

Gemtek Technologies Co., Ltd.
and Subsidiary Companies

Consolidated Financial Statements
and Audit Report

For the Three Months Ended March 31,
2023 and 2022

§Table of Content§

§TABLE OF CONTENTS§	2
INDEPENDENT AUDITORS' REPORT	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR	12
I. COMPANY HISTORY	12
II. APPROVAL OF FINANCIAL STATEMENTS	12
III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS	12
IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY	15
VI. CASH AND CASH EQUIVALENTS	15
VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	16
VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE	17
INCOME - OTHERS	17
IX.FINANCIAL ASSETS MEASURED AT AMORTIZED COST	17
X. ACCOUNTS RECEIVABLE	18
XI. INVENTORIES	19
XII.SUBSIDIARIES	20
XIII.INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	22
XV.LEASE ARRANGEMENTS	26
(I) Right-of-use Assets	26
(II) Lease Liabilities	27
(III) Other lease information	27
TABLES	61
FINANCING PROVIDED TO OTHERS	61
MARKETABLE SECURITIES HELD	62

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	63
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	64
INFORMATION ON INVESTEES	65
INFORMATION ON INVESTMENT IN MAINLAND CHINA	66
THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM.....	67

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gemtek Technologies Co., Ltd.

Introduction

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to March 31 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements that are reasonably expressed in accordance with International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" that has been approved and issued by the Financial Supervisory Commission. The results of the review are used to draw conclusions on the consolidated financial statements.

Scope of Review

Except for the base of qualified opinion, we performed the review work in accordance with the review standard No. 2410 "Review of Financial Statements". The procedures performed in reviewing the consolidated financial statements include inquiries (of those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the inquiry work is obviously smaller than that of the audit work, so we may not be able to detect all the major matters that can be identified through the inquiry work, regarding to this, we are not able to express the audit opinion.

Base of Qualified opinion

As stated in Notes to consolidated financial statement No.12, the financial statements of the non-important subsidiaries included in the above-mentioned financial statements for the same period have not been reviewed by us, and their total assets on March 31, 2023 and 2022 were NT\$ NT\$632,743 thousand and NT\$897,927 thousand, accounting for 2.56% and 3.76% of total consolidated assets; total liabilities were NT\$73,176 thousand and NT\$162,840 thousand, accounting for 0.67% and 1.76% of total consolidated liabilities;The total comprehensive profit

and loss of March 31 2023 and 2022 and from January 1 to March 31, 2023 and 2022 was NT\$ (27,917) thousand and NT\$130,703 thousand, respectively, accounting for (8.13)% and 7.06% of the total consolidated comprehensive profit and loss. As stated in Notes to consolidated financial statement No.13, the balance of investments using the equity method on March 31, 2023 and 2022 were NT\$41,063,000 and NT\$27,017,000 respectively, compared with those in January 2023 and 2022 From 1st to March 31st, the share of the net profit (loss) of subsidiaries and affiliated enterprises recognized using the equity method is NT\$ (2,691) thousand and NT\$ (1,887) thousand, respectively, as disclosed in Note 32 to the consolidated financial statements The relevant information of the reinvested enterprise is recognized and disclosed based on the financial statements of the investee company that have not been reviewed by accountants for the same period.

Quilified opinion

According to the audit results, except for the possible adjustment of the financial statements of the non-important subsidiaries and some affiliated companies and investee companies mentioned in the paragraph of Base of qualified opinion, the consolidated financial statements may be adjusted. And It has not been found that the above-mentioned consolidated financial statements have not been compiled in accordance with the Financial Reporting Standards for Securities Issuers and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission in all major aspects, which makes it impossible to express the text properly The consolidated financial status of Gemtek Technology Co., Ltd. and its subsidiaries on March 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to March 31, 2023 and 2022.

Deloitte & Touche Taiwan
Certified Public Accountant
Alice H. Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

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Date: May 3, 2023

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
March 31,2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	March 31,2023		December 31,2022		March 31,2022	
		A m o u n t	%	A m o u n t	%	A m o u n t	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (note 4 and 6)	\$ 1,058,575	4	\$ 1,009,501	4	\$ 1,362,769	6
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	17,788	-	17,940	-	148,263	1
1136	Financial assets at amortized cost-current (note 4, 9 and 29)	101,710	1	3,307	-	7,383	-
1170	Accounts receivable, net (note 4 、 10 and 22)	8,368,024	34	9,305,116	38	6,111,484	26
1180	Accounts receivable from related parties (note 4 、 22 and 28)	44,270	-	63,000	-	188,290	1
1200	Other receivables (note 4 、 28)	199,095	1	33,949	-	52,396	-
1220	Current tax assets (note 4 and 24)	84	-	1,281	-	389	-
130X	Inventories (note 4 and 11)	5,012,582	20	4,601,290	19	5,811,741	24
1470	Other current assets (note 4 and 16)	231,859	1	243,671	1	347,739	1
11XX	Total current assets	<u>15,033,987</u>	<u>61</u>	<u>15,279,055</u>	<u>62</u>	<u>14,030,454</u>	<u>59</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	3,549,014	14	3,258,819	13	4,377,170	18
1535	Financial assets at amortized cost - non-current (note 4 、 9 and 29)	20,000	-	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4 ,12 and 13)	1,163,406	5	1,286,049	5	1,155,349	5
1600	Property, plant and equipment (note 4 and 14)	3,975,339	16	4,042,505	16	3,547,238	15
1755	Right-of-use assets (note 4 and 15)	395,355	2	384,883	2	140,290	1
1805	Goodwill (note 4)	265,224	1	265,224	1	265,224	1
1821	Other intangible assets	61,227	-	65,745	-	79,299	-
1840	Deferred tax assets (note 4 and 24)	48,579	-	61,716	-	48,703	-
1990	Other non-current assets (note 4 and 16)	171,644	1	166,543	1	227,967	1
15XX	Total non-current assets	<u>9,649,788</u>	<u>39</u>	<u>9,551,484</u>	<u>38</u>	<u>9,861,240</u>	<u>41</u>
1XXX	Total assets	<u>\$ 24,683,775</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 23,891,694</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (note 17)	\$ 2,658,035	11	\$ 2,526,205	10	\$ 1,144,000	5
2130	Contract liabilities - current (note 4 and 22)	301,890	1	325,857	1	458,043	2
2170	Accounts payable	6,759,526	27	7,103,761	29	6,568,022	28
2180	Accounts payable to related parties (note 28)	-	-	-	-	5,871	-
2219	Other payables (note 19 and 28)	702,983	3	971,249	4	726,722	3
2230	Current tax liabilities (note 4 and 24)	142,986	1	137,470	1	32,724	-
2280	Current lease liabilities (note 4 and 15)	96,452	-	91,168	-	15,754	-
2399	Other current liabilities (note 19)	55,287	-	56,977	-	56,944	-
21XX	Total current liabilities	<u>10,717,159</u>	<u>43</u>	<u>11,212,687</u>	<u>45</u>	<u>9,008,080</u>	<u>38</u>
	NON-CURRENT LIABILITIES						
2570	Deferred tax liabilities (note 4 and 24)	223,276	1	224,596	1	229,924	1
2580	Non-current lease liabilities (note 4 and 15)	17,709	-	12,689	-	23,281	-
2670	Other non-current liabilities (note 19)	1,744	-	1,705	-	1,850	-
25XX	Total non-current liabilities	<u>242,729</u>	<u>1</u>	<u>238,990</u>	<u>1</u>	<u>255,055</u>	<u>1</u>
2XXX	Total liabilities	<u>10,959,888</u>	<u>44</u>	<u>11,451,677</u>	<u>46</u>	<u>9,263,135</u>	<u>39</u>
	EQUITY (note 4 、 21 and 26)						
	Share capital						
3110	Ordinary shares	3,944,745	16	3,946,465	16	4,051,590	17
3200	Capital surplus	4,980,235	20	4,983,065	20	4,952,482	21
	Retained earnings						
3310	Legal reserve	943,768	4	943,768	4	878,269	4
3320	Special reserve	195,638	1	195,638	1	1,305,902	5
3350	Unappropriated earnings	1,789,715	7	1,728,176	7	760,639	3
3300	Total retained earnings	2,929,121	12	2,867,582	12	2,944,810	12
3490	Other equity	1,579,730	7	1,275,930	5	2,390,667	10
31XX	Total equity attributable to owners of parent	<u>13,433,831</u>	<u>55</u>	<u>13,073,042</u>	<u>53</u>	<u>14,339,549</u>	<u>60</u>
36XX	Non-controlling interests (note 21)	290,056	1	305,820	1	289,010	1
3XXX	Total equity	<u>13,723,887</u>	<u>56</u>	<u>13,378,862</u>	<u>54</u>	<u>14,628,559</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 24,683,775</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 23,891,694</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on May 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD.

