

**AMICCOM Electronics Corp.**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
AMICCOM Electronics Corporation

### Opinion

We have audited the accompanying financial statements of AMICCOM Electronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

#### Revenue recognition

The revenue of the Company comes mainly from the sales of radio frequency integrated circuit products. For the year ended December 31, 2022, there was a significant growth in operating income and large transaction amounts related to sales coming from specific customers. There is a likelihood of risk occurrence on the relevant sales transactions, and such revenue recognition may have a significant impact on the financial statements. Therefore, we identified the recognition of revenue as a key audit matter.

Refer to Notes 4 and 20 to the financial statements for the accounting policies and information related to revenue recognition.

The audit procedures we performed in respect of the revenue recognition include the following:

1. We obtained an understanding of and tested the relevant internal control systems and operating procedures of the sales transaction cycle. We also confirmed and evaluated the effectiveness of the relevant internal control operations.
2. We selected samples and checked the relevant certificates for operating income, and we confirmed the authenticity of sales transactions.
3. We selected samples and checked the amounts received after the date of the relevant sales revenue transaction, the remittance vouchers and the recipients, and we confirmed that the amount and recipient listed in the revenue recognition were consistent.

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

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

In preparing the 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 Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yong-Ming Chiu and Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

Notice to Readers

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

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

# AMICCOM ELECTRONICS CORP.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 26)	\$ 70,812	6	\$ 113,161	9	Accounts payable (Notes 16 and 26)	\$ 17,115	1	\$ 51,008	4
Financial assets at amortized cost - current (Notes 4, 8 and 26)	134,400	10	139,590	11	Other payables (Notes 17 and 26)	32,913	3	33,334	3
Notes receivable (Notes 4, 9, 20 and 26)	11,939	1	-	-	Lease liabilities - current (Notes 4, 12, 21 and 26)	4,665	-	4,189	-
Accounts receivable (Notes 4, 9, 20 and 26)	38,503	3	67,177	5	Current portion of long-term borrowings (Notes 15, 26 and 28)	7,500	1	7,500	1
Inventories (Notes 4, 10 and 21)	209,755	16	126,100	10	Other current liabilities (Notes 17 and 20)	1,463	-	1,230	-
Other current assets (Note 14)	<u>7,173</u>	<u>1</u>	<u>6,568</u>	<u>-</u>	Guarantee deposits (Note 26)	<u>15,380</u>	<u>1</u>	<u>15,176</u>	<u>1</u>
Total current assets	<u>472,582</u>	<u>37</u>	<u>452,596</u>	<u>35</u>	Total current liabilities	<u>79,036</u>	<u>6</u>	<u>112,437</u>	<u>9</u>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 26)	326,202	26	354,999	27	Long-term borrowings (Notes 15, 26 and 28)	98,750	8	106,250	8
Financial assets at amortized cost - non-current (Notes 4, 8, 26 and 28)	508	-	504	-	Deferred income tax liabilities (Notes 4 and 22)	431	-	-	-
Property, plant and equipment (Notes 4, 11, 21 and 28)	439,276	34	452,324	35	Lease liabilities - non-current (Notes 4, 12, 21 and 26)	<u>12,229</u>	<u>1</u>	<u>1,600</u>	<u>-</u>
Right-of-use-assets (Notes 4, 12 and 21)	16,276	1	6,135	-	Total non-current liabilities	<u>111,410</u>	<u>9</u>	<u>107,850</u>	<u>8</u>
Other intangible assets (Notes 4, 13 and 21)	24,513	2	35,020	3	Total liabilities	<u>190,446</u>	<u>15</u>	<u>220,287</u>	<u>17</u>
Deferred income tax assets (Notes 4 and 22)	1,919	-	1,413	-	<b>EQUITY (Note 19)</b>				
Refundable deposits (Note 26)	<u>2,452</u>	<u>-</u>	<u>2,067</u>	<u>-</u>	Share capital	<u>559,731</u>	<u>43</u>	<u>564,241</u>	<u>43</u>
Total non-current assets	<u>811,146</u>	<u>63</u>	<u>852,462</u>	<u>65</u>	Capital surplus	<u>331,429</u>	<u>26</u>	<u>329,997</u>	<u>25</u>
					Retained earnings				
					Appropriated as legal reserve	15,448	1	10,196	1
					Unappropriated earnings	<u>48,244</u>	<u>4</u>	<u>52,520</u>	<u>4</u>
					Total retained earnings	<u>63,692</u>	<u>5</u>	<u>62,716</u>	<u>5</u>
					Others				
					Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>150,577</u>	<u>12</u>	<u>154,999</u>	<u>12</u>
					Treasury shares	<u>(12,147)</u>	<u>(1)</u>	<u>(27,182)</u>	<u>(2)</u>
					Total equity	<u>1,093,282</u>	<u>85</u>	<u>1,084,771</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 1,283,728</u>	<u>100</u>	<u>\$ 1,305,058</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 1,283,728</u>	<u>100</u>	<u>\$ 1,305,058</u>	<u>100</u>

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

## AMICCOM ELECTRONICS CORP.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 31)	\$ 509,302	100	\$ 579,748	100
OPERATING COST (Notes 10 and 21)	<u>(230,365)</u>	<u>(45)</u>	<u>(281,074)</u>	<u>(49)</u>
GROSS PROFIT	<u>278,937</u>	<u>55</u>	<u>298,674</u>	<u>51</u>
OPERATING EXPENSES (Notes 21 and 27)				
Sales and marketing	(40,329)	(8)	(35,014)	(6)
General and administrative	(55,831)	(11)	(52,408)	(9)
Research and development	<u>(164,039)</u>	<u>(32)</u>	<u>(169,606)</u>	<u>(29)</u>
Total operating expenses	<u>(260,199)</u>	<u>(51)</u>	<u>(257,028)</u>	<u>(44)</u>
INCOME FROM OPERATIONS	<u>18,738</u>	<u>4</u>	<u>41,646</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	1,391	-	617	-
Other income	22,587	4	12,132	2
Other gains and losses	7,435	2	(1,640)	-
Finance costs	<u>(1,982)</u>	<u>-</u>	<u>(1,648)</u>	<u>-</u>
Total non-operating income and expenses	<u>29,431</u>	<u>6</u>	<u>9,461</u>	<u>2</u>
INCOME BEFORE INCOME TAX	48,169	10	51,107	9
INCOME TAX BENEFIT (Notes 4 and 22)	<u>75</u>	<u>-</u>	<u>1,413</u>	<u>-</u>
NET INCOME	48,244	10	52,520	9
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized (loss) gain on investment in equity instruments at fair value through other comprehensive income	<u>(4,422)</u>	<u>(1)</u>	<u>104,092</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 43,822</u>	<u>9</u>	<u>\$ 156,612</u>	<u>27</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.88</u>		<u>\$ 0.96</u>	
Diluted	<u>\$ 0.87</u>		<u>\$ 0.96</u>	

