		37	-	734	-
11XX	**Current Assets**		2,796,861	80	2,830,328	80
	Non-current assets					
1550	Investments accounted for using the equity method	6(5)	14,900	-	20,646	-
1600	Property, plant and equipment	6(6) and 8	205,662	6	201,832	6
1755	Right-of-use assets	6(7)	106,665	3	111,707	3
1780	Intangible assets	6(8)	262,327	8	270,130	8
1840	Deferred income tax assets	6(20)	81,890	2	91,482	3
1900	Other non-current assets		26,336	1	13,268	-
15XX	**Non-current assets**		697,780	20	709,065	20
1XXX	**Total assets**		$ 3,494,641	100	$ 3,539,393	100

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current Liabilities					
2100	Short-term borrowings	6(9) and 8	$ 190,000	6	$ 45,226	1
2130	Current contract liabilities	6(16)	14,587	-	44,149	1
2150	Notes payable		1,768	-	1,422	-
2170	Accounts payable		182,385	5	169,855	5
2200	Other payables	7	29,407	1	35,174	1
2230	Current income tax liabilities		1,007	-	4,209	-
2280	Current lease liabilities	7	17,853	1	13,323	1
2320	Long-term liabilities, current portion	6(10)	-	-	146,200	4
2399	Other current liabilities, others		854	-	649	-
21XX	**Current Liabilities**		437,861	13	460,207	13
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	20,559	-	18,325	-
2580	Non-current lease liabilities	7	94,497	3	102,523	3
2600	Other non-current liabilities		300	-	300	-
25XX	**Non-current liabilities**		115,356	3	121,148	3
2XXX	**Total Liabilities**		553,217	16	581,355	16
	Equity					
	Equity attributable to owners of the parent					
	Share capital	6(13)				
3110	Share capital - common stock		681,726	20	681,116	19
	Capital surplus	6(14)				
3200	Capital surplus		675,810	19	672,092	20
	Retained earnings	6(15)				
3350	Accumulated deficit		(35,320)	(1)	(24,663)	(1)
	Other equity					
3400	Other equity interest		(7,401)	-	(41,191)	(1)
31XX	**Equity attributable to owners of the parent**		1,314,815	38	1,287,354	37
36XX	**Non-controlling interests**	4(3)	1,626,609	46	1,670,684	47
3XXX	**Total equity**		2,941,424	84	2,958,038	84
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,494,641	100	$ 3,539,393	100

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31 2022 AMOUNT	%	2021 AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 1,852,461	100	$ 2,011,817	100
5000	Operating costs	6(4)(18)(19)	(1,637,041)	(88)	(1,746,775)	(87)
5950	Net operating margin		215,420	12	265,042	13
	Operating expenses	6(18)(19)				
6100	Selling expenses		(120,444)	(7)	(128,854)	(7)
6200	General and administrative expenses		(123,375)	(7)	(105,031)	(5)
6300	Research and development expenses		(62,525)	(3)	(67,195)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(593)	-	1	-
6000	Total operating expenses		(306,937)	(17)	(301,079)	(15)
6900	Operating loss		(91,517)	(5)	(36,037)	(2)
	Non-operating revenue and expenses					
7100	Interest income		12,275	-	988	-
7010	Other income		681	-	8,826	-
7020	Other gains and losses	6(17)	38,617	2	(732)	-
7050	Finance costs		(4,600)	-	(10,068)	-
7060	Share of loss of associates and joint ventures accounted for using the equity method		(5,746)	-	(6,771)	-
7000	Total non-operating revenue and expenses		41,227	2	(7,757)	-
7900	**Loss before income tax**		(50,290)	(3)	(43,794)	(2)
7950	Income tax (expense) benefit	6(20)	(7,011)	-	(9,587)	(1)
8200	**Loss for the period**		($ 57,301)	(3)	($ 53,381)	(3)