Parent Company and Subsidiaries Statements of Comprehensive Income

For January 1 to March 31, 2023

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

c o d e		January 1 to March 31 of 2023		January 1 to March 31 of 2022	
		Amount	%	Amount	%
4000	Operating revenue (note 4、22、 28 and 33)	\$ 7,063,009	100	\$ 5,172,589	100
5000	Operating costs (note 11、20、 23 and 28)	(6,422,753)	(91)	(4,692,727)	(91)
5900	Gross profit	<u>640,256</u>	<u>9</u>	<u>479,862</u>	<u>9</u>
	Operating expenses (note 20、23 and 28)				
6100	Selling expenses	(118,243)	(2)	(114,734)	(2)
6200	General and administrative expenses	(162,733)	(2)	(148,636)	(3)
6300	Research and development expenses	(232,349)	(3)	(214,989)	(4)
6450	Expected credit losses reversed on receivables	(<u>53,018</u>)	(<u>1</u>)	<u>90</u>	<u>-</u>
6000	Total operating expenses	(<u>566,343</u>)	(<u>8</u>)	(<u>478,269</u>)	(<u>9</u>)
6900	Profit from operations	<u>73,913</u>	<u>1</u>	<u>1,593</u>	<u>-</u>
	Non-operating income and expenses				
7100	Interest income (note 23)	8,865	-	4,184	-
7010	Other income (note 23 and 28)	8,598	-	11,951	-
7020	Other gains and losses (note 23)	6,405	-	91,364	1
7050	Finance costs (note 23)	(28,848)	-	(5,110)	-
7060	Share of profit of subsidiaries and associates (note 4 and 13)	<u>7,703</u>	<u>-</u>	<u>43,702</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>2,723</u>	<u>-</u>	<u>146,091</u>	<u>2</u>
7900	Profit before income tax	\$ 76,636	1	\$ 147,684	2
7950	Income tax (note 4 and 24)	(<u>30,871</u>)	<u>-</u>	(<u>21,021</u>)	<u>-</u>
8200	Net profit for the period	<u>45,765</u>	<u>1</u>	<u>126,663</u>	<u>2</u>

(Continued)

(Brought forward)

c o d e	January 1 to March 31 of 2023		January 1 to March 31 of 2022	
	Amount	%	Amount	%
	Other comprehensive income /(loss)			
8310	Items that will not be reclassified subsequently to profit or loss			
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income			
	297,173	4	1,527,975	29
8360	Items that may be reclassified subsequently to profit or loss			
8361	Exchange differences on translation of the financial statements of foreign operations			
	383	-	195,845	4
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method			
	(14)	-	411	-
8300	Other comprehensive income/(loss)			
	<u>297,542</u>	<u>4</u>	<u>1,724,231</u>	<u>33</u>
8500	Total comprehensive income			
	<u>\$ 343,307</u>	<u>5</u>	<u>\$ 1,850,894</u>	<u>36</u>
	Profit, attributable to:			
8610	Profit, attributable to owners of parent			
	\$ 61,539	1	\$ 63,668	1
8620	Profit, attributable to non-controlling interests			
	(15,774)	-	62,995	1
8600				
	<u>\$ 45,765</u>	<u>1</u>	<u>\$ 126,663</u>	<u>2</u>
	Profit, attributable to:			
8710	Comprehensive income, attributable to owners of parent			
	\$ 359,081	5	\$ 1,787,899	35
8720	Comprehensive income, attributable to non-controlling interests			
	(15,774)	-	62,995	1
8700				
	<u>\$ 343,307</u>	<u>5</u>	<u>\$ 1,850,894</u>	<u>36</u>
	Earnings per share (note 25)			
9750	Basic earnings per share			
	<u>\$ 0.16</u>		<u>\$ 0.17</u>	
9850	Diluted earnings per share			
	<u>\$ 0.15</u>		<u>\$ 0.16</u>	

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

(Please refer to the auditors report of Deloitte & Touche Taiwan on May 3, 2023)

Chairman: Hong-wen Chen

General Manager: Rong-chang Li

Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For January 1 to March 31, 2023
(Expressed in thousands of New Taiwan Dollars)

code		Share Capital (note 21)			Retained Earnings (note 21)			Other Equity (note 4 and 21)					Non-controlling equity (note 21)	Total Equity
		Shares (in thousand)	Common Stock	Advance Receipts for Share Capital	Capital Surplus (note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Total		
A1	BALANCE AT JANUARY 1, 2022	366,119	\$ 3,661,188	\$ 44,798	\$ 4,441,626	\$ 878,269	\$ 1,305,902	\$ 696,971	(\$ 581,856)	(\$ 1,268,926)	(\$ 25,997)	\$ 661,073	\$ 225,994	\$ 11,915,821
D1	Net profit for January 1 to March 31, 2022	-	-	-	-	-	-	(163,365)	(212,355)	(1,527,975)	(1,527,975)	(1,839,769)	(1,839,769)	(1,839,769)
D3	Other comprehensive loss for January 1 to March 31, 2022	-	-	-	-	-	-	-	196,256	1,527,975	-	1,724,231	-	1,724,231
D5	Total comprehensive income/(loss) for January 1 to March 31, 2022	-	-	-	-	-	-	63,688	196,256	1,527,975	-	1,724,231	62,995	1,850,894
I1	corporate bond converted to ordinary shares	39,040	39,402	(44,798)	510,856	-	-	-	-	-	-	-	-	856,460
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	5,363	5,363	-	5,363
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	21	21
Z1	BALANCE AT MARCH 31, 2022	405,159	\$ 4,051,590	-	\$ 4,952,482	\$ 878,269	\$ 1,305,902	\$ 760,639	(\$ 385,600)	\$ 2,796,901	(\$ 20,634)	\$ 2,390,667	\$ 289,010	\$ 14,628,559
A1	BALANCE AT JANUARY 1, 2023	394,646	\$ 3,946,465	-	\$ 4,983,065	\$ 943,768	\$ 195,638	\$ 1,728,176	(\$ 347,887)	\$ 1,632,512	(\$ 8,695)	\$ 1,275,930	\$ 305,820	\$ 13,378,862
D1	Net profit for January 1 to March 31, 2023	-	-	-	-	-	-	61,539	-	-	-	-	(15,774)	45,769
D3	Other comprehensive loss for January 1 to March 31, 2023	-	-	-	-	-	-	-	369	297,173	-	297,542	-	297,542
D5	Total comprehensive income/(loss) for January to March 31, 2023	-	-	-	-	-	-	61,539	369	297,173	-	297,542	(15,774)	343,307
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	9	-	-	-	-	-	-	-	-	9
N1	Cancellation of restricted share plan for employees	(172)	(1,720)	-	(2,839)	-	-	-	-	-	4,559	4,559	-	-
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	10	10
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	1,699	1,699	-	1,699
Z1	BALANCE AT MARCH 31, 2023	394,474	\$ 3,944,745	\$ -	\$ 4,980,235	\$ 943,768	\$ 195,638	\$ 1,789,715	(\$ 347,518)	\$ 1,929,685	(\$ 2,437)	\$ 1,579,730	\$ 290,056	\$ 13,723,887

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on May 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company and Subsidiaries Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

code		January 1 to March 31, 2023	January 1 to March 31, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 76,636	\$ 147,684
A20010	Adjustments for:		
A20100	Depreciation expense	124,291	99,501
A20200	Amortization expense	51,856	31,223
A20300	Expected credit losses reversed on receivables		
	expense	53,018	(90)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	-	(19,044)
A20900	Finance costs	28,848	5,110
A21200	Interest income	(8,865)	(4,184)
A21900	Share-based payment expenses	1,718	5,363
A22300	Share of profit of subsidiaries and associates	(7,703)	(43,702)
A22500	Gain on disposal of property, plant and equipment	(7,762)	1,246
A23700	Write-down of inventories	21,705	(4,004)
A24100	Net loss on foreign currency exchange	(86)	(143,683)
A30000	Changes in operating assets and liabilities		
A31115	financial assets at fair value through profit or loss	-	31,194
A31150	Accounts receivable	895,321	187,763
A31160	Accounts receivable from related parties	18,867	14,460
A31180	Other receivables	(169,638)	60,997
A31200	Inventories	(413,320)	(1,894,634)
A31240	Other current assets	12,119	(111,712)
A31990	Prepaid pension	(559)	(541)
A32125	Contract liabilities	(26,964)	148,552
A32150	Accounts payable	(349,646)	2,489,626
A32160	Accounts payable to related parties	(273)	2,466