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

**AMICCOM ELECTRONICS CORP.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

	<u>Share Capital - Common Stock</u>		<u>Capital Surplus</u>	<u>Retained Earnings</u>		<u>Other Equity</u>	<u>Treasury Shares</u>	<u>Total Equity</u>
	<u>Share (In Thousands)</u>	<u>Amount</u>		<u>Legal Reserve</u>	<u>(Accumulated Deficit) Unappropriated Earnings</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>		
BALANCE, JANUARY 1, 2021	56,424	\$ 564,241	\$ 324,909	\$ 43,643	\$ (33,447)	\$ 50,907	\$ (33,057)	\$ 917,196
Legal reserve offset a deficit	-	-	-	(33,447)	33,447	-	-	-
Net income in 2021	-	-	-	-	52,520	-	-	52,520
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	104,092	-	104,092
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	52,520	104,092	-	156,612
Treasury shares transferred to employees - 300 thousand	-	-	5,088	-	-	-	5,875	10,963
BALANCE, DECEMBER 31, 2021	56,424	564,241	329,997	10,196	52,520	154,999	(27,182)	1,084,771
Appropriation and distribution of prior year's earnings								
Legal reserve	-	-	-	5,252	(5,252)	-	-	-
Cash dividends to shareholders	-	-	-	-	(47,268)	-	-	(47,268)
Unclaimed dividends	-	-	319	-	-	-	-	319
Net income in 2022	-	-	-	-	48,244	-	-	48,244
Other comprehensive for the year ended December 31, 2022, net of income tax	-	-	-	-	-	(4,422)	-	(4,422)
Total comprehensive for the year ended December 31, 2022	-	-	-	-	48,244	(4,422)	-	43,822
Treasury shares cancelled - 451 thousand	(451)	(4,510)	(4,321)	-	-	-	8,831	-
Treasury shares transferred to employees - 356 thousand	-	-	5,434	-	-	-	6,204	11,638
BALANCE, DECEMBER 31, 2022	55,973	\$ 559,731	\$ 331,429	\$ 15,448	\$ 48,244	\$ 150,577	\$ (12,147)	\$ 1,093,282

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

# AMICCOM ELECTRONICS CORP.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 48,169	\$ 51,107
Adjustments for:		
Depreciation	25,270	28,820
Amortization	20,588	28,926
Financial costs	1,982	1,648
Interest income	(1,391)	(617)
Dividend income	(22,533)	(12,132)
Share-based compensation	5,402	4,947
Gain on foreign exchange, net	(2,153)	(54)
Gain on lease modification	(25)	-
Fractional share cash dividends transferred to other income	(18)	-
Changes in operating assets and liabilities:		
Notes receivable	(11,939)	-
Accounts receivable	28,145	(12,370)
Inventories	(83,655)	(20,558)
Other current assets	(432)	(968)
Accounts payable	(33,877)	14,264
Other payables	(462)	15,492
Other current liabilities	233	(132)
Cash generated from operations	(26,696)	98,373
Interest received	1,231	482
Interest paid	(1,960)	(1,652)
Income tax (paid) refunded	(13)	14
Net cash (used in) generated from operating activities	<u>(27,438)</u>	<u>97,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at fair value through other comprehensive income capital reduction returns capital	24,375	-
Purchase of financial assets at amortized cost	(19,804)	(99,634)
Proceeds from financial assets at amortized cost	24,990	34,100
Acquisitions of property, plant and equipment	(5,947)	(1,753)
Refundable deposits paid	(1,091)	(148)
Refundable deposits refunded	706	105
Acquisitions of intangible assets	(10,081)	(7,191)
Dividends received	22,533	12,132
Net cash generated from (used in) investing activities	<u>35,681</u>	<u>(62,389)</u>

(Continued)

# AMICCOM ELECTRONICS CORP.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 10,000	\$ -
Decrease in short-term borrowings	(10,000)	-
Repayments of long-term borrowings	(7,500)	(7,500)
Repayment of the principal portion of lease liabilities	(5,214)	(6,078)
Dividends paid to owners of the Company	(47,250)	-
Treasury stock sold to employees	6,255	6,016
Unclaimed dividends reclassified to capital surplus	<u>319</u>	<u>-</u>
Net cash used in financing activities	<u>(53,390)</u>	<u>(7,562)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH HELD IN FOREIGN CURRENCIES	<u>2,798</u>	<u>196</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(42,349)	27,462
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>113,161</u>	<u>85,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 70,812</u>	<u>\$ 113,161</u>

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

(Concluded)

# AMICCOM ELECTRONICS CORP.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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#### 1. GENERAL

AMICCOM Electronics Corp. (the “Company”), was incorporated on September 23, 2005. The Company is engaged mainly in researching, design, developing, manufacturing and selling of Radio Frequency Integrated Circuit.

The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since May 30, 2013.

The financial statements of the Company are presented in New Taiwan dollars, the functional currency of the Company.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized by the Audit Committee and the Board of Directors for issue on February 22, 2023.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods, merchandise inventory and materials in transit and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation on property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sell;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible assets will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset;
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development..

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- h. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or asset related to contract costs or asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

- i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

- a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, accounts receivable measured at amortized cost and time deposits with original maturities within 3 months from the date of acquisition, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in equity instruments at in fair value recognized in other comprehensive income.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 120 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the

consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## j. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or a related party of the customer) at or near the same time, those contracts are accounted for as a single contract.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods. Sales of goods are recognized as revenue and accounts receivable when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

For sales of goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

k. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of relative stand-alone prices and accounts for each component separately.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered services entitling them to the contributions.

n. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees. The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications and inflation and interest rate fluctuations. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

**Key Sources of Estimation Uncertainty**

a. Fair value measurement and evaluation process

When there is no market quotation for the assets and liabilities measured by fair value in the active market, the Company determine the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Company or engaged valuers determine the appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly.

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 26.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 80	\$ 80
Checking accounts and demand deposits	<u>70,732</u>	<u>113,081</u>
	<u>\$ 70,812</u>	<u>\$ 113,161</u>

The market rates intervals of cash in bank at the end of the year were as follows:

	<u>December 31</u>	
	2022	2021
Bank balance	0.00%-0.455%	0.005%-0.35%

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 194,760	\$ 164,897
Unlisted shares	<u>131,442</u>	<u>190,102</u>
	<u>\$ 326,202</u>	<u>\$ 354,999</u>

The Company holds the above investments in equity instruments for medium to long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The above investments received cash dividend income of \$22,533 thousand and \$12,132 thousand respectively in 2022 and 2021.

