

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet– Based on IFRS

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years (Note 1)					As of 03/31/2023 (Note 2)
		2018	2019	2020	2021	2022	
Item							
Current assets		2,685,387	2,349,068	1,853,009	1,564,809	1,403,263	1,510,651
Property, Plant and Equipment		1,100,949	1,417,742	2,400,773	2,931,883	2,707,740	2,627,350
Intangible assets		683	1,783	2,692	2,788	2,941	2,696
Other assets		10,532	11,038	42,673	22,301	33,258	33,239
Total assets		3,797,551	3,779,631	4,299,147	4,521,781	4,147,202	4,173,936
Current liabilities	Before distribution	453,717	467,526	737,732	677,763	493,145	489,204
	After distribution	1,135,597	1,049,333	1,483,107	1,229,892	Note 3	Note 3
Non-current liabilities		10,477	14,061	16,783	18,049	99,832	86,736
Total liabilities	Before distribution	464,194	481,587	754,515	695,812	592,977	575,940
	After distribution	1,146,074	1,063,394	1,499,890	1,247,941	Note 3	Note 3
Equity attributable to shareholders of the parent		3,333,357	3,298,044	3,544,632	3,825,969	3,554,225	3,597,996
Capital stock		690,162	690,162	690,162	690,162	690,162	690,162
Capital surplus		573,532	573,532	573,532	573,532	573,532	573,532
Retained earnings	Before distribution	2,069,663	2,034,350	2,280,938	2,562,275	2,290,531	2,334,302
	After distribution	1,387,783	1,452,543	1,535,563	2,010,146	Note 3	Note 3
Other equity interest		0	0	0	0	0	0
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	3,333,357	3,298,044	3,544,632	3,825,969	3,554,225	3,597,996
	After distribution	2,651,477	2,716,237	2,799,257	3,273,840	Note 3	Note 3

Note 1: The financial information has been audited by independent auditors.

Note 2: The financial information has been review by independent auditors.

Note 3: Pending shareholders' approval.

6.1.2 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Item	Year	Financial Summary for The Last Five Years (Note 1)					As of 03/31/2023 (Note 2)
		2018	2019	2020	2021	2022	
Operating revenue		1,804,308	1,707,626	2,192,650	2,846,304	1,465,282	318,003
Gross profit		1,122,219	1,017,740	1,294,053	1,634,869	532,040	107,132
Net operating income		909,203	793,146	1,044,157	1,299,967	299,288	53,259
Non-operating income and expenses		36,263	12,395	(7,239)	(14,996)	49,541	1,455
Income before tax		945,466	805,541	1,036,918	1,284,971	348,829	54,714
Income from continuing operations		757,739	646,665	829,866	1,026,825	275,353	43,771
Income from discontinued operations		0	0	0	0	0	0
Net income		757,739	646,665	829,866	1,026,825	275,353	43,771
Other comprehensive income (income after tax)		277	(98)	(1,471)	(113)	5,032	0
Total comprehensive income		758,016	646,567	828,395	1,026,712	280,385	43,771
Net income attributable to shareholders of the parent		757,739	646,665	828,395	1,026,712	280,385	43,771
Net income attributable to non-controlling interest		0	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent		758,016	646,567	828,395	1,026,712	280,385	43,771
Comprehensive income attributable to non-controlling interest		0	0	0	0	0	0
Earnings per share		10.98	9.37	12.02	14.88	3.99	0.63

Note 1: The financial information has been audited by independent auditors.

Note 2: The financial information has been review by independent auditors.

6.1.3 Auditors' Opinions from 2018 to 2022

Year	CPA Name	Reasons for Change CPA	Audit Opinion
2018	KPMG Wan-Yuan Yu and Chien-Hui Lu	-	Unqualified opinion
2019	KPMG Mei-Yu Tseng and Wan-Yuan Yu	Administrative adjustment within the accounting firm	Unqualified opinion
2020	KPMG Mei-Yu Tseng and Wan-Yuan Yu	-	Unqualified opinion
2021	KPMG Chien-Hui Lu and Mei-Yu Tseng	Administrative adjustment within the accounting firm	Unqualified opinion
2022	KPMG Chien-Hui Lu and Mei-Yu Tseng	-	Unqualified opinion