(Continued)

(Brought Forward)

<u>C o d e</u>		<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
A32180	Other payables	(274,513)	19,898
A32230	Other current liabilities	(4,125)	(23,736)
A33000	Cash used in operations	20,925	999,753
A33100	Interest received	13,357	4,492
A33300	Interest paid	(\$ 22,650)	(\$ 17,760)
A33500	Income tax paid	(12,341)	(3,979)
AAAA	Net cash used in operating activities	<u>(709)</u>	<u>982,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Purchase of financial assets at amortized cost	(98,387)	-
B00050	Proceeds from disposal of financial assets at amortized cost	-	131,512
B02700	Acquisition of property, plant and equipment	(61,923)	(84,757)
B02800	Proceeds from disposal of property, plant and equipment	57,242	6,833
B03700	Increase in refundable deposits	(627)	-
B06700	Increase in other non-current assets	(42,217)	(26,299)
BBBB	Net cash used in investing activities	<u>(145,912)</u>	<u>27,289</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C01300	Redemption of Bonds	-	(3,300)
C04020	Repayment of the principal portion of lease liabilities	(4,209)	(3,676)
C00200	Increase short-term borrowings	131,830	(964,520)
C04400	Increase in other non-current liabilities	39	384
C05800	Changes of non-controlling interest	<u>10</u>	<u>21</u>
CCCC	Net cash generated from financing activities	<u>127,670</u>	<u>(971,091)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>68,025</u>	<u>48,257</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	49,074	86,961
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,009,501</u>	<u>1,275,808</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,058,575</u>	<u>\$ 1,362,769</u>

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

(Please refer to the auditors report of Deloitte & Touche Taiwan on May 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR
January 1, to March 31, 2023

(Expressed In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. COMPANY HISTORY

Gemtek Technologies Co., Ltd. (the “Company”) was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company’s shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on May 03, 2023.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

(2) New, Amended and Revised Standards and Interpretions of IFRSs Announced by the IASB

<u>New, Amended and Revised Standards and Interpretions</u>	<u>Effective Date per IASB (Note1)</u>
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 – Lease liabilities in leaseback	January 01, 2024 (Note2)
IFRS 17 Insurance Contracts	January 01, 2023
Amendments to IFRS 17	January 01, 2023
Amendments to IFRS 17 – Initial application of IFRS 17 and IFRS 9 -- Comparison	January 01, 2023
Amendments to IAS 1 -- Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 1 -- Non-current liabilities with contractual terms	January 01, 2024

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

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the leaseback transactions signed after the date of initial application of IFRS 16.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I)Statement of Compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and IAS 34 "Interim Financial Reporting" approved and published by the FSC. This consolidated financial report does not contain all of the IFRSs disclosures required for the annually financial report.

(II)Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that 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 the 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 the asset or liability.

(III) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 12, Attachment 5, and Attachment 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(IV) Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2022 Annually Consolidated Financial Report.

1. Retirement benefits

Defined benefit costs for the interim period is based on the benefit cost rate determined by actuarial calculation at the end of the previous year, calculated on the basis from the beginning of the year to the end of the current period, and adjusting for major market fluctuations in the current period, as well as major plan revisions, liquidations or other major One-time item.

2. Taxation

Income tax expense is the sum of current income tax and deferred income tax. Income tax for interim periods is assessed on an annual basis, at the rate which would be applicable to the expected total annual earnings.

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about 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 estimates and underlying assumptions are reviewed by the Group on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 2,682	\$ 2,219	\$ 2,611
Checking accounts and demand deposits	886,647	836,815	1,254,911
Cash equivalents			
Time deposits with original maturities of less than 3 months	169,246	170,467	105,247
	<u>\$ 1,058,575</u>	<u>\$ 1,009,501</u>	<u>\$ 1,362,769</u>

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
— Domestic listed shares	\$ -	\$ -	\$ 104,461
Hybrid Financial Assets			
— Convertible Bonds	17,788	17,940	17,553
Derivative instruments (non hedge accounting)			
— Forward Contract	-	-	26,249
	<u>\$ 17,788</u>	<u>\$ 17,940</u>	<u>\$ 148,263</u>

(I) At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting for the balance sheet were as follows:

	March 31, 2023	December 31, 2022
<u>Financial liabilities - current</u>	-	-
Held for trading	-	-
Derivative instruments (non- hedge accounting)	-	-
— Foreign Exchange Forward Contract	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	2022.02.11-2022.04.11	USD 10,000/NTD 278,400
Sell	USD/NTD	2022.02.11-2022.04.11	USD 10,000/NTD 278,400
Sell	USD/NTD	2022.02.11-2022.04.11	USD 10,000/NTD 278,400

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - OTHERS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Domestic Investments			
Listed shares	\$ 3,389,045	\$ 3,095,245	\$ 4,129,237
Unlisted shares	<u>51,150</u>	<u>51,150</u>	<u>101,695</u>
Total	<u>3,440,195</u>	<u>3,146,395</u>	<u>4,230,932</u>
Overseas Investment			
Listed shares	6,955	10,560	18,889
Unlisted shares	<u>101,864</u>	<u>115,668</u>	<u>127,349</u>
Total	<u>108,819</u>	<u>190,594</u>	<u>146,238</u>
	<u>\$ 3,549,014</u>	<u>\$ 925,288</u>	<u>\$ 4,377,170</u>

The company invests in the above-mentioned stocks for medium and long-term strategic purposes and expects to make profits through long-term investment. The management of the company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it would not be consistent with the long-term investment plan, so the company decide to designate these investments as measured at fair value through other comprehensive income.

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic Investment			
Time deposits with original maturities of more than 3 months	\$ 101,710	\$ 3,307	\$ 7,383
<u>Non-current</u>			
Domestic Investment			
Time deposits with original maturities of more than 3 months	\$ 20,000	\$ 40,000	\$ 20,000

For information on the pledge of financial assets measured at amortized cost, please refer to Note 29.

X. ACCOUNTS RECEIVABLE

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Accounts Receivable</u>			
At Amortized Cost	\$ 8,428,983	\$ 9,313,057	\$ 6,112,097
Less: Allowance for impairment loss	(<u>60,959</u>)	(<u>7,941</u>)	(<u>613</u>)
	<u>\$ 8,368,024</u>	<u>\$ 9,305,116</u>	<u>\$ 6,111,484</u>

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

In the event there is an evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

The following table details the loss allowance of note receivables and accounts receivables based on the Group's provision matrix.

March 31, 2023

	<u>Not overdue</u>	<u>Less than 180 Days</u>	<u>Less than 181~365 Days</u>	<u>Over 366 Days</u>	<u>Risk of default</u>	<u>Total</u>
Expected Credit Loss Rate	-	-	-	100%	100%	
Gross carrying amount	\$ 8,295,473	\$ 72,269	\$ 282	\$ 3,321	\$ 57,638	\$ 8,428,983
Loss allowance (Lifetime ECL)	-	-	-	(3,321)	(57,638)	(60,959)
Amortized cost	\$ 8,295,473	\$ 72,269	\$ 282	\$ -		\$ 8,368,024

December 31, 2022

	<u>Less than 180 Days</u>	<u>Less than 181~365 Days</u>	<u>Over 366 Days</u>	<u>Total</u>
Expected Credit Loss Rate	-	7.69%	100%	
Gross carrying amount	\$ 9,218,712	\$ 93,832	\$ 513	\$ 9,313,057
Loss allowance (Lifetime ECL)	(<u>215</u>)	(<u>7,213</u>)	(<u>513</u>)	(<u>7,941</u>)
Amortized cost	<u>\$ 9,218,497</u>	<u>\$ 86,619</u>	<u>\$ -</u>	<u>\$ 9,305,116</u>

March 31, 2022

	<u>Less than 180 Days</u>	<u>Less than 181~365 Days</u>	<u>Over 366 Days</u>	<u>Total</u>
Expected Credit Loss Rate	-	0.67%	100%	
Gross carrying amount	\$ 6,110,527	\$ 1,199	\$ 371	\$ 6,112,097
Loss allowance (Lifetime ECL)	(<u>234</u>)	(<u>8</u>)	(<u>67</u>)	(<u>613</u>)
Amortized cost	<u>\$ 6,110,293</u>	<u>\$ 1,191</u>	<u>\$ -</u>	<u>\$ 6,111,484</u>