#### 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 134,400</u>	<u>\$ 139,590</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 508</u>	<u>\$ 504</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.035%-1.44% and 0.41%-0.815% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

## 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 11,939	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 11,939</u>	<u>\$ -</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 38,503	\$ 67,177
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 38,503</u>	<u>\$ 38,503</u>

The average credit period for sales of goods was 0 days to 95 days. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover the overdue debt. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The expected credit losses on accounts receivable are a reference to the past default experience of the customer, the customer's current financial position, the economic condition of the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or when the accounts receivable are over the number of days. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Gross carrying amount	\$ 50,442	\$ 67,177
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 50,442</u>	<u>\$ 67,177</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Semi-finished product and Work in process	\$ 96,139	\$ 92,795
Finished goods	65,595	30,337
Raw materials	48,013	2,896
Merchandise inventory	<u>8</u>	<u>72</u>
	<u><b>\$ 209,755</b></u>	<u><b>\$ 126,100</b></u>

The nature of the cost of goods sold is as follows:

	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 223,508	\$ 289,270
Inventory write-downs (reversed)	<u>6,857</u>	<u>(8,196)</u>
	<u><b>\$ 230,365</b></u>	<u><b>\$ 281,074</b></u>

Inventory write-downs were reversed as a result of selling obsolete and slow-moving inventories.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Leased Improvement	Research and Development Equipment	Other Equipment	Property Under Construction	Total
<b>Cost</b>									
Balance at January 1, 2021	\$ 198,809	\$ 307,362	\$ 650	\$ 10,465	\$ 602	\$ 34,766	\$ 4,498	\$ 600	\$ 557,752
Additions	-	-	-	453	-	80	-	1,220	1,753
Disposals	-	-	-	(1,205)	(602)	(7,594)	(1,576)	-	(10,977)
Reclassifications	-	<u>1,820</u>	-	-	-	-	-	<u>(1,820)</u>	-
Balance at December 31, 2021	<u>\$ 198,809</u>	<u>\$ 309,182</u>	<u>\$ 650</u>	<u>\$ 9,713</u>	<u>\$ -</u>	<u>\$ 27,252</u>	<u>\$ 2,922</u>	<u>\$ -</u>	<u>\$ 548,528</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2021	\$ -	\$ (52,374)	\$ (206)	\$ (5,615)	\$ (511)	\$ (21,970)	\$ (3,620)	\$ -	\$ (84,296)
Depreciation	-	-	-	1,205	602	7,594	1,576	-	10,977
Disposals	-	<u>(15,257)</u>	<u>(130)</u>	<u>(1,762)</u>	<u>(91)</u>	<u>(5,114)</u>	<u>(531)</u>	-	<u>(22,885)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (67,631)</u>	<u>\$ (336)</u>	<u>\$ (6,172)</u>	<u>\$ -</u>	<u>\$ (19,490)</u>	<u>\$ (2,575)</u>	<u>\$ -</u>	<u>\$ (96,204)</u>
Carrying amount at December 31, 2021	<u>\$ 198,809</u>	<u>\$ 241,551</u>	<u>\$ 314</u>	<u>\$ 3,541</u>	<u>\$ -</u>	<u>\$ 7,762</u>	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 452,324</u>
<b>Cost</b>									
Balance at January 1, 2022	\$ 198,809	\$ 309,182	\$ 650	\$ 9,713	\$ -	\$ 27,252	\$ 2,922	\$ -	\$ 548,528
Additions	-	-	-	654	-	1,707	-	3,586	5,947
Disposals	-	(49,018)	-	(1,543)	-	(5,938)	(1,750)	-	(58,249)
Reclassifications	-	-	-	-	<u>886</u>	-	-	<u>(866)</u>	-
Balance at December 31, 2022	<u>\$ 198,809</u>	<u>\$ 260,164</u>	<u>\$ 650</u>	<u>\$ 8,824</u>	<u>\$ 886</u>	<u>\$ 23,021</u>	<u>\$ 1,172</u>	<u>\$ 2,700</u>	<u>\$ 496,226</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2022	\$ -	\$ (67,631)	\$ (336)	\$ (6,172)	\$ -	\$ (19,490)	\$ (2,575)	\$ -	\$ (96,204)
Depreciation	-	49,018	-	1,543	-	5,938	1,750	-	58,249
Disposals	-	<u>(12,898)</u>	<u>(130)</u>	<u>(1,594)</u>	<u>(88)</u>	<u>(4,065)</u>	<u>(220)</u>	-	<u>(18,995)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (31,511)</u>	<u>\$ (466)</u>	<u>\$ (6,223)</u>	<u>\$ (88)</u>	<u>\$ (17,617)</u>	<u>\$ (1,045)</u>	<u>\$ -</u>	<u>\$ (56,950)</u>
Carrying amount at December 31, 2022	<u>\$ 198,809</u>	<u>\$ 228,653</u>	<u>\$ 184</u>	<u>\$ 2,601</u>	<u>\$ 798</u>	<u>\$ 5,404</u>	<u>\$ 127</u>	<u>\$ 2,700</u>	<u>\$ 439,276</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	5-50 year
Machinery and equipment	5 year
Office equipment	3-6 year
Leased improvements	5 year
Research and development equipment	3-6 year
Other equipment	6 year

Property, plant and equipment used by the Company are pledged as collateral for bank borrowings are set out in Note 28.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 16,138	\$ 5,169
Transportation equipment	<u>138</u>	<u>966</u>
	<u>\$ 16,276</u>	<u>\$ 6,135</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets		
Buildings	<u>\$ 16,744</u>	<u>\$ 3,924</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 5,447	\$ 5,106
Transportation equipment	<u>828</u>	<u>829</u>
	<u>\$ 6,275</u>	<u>\$ 5,935</u>

Except for additions and depreciation recognized, the Company's right-of-use assets did not have significant sublease or impairment loss.

### b. Lease liabilities

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 4,665</u>	<u>\$ 4,189</u>
Non-current	<u>\$ 12,229</u>	<u>\$ 1,600</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Buildings	1.20%-1.45%	1.20%-1.39%
Transportation equipment	1.45%	1.45%

c. Material leasing activities and terms

The Company leases certain buildings for the use of offices with lease terms of 3 to 5 years. These arrangements do not contain renewal or purchase options. The Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 1,415</u>	<u>\$ 1,271</u>
Total cash outflow for leases	<u>\$ (6,916)</u>	<u>\$ (7,459)</u>

The Company leases certain parking space and office as short-term leases qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

### 13. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Mask</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 65,940	\$ 48,670	\$ 114,610
Additions	2,984	4,207	7,191
Disposals	<u>(3,787)</u>	<u>(24,287)</u>	<u>(28,074)</u>
Balance at December 31, 2021	<u>\$ 65,137</u>	<u>\$ 28,590</u>	<u>\$ 93,727</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ (29,956)	\$ (27,899)	\$ (57,855)
Amortization	(14,436)	(14,490)	(28,926)
Disposals	<u>3,787</u>	<u>24,287</u>	<u>28,074</u>
Balance at December 31, 2021	<u>\$ (40,605)</u>	<u>\$ (18,102)</u>	<u>\$ (58,707)</u>
Carrying amount at December 31, 2021	<u>\$ 24,532</u>	<u>\$ 10,488</u>	<u>\$ 35,020</u>

(Continued)

	<b>Computer Software</b>	<b>Mask</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 65,137	\$ 28,590	\$ 93,727
Additions	607	9,474	10,081
Disposals	<u>(22,210)</u>	<u>(18,007)</u>	<u>(40,217)</u>
Balance at December 31, 2022	<u>\$ 43,534</u>	<u>\$ 20,057</u>	<u>\$ 63,591</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ (40,605)	\$ (18,102)	\$ (58,707)
Amortization	(11,714)	(8,874)	(20,588)
Disposals	<u>22,210</u>	<u>18,007</u>	<u>40,217</u>
Balance at December 31, 2022	<u>\$ (30,109)</u>	<u>\$ (8,969)</u>	<u>\$ (39,078)</u>
Carrying amount at December 31, 2022	<u>\$ 13,425</u>	<u>\$ 11,088</u>	<u>\$ 24,513</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	3-7 years
Mask expense	3 years