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	$ 1,387	-	($ 680)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(277)	-	136	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		1,110	-	(544)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		42,237	2	(11,650)	-
8399	Income tax relating to the components of other comprehensive income	6(20)	(8,447)	-	3,712	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		33,790	2	(7,938)	-
8300	**Total other comprehensive income (loss) for the period**		$ 34,900	2	($ 8,482)	-
8500	**Total comprehensive loss for the period**		($ 22,401)	(1)	($ 61,863)	(3)
	Profit (loss) attributable to:					
8610	Owners of the parent		($ 11,767)	(1)	($ 24,119)	(1)
8620	Non-controlling interests		(45,534)	(2)	(29,262)	(2)
			($ 57,301)	(3)	($ 53,381)	(3)
	Other comprehensive (income) loss attributable to:					
8710	Owners of the parent		$ 23,133	1	($ 32,601)	(2)
8720	Non-controlling interests		(45,534)	(2)	(29,262)	(1)
			($ 22,401)	(1)	($ 61,863)	(3)
	Basic earnings (loss) per share	6(21)				
9750	Total basic earnings (loss) per share		($ 0.17)		($ 0.40)	
9850	Total diluted earnings (loss) per share		($ 0.17)		($ 0.40)	

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent										
			Capital Reserves									
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Employee stock warrants	Stock warrants	Others	Legal reserve	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
2021												
Balance at January 1, 2021		$ 580,160	$ 601,205	$ -	$ 51,018	$ 5,565	$ 84	($ 289,712)	($ 33,253)	$ 915,067	$ -	$ 915,067
Loss for the period		-	-	-	-	-	-	(24,119)	-	(24,119)	(29,262)	(53,381)
Other comprehensive loss		-	-	-	-	-	-	(544)	(7,938)	(8,482)	-	(8,482)
Total comprehensive loss		-	-	-	-	-	-	(24,663)	(7,938)	(32,601)	(29,262)	(61,863)
Cash input from capital		-	-	-	-	-	-	-	-	-	1,700,000	1,700,000
Share-based payments	6(12)	-	993	-	2,995	-	-	-	-	3,988	-	3,988
Changes in the equity of the subsidiary based on the shareholding ratio		-	-	54	-	-	-	-	-	54	(54)	-
Capital surplus used to cover accumulated deficits	6(14)(15)	-	(289,712)	-	-	-	-	289,712	-	-	-	-
Issuance of common stock	6(13)(14)	100,000	295,000	-	-	-	-	-	-	395,000	-	395,000
Employee stock options	6(13)(14)	350	2,435	-	(739)	-	-	-	-	2,046	-	2,046
Conversion of convertible	6(13)(14)	606	3,335	-	-	(141)	-	-	-	3,800	-	3,800
Balance at December 31, 2021		$ 681,116	$ 613,256	$ 54	$ 53,274	$ 5,424	$ 84	($ 24,663)	($ 41,191)	$ 1,287,354	$ 1,670,684	$ 2,958,038
2022												
Balance at January 1, 2022		$ 681,116	$ 613,256	$ 54	$ 53,274	$ 5,424	$ 84	($ 24,663)	($ 41,191)	$ 1,287,354	$ 1,670,684	$ 2,958,038
Loss for the period		-	-	-	-	-	-	(11,767)	-	(11,767)	(45,534)	(57,301)
Other comprehensive loss		-	-	-	-	-	-	1,110	33,790	34,900	-	34,900
Total comprehensive loss		-	-	-	-	-	-	(10,657)	33,790	23,133	(45,534)	(22,401)
Share-based payments	6(12)	-	-	257	721	-	-	-	-	978	1,459	2,437
Employee stock options	6(13)(14)	610	3,895	-	(1,155)	-	-	-	-	3,350	-	3,350
Expired employee stock		-	-	-	(5,584)	-	5,584	-	-	-	-	-
Balance at December 31, 2022		$ 681,726	$ 617,151	$ 311	$ 47,256	$ 5,424	$ 5,668	($ 35,320)	($ 7,401)	$ 1,314,815	$ 1,626,609	$ 2,941,424

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 50,290)	($ 43,794)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(7)(18)	37,927	38,046
Amortization expense	6(18)	8,348	8,506
Expected credit (loss) gain	12(2)	593	(1)
Interest expense		4,600	7,476
Interest expense of bonds discount amortization		-	2,592
Interest income		(12,275)	(988)
Share-based compensation cost	6(12)	2,437	3,988
Share of loss of associates and joint ventures accounted for using the equity method		5,746	6,771
Loss on disposal of property, plant and equipment	6(17)	7	-
Gains arising from lease modifications	6(17)	-	(1,154)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(368)	(366)
Accounts receivable		105,240	(205,229)
Other receivables		4,107	(4,396)
Prepayments		9,781	(13,403)
Inventories		(90,164)	(75,397)
Other current assets		695	(41)
Net defined benefit assets		24	(4)
Changes in operating liabilities			
Contract liabilities		(29,562)	34,665
Notes payable		346	1,098
Accounts payable		12,530	36,308
Other payables		(7,569)	6,163
Provisions for liabilities - current		-	(4,433)
Other current liabilities		206	(84)
Cash inflow (outflow) generated from operations		2,359	(203,677)
Interest received		12,275	988
Interest paid		(4,600)	(7,476)
Interest taxes received (paid)		(8,358)	(1,619)
Net cash flows from (used in) operating activities		1,676	(211,784)