6.2 Five-Year Financial Analysis– Based on IFRS

Item		Year	Financial Analysis for the Last Five Years(Note 1)					As of 03/31/2023 (Note 2)
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio		12	13	18	15	15	14
	Long-term funds to property, plant and equipment ratio		304	234	148	131	135	140
Solvency (%)	Current ratio		592	502	251	231	258	309
	Quick ratio		559	473	224	181	244	274
	Times interest earned ratio		-	-	-	-	-	-
Operating performance	Accounts receivable turnover (times)		5.39	5.77	6.84	6.09	3.49	4.76
	Days to collect accounts receivable (day)		68	63	53	60	105	77
	Average inventory turnover (times)		5.69	5.57	6.18	4.92	3.7	4.94
	Accounts payable turnover (times)		15.34	14.34	11.11	16.82	29.68	24.69
	Average days to sell inventory		64	66	59	74	99	74
	Property, plant and equipment turnover (times)		1.73	1.36	1.15	1.07	0.52	0.48
	Total assets turnover (times)		0.48	0.45	0.54	0.65	0.34	0.31
Profitability	Return on total assets (%)		20	17	21	23	6	4
	Return on equity (%)		23	20	24	28	7	5
	Income before tax to paid-in capital (%)		137	117	150	186	51	32
	Profit to sales (%)		42	38	38	36	19	13.76
	Earnings per share (NT\$)		10.98	9.37	12.02	14.88	3.99	0.63
Cash flow	Cash flow ratio (%)		197	180	136	147	206	156
	Cash flow adequacy ratio (%)		111	101	83	71	75	86
	Cash flow reinvestment ratio (%)		3	3	7	4	7	12
Leverage	Operating leverage		1.23	1.26	1.22	1.29	2.55	3.15
	Financial leverage		1.00	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Current ratio, Quick ratio and Cash flow ratio (%): The increase was mainly due to current liabilities decreased.
2. Accounts receivable turnover (times), Property, plant and equipment turnover (times), Total assets turnover (times), Return on total assets (%), Return on equity (%), Income before tax to paid-in capital (%), Profit to sales (%) and EPS: The decrease was mainly due to payables to revenue and profit after income tax decreased.
3. Days to collect accounts receivable (day): The increase was mainly due to decrease in revenue.
4. Average inventory turnover (times) and Average days to sell inventory: The increase was mainly due to cost of sales decreased.
5. Accounts payable turnover (times): The increase was mainly due to accounts payable decreased.
6. Cash flow reinvestment ratio: The increase was mainly due to cash dividends decreased.
7. Operating leverage: The increase was mainly due to gross profit decreased.

Note 1: The financial information has been audited by independent auditors.

Note 2: The financial information has been review by independent auditors.

Below are calculations

1. Financial structure

(1) Debt ratio = Total Liabilities / Total Assets

(2) Long-term fund to property, plant and equipment ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current ratio = Current Assets / Current Liabilities

(2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times interest earned ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating performance

(1) Accounts receivable turnover = Net Revenue / Average Trade Receivables

(2) Days to collect accounts receivable = 365 / Average Collection Turnover

(3) Average inventory turnover = Cost of Sales / Average Inventory

(4) Accounts payable turnover = 365 / Average Inventory Turnover

(5) Average days to sell inventory = Cost of Sales / Average Trade Payables

(6) Property, plant and equipment turnover = Net Revenue / Average Net Property, Plant and Equipment

(7) Total assets turnover = Net Revenue / Average Total Assets

4. Profitability

(1) Return on total assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on equity = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent

(3) Income before tax to paid-in capital = Operating Income / Paid-in Capital

(4) Profit to sales = Income before Tax / Paid-in Capital

(5) Earnings per share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash flow ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash flow reinvestment ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating leverage = (Net Revenue - Variable Cost) / Income from Operations

(2) Financial leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements and earnings distribution proposal. The financial statements were audited by independent auditors, Chien-Hui Lu and Mei-Yu Tseng, of KPMG with independent auditors' reports issued.

The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Advanced Ceramic X Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Advanced Ceramic X Corporation
Chairman of the Audit Committee: Shiu-Kao Chiang
February 21, 2023

- 6.4. Consolidated Financial Statements for the Years Ended December 31, 2021 and 2022, and Independent Auditors' Report:** Please refer to pages 68-104 of this annual report.
- 6.5. Parent-company-only Financial Statements for the Years Ended December 31, 2021 and 2022, and Independent Auditors' Report:** Please refer to pages 68-104 of this annual report.
- 6.6. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation:** None.