The movements of the loss allowance of account receivables were as follows:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Balance, beginning of year	\$ 7,941	\$ 703
Add: Acquire Subsidiary	53,018	-
Less: Net remeasurement of loss allowance	-	(90)
Balance, end of year	<u>\$ 60,959</u>	<u>\$ 613</u>

XI. INVENTORIES

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Finished goods	\$ 487,758	\$ 697,243	\$ 702,693
Work in process	899,915	509,549	959,334
Raw materials and supplies	3,213,248	3,271,188	3,785,857
Inventory in transit	<u>411,661</u>	<u>123,310</u>	<u>363,857</u>
	<u>\$ 5,012,582</u>	<u>\$ 4,601,290</u>	<u>\$ 5,811,741</u>

As of January 1 to March 2023 and 2022, the cost of inventories recognized as cost of goods sold were NT6,422,753 thousand and NT\$4,692,727 thousand, respectively. Cost of goods sold include allowance for inventory write-downs and inventory obsolescence were \$21,705 thousand and \$(4,004) thousand, respectively. Inventory write-downs and inventory obsolescence were mainly due to the disposal of inventories with depreciation losses.

XII. SUBSIDIARIES

(I) Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			2023 March 31	2022 December 31	2022 March 31
Gemtek Technologies Co., Ltd.	Brightech International Co., Ltd.	Investment	100.00%	100.00%	100.00%
Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100.00%	100.00%	100.00%
Gemtek Technologies Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	33.68%	33.68%	33.68%
Gemtek Investment Co., Ltd.	5V Technologies, Ltd.	Telecommunications	97.92%	97.92%	16.81%
Gemtek Investment Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	16.81%	16.81%	16.81%
Brightech International Co., Ltd.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	80.46%	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Telecommunications	100.00%	100.00%	100.00%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100.00%	100.00%	100.00%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100.00%	100.00%	100.00%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100.00%	100.00%	100.00%
AMPAK International Holdings Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Telecommunications	100.00%	100.00%	100.00%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	19.54%	19.54%	19.54%

The consolidated financial statements of the Group as of January 1 to March 31 2023, which includes the financial statements of its subsidiaries, have been duly audited for the same year, except for BROWAN Communications Incorporation.

(II) Subsidiaries not included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			2023 March 31	2022 December 31	2022 March 31
Gemtek Technologies Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100.00%	100.00%	100.00%
G-Technology Investment Co., Ltd.	PT. South Ocean	Telecommunications	95.00%	95.00%	95.00%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'An) Inc.	Telecommunications	100.00%	100.00%	100.00%

As of January 1, to March 31 2023, the Group held 100% of Wi Tek Investment Co., Ltd., and its total assets were NT\$2,370 thousand , NT\$3,349 thousand and NT\$6,873 , accounting for 0.01%, 0.01% and 0.03% of consolidated assets, respectively. Operating incomes were NT\$0 for both years, accounting for 0% of the consolidated total operating income. As a result, Wi Tek Investment Co., Ltd. was not included in the consolidated financial statements of the Group.

As of January 1, to March 31 2023, the Group held 95% of PT. South Ocean, and its total assets were NT\$2,540 thousand and NT\$2,794 thousand, NT\$2,818 thousand, and NT\$2,626 thousand accounting for 0.01% of consolidated assets, respectively. Operating incomes were NT\$0 for both year, accounting for 0% of the consolidated total operating income. As a result, PT. South Ocean was not included in the consolidated financial statements of the Group.

As of January 1, to March 31 2023, the Group held 100% of the shares of Browan Communications (Xi'An) Inc. through Wi Tek Investment Co., Ltd., and its total assets were NT\$8,827 thousand, NT\$9,724 thousand, and NT\$9,851 thousand, accounting for 0.04% of consolidated assets, respectively. Operating incomes were NT\$804 thousand, NT\$1,636 thousand and NT\$1,487 thousand, accounting for 0.01%, 0.01%, and 0.03% of the consolidated total operating income, respectively. As a result, Browan Communications (Xi'An) Inc. was not included in the consolidated financial statements of the Group.

XIII. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Investment in subsidiaries	\$ 5,164	\$ 6,167	\$ 9,499
Investment in associates	<u>1,158,242</u>	<u>1,279,882</u>	<u>1,145,850</u>
	<u>\$ 1,163,406</u>	<u>\$ 1,286,049</u>	<u>\$ 1,155,349</u>

(I) Investment in subsidiaries

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unlisted Company			
Wi Tek Investment Co., Ltd.	\$ 2,370	\$ 3,349	\$ 6,873
PT. South Ocean	<u>2,794</u>	<u>2,818</u>	<u>2,626</u>
	<u>\$ 5,164</u>	<u>\$ 6,167</u>	<u>\$ 9,499</u>

Proportion of ownership and voting rights:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
WiTek Investment Co., Ltd.	100.00%	100.00%	100.00%
PT. South Ocean	95.00%	95.00%	95.00%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the end of March 31 of 2023 and 2022 and year ended of 2022 was based on the subsidiaries' financial statements which have been audited for the same year.

Please refer to Note 12 for details on subsidiaries that are not included in the consolidated financial statement. For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Attachment 5. ◦

(II) Investments in associates

	March 31, 2023	December 31, 2022	March 31, 2022
Material associate			
AMPAK Technology Inc.	\$ 1,122,343	\$ 1,242,015	\$ 1,128,332
Associate that is not individually material			
Free PP Worldwide Co., Ltd.	25,270	26,409	13,859
BANDRICH, INC.	2,729	3,030	3,659
ANTEK NETWORKS INC	7,900	8,428	-
	<u>\$ 1,158,242</u>	<u>\$ 1,279,882</u>	<u>\$ 1,145,850</u>

1. Material associate :

Company Name	Proportion of ownership and voting rights	Proportion of ownership and voting rights	Proportion of ownership and voting rights
	March 31, 2023	December 31, 2022	March 31, 2022
AMPAK Technology Inc.	30.20%	30.20%	30.20%

For more information regarding the nature of activities, principal place of business and country of incorporation of the associates, please refer to Table 5. ◦

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

AMPAK Technology Inc.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current assets	<u>\$ 1,864,471</u>	<u>\$ 2,237,822</u>	<u>\$ 2,346,431</u>
Non-current assets	744,813	850,394	471,522
Current liabilities	(732,683)	(809,828)	(1,316,983)
Non-current liabilities	(249,192)	(255,608)	(28,270)
Equity	<u>\$ 1,627,409</u>	<u>\$ 2,022,780</u>	<u>\$ 1,472,700</u>
Proportion of the Group's ownership	30.20%	30.20%	33.37%
Equity attributable to the Group	\$ 491,208	\$ 610,880	\$ 491,461
Goodwill	<u>631,135</u>	<u>631,135</u>	<u>636,871</u>
Carrying amount	<u>\$ 1,122,343</u>	<u>\$ 1,242,015</u>	<u>\$ 1,128,332</u>

	<u>January 1 to March31 2023</u>	<u>January 1 to March31 2022</u>
Operating revenue	<u>\$ 387,808</u>	<u>\$ 973,471</u>
Net profit for the year	\$ 44,271	\$ 145,580
Other comprehensive income	(199)	<u>943</u>
Total comprehensive income for the year	<u>\$ 44,072</u>	<u>\$ 146,523</u>

2. Aggregate information of associates that are not individually material

	<u>January 1 to March31 2023</u>	<u>January 1 to March31 2022</u>
The Group's share of: Total comprehensive income	(\$ 1,693)	(\$ 400)

The investments in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for January 1 to March 31 of both year were based on the associates' financial statements which have been audited for the same year.