#### 14. OTHER CURRENT ASSETS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Prepaid expenses	\$ 5,230	\$ 4,182
Offset against business tax payable	1,097	2,067
Tax receivable	16	3
Other	<u>830</u>	<u>316</u>
	<u>\$ 7,173</u>	<u>\$ 6,568</u>

#### 15. BORROWINGS

##### Long-term borrowings

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Secured loans</u>		
Bank loans	\$ 106,250	\$ 113,750
Less: Current portions	<u>(7,500)</u>	<u>(7,500)</u>
	<u>\$ 98,750</u>	<u>\$ 106,250</u>

As of December 31, 2022 and 2021, the range of weighted average effective interest rates of the bank borrowings secured by the Company's freehold land and buildings (see Note 28), was 1.825% and 1.20% per annum, total loan such loans are due in February 17, 2037, amounts of \$150,000 thousand, will be repayable in the next 20 years, amortize the amount of \$625 thousand total loan per month.

## 16. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Accounts payable-Generated from operating activities	<u>\$ 17,115</u>	<u>\$ 51,008</u>

## 17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Other payables		
Payable for compensation of employees	\$ 10,236	\$ 9,349
Payable for bonuses	9,457	12,999
Payable for compensation of directors	1,806	1,870
Payable for insurance expenses	1,619	1,577
Payable for pension	1,590	1,541
Payable for unused annual leave benefits	1,206	1,503
Payable for professional service fees	348	300
Others	<u>6,651</u>	<u>4,195</u>
	<u>\$ 32,913</u>	<u>\$ 33,334</u>
Other current liabilities		
Receipts under custody	\$ 1,359	\$ 1,203
Contract liabilities - current (Note 20)	<u>104</u>	<u>27</u>
	<u>\$ 1,463</u>	<u>\$ 1,230</u>

## 18. RETIREMENT BENEFIT PLANS

The pension mechanism under the Labor Pension Act is deemed a defined contribution retirement plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' individual pension accounts.

## 19. EQUITY

### a. Share capital

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Authorized shares (in thousands)	<u>80,000</u>	<u>80,000</u>
Authorized capital	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Issued and paid shares (in thousands)	<u>55,973</u>	<u>56,424</u>
Issued capital	<u>\$ 559,731</u>	<u>\$ 564,241</u>

The share capital was authorized to issue with par value of \$10; each share is entitled to the right to vote and to receive dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Additional paid-in capital	\$ 322,312	\$ 324,909
Treasury share transactions	8,798	5,088
<u>May be used to offset a deficit only</u>		
Unclaimed dividends	<u>319</u>	<u>-</u>
	<u>\$ 331,429</u>	<u>\$ 329,997</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital and treasury stock) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be appropriated as cash dividends or stock dividends, which are limited to a certain percentage of the Company's paid-in capital surplus and to once a year). In addition, the capital surplus recognized from dividends with claims extinguished by prescription may be used to offset a deficit.

c. Retained earnings and dividend policy

According to the profit distribution policy specified in the Company's articles, if there is a profit in the annual financial statements, it will be used to pay taxes and offset its losses. After that, legal reserve at 10% of the remaining profit, and the remaining amount will be allocated or reversed to the special reserve according to legal regulations. If there is still a balance remaining, it will be combined with the accumulated undistributed profits, and the board of directors will propose a resolution for profit distribution or retention. When distributing profits through the issuance of new shares, it should be submitted to a shareholders' meeting for resolution. The Company's articles also specify that the board of directors is authorized to make special resolutions to distribute all or part of the dividends to shareholders in the form of cash, and to report to the shareholders' meeting.

The Company's articles provide the policy about employees' compensation and remuneration to directors; refer to Note 21-h compensation of employees and remuneration of directors.

In addition, according to the Company's articles of association, the dividend policy is in the growth stage of the Company. In response to future business expansion plans, the board of directors should consider factors such as the Company's long-term financial planning, future investment plans, and capital budgets, and appropriately adopt stock dividends or cash dividends shall be distributed, and the ratio of cash dividends shall not be lower than 10% of the total shareholder dividends.

The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company's offsetting of deficit for 2020 was approved in the shareholders' meeting held on August 19, 2021 as follows:

	<b>For the Year Ended December 31, 2020</b>
Legal reserve offset a deficit	<u>\$ 33,447</u>

The Company's appropriation of earnings for 2021 was approved in the shareholders' meeting held on June 6, 2022 as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 5,252</u>
Cash dividends	<u>\$ 47,268</u>
Cash dividends per share (NT\$)	\$ 0.86

The appropriations of earnings for 2022 which were proposed by the Company's Board of Directors on February 2, 2023, were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 4,824</u>
Special reserve	<u>\$ 4,422</u>
Cash dividends	<u>\$ 38,998</u>
Cash dividends per share (NT\$)	\$ 0.706

The appropriations of earnings for 2022 will be resolved by the shareholders in the meeting to be held on June 7, 2023.

d. Other equity items

Unrealized gain or loss on fair value through other comprehensive income financial assets

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 154,999	\$ 50,907
Recognized for the year		
Unrealized gain/(loss) - equity instruments	<u>(4,422)</u>	<u>104,092</u>
Balance at December 31	<u>\$ 150,577</u>	<u>\$ 154,999</u>

e. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2021	1,804
Transferred during the year	<u>(300)</u>
Number of shares at December 31, 2021	1,504
Transferred during the year	(356)
Canceled during the year	<u>(451)</u>
Number of shares at December 31, 2022	<u><u>697</u></u>

The Company's board of directors resolved to repurchase 1,500 thousand treasury shares for the second time on December 7, 2018. The implementation was completed at the end of January 2018. A total of 751 thousand shares were repurchased, which will be used to transfer shares to employees.

The Company's board of directors resolved to repurchase 2,000 thousand treasury shares for the third time on March 25, 2020. The implementation was completed at the end of May 2020. A total of 1,053 thousand shares were repurchased, which will be used to transfer shares to employees.

The Company's board of directors resolved to transfer 300 thousand treasury shares to employees at an execution price of \$20.11 per share on September 8, 2021. The employee's stock subscription base date was September 10, 2021. The Company recognized the remuneration cost of \$4,947 thousand on the grant date and recognized capital surplus - treasury share transaction of \$5,088 thousand on the date of transfer, and the relevant transfer price was \$6,033 thousand.

Since the second repurchase of treasury shares was originally transferred to employees, the shares repurchased have not been transferred for more than 3 years, and the Company has regarded such shares as unissued shares. The Company has set February 25, 2022 as the base date for capital reduction, and canceled 451 thousand treasury stocks. The relevant change registration was completed on March 25, 2022 and was recognized according to the shareholding ratio the capital surplus - additional paid-in capital of \$2,597 thousand and the capital surplus - treasury share transaction of \$1,724 thousand.