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 113,009)	($ 1,402,658)
Proceeds from repayments of financial assets at amortised cost		1,419,447	-
Acquisition of property, plant and equipment	6(23)	(20,550)	(5,507)
Proceeds from disposal of property, plant and equipment	6(6)	1	-
Decrease in guarantee deposit received		(802)	699
Increase in prepayment for equipment		-	(444)
Increase in other non-current assets		(11,992)	(773)
Net cash flows from (used in) investing activities		1,273,095	(1,408,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(24)	871,980	674,460
Repayments of short-term borrowings	6(24)	(727,206)	(740,234)
Proceeds from issuance of convertible bonds	6(10)(24)	(146,200)	-
Repayment of principal portion of lease liabilities	6(24)	(17,291)	(18,370)
Proceeds from issuance of common stock	6(13)	-	395,000
Cash input from capital increase of non-controlling interests by subsidiary	6(22)	-	1,700,000
Exercise of employee share options		3,350	2,046
Net cash flows (used in) from financing activities		(15,367)	2,012,902
Effect of exchange rate changes on cash and cash equivalents		41,692	(11,705)
Net increase in cash and cash equivalents		1,301,096	380,730
Cash and cash equivalents at beginning of year	6(1)	748,307	367,577
Cash and cash equivalents at end of year	6(1)	$ 2,049,403	$ 748,307

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

Appendix 4: Implementation State of the Seasoned Equity Offerings in 2017

MetaTech (AP) Inc.

Implementation State of Seasoned Equity Offerings in 2017

Unit: NT$ Thousand

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
CellSeed royalty	Expenditure	Estimated	357,600	The Company planned to use NT$357,600 thousand from the fund-raising project on the payment of CellSeed royalty. Up to the fourth quarter of 2022, the actual payment of CellSeed royalty was NT$345,273 thousand. Because the approval process of the esophagus restoration project by the competent authority was slower than the expected schedule, and the epidemic of COVID-19 affected the progression of the experiment and caused the number of case collection not as what expected. According to the current situation, the payment schedule of CellSeed royalty was not clear in the short time. Therefore, the Company's board of directors determined on December 23rd, 2022, to use the unused NT$12,327 thousand on the operating capital. It was used completely in the fourth quarter of 2022. In summary, the accumulated capital expenditure by the end of the fourth quarter of 2022 was NT$357,600 thousand (including the unused NT$12,327 thousand invested to operating funds in the fourth quarter of 2022). The actual accumulated capital implementation was 100%. The project was fully completed.
		Actual	357,600	
	Implementation progress (%)	Estimated	100%	
		Actual	100%	
Lab establishment	Expenditure	Estimated	35,000	The Company planned to use NT$35,000 thousand from the fund-raising project on the payment of the lab establishment. Up to the fourth quarter of 2022, the actual capital expenditure of the Company was NT$44,880 thousand, and the actual accumulated capital implementation schedule was 128.22%. Currently, the construction of the lab was completed and passed the inspection. The progress of actual payment was ahead of the original schedule. It was mainly because the project originally planned to build a cell sheet manufacturing center lab at the current site of the Company (Far East World Center). However, the Company evaluated the growth of future operations and found the structure and area of the building might not be sufficient for the purpose of the lab. Therefore, the Company's board of directors approved the proposal of renting Farglory U-TOWN factory and office building and move the construction of lab to the new address. The expense of the lab construction increased $9,880 thousand because the area in the new site is around 1011.636 square meters. It is 204.972 square meters (25.41%) more than the area in the original site, which was 806.664 square meters, so that the expense increased $9,350 thousand. In addition, part of the engineering design was changed to ensure smoother lab operation, and it caused a cost increase of $530 thousand. The above project was fully completed.
		Actual	44,880	
	Implementation progress (%)	Estimated	100.00%	
		Actual	128.22%	
	Expenditure	Estimated	55,000	The Company planned to use NT$55,000 thousand