XIV. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in progress and equipments pending acceptance</u>	<u>Total</u>
<u>Cost</u>						
Balance on January 01, 2022	\$ 368,719	\$ 3,193,097	\$ 2,106,907	\$ 1,441,369	\$ 88,037	\$ 7,198,129
Additions	-	2,000	13,869	36,013	32,875	84,757
Disposals	-	-	(17,645)	(18,353)	-	(35,998)
Prepayments for business facilities	-	-	14,641	5,350	-	19,991
Reclassification	-	2,019	36,179	6,039	(44,237)	-
Effect of foreign currency exchange differences	-	64,315	65,620	37,213	2,440	169,588
Balance on March 31, 2022	<u>\$ 368,719</u>	<u>\$ 3,261,431</u>	<u>\$ 2,219,571</u>	<u>\$ 1,507,631</u>	<u>\$ 79,115</u>	<u>\$ 7,436,467</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2022	\$ -	\$ 1,490,577	\$ 1,196,779	\$ 1,039,235	\$ -	\$ 3,726,591
Disposals	-	-	(14,193)	(13,726)	-	(27,919)
Depreciation expenses	-	26,201	39,313	29,389	-	94,903
Effect of foreign currency exchange differences	-	31,236	38,370	26,048	-	95,654
Balance on March 31, 2022	<u>\$ -</u>	<u>\$ 1,548,014</u>	<u>\$ 1,260,269</u>	<u>\$ 1,080,946</u>	<u>\$ -</u>	<u>\$ 3,889,229</u>
Net value on March 31, 2020	<u>\$ 368,719</u>	<u>\$ 1,713,417</u>	<u>\$ 959,302</u>	<u>\$ 426,685</u>	<u>\$ 79,115</u>	<u>\$ 3,547,238</u>
<u>Cost</u>						
Balance on January 01, 2023	\$ 368,719	\$ 3,291,019	\$ 2,609,946	\$ 1,515,431	\$ 351,810	\$ 8,136,925
Additions	-	270	183	45,689	15,781	61,923
Disposals	-	-	(36,331)	(73,090)	-	(109,421)
Reclassification	-	93,782	96,913	2,073	(192,768)	-
Effect of foreign currency exchange differences	-	4,569	(154,551)	64,953	(12,190)	(97,219)
Balance on March 31, 2023	<u>\$ 368,719</u>	<u>\$ 3,389,640</u>	<u>\$ 2,516,160</u>	<u>\$ 1,555,056</u>	<u>\$ 162,633</u>	<u>\$ 7,992,208</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2023	\$ -	\$ 1,613,994	\$ 1,411,880	\$ 1,068,546	\$ -	\$ 4,094,420
Disposals	-	-	(11,848)	(48,093)	-	(59,941)
Depreciation expenses	-	30,605	51,166	37,297	-	119,068
Effect of foreign currency exchange differences	-	3,703	(143,673)	3,292	-	(136,678)
Balance on March 31, 2023	<u>\$ -</u>	<u>\$ 1,648,302</u>	<u>\$ 1,307,525</u>	<u>\$ 1,061,042</u>	<u>\$ -</u>	<u>\$ 4,016,869</u>
Net value on December 31, 2022 and January 1, 2023	<u>\$ 368,719</u>	<u>\$ 1,677,025</u>	<u>\$ 1,198,066</u>	<u>\$ 446,885</u>	<u>\$ 351,810</u>	<u>\$ 4,042,505</u>
Net value on March 31, 2023	<u>\$ 368,719</u>	<u>\$ 1,741,338</u>	<u>\$ 1,208,635</u>	<u>\$ 494,014</u>	<u>\$ 162,633</u>	<u>\$ 3,975,339</u>

No impairment assessment was performed for January 1 to March 31 of 2023 and 2022 as there were no indication of impairment.

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

Building	
Main buildings	50 years
Others	3~50 years
Machinery and equipment	2~10 years
Miscellaneous equipment	2~10 years

XV. LEASE ARRANGEMENTS

(I) Right-of-use Assets

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2022</u>
Carrying amounts			
Land	\$ 359,846	\$ 358,581	\$ 101,184
Building	31,038	21,060	31,560
Transportation equipment	<u>4,471</u>	<u>5,242</u>	<u>7,546</u>
	<u>\$ 395,355</u>	<u>\$ 384,88</u>	<u>\$ 140,290</u>
		<u>January 1 to</u> <u>March 31, 2023</u>	<u>January 1 to</u> <u>March 31, 2022</u>
Additions to right-of-use assets		<u>\$ 13,055</u>	<u>\$ 2,875</u>
Depreciation charge for right-of-use assets			
Land		\$ 738	\$ 705
Buildings		3,713	3,205
Transportation equipment		<u>772</u>	<u>688</u>
		<u>\$ 5,223</u>	<u>\$ 4,598</u>

In addition to the depreciation expenses recognized above, there was no significant sublease or impairment of the right-of-use assets of the group from January 1 to March 31, 2023 and 2022.

(II) Lease Liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts			
Current	<u>\$ 96,452</u>	<u>\$ 91,168</u>	<u>\$ 15,754</u>
Non-current	<u>\$ 17,709</u>	<u>\$ 12,689</u>	<u>\$ 23,281</u>
Range of discount rate for lease liabilities was as follows:			
	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.67%~4.34%	0.67%~4.34%	0.67%~4.34%
Transportation equipment	0.67%~4.41%	0.67%~4.41%	0.67%~4.41%

(III) Other lease information

	January 1 to March 31, 2023	January 1 to March 31, 2022
Total cash outflow for leases	<u>(\$ 4,386)</u>	<u>(\$ 3,829)</u>

XVI. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepaid expenses	\$ 31,117	\$ 55,036	\$ 40,509
Prepayments	60,821	55,584	126,081
Temporary Payments	82,815	57,726	5,965
Offset Against Business			
Tax Payable	<u>57,106</u>	<u>75,325</u>	<u>175,184</u>
	<u>\$ 231,859</u>	<u>\$ 243,671</u>	<u>\$ 347,739</u>
<u>Non-current</u>			
Deferred expenses	\$ 103,933	\$ 101,597	\$ 152,142
Refundable deposits	8,876	8,249	9,688
Overdue receivables	196,741	196,741	196,741
Allowance for overdue			
receivables	(196,741)	(196,741)	(196,741)
Defined Benefit Asset	38,651	36,762	56,384
Prepayments for business			
facilities	<u>=</u>	<u>310</u>	<u>=</u>
	<u>\$ 171,644</u>	<u>\$ 166,543</u>	<u>\$ 227,967</u>

XVII. BORROWINGS

Short-term borrowings

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Unsecured</u> <u>borrowings</u>			
Line of credit borrowings	<u>\$ 2,658,035</u>	<u>\$ 2,526,205</u>	<u>\$ 1,144,000</u>
Rate of interest per annum (%)	1.70%~5.65%	1.52%~5.95%	0.59%~1.31%

XVIII. BONDS PAYABLE

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
5th Domestic unsecured convertible bonds	-	-	-
Due within 1 year	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

On March 15, 2019, the Company issued its 5th domestic unsecured convertible bond in the amount of \$1,200,000 thousand at 100.2% of its par value for 12 thousand units, in which the denomination for the bond is NT\$100 thousand. The maturity period is 3 years, with a zero coupon rate.

On December 31, 2021, the conversion price was NT\$24.8 per common share, conversion period was from June 16, 2019 to March 15, 2022. After the convertible bonds are issued for 2 years, bondholders may request the Company to redeem the convertible bonds in cash at 100.5% of the bond's face value per sale base date. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the closing price of the Company's common stock exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. After 3 months following the offering date of the convertible bonds and up until 40 days prior to its maturity date, if the outstanding balance of the convertible bonds is less than 10% of the total amount

issued, the Company may, based on the face value of the bond, exercise its rights to redeem all convertible bonds in cash. Except for conversions into common stock and early redemptions made by the Company, a lump-sum payment will be given in cash upon maturity.

This convertible bond includes liability and equity components. The equity components are expressed as capital reserve-stock options under equity. The effective interest rate originally recognized for the liability component is 1.46%.