The Company's board of directors resolved to transfer 159 thousand treasury shares to employees at an execution price of \$17.57 on June 22, 2022. The employee's stock subscription base date was June 23, 2022. The Company recognized the remuneration cost of \$2,725 thousand on the grant date and recognized capital surplus - treasury share transaction of \$2,739 thousand on the date of transfer, and the relevant transfer price was \$2,794 thousand.

The Company's board of directors resolved to transfer 197 thousand treasury shares to employees at an execution price of \$17.57 per share on September 21, 2022. The employee's stock subscription base date was September 21, 2022. The Company has recognized the remuneration cost of \$2,677 thousand on the grant date and recognized capital surplus - treasury share transaction of \$2,695 thousand on the date of transfer, and the relevant transfer price was \$3,461 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

## 20. NET REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 509,302</u>	<u>\$ 579,748</u>

### a. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable and accounts receivable (Note 9)	<u>\$ 50,442</u>	<u>\$ 67,177</u>	<u>\$ 55,006</u>
Contract liabilities - current (Note 17)			
Sale of goods	<u>\$ 104</u>	<u>\$ 27</u>	<u>\$ 235</u>

Revenue in the current year that was recognized from contract liabilities balance at the beginning of the year was summarized as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Contract liability balance at the beginning of the year		
Sale of goods	<u>\$ 27</u>	<u>\$ 235</u>

## 21. NET PROFIT

### a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 1,266	\$ 492
Others	<u>125</u>	<u>125</u>
	<u>\$ 1,391</u>	<u>\$ 617</u>

### b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Dividends	\$ 22,533	\$ 12,132
Others	<u>54</u>	<u>-</u>
	<u>\$ 22,587</u>	<u>\$ 12,132</u>

c. Other gains and losses	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net foreign exchange gains (losses)	\$ 7,648	\$ (1,358)
Gain on lease modification	25	-
Others	<u>(238)</u>	<u>(282)</u>
	<u>\$ 7,435</u>	<u>\$ (1,640)</u>
d. Finance costs	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 1,676	\$ 1,410
Interest on lease liabilities	181	114
Others	<u>125</u>	<u>124</u>
	<u>\$ 1,982</u>	<u>\$ 1,648</u>
e. Depreciation and amortization	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 2,204	\$ 2,587
Operating expenses	<u>23,066</u>	<u>26,233</u>
	<u>\$ 25,270</u>	<u>\$ 28,820</u>
An analysis of amortization by function		
Operating costs	\$ 1,351	\$ 1,959
Operating expenses	<u>19,237</u>	<u>26,967</u>
	<u>\$ 20,588</u>	<u>\$ 28,926</u>
f. Research and development expenditures recognized as expenses when incurred	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Research and development expenditures	<u>\$ 164,039</u>	<u>\$ 169,606</u>
g. Employee benefits expense	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 6,157	\$ 6,239
Share-based payments		
Equity-settled	5,402	4,947
Other employee benefits	<u>181,752</u>	<u>171,285</u>
Total employee benefits expense	<u>\$ 193,311</u>	<u>\$ 182,471</u>

(Continued)

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 9,085	\$ 8,185
Operating expenses	<u>184,226</u>	<u>174,286</u>
	<u>\$ 193,311</u>	<u>\$ 182,471</u>
		(Concluded)

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 15%-20% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 were as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	17%	15%
Remuneration of directors	3%	3%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$ 10,236</u>	<u>\$ 9,349</u>
Remuneration of directors	<u>\$ 1,806</u>	<u>\$ 1,870</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of earnings for the compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Company's board of directors on February 22, 2023 and February 25, 2022, respectively, are as follows:

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 10,236</u>	<u>\$ 9,349</u>
Remuneration of directors	<u>\$ 1,806</u>	<u>\$ 1,870</u>

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 14,697	\$ 3,823
Foreign exchange losses	<u>(7,049)</u>	<u>(5,181)</u>
	<u>\$ 7,648</u>	<u>\$ 1,358</u>

j. Impairment loss (reversal)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Inventories (included in operating costs)	<u>\$ 6,857</u>	<u>\$ (8,196)</u>

## 22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax benefit are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Deferred tax		
In respect of the current year	\$ (75)	\$ (1,413)
Income tax benefit recognized in profit or loss	<u>\$ (75)</u>	<u>\$ (1,413)</u>

A reconciliation of accounting profit and income tax benefit is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 48,169</u>	<u>\$ 51,107</u>
Income tax expense calculated at the statutory rate (20%)	\$ 9,634	\$ 10,221
Tax-exempt income	(4,507)	(2,426)
Deductible temporary differences	(1,484)	(2,929)
Loss carryforwards	<u>(3,718)</u>	<u>(6,279)</u>
Income tax benefit recognized in profit	<u>\$ (75)</u>	<u>\$ (1,413)</u>

b. Current tax assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ 16</u>	<u>\$ 3</u>

c. Deferred tax assets and liabilities

For the year ended December 31, 2022

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Balance, End of Year</b>
<u>Deferred income tax assets</u>			
Temporary differences			
Write-down of inventory	\$ 1,413	\$ (1,377)	\$ 36
Payables for annual leave	<u>-</u>	<u>241</u>	<u>241</u>
	1,413	(1,136)	277
Loss carryforwards	<u>-</u>	<u>1,642</u>	<u>1,642</u>
	<u>\$ 1,413</u>	<u>\$ 506</u>	<u>\$ 1,919</u>
<u>Deferred income tax liabilities</u>			
Unrealized exchange gain	<u>\$ -</u>	<u>\$ 431</u>	<u>\$ 431</u>

For the year ended December 31, 2021

Movements of deferred income tax assets were as follows:

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Balance, End of Year</b>
<u>Deferred income tax assets</u>			
Temporary differences			
Write-down of inventory	<u>\$ -</u>	<u>\$ 1,413</u>	<u>\$ 1,413</u>

- d. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Loss carryforwards		
Expiry in 2030	<u>\$ -</u>	<u>\$ 26,791</u>
Deductible temporary differences		
Write-down of inventory	\$ 38,826	\$ 36,586
Others	<u>-</u>	<u>1,449</u>
	<u>\$ 38,826</u>	<u>\$ 38,035</u>

e. Income tax examination

The tax authorities have examined the income tax returns of the Company through 2020.

**23. EARNINGS PER SHARE**

Unit: NT\$ Per share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.88</u>	<u>\$ 0.96</u>
Diluted earnings per share	<u>\$ 0.87</u>	<u>\$ 0.96</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net income for the year	<u>\$ 48,244</u>	<u>\$ 52,520</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 48,244</u>	<u>\$ 52,520</u>

The weighted average number of ordinary shares outstanding (in thousand shares) was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share (treasury shares excluded)	55,058	54,712
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>436</u>	<u>218</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>55,494</u>	<u>54,930</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 24. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Treasury shares transfer to employees

The Company's board of directors resolved to transfer treasury shares to employees on September 21 and June 22, 2022.