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
Purchase of instrument and equipment		Actual	60,196	from the fund-raising project on the payment of purchasing instrument and equipment. Up to the fourth quarter of 2022, the expected capital expenditure of the Company was NT$55,000 thousand and the actual accumulated expenditure was NT$60,196 thousand. The progress of the actual accumulated capital implementation schedule was 109.44%. The project was fully completed.
	Implementation progress (%)	Estimated	100.00%	
		Actual	109.44%	
Expense of clinical trial	Expenditure	Estimated	66,288	The Company planned to use NT$66,288 thousand from the fund-raising project on the expense of clinical trial. It was originally planned to be used on esophagus restoration and knee joint cartilage restoration projects. Up to the fourth quarter of 2022, the estimated accumulated expense was NT$66,288 thousand. The actual clinical trial fee by the fourth quarter of 2022 was NT$29,417 thousand. The delay in the payment schedule was mainly because of the slower approval process of the esophagus restoration project by the competent authority than the expected schedule and on top of that the progression of the experiment affected the epidemic of COVID-19, causing the number of case collection not as what expected. According to the current situation, the payment schedule of the clinical trial fee for esophagus restoration project will still be unsure in the short time. Besides, after starting some clinical trial for knee joint cartilage restoration project, it was found the clinical trial required was less than the expectation because the knee cartilage technology was applicable to Regulations of Special Medical Techniques instead of directly adopting clinical experiment. Therefore, the Company's Board of Directors determined on November 12th, 2021, and December 23rd, 2022, respectively to adjust NT$28,181 thousand and NT$8,690 thousand as the expense of replenishing operating capital. Both have been used up by the end of the fourth quarter of 2022. In summary, the accumulated capital expenditure by the end of the fourth quarter of 2022 was NT$66,288 thousand (including the unused NT$36,871 thousand invested to operating funds in the fourth quarter of 2022). The actual accumulated capital implementation was 100%. The project was fully completed.
		Actual	66,288	
	Implementation progress (%)	Estimated	100%	
		Actual	100%	
Lab maintenance	Expenditure	Estimated	32,660	The Company planned to use NT$32,660 thousand from the fund-raising project on the expense of lab maintenance. By the end of the fourth quarter of 2022, the estimated accumulated expense was $32,660 thousand and the actual accumulated expense was $39,956 thousand; the actual accumulated implementation progress rate was 123.23%. The construction of the lab has been completed and passed the acceptance
		Actual	39,956	
	Implementation progress (100%)	Estimated	100%	

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
		Actual	122.33%	inspection, and there was no major abnormal situation. The lab maintenance fee in the fourth quarter of 2022 was mainly for the lab utility fee, maintenance fee for equipment certification, and verification fee. Up to the fourth quarter of 2022, the estimated accumulated expense was NT$32,600 thousand, and the actual accumulated expense was NT$39,956 thousand. The actual accumulated progress rate was 122.33%. The project was fully completed.
Total	Expenditure	Estimated	546,548	The amount of the seasoned equity offerings in 2017 progressed 104.09% up to the fourth quarter of 2022 (the excessive part was paid by the Company's private fund). The project was fully completed and was declared for closure on January 10th, 2023.
		Actual	568,920	
	Implementation progress (100%)	Estimated	100%	
		Actual	104.09%	

Appendix 5: Report of the Company's Sound Operation Plan Implementation

MetaTech (AP) Inc.
Implementation state of sound operation plan through capital increase by cash in 2020

According to Letter Chin Guan Cheng Fa Zi No. 1100335941 issued by Financial Supervisory Commission on April 14th, 2021, the implementation state of the Company's sound operation plan shall be reported to the board of directors for supervision and reported at the shareholders' meeting.