Proceeds from issuance (Less: NT\$5,084 thousand transaction cost)	\$ 1,197,316
Equity component (Less: NT\$193 thousand trading cost allocated to the equity component)	(45,527)
Financial liabilities at fair value through profit or loss – current (Less: NT\$13 thousand transaction cost)	(3,107)
Liability component at issue date (Less: NT\$4,878 thousand transaction cost allocated to the liability component)	1,148,682
Interest charged at Effective interest rate 1.46%	<u>13,400</u>
Liability component on December 31, 2019	1,162,082
Interest charged at Effective interest rate 1.46%	<u>17,075</u>
Liability component on December 31, 2020	1,179,157
Interest charged at Effective interest rate 1.46%	15,340
Financial asset at fair value through profit or loss	(68)
Bonds payable converted to common shares	(<u>336,587</u>)
Liability component on December 31, 2021	<u>\$ 857,842</u>
Interest calculated at an effective interest rate of 1.46%	1918
Conversion of bonds payable into ordinary shares	(856,460)
Redemption of bond	(3,300)
Liability component on December 31, 2022	<u>\$ -</u>

XIX. OTHER LIABILITIES

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Other</u>			
<u>payables-current</u>			
Other payables	\$282,712	\$ 422,520	\$ 354,265
Payables for salaries or bonuses	416,220	548,230	369,076
Other payables to related parties (Note 28)	<u>4,051</u>	<u>499</u>	<u>3,381</u>
	<u>\$ 702,983</u>	<u>\$ 971,249</u>	<u>\$ 726,722</u>
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Other liabilities —</u>			
<u>current</u>			
Temporary credits	\$ 43,328	\$ 43,630	\$ 46,631
Others	<u>11,959</u>	<u>13,347</u>	<u>10,313</u>
	<u>\$ 55,287</u>	<u>\$ 56,977</u>	<u>\$ 56,944</u>
<u>Other liabilities —</u>			
<u>non-current</u>			
Deposits received	<u>\$ 1,744</u>	<u>\$ 1,705</u>	<u>\$ 1,850</u>

XX. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined benefit plan recognized from January 1 to March 31, 2023 and 2022 were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, and the amounts were 62 thousand and 118 thousand.

XXI. EQUITY

(I) Share capital

<u>Common stock</u>	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands)	<u>394,474</u>	<u>394,646</u>	<u>405,159</u>
Issued capital	\$ 3,944,745	\$ 3,946,465	\$ 4,051,590

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends.

During the year of 2023, the company's Restricted Stock Awards did not meet the vested conditions. On December 16, 2021 and March 13, 2023, the board of directors resolved to withdraw Restricted Stock Awards of 116 thousands shares and 56 thousands shares and reduce capital, the capital reduction base date is January 2, 2023 and March 13, 2023 respectively.

The number of 5th Domestic unsecured convertible bonds is 39,040 thousand shares, and March 18, 2011 is the base date for capital increase.

(II) Capital Surplus

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2023</u>
Shares premium from issuance	\$ 970,862	\$ 970,862	\$1,090,775
Conversion premium	3,606,944	3,606,944	3,606,944
Recognition of changes in ownership interests in subsidiaries	36,197	36,197	36,197
Recognition of changes in investment in subsidiaries and associates by using the equity	157,756	157,756	11,618

method			
Employee restricted stock	57,312	60,151	55,784
Expired share option	150,691	150,691	150,691
Others	<u>473</u>	<u>473</u>	<u>473</u>
	<u>\$ 4,980,235</u>	<u>\$ 4,983,065</u>	<u>\$ 4,952,482</u>

The capital surplus arising from shares issued in excess of par value (including share premium from issuance of ordinary shares), and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus arising from investments, employee share options, and convertible bonds options accounted for equity method may not be used for any purpose.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 23-8 employee benefits and remuneration of directors.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. 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

Under FSC Authorization Letters Jinguanzheng Fazi No. 1010012865 and No. 1010047490, and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve. On January 01, 2003, a total of NT\$195,638 thousand earnings was appropriated to special reserve.

The appropriation of earnings for 2020 and 2019 were approved by the shareholders’ general meetings on July 08, 2021 and June 09, 2020, respectively. The appropriations were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the year ended 2022</u>	<u>For the year ended 2021</u>
Legal reserve	\$ 59,418	\$ 65,499
Special reserve	-	(1,110,264)
Cash dividend	591,712	607,738

The appropriations of earnings for 2022 are subject to the resolution of the shareholders’ meeting that is to be held on May 29, 2023.

(IV) Special reserve

	<u>March 31, 2023</u>	<u>Demcember 31, 2022</u>	<u>March 31, 2022</u>
Beginning balance	\$ 195,638	\$ 1,305,902	\$ 1,305,902
Appropriated special reserve Other deducted equity items	=	<u>(1,110,264)</u>	=
Ending balance	<u>\$ 195,638</u>	<u>\$ 195,638</u>	<u>\$ 1,305,902</u>

Upon the initial adoption of the IFRSs, the reversal of special reserve appropriated due to exchange differences resulting from translation of financial statements of a foreign operation (including subsidiaries) shall be based on the Group’s disposal of ownership. In the event that the Group loses significant influence, the special reserve will be fully reversed. When distributing the earnings, the difference between the

net deduction of other shareholders' equity and the special reserve appropriated during the initial adoption of the IFRSs should be added to the special reserve at the end of the reporting period. Thereafter, earnings may be distributed based on the reversal of the deduction balance of other shareholders' equity.

(V) Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	<u>(\$347,887)</u>	<u>(\$ 581,856)</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	383	195,845
Share from subsidiaries and associates accounted for using the equity method	(14)	411
Disposal of subsidiaries	<u>(14)</u>	<u>411</u>
Ending balance	<u>(\$ 347,518)</u>	<u>(\$ 385,600)</u>

2. Unrealized gain (loss) on financial assets at FVTOCI (fair value through other comprehensive income)

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	<u>\$ 1,632,512</u>	<u>\$ 1,268,926</u>
Recognized for the year		
Unrealized loss equity instruments		
Equity instruments	297,173	1,527,975
Ending balance	<u>\$ 1,929,685</u>	<u>\$ 2,796,901</u>

3. Unearned compensation

On June 9, 2020, the shareholders' meeting resolved to issue employee restricted stocks. Please see Note 26 for more details.

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	(\$ 8,695)	(\$ 25,997)
Cancelled for the year	4,559	-
Issued for the year	-	(98,474)
Recognized share-based payment expenses	<u>1,699</u>	<u>5,363</u>
Ending balance	<u>(\$ 2,437)</u>	<u>(\$ 20,634)</u>

(VI) Non-controlling interests

	January 1 to March 31, 2023	January 1 to March 31, 2022
Beginning balance	\$ 305,820	\$ 225,994
Net income	(15,774)	62,995
Restricted Stock Unit of Subsidiary restricts employees' rights to non-controlling interests	<u>10</u>	<u>21</u>
Ending balance	<u>\$ 290,056</u>	<u>\$ 289,010</u>

XXII. REVENUE

	January 1 to March 31, 2023	January 1 to March 31, 2022
Revenue from contracts		
Revenue from product sales	<u>\$ 7,063,009</u>	<u>\$ 5,172,589</u>

(I) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable	<u>\$ 8,368,024</u>	<u>\$ 9,305,116</u>	<u>\$ 6,111,484</u>	<u>\$ 6,157,358</u>
Notes receivable — related parties (Note 32)	44,270	63,000	188,290	201,980
Accounts receivable (Note 10)	8,412,294	9,368,116	6,299,774	6,359,338
Contract liabilities - current				
Product sales	<u>\$ 301,890</u>	<u>\$ 325,857</u>	<u>\$ 458,043</u>	<u>\$ 307,167</u>

(II) Details on revenue from contracts

Please see note 33.

XXIII. PROFIT BEFORE INCOME TAX

Net profit (loss) from continuing operations include the following items:

(I) Interest income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Bank deposit	<u>\$ 8,865</u>	<u>\$ 4,184</u>

(II) Other income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Rental incomes	\$ 2,456	\$ 2,438
Other income	<u>6,142</u>	<u>9,513</u>
	<u>\$ 8,598</u>	<u>\$ 11,951</u>

(III) Other gains and losses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Gain (loss) on financial assets and liabilities measured at FVTPL	\$ -	\$ 19,044
Foreign currency exchange loss	(1,029)	(73,836)
Loss on disposal of property, plant and equipment	7,762	(1,246)
Others	<u>(328)</u>	<u>(270)</u>
	<u>\$ 6,405</u>	<u>\$ 91,364</u>

(IV) Finance costs

	January 1 to March 31, 2023	January 1 to March 31, 2022
Interest on convertible bond	\$ -	\$ 1,918
Interest on bank loans	28,671	3,039
Interest on lease liabilities	<u>177</u>	<u>153</u>
	<u>\$ 28,848</u>	<u>\$ 5,110</u>

(V) Impairment losses recognized (reversed)

	January 1 to March 31, 2023	January 1 to March 31, 2022
Accounts Receivable	<u>\$ 53,018</u>	<u>(\$ 90)</u>
Inventory (includes operating cost)	<u>\$ 21,705</u>	<u>(\$ 4,004)</u>