The recipients include employees of the Company who meet specific conditions. Treasury shares transferred to employees were priced using the Black-Scholes pricing model. The inputs to the model are as follows:

	<b>September 21, 2022</b>	<b>June 22, 2022</b>
Grant-date share price (NT\$)	\$ 31.15	\$ 34.70
Exercise price (NT\$)	\$ 17.57	\$ 17.57
Expected volatility	54.55%	49.68%
Expected option life (in years)	14 day	27 day
Expected dividend yield	-	-
Risk-free interest rate	0.92%	0.58%
Weighted-average fair value of options granted (\$)	\$ 13.59	\$ 17.14

The Company transferred treasury shares to employees has recognized the remuneration cost \$5,402 thousand and \$4,947 thousand for the years ended December 31, 2022 and 2021.

## 25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2013.

The Company's capital structure management strategy is based on the industrial scale of the business it operates, the future growth of the industry and the product development blueprint to set an appropriate market share, and plan the required production capacity and corresponding capital expenditure accordingly; Then calculate the required working capital according to the characteristics of the industry, so as to make an overall plan for the scale of assets required for the long-term development of the Company; finally, according to the Company's product competitiveness, operating profit rate and cash flow, and consider the industry risk factors such as business cycle fluctuations and product life cycles are used to determine an appropriate capital structure.

The main management of the Company re-examines the Company's capital structure every year considers the possible costs and risks involved in different capital structures and adopts a prudent risk management strategy.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Company's financial assets and financial liabilities that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 194,760	\$ -	\$ -	\$ 194,760
Unlisted shares	<u>-</u>	<u>-</u>	<u>131,442</u>	<u>131,442</u>
	<u>\$ 194,760</u>	<u>\$ -</u>	<u>\$ 131,442</u>	<u>\$ 326,202</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 164,897	\$ -	\$ -	\$ 164,897
Unlisted shares	<u>-</u>	<u>-</u>	<u>190,102</u>	<u>190,102</u>
	<u>\$ 164,897</u>	<u>\$ -</u>	<u>\$ 190,102</u>	<u>\$ 354,999</u>

There were no transfers between Level 1 and 2 in the current and prior years.

2) Reconciliation fair value measurements of financial instruments

Investments in equity instruments at fair value through other comprehensive income

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 354,999	\$ 250,907
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	(4,422)	104,092
Capital reduction returns	<u>(24,375)</u>	<u>-</u>
Balance at December 31	<u>\$ 326,202</u>	<u>\$ 354,999</u>

3) Valuation techniques and input applied for level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the public market transaction value or net asset value method.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 258,614	\$ 322,499
Financial assets at FVTOCI		
Investments in equity instruments	326,202	354,999
<u>Financial liabilities</u>		
Amortized cost (2)	148,569	187,509

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity over 3 months, notes receivable, accounts receivable and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise accounts payable, other payables (excluding bonus payable, pension payable, employee remuneration payable and director remuneration payable), long-term borrowings (including maturity within one year) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, note receivables, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company has foreign currency-denominated sales and purchase, which exposes the Company to foreign currency risk. However, the Company's purchase manufacturers are mainly foreign, while the sales are mostly foreign customers, all priced in US dollars, so there is a natural risk-avoidance effect. The Company adopts a prudent and conservative principle in the management of foreign currency funds and tries its best to avoid the possible adverse effects of exchange rate changes. The Company's financial personnel also keep in close contact with the bank at any time and collect information related to exchange rates in order to fully grasp the exchange rate trend. In addition to receivables and payables, the business department also fully considers the price adjustments caused by exchange rate changes when quoting prices to ensure profits and eliminate the impact of exchange rate fluctuations on profit and loss as much as possible.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 29.

### Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and forward contracts and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

A positive number below indicates a decrease/an increase in post-tax profit and other equity associated with NTD strengthening by 1% against the USD, and RMB. For a 1% weakening of against the USD and RMB, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	<u>USD Impact</u>		<u>RMB Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss	\$ 213(i)	\$ 400(i)	\$ (150)(ii)	\$ (37)(ii)

(i) The result was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables, payables and deposits received in USD that were not hedged at the end of the year

(ii) The result was mainly attributable to the exposure on outstanding cash and cash equivalents, refundable deposits, payables and lease liabilities in RMB that were not hedged at the end of the year.

#### b) Interest rate risk

The Company is exposed to interest rate risk because of borrowings in both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate floating rate.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 508	\$ 504
Financial liabilities	16,894	5,789
Cash flow interest rate risk		
Financial assets	205,016	252,555
Financial liabilities	106,250	113,750

### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared to assume the amount of each liability outstanding at the end of the year was outstanding for the whole year. The rate of change used in reporting interest rates internally

to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonable range of possible changes in interest rates.

If interest rates had increased/decreased 1% and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$988 thousand and \$1,388 thousand, respectively, which was mainly a result of variable-rate deposits and borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed shares equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments operating in the optoelectronics industry. In addition, the Company's management team monitors the price risk at any time and evaluates when it is necessary to reduce the investment position.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 10% higher/lower, other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$19,476 thousand and \$16,490 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to investments in equity securities has not changed significantly from the prior year

e. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

Financial assets are potentially affected by the Company's counterparty defaulting on its contractual obligations. The policy adopted by the Company is to only conduct transactions with objects with outstanding credit, and the Company's customer base is pure and unrelated to each other, so the concentration of credit risk is not high.

The Company adopts the premise provided by IFRS 9. When the contract payment is more than 90 days overdue according to the agreed payment schedule, it is considered that the credit risk of the financial asset has increased significantly since the original recognition; if the agreed payment schedule is overdue for more than 360 days, it is deemed for breach of contract.

The indicators used by the Company to judge debt instrument investment as credit-impaired are as follows:

- 1) The issuer encounters major financial difficulties, or the possibility of going into bankruptcy or other financial reorganization is greatly increased;
- 2) The issuer delays or fails to pay interest or principal;

3) Unfavorable changes in national or regional economic conditions that lead to the issuer's default.

f. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (2) below.

1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing					
Notes payable	\$ 15,929	\$ 1,186	\$ -	\$ -	\$ -
Other payables (Note)	-	9,824	-	-	-
Long-term borrowings-variable interest rate	625	1,250	5,625	30,000	68,750
Lease liabilities	572	782	3,527	12,533	-
Deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,380</u>	<u>-</u>
	<u>\$ 17,126</u>	<u>\$ 13,402</u>	<u>\$ 9,152</u>	<u>\$ 57,913</u>	<u>\$ 68,750</u>

Further information on the maturity analysis of the Lease liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
Lease liabilities	<u>\$ 4,881</u>	<u>\$ 12,533</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing					
Notes payable	\$ 29,495	\$ 21,513	\$ -	\$ -	\$ -
Other payables (Note)	-	7,575	-	-	-
Long-term borrowings-variable interest rate	625	1,250	5,625	30,000	76,250
Lease liabilities	292	1,038	2,873	1,642	-
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,176</u>	<u>-</u>
	<u>\$ 30,412</u>	<u>\$ 31,376</u>	<u>\$ 8,498</u>	<u>\$ 46,818</u>	<u>\$ 76,250</u>

Further information on the maturity analysis of the Lease liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
Lease liabilities	<u>\$ 4,203</u>	<u>\$ 1,642</u>

Note: The above other payables did not include payables for bonuses, payables for pensions and payables for compensation of employees and remuneration of directors.

2) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Secured bank loan facilities		
Amount used	\$ 150,000	\$ 150,000
Amount unused	<u>100,000</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 150,000</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

### Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 36,148	\$ 31,764
Share-based payment	<u>1,789</u>	<u>1,715</u>
	<u>\$ 37,937</u>	<u>\$ 33,479</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral of bank borrowings:

<b>Asset Name</b>	<b>Provided as collateral</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Financial assets at amortized cost	Tariff guarantee	\$ 508	\$ 504
Land	Long and short-term borrowings	96,896	96,896
Buildings	Long and short-term borrowings	<u>213,787</u>	<u>218,628</u>
		<u>\$ 311,191</u>	<u>\$ 316,028</u>

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,618	30.65	\$ 49,593
RMB	459	4.47	<u>2,051</u>
			<u>\$ 51,644</u>
<u>Financial liabilities</u>			
Monetary items			
USD	919	30.77	\$ 28,273
RMB	3,840	4.44	<u>17,032</u>
			<u>\$ 45,305</u>

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,528	27.63	\$ 69,849
RMB	309	4.32	<u>1,335</u>
			<u>\$ 71,184</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,075	27.73	\$ 29,810
RMB	810	4.37	<u>3,539</u>
			<u>\$ 33,349</u>

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2022	Net Foreign Exchange Gain (Loss)	2021	Net Foreign Exchange Gain (Loss)
	Exchange Rate		Exchange Rate	
USD	30.71 (USD:NTD)	\$ 1,884	27.68 (USD:NTD)	\$ 137
RMB	4.41 (RMB:NTD)	<u>269</u>	4.34 (RMB:NTD)	<u>(83)</u>
		<u>\$ 2,153</u>		<u>\$ 54</u>

### 30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities): Table 1;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 9) Trading in derivative instruments: None;

b. Information on investees: None

c. Information on investments in mainland China

- 1) Information on any investee Company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. None

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. None
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 2)

### 31. SEGMENT INFORMATION

- a. The Company is mainly engaged in the research, design, development, manufacture and sales of radio frequency integrated circuits, and focuses on the operation of this industry. In 2022 and 2021, it only includes a single operating department, which is provided to the main operating decision makers for resource allocation and evaluation. The information on quantitative performance is consistent with the information in the financial statements.
- b. Revenue from major products

The following is an analysis of the Company's revenue from continuing operations from its major products:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
RF IC(Radio Frequency Integrated Circuit)	<u>\$ 509,302</u>	<u>\$ 579,748</u>

- c. Geographical information

The Company's revenue from external customers is classified according to the location of the customers as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Taiwan	\$ 170,624	\$ 199,256
China	264,498	336,118
Others	<u>74,180</u>	<u>44,374</u>
	<u>\$ 509,302</u>	<u>\$ 579,748</u>

d. Information about major customers

Single customers contributing 10% or more to the Company revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>% of Total Sales</b>	<b>Amount</b>	<b>% of Total Sales</b>
Customer B	\$ 105,017	21	\$ 135,521	23
Customer A	71,363	14	126,123	22
Customer E (Note)	NA	NA	61,825	11

Note: Revenue less than 10% of the Company's revenue in 2022.

**AMICCOM ELECTRONICS CORP.**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Issuer	Financial Statement Account	December 31, 2022				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Amicom Electronics CORP.	Top Taiwan IX Venture Capital CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	3,500	\$ 61,710	6.25	\$ 61,710	Note
	Top Taiwan XI Venture Capital CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	4,063	69,732	6.25	69,732	Note
	Ampire CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	6,492	194,760	5.49	194,760	Note

Note: Fair value is determined in the manner described in Note 26.

**AMICCOM ELECTRONICS CORP.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Shui-Cheng, Tu	5,538,579	9.89%
AMPIRE CO., LTD.	2,800,000	5.00%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the principal who opened the trust account. As for the shareholder's declaration of shares held by an insider who holds more than 10% of the shares in accordance with the Securities and Exchange Act, his/her shareholding includes his/her own shareholding plus the shares delivered to the trust that has the right to use the trust property, etc. For information on insider equity declaration, please refer to the Market Observation Post System.

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**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Amount</b>
Cash on hand	\$ 80
Cash in banks	
Checking accounts	116
Currency deposits (Note)	<u>70,616</u>
Total	<u>\$ 70,812</u>

Note: Including NTD44,789 thousand, USD818 thousand @30.66 and RMB170 thousand @4.38.

**AMICCOM ELECTRONICS CORP.**

**FINANCIAL ASSETS AT AMORTIZED COST  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Note</b>	<b>Amount</b>
Current		
Time deposits with original maturities of more than 3 months	Period 2020.09.29-2023.03.30, interest rate 1.305%-1.405%	<u>\$ 134,400</u>
Non-current		
Time deposits with original maturities of more than 3 months	Period 2021.03.13-2023.03.13, interest rate 1.44%	<u>\$ 508</u>

**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE**

**DECEMBER 31, 2022**

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

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<b>Client Name</b>	<b>Amount</b>
Notes receivable - unrelated parties	
Client B	<u>\$ 11,939</u>
Accounts receivable - unrelated parties	
Client A	\$ 9,812
Client B	9,470
Client C	4,751
Client D	4,647
Client E	4,624
Client F	2,285
Others (Note)	<u>2,914</u>
	<u>\$ 38,503</u>

Note: The amount of individual client in others does not exceed 5% of the account balance.

**AMICCOM ELECTRONICS CORP.****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Market Price (Note)</b>
Raw materials	\$ 48,013	\$ 49,984
Semi-finished product and Work in process	96,139	120,084
Finished goods	65,595	145,595
Merchandise inventory	<u>8</u>	<u>10</u>
Total	<u>\$ 209,755</u>	<u>\$ 315,673</u>

Note: Inventories are priced at the lower of cost and net realizable value, and the comparison between cost and net realizable value is based on individual items except for inventories of the same category. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs.

## AMICCOM ELECTRONICS CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Balance, January 1, 2022		Increase		Decrease		Unrealized Gain or Loss On Financial Instrument Amount	Balance, December 31, 2022		Collateral
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	Fair Value	
<u>Shares</u>										
Top Taiwan IX Venture Capital CO., LTD.	5,000	\$ 126,041	-	\$ -	1,500	\$ 15,000	\$ (49,331)	3,500	\$ 61,710	None
Top Taiwan XI Venture Capital CO., LTD.	5,000	64,061	-	-	937	9,375	15,046	4,063	69,732	None
Ampire CO., LTD.	6,492	<u>164,897</u>	-	<u>-</u>	-	<u>-</u>	<u>29,863</u>	6,492	<u>194,760</u>	None
		<u>\$ 354,999</u>		<u>\$ -</u>		<u>\$ 24,375</u>	<u>\$ (4,422)</u>		<u>\$ 326,202</u>	