1. Implementation state in 2022:

Unit: NT$ Thousand

Item	2022, Actual		2022, Forecast		Difference	Conversion rate
	Amount	%	Amount	%		
Operating revenue	1,852,461	100	1,799,945	100	52,513	103%
Operating cost	1,637,041	88	1,476,628	82	160,413	111%
Gross profit	215,420	12	323,317	18	(107,897)	67%
Operating expense	306,937	17	301,903	17	5,034	102%
Net operating profit (loss)	(91,517)	(5)	21,414	1	(112,931)	-
Non-operating income (expenditure)	41,227	2	(17,057)	(1)	58,284	-
Net profit (loss) after tax	(57,301)	(3)	4,357	-	(61,658)	-
Ownership of parent company	(11,767)	(1)	4,357	-	(16,124)	-
Non-controlling interest	(45,534)	(2)	-	-	(45,534)	-

2. Explanation on the variance of implementation in 2022:

(1) Operating revenue:

Unit: NT$ Thousand

Item	2022 Actual	2022 Forecast	Difference	Conversion Rate
Electronic products and other products	1,804,625	1,561,961	242,664	116%
Biomedical products	47,836	237,984	(190,148)	20%
Total	1,852,461	1,799,945	52,516	103%

The actual consolidated operating revenue of the Company in 2022 was $1,852,461 thousand, and it was an increase of $52,516 thousand compared to the consolidated operating revenue forecast of 2021 in $1,799,945 thousand. The achievement rate was 103%. Electronic and biomedical products reached 116% and 20% respectively. Electronic products were mainly due to the increased demands from customers of cloud storage systems and high-end servers for IC components and random access memory. Therefore, it was higher than the figures predicted. On the other hand, biomedical products were significantly impacted by the domestic peak of COVID-19 in April 2022, causing people's concern in being infected, as well as the medical capacity of the cooperated hospitals. It resulted the overall case-collection volume less than the expectation.

(2) Gross profits (losses):

Unit: NT$ Thousand

Item	2022 Actual	2022 Forecast	Difference	Conversion Rate
Electronic products and other products	241,904	188,710	53,194	128%
Biomedical products	(26,484)	134,607	(161,091)	-
Total	215,420	323,317	(107,897)	67%

The actual operating gross profit of the Company in 2022 was $215,420 thousand, and it was a decrease from the consolidated operating gross profit of $323,317 thousand in 2022 in $107,897 thousand. The overall achievement rate was 67%. It was mainly because the sales of biomedical products related to cell treatment (which as a higher margin) were not as good as expected. It resulted in a decrease in operating profit of biomedical products compared to the forecast. The operating profit of electronic products increased compared to the forecast due to revenue growth.

3. Operating expenses:

The Company's consolidated actual operating expenses in 2022 were $306,937 thousand, an increase of $5,034 thousand compared to the consolidated forecasted operating expenses of $301,903 thousand in 2022. It was because the expenses in the Electronics Department increased $1,700 thousand compared to the forecasted figure. The expenses in the Biomedicine Department decreased $84,257 thousand because of the decrease of the operating revenue as well as the costs of promotion, personnel, and consumable materials. In addition, the mergence cost of Locus Cell Co., Ltd. was $87,605 thousand (the forecasted figure was listed in non-operating investment loss of $5,946 thousand in the equity method). Therefore, there was a difference.

4. Net operating profit (loss):

The Company’s consolidated actual operating loss in 2022 was $91,517 thousand, an increase of $112,931 thousand compared to the consolidated forecasted operating profit of $21,414 thousand in 2022. It was mainly because of the decrease in the operating profit from the forecasted figure of $107,897 thousand and the increase of operating expense from the forecasted figure of $5,034 thousand (please refer to the explanation in the operating expense). It resulted in the operating loss.

5. Non-operating income and expenditure:

The Company’s consolidated actual net income of non-operating income and expenditure in 2022 was $41,227 thousand, an increase of $58,284 thousand from the consolidated forecasted net expense of non-operating income and expenditure of $17,057 thousand in 2022. It was mainly because the exchange gain increased $42,153 thousand compared to the forecasted figure from the appreciation of USD, which was an impact of exchange rate fluctuations as well as the interest income generated by the mergence cost of Locus Cell Co., Ltd. increased $12,110 thousand and the original forecasted figure of Locus Cell in the equity method was listed as an investment loss of $5,936 thousand, which were re-listed in the net operating profit (loss) due to the consolidation of financial reports.