(VI) Depreciation and amortization

	January 1 to March 31, 2023	January 1 to March 31, 2022
Property, plant and equipment	\$ 119,068	\$ 94,903
Right-of-use assets	5,223	4,598
Deferred expenses	<u>51,856</u>	<u>31,223</u>
	<u>\$ 176,147</u>	<u>\$ 130,724</u>
Depreciation Expenses by Function		
Operating costs	\$ 86,156	\$ 70,463
Operating expenses	<u>38,135</u>	<u>29,038</u>
	<u>\$ 124,291</u>	<u>\$ 99,501</u>
Amortization expenses by function		
Operating costs	\$ 17,547	\$ 10,299
Operating expenses	<u>34,309</u>	<u>20,924</u>
	<u>\$ 51,856</u>	<u>\$ 31,223</u>

(VII) Employee Benefits Expenses

	January 1 to March 31, 2023	January 1 to March 31, 2022
Post-employment benefits		
Defined contribution plans	\$ 21,463	\$ 22,342
Defined benefit plans (Note 20)	<u>62</u>	<u>118</u>
	<u>21,525</u>	<u>22,460</u>
Share-based payments		
Equity-settled	<u>1,718</u>	<u>5,384</u>
Other employee benefit	<u>682,472</u>	<u>656,124</u>
Total employee benefits expenses	<u>\$ 705,715</u>	<u>\$ 683,968</u>
Employee benefits expense by function		
Operating costs	\$ 381,791	\$ 378,913
Operating expenses	<u>323,924</u>	<u>305,055</u>
	<u>\$ 705,715</u>	<u>\$ 683,968</u>

(VIII) Employee compensation and Remuneration of Board of Directors

In compliance with the Articles of incorporation, the Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate at least 13.5% for employee profit sharing bonuses and no more than 1.8% for the remuneration benefits of directors. The board of directors have resolved the accrual of employee compensation and remuneration of board of directors for January 1 to March 31 of 2023 and 2022, respectively, as follows:

Accrual Rate

	January 1 to March 31, 2023	January 1 to March 31, 2022
Employee compensation	13.5%	13.5%
Remuneration of Directors	1.8%	1.8%

Amount

	January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash	Cash
Employee compensation	<u>\$ 12,315</u>	<u>\$ 13,185</u>
Remuneration of Directors	<u>\$ 1,642</u>	<u>\$ 1,758</u>

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

On March 13, 2023 and March 17, 2022, the employee remuneration and director's remuneration in 2022 and 2021 were respectively resolved by the board of directors as below:

	For the year ended 2022	For the year ended 2021
	Cash	Cash
Employee compensation	\$ 123,629	\$ 112,689
Remuneration of Directors	16,484	15,025

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2023 and 2022 are

available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXIV. INCOME TAXES

(I) Major components of tax expense recognized in profit or loss:

	January 1 to March 31, 2023	January 1 to March 31, 2022
Current income tax		
In respect of the current year	\$ 19,101	\$ 10,840
Deferred tax		
In respect of the current year	11,770	10,181
Income tax expense recognized in profit or loss	<u>\$ 30,871</u>	<u>\$ 21,021</u>

(II) Income tax assessments

The tax return filing of the Company, 5V TECHNOLOGIES, TAIWAN LTD., Browan Communications Inc. and Gemtek Investment Co. Ltd. as of 2020 and previous years have been assessed by the tax authorities.

XXV. EARNINGS PER SHARE

	January 1 to March 31, 2023	January 1 to March 31, 2022
Basic earnings per share from continuing operations	<u>\$ 0.16</u>	<u>\$ 0.17</u>
Diluted earnings per share from continuing operations	<u>\$ 0.15</u>	<u>\$ 0.16</u>

Unit: NT\$ Per Share

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

Current net income

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net income attributable to owners of the company	\$ 61,539	\$ 63,668
Effect of potentially dilutive ordinary shares:		
Interest after tax for convertible bonds	-	1,534
Net income in computation of diluted earnings per share	<u>\$ 61,539</u>	<u>\$ 65,202</u>

Ordinary shares

Unit: Thousand Shares

	January 1 to March 31, 2023	January 1 to March 31, 2022
Weighted average number of ordinary shares in computation of basic earnings per share	393,112	380,975
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	20,642
Employee restricted stock	1,362	2,687
Employee compensation	<u>3,724</u>	<u>1,162</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>398,198</u>	<u>405,466</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was 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.

XXVI. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stock Awards

On June 09, 2020, the annual shareholders' meeting of the Company approved the issuance of Restricted Stock Awards with a total amount of NT\$40,000 thousand, that is 4,000 thousand shares to be issued at issue price of NT\$10 per share. Followed by the approval letter Jinguanzheng Fazi No. 1090349323 issued by the Financial Supervisory Commission, Executive Yuan on July 14, 2020, the board of directors therefore determined August 7, 2020 as the capital increase base date.

If an employee still serves the Company after the subscription of Restricted Stock Awards, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

- (I) 1st anniversary : 30% of subscription ;
- (II) 2nd anniversary : 30% of subscription ;
- (III) 3rd anniversary : 40% of subscription .

Vesting restrictions if conditions have not been fulfilled:

(I) Measures to be taken when employees fail to meet the vesting conditions:

1. Before vesting conditions are met, Restricted Stock Awards received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.
2. The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stock Awards shall be placed under the custody of the trust. For those Restricted Stocks whom

their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

(II) Based upon the above trust custody agreement, employees who have received Restricted Stock Awards are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.

(III) Restricted Stock Awards that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

XXXVII. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Convertible bond	\$ -	\$ -	\$ 17,788	\$ 17,788
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity instrument investment				
— Domestic and overseas listed stock	\$ 3,396,000	\$ -	\$ -	\$ 3,396,000
— Domestic and overseas unlisted stock	-	-	153,014	153,014
Total	<u>\$ 3,396,000</u>	<u>\$ -</u>	<u>\$ 153,014</u>	<u>\$ 3,549,014</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Convertible options	-	-	17,940	17,940
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity instrument investment				
— Domestic and overseas unlisted stock	\$ -	\$ -	\$ 153,014	\$ 153,014
Total	<u>\$ 3,105,805</u>	<u>\$ -</u>	<u>\$ 185,882</u>	<u>\$ 3,258,819</u>

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic and listed stock	\$ 104,461	\$ -	\$ -	\$ 104,461
Foreign currency forward contracts	\$ -	\$ 26,249	\$ -	\$ 26,249
Convertible bond	\$ -	\$ -	\$ 17,553	\$ 17,553
Total	<u>\$ 104,4615</u>	<u>\$ 26,249</u>	<u>\$ 17,553</u>	<u>\$ 148,263</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity instrument investment				
— Domestic and overseas listed stock	\$ 4,148,126	\$ -	\$ -	\$ 4,148,126
— Domestic and overseas unlisted stock	-	-	229,044	229,044
Total	\$ 4,148,126	\$ -	\$ 229,044	\$ 4,377,170

There were no transfers between Levels 1 and 2 in January 1 to March 31 of 2023 and 2022.

2. Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3. Valuation techniques and inputs applied for Level 3 fair value measurement

For stocks of unlisted companies without an active market, their fair value is assessed by using the market method and the income method.

The market approach refers to the market price and related information of listed companies that share a similar background as the unlisted stock in order to estimate its fair value; the income approach uses the discounting cash flow method to calculate the present value of the expected return from holding the investment target.

Hybrid financial assets - Convertible corporate bonds have no market price for reference. The Company's evaluation of fair value is based on the Binomial Tree Model for Convertible Bond Pricing, which factors in the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the periods until maturity.

(II) Categories of financial instrument

	March 31, 2023	December 31,2022	March31, 2022
<u>Financial assets</u>			
Fair value through profit or loss	\$ 17,788	\$ 17,940	\$ 148,263
Fair value through other comprehensive income	3,549,014	3,258,819	4,377,170
Fair value after amortized cost (Note 1)	9,800,550	10,443,122	7,752,010
<u>Financial liabilities</u>			
Fair value after amortized cost (Note 2)	10,122,288	10,602,920	8,446,465

Note 1: Financial assets measured at fair value after amortized cost include cash and cash equivalents, notes receivables-related parties, accounts receivable, accounts receivables-related parties, other receivables, and refundable deposits etc.

Note 2: Financial liabilities measured at fair value after amortized cost include short-term loans, accounts payables, accounts payables -related parties, other payables, refundable deposits, and bonds payable etc.

(III) Financial risk management objective and policies

The Group's major financial instruments include equity instrument investment, accounts receivable, accounts payable, bonds payable, loans and lease liabilities. The Group's Financial Department 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 Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's Finance Department seeks to mitigate the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The Group's operating activities exposed it primarily to the financial risks arising from changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below):

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign Currency Risk

The Group engages in foreign currency-denominated sales and purchase transactions, therefore exposing the Group to foreign currency fluctuation risks.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency.