**AMICCOM ELECTRONICS CORP.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Balance at January 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at December 31, 2022</b>
Cost				
Buildings	\$ 17,595	\$ 16,744	\$ (13,681)	\$ 20,658
Transportation equipment	<u>2,485</u>	<u>-</u>	<u>-</u>	<u>2,485</u>
	<u>\$ 20,080</u>	<u>\$ 16,744</u>	<u>\$ (13,681)</u>	<u>\$ 23,143</u>

**AMICCOM ELECTRONICS CORP.****STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSET  
DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Balance at January 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at December 31, 2022</b>
Accumulated depreciation				
Buildings	\$ 12,426	\$ 5,447	\$ (13,353)	\$ 4,520
Transportation Equipment	<u>1,519</u>	<u>828</u>	<u>-</u>	<u>2,347</u>
	<u>\$ 13,945</u>	<u>\$ 6,275</u>	<u>\$ (13,353)</u>	<u>\$ 6,867</u>

**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2022**

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

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<b>Vendor Name</b>	<b>Amount</b>
Unrelated parties	
Company A	\$ 4,051
Company B	3,237
Company C	3,036
Company D	2,213
Company E	1,622
Company F	1,466
Company G	965
Others (Note)	<u>525</u>
Total	<u>\$ 17,115</u>

Note: The amount of individual vendors in others does not exceed 5% of the account balance.

**AMICCOM ELECTRONICS CORP.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Summary</b>	<b>Lease Term</b>	<b>Discount Rate</b>	<b>Amount</b>
Buildings	Shenzhen office lease	2022.05-2027.05	1.45%	\$ 15,242
Buildings	Shanghai office lease	2021.03-2024.03	1.20%	1,582
Transportation equipment	Official car lease	2020.02-2023.02	1.45%	70
Less: Lease liabilities - current				<u>(4,665)</u>
Lease liabilities -non-current				<u>\$ 12,229</u>

**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF GUARANTEE DEPOSITS**

**DECEMBER 31, 2022**

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

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<b>Item</b>	<b>Amount</b>
Deposits received for sales	<u>\$ 15,380</u>

**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF OPERATION REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Quantity (Thousand Unit)</b>	<b>Amount</b>
RF IC (Radio frequency integrated circuit)	31,380	\$ 513,033
Less: Sales returns	(182)	(3,396)
Less: Sales discounts and allowances	-	<u>(335)</u>
		<u>\$ 509,302</u>

## AMICCOM ELECTRONICS CORP.

STATEMENT OF OPERATING COST  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	\$ 2,896
Add: Raw material purchased	204,980
Less: Transferred to operating expenses	(5)
Raw materials, end of year	<u>(48,013)</u>
Raw material used	159,858
Outsourcing processing costs	92,926
Manufacturing expenses	<u>14,851</u>
Manufacturing costs	267,635
Add: Semi-finished product and Work in process, beginning of year	92,795
Purchase semi-finished product	2,282
Less: Semi-finished product for sales	(11,011)
Semi-finished product and Work in process, end of year	(96,139)
Transferred to operating expenses	(190)
Other	<u>(901)</u>
Cost of finished goods	254,471
Add: Finished goods, beginning of year	30,337
Other	32
Less: Finished goods, end of year	(65,595)
Transferred to operating expenses	<u>(225)</u>
Cost of production	219,084
Add: Merchandise inventory, beginning of year	72
Less: Merchandise inventory, end of year	<u>(8)</u>
Cost of marketing	219,020
Add: Selling semi-finished product	11,011
Other	<u>270</u>
Cost of goods sold	<u>\$ 230,365</u>

**AMICCOM ELECTRONICS CORP.**

**STATEMENT OF MANUFACTURING OVERHEADS**

**DECEMBER 31, 2022**

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

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<b>Item</b>	<b>Amount</b>
Wages and salaries	\$ 8,243
Depreciation expense	2,204
Amortization expense	1,351
Other (Note)	<u>3,053</u>
	<u>\$ 14,851</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

**AMICCOM ELECTRONICS CORP.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Sales and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>
Wages and salaries	\$ 22,652	\$ 35,164	\$ 112,136
Depreciation expense	6,060	6,130	10,876
Amortization expense	36	697	18,504
Others (Note)	<u>11,581</u>	<u>13,840</u>	<u>22,523</u>
Total	<u>\$ 40,329</u>	<u>\$ 55,831</u>	<u>\$ 164,039</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

## AMICCOM ELECTRONICS CORP.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 7,908	\$ 159,468	\$ 167,376	\$ 7,064	\$ 149,274	\$ 156,338
Pension	335	5,822	6,157	321	5,918	6,239
Meal expense	173	2,544	2,717	173	2,763	2,936
Employee benefits	49	721	770	51	822	873
Employee insurance	620	10,955	11,575	576	10,721	11,297
Remuneration of directors	-	4,662	4,662	-	4,726	4,726
Others	-	54	54	-	62	62
Total	<u>\$ 9,085</u>	<u>\$ 184,226</u>	<u>\$ 193,311</u>	<u>\$ 8,185</u>	<u>\$ 174,286</u>	<u>\$ 182,471</u>
Depreciation	<u>\$ 2,204</u>	<u>\$ 23,066</u>	<u>\$ 25,270</u>	<u>\$ 2,587</u>	<u>\$ 26,233</u>	<u>\$ 28,820</u>
Amortization	<u>\$ 1,351</u>	<u>\$ 19,237</u>	<u>\$ 20,588</u>	<u>\$ 1,959</u>	<u>\$ 26,967</u>	<u>\$ 28,926</u>

Note 1: For the years 2022 and 2021, the Company had 103 and 112 employees, respectively, which includes 4 and 5 non-employee directors for years.

Note 2: The average employee benefit expense in the current year was \$1,906 thousand.

The average employee benefit expense in the previous year was \$1,661 thousand.

Note 3: The average employee salary expense in the current year was \$1,691 thousand.

The average employee salary expense in the previous year was \$1,461 thousand.

Note 4: Change in adjustments of average employee salary expense was 16%.

Note 5: The function of the Company's salary and compensation committee is to evaluate the Company's directors and managers' salary and compensation policies and systems in a professional and objective position. It meets at least twice a year and can hold meetings at any time as needed to make recommendations to the board of directors, for reference in its decision-making.

1) Powers of the Remuneration Committee of the Company

- a. Regularly review the Company's remuneration policy and propose amendments.
- b. Formulate and regularly review the policies, systems, standards and structures for the performance and remuneration of directors and managers of the Company.
- c. Regularly evaluate the remuneration of directors and managers of the Company.

(Continued)

- 2) When the remuneration committee performs its functions and powers, it shall follow the following standards
- a. Ensure that the Company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
  - b. The performance evaluation and remuneration of directors and managers should refer to the usual payment situation of the industry and consider the rationality of the relationship between individual performance and the Company's business performance and future risks.
  - c. Directors and managers should not be led to engage in behaviors that exceed the Company's risk appetite in pursuit of salary.
  - d. The proportion of dividends for short-term performance of directors and senior managers and the timing of payment of part of variable remuneration should be determined by considering the characteristics of the Company and the nature of the Company's business.
  - e. Members of this committee are not allowed to participate in discussions and votes on their personal salary and remuneration decisions.

(Concluded)