6. Net profit (loss) after tax

The company's consolidated actual net loss after tax in 2022 was $57,301 thousand, of which non-controlling equity net loss after tax was $45,534 thousand, the net loss after tax attributable to the owner of the parent company was $11,767 thousand, and the predicted net income after tax was $4,357 thousand. The total loss increased $61,658 thousand. It was mainly because the operating gross profit was less than the predicted figure and the non-operating income was more than the predicted figure, causing an increase of the loss.

7. Non-controlling equity

The loss of non-controlling equity of $45,534 thousand generated in the current period was because Locus Cell Co. was expected to be an investment company using the equity method at the time of the original forecast and estimation. Therefore, the investment benefit of Locus Cell Co. for the current fiscal year was a provision of investment losses of $5,946 thousand under the item of non-operating expenditure. However, after the official management team of Locus Cell Co. settled in, the Company has substantial control over it, so it is judged as a subsidiary of the Company according to law. Locus Cell Co.'s annual financial reports must all be consolidated with the Company. Among them, 85% of losses in the current period of $45,534 thousand were from shares held by other entities but not the Company. It was expressed under the item of non-controlling equity.

Appendix 6. Progress of Plant Construction for the Reinvestment of Locus Cell Co., Ltd. Through Capital Increase by Cash in 2020 and the Report of the Beneficial results Achieved

Progress of Plant Construction for the Reinvestment of Locus Cell Co., Ltd. Through Capital Increase by Cash in 2020 and the Report of the Beneficial results Achieved

1. Reasons of the investment

   Locus Cell focuses on CDMO services of cell products and aims to become the biggest professional cell CDMO company in Asia. The Company is led by the former Superintendent, National Taiwan University Hospital, Ho Hong-Neng, to collaborate with Hitachi Group in Japan and the former CEO, Dr. Kazuchika Furuishi, of Minaris Company which has No. 1 market share in global cell treatment CDMO, to create a cell plant that meets PIC/S GMP standards in Hsinchu Biomedical Science Park.

   The plant area contains a cell plant with international PIC/S GMP standards and will be designed and supervised by Dr. Kazuchika Furuishi. In the future, it will possess at least 24 operating rooms and will be the biggest automatic plant of cell treatment in Asia. The Company has advanced medical production technology, including CAR-T and iPSCs optimal manufacturing capabilities as well as cell amplification technique, cell culturing technology, and different dosage forms of cells. Besides, the Company possesses abundant clinical level of material resources for customers to use in the clinical trial as well as professional human resources, including cell products manufacturing personnel, GMP quality control and assurance personnel, and clinical health professionals. With the clinical resources from the collaboration with hospitals as well as domestic and overseas business promotions, the market share can be enhanced through the dual business marketing to tap into the cell treatment market in Taiwan. We hope the Company will become the leader of the regenerative medicine CDMO industry in Taiwan in the near future.

2. Estimated benefits of the plant construction

   (1) Integrating preclinical development, small batch of trail production to amplified manufacturing process, and the production line demands for the mass production of cell treatment products to solve existing insufficient production capacity of the existing pilot plants, establish complete core technologies possessed exclusively, and build up capacity of production and manufacturing process.

   In the process of developing CDMO for cell treatment products, it is necessary to establish self-owned exclusive and innovative technologies and the threshold of patent. Besides, to smoothly transit from preclinical development, small batch clinical trial, and the capacity required by the market after obtaining the product license and respond to the authorization and cooperation by and with international manufacturers, we evaluated the capacity of the existing pilot plants and found the capacity is limited and no capacity for mass production. Therefore, the Company must establish complete manufacturing technologies and mass production lines that are sufficient to meet market demands and international GMP standards in order to enhance incentives from international manufacturers for authorization and cooperation discussion as well as the feasibility of mass production on our own.

To ensure the safety, effectiveness, and reliability required for the plant, the plant follows current international regulations, standards, and trends. In terms of the main structure of the building, the design for internal clean rooms, and relevant facilities and equipment, the Company carefully and strictly adopted excellent design to avoid the potential risk of cross-contamination during the mass production in the future, such as the layout of operating rooms, circulation planning for flow of people, logistics, and wastes, and the establishment of independent spaces for production, quality control, testing, packaging, washing, and warehousing. In addition, it also designs an elevation of 9 meters to reduce the risks and costs of operating room maintenance in the future. As for the manufacturing process of production, to enhance product quality and productivity, reduce costs, and ensure stable supply of products, the Company plans to adopt innovative technologies of IT, AI, and IoT, as well as digital buiess process to fulfill the automatic and intelligent production of cell treatment products. With the pharmaceutical product quality system that meets international regulations established by above technologies and the product life cycle controlled by strict quality, we maintain our competitive capabilities in the cell treatment industry.

(2) Satisfying the demands of business growth in the future to establish lab space, R&D space, and office space based on attributes of different projects

Cell treatment contains a nature of high professional during R&D, and the products launched after clinical trial must follow legal compliance. Right from the manufacturing site, it is under the intensive monitoring by a competent authority. To meet international regulations, each link and process of signal product must be strictly attended. In order to meet development requirements from customers on different projects, the Company continues recruiting R&D personnel and personnel required for different departments to expand the talent capacity of the Company. Moreover, it is essential to establish R&D lab space with different attributes, including cell labs, image analysis labs, development labs for analytical methods, testing labs, and animal labs to effectively enhance R&D efficiency and smoothly implement the development of projects.

3. Plant construction plans

(1) Scale

The construction is a structure with two floors under the ground and ten floors over the ground. The total floor area is around 330.6 square meters. The main building adopts RC structure for the underground levels and steel reinforced concrete for the overground levels. The design of curtain wall not only is economic and safe but also presents a beautiful appearance. We also use DNA elements to demonstrate the spirits of the Company. A 9-meter elevation design is adopted on 3F, 5F, 7F, and 9F to ensure the space meets the demands of clean rooms for good-quality production.

(2) Schedule

The construction plan approved the selection of the architect in 2022 and completed the design in the same year. We obtained five pipelines based on the schedule and submitted for approval before carrying out tender recruitment related matters. In the early of 2023, we held a groundbreaking ceremony. The progress of the project was reported to the Board of Directors regularly, and it is estimated to be completed after obtaining the user license in 2025.

(3) Fund planning for the main building of the plant and its hardware equipment

The resources of fund for the investment, which includes the construction of main building and the purchase of electromechanical appliances and air-conditioning equipment, will be paid in private funds or bank loans.

Appendix 7: State of Employees' Compensation (Bonus) and Directors' Remuneration Distribution for 2022

The amount of employees' compensation and directors' remuneration distribution for 2022 is shown in the table below:

<table>
<tr><th>Item</th><th>Amount of distribution proposed by the board of directors (A)</th><th>Amount of annual estimation listed (B)</th><th>Difference (A-B)</th><th>Handling of the difference</th></tr>
<tr><td>Employees' compensation</td><td>0</td><td>0</td><td>0</td><td rowspan="2">No difference</td></tr>
<tr><td>Directors' Remuneration</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Appendix 8: Report for Changes of Shareholding Ratio in the Listed-company-to be Subsidiary, Locus Cell Co., Ltd.

Date	October, 2020	May, 2021
Shares invested by the Company	100,000 shares	29,900,000 shares
Price per share	NT$10	NT$10
Amount invested by the Company	NT$1,000,000	NT$299,000,000
Paid-in capital of Locus Cell	NT$1,000,000	NT$2,000,000,000
Investment ratio of the Company	100%	15%
Date of approval by the Audit Committee of the Company	August 11, 2020	
Date of approval by the Board of Directors of the Company	August 11, 2020; March 26, 2021	
Date when the Company announced the significant information	August 11, 2020; March 26, 2021	
Purpose of the changes of the shareholding ratio	The Company's original investment plan to Locus Cell was 15% of shareholding (300 million out of 2 billion). However, the investor was unable to participate in the investment of capital establishment. Therefore, the Company set up Locus Cell to start it. The change of the shareholding ratio was to meet the demand of the original investment plan (Note).	
Impact on the Company's shareholder equity	None	

Note: According to the joint venture contract signed between the Company and the partner in April 2020, the capital stock that the partner planned to invest to Locus Cell was NT$2 billion while the total amount invested by the Company was NT$300 million with a shareholding ratio of 15%. It was approved by the Board of Directors of the Company on August 11, 2020, before the establishment of Locus Cell on October 15, 2020. After that, due to the demand of the investor, our Company started the establishment of Locus Cell in NT$1 million first before capital increase of NT$299 million to achieve the equity ratio planned. After the above capital increase, the Company's shareholding changed from 100% to 15% but met the original investment plan (investment of NT$300 million with shareholding ratio of 15%).