	<u>Impact of USD</u>	
	<u>January 1 to March 31 2023</u>	<u>January 1 to March 31 2022</u>
Profit or Loss	\$ 22,246	\$ 4,095

The impact of foreign currencies on profit and loss listed in the above table mainly derived from the USD-denominated non-derivative financial assets and liabilities of the Group that are still in circulation on the balance sheet date and have not undergone cash flow hedging.

There was no significant changes in the sensitivity analysis of the current year's foreign exchange rates when compared to the previous year.

(2) Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2023	December 31,2022	March 31, 2022
<u>Fair value interest rate</u>			
<u>risk</u>			
– Financial assets	\$ 291,067	\$ 193,774	\$ 132,741
– Financial liabilities	2,358,035	2,238,880	638,000
<u>Cash flow interest rate</u>			
<u>risk</u>			
– Financial assets	886,536	836,815	1,254,800
– Financial liabilities	300,000	287,325	506,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used

when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for January 1 to March 31 2023 and 2022 would increase by NT\$1,466 thousand and NT\$1,872 thousand, respectively. The main reason for the above derived from the net position of bank deposits and borrowings that are exposed to fluctuating interest rate risks and redeemable bonds attributable to the Group that are measured at fair value.

There was no significant changes in the sensitivity analysis of the current year's interest rates when compared to the previous year.

(3) Other market price risk

Equity price risk exposure arises from the Group's investments in domestic and foreign listed stocks, unlisted stocks, and convertible bonds. The Group assigns relevant personnel to monitor price fluctuations and evaluate the timing to increase hedge positions.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices of financial assets at FVTPL had been 1% higher/lower, profit or loss for January 1 to March 31 2023 and 2022 would increase/decrease by \$0 thousand and \$1,045 thousand, respectively. If equity prices of financial assets at FVTOCI had been higher/lower, other comprehensive income (loss) for January 1 to March 31 2023 and 2022 would increase/decrease by \$35,490 thousand and \$43,772 thousand, respectively.

There was no significant changes in the sensitivity analysis of the current year's equity prices when compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a substantial source of liquidity.

The detailed information of the Group's unused financing facilities as of March 31, 2023 and December 31, 2022 and March 31, 2022 is further stated in (3) financing facilities below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest can be inferred by the yield curve on the balance sheet date.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 5,055,500	\$ 1,753,775	\$ 553,656	\$-
Lease liabilities	1,616	3,195	92,148	17,909
Fixed interest instrument	1,164,101	1,201,526	-	-
Floating rate instrument	432	300,158	-	-
	<u>\$ 6,221,649</u>	<u>\$ 3,258,654</u>	<u>\$ 645,804</u>	<u>\$17,909</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$5,894,826	\$1,767,993	\$412,191	\$-
Lease liabilities	1,143	2,287	88,523	13,182
Fixed interest instrument	2,043,381	199,637	-	-
Floating rate instrument	230,753	57,017	-	-
	<u>\$8,170,103</u>	<u>\$2,026,934</u>	<u>\$500,714</u>	<u>\$13,182</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$4,412,821	\$2,330,656	\$557,138	\$-
Lease liabilities	563	2,708	12,980	23,576
Fixed interest instrument	638,275	-	-	-
Floating rate instrument	229,237	277,294	-	-
	<u>\$5,280,896</u>	<u>\$2,610,658</u>	<u>\$570,118</u>	<u>\$23,576</u>

The aforementioned non-derivative financial liabilities were calculated by floating interest rates, therefore the results may differ from the interest rate accounted for the balance sheet date.

(2) Liquidity and interest risk tables for derivative financial liabilities For the liquidity analysis of derivative financial instruments, for derivative instruments that are settled on a net basis, they are compiled on the basis of undiscounted contract net cash inflows and outflows; for derivatives that are settled on a gross basis, they are compiled on the basis of undiscounted net cash inflows and outflows. It is prepared based on the current total cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed is determined based on the interest rate estimated by the yield curve on the balance sheet date.

March 31, 2023

None

December 31, 2022

None

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years	Above 5 Years
<u>Netting settlement</u>					
Forward exchange	\$ <u>26,249</u>	\$-	\$-	\$-	\$-

(3) Financing facilities Credit Lines

	March 31, 2023	December 31,2022	March 31, 2022
Unsecured bank Loan facility			
— Amount used	\$ 2,658,035	\$ 2,526,205	\$ 1,144,000
— Amount unused	7,199,400	6,932,951	8,000,349
	<u>\$ 9,857,435</u>	<u>\$ 9,459,156</u>	<u>\$ 9,144,349</u>

XXVIII. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(I) Related Party Name and Category

<u>Name of related party</u>	<u>Relationship with the Group</u>
AMPAK Technology Inc.	Associates
SparkLAN Communications, Inc.	Associates
ANTEK NETWORKS INC	Associates
BandRich Inc.	Associates

(II) Sales Revenue

<u>Type/Name of related party</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Associate		
Others	<u>\$ 20,612</u>	<u>\$83,853</u>

Sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(III) Purchase and Processing Fee

<u>Type/Name of related party</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Associate		
Others	<u>\$ -</u>	<u>\$ 3,303</u>

The sales prices and trade term with related parties are not comparable to those with thirdparty customers for certain transactions due to different product specifications; other than that, the determination of sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(IV) Receivables from related parties

<u>Account</u>	<u>Type/Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivables – related parties	Associates			
	AMPAK Technology Inc.	\$ 36,335	\$ 51,344	\$ 174,990
	SparkLAN Communications, Inc.	-	11,656	5,356
	Others	<u>12,464</u>	-	7,944

No guarantee is received for the outstanding accounts receivable from related parties. No allowance for losses is provided for accounts receivable from related parties in 2023 and 2022.

(V) Other receivables from related parties

<u>Type/Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Associate			
Others	<u>\$ 569</u>	<u>\$ 633</u>	<u>\$ 684</u>

Other receivables of the Group to be collected from related parties are the advance payments and purchases of raw materials on behalf of the related parties.

(VI) Payables to related parties

<u>Account</u>	<u>Type/Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable-related parties	Associates			
	AMPAK Technology Inc.	\$ -	\$ -	\$ 5,871

No guarantees were available for outstanding accounts payables to related parties.

(VII) Other payables to related parties

Type/Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Associate others	<u>\$ 4,051</u>	<u>\$ 499</u>	<u>\$ 3,381</u>

Other payables of the Group to be paid to related parties are the accounts payable and procurement made on behalf of the related parties.

(VIII) Other trades with related parties

Type/Name of related party	January 1 to March 31 2023	January 1 to March 31 2022
<u>Rent income</u>		
Associates		
AMPAK Technology Inc.	\$ 851	\$ 1,132
Others	<u>76</u>	<u>84</u>
	<u>\$ 927</u>	<u>\$ 1,216</u>
<u>Other income</u>		
Associate	<u>\$ 151</u>	<u>\$ 603</u>
Others	\$ 851	\$ 1,132

Rental income of the Group collected from associates were based on the market price.

(IX) Compensation of key management personnel

	January 1 to March 31 2023	January 1 to March 31 2022
Short-term employee benefits	\$ 13,600	\$ 18,247
Post-employment benefits	<u>337</u>	<u>2,814</u>
	<u>\$ 13,937</u>	<u>\$ 21,061</u>

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

XXIX. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for tariffs on imported raw materials:

	<u>March 31,2023</u>	<u>December 31,2022</u>	<u>March 31, 2022</u>
Pledged bank deposits (included in financial assets measured at amortized cost)	<u>\$ 23,323</u>	<u>\$ 23,307</u>	<u>\$ 23,382</u>

XXX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

As of March 31, 2023 and December 31, 2022, and March 31, 2022, the limit of guarantee for tariff covenants were NT\$23,323 thousand, NT\$23,307 thousand and NT\$23,382 thousand, respectively.

XXXI. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies of the group were as follows:

March 31, 2023

<u>Foreign currency asset</u>	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Monetary items</u>			
USD	\$ 307,896	30.45 (USD:NTD)	\$ 9,375,437
USD	102,108	6.8717 (USD:RMB)	<u>3,109,193</u>
			<u>\$ 12,484,630</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			

USD	1000	30.45 (USD:NTD)	\$ 177,88
Financial asset measured at fair value through other comprehensive income			
USD	584	30.45 (USD:NTD)	108,819
			<u>\$157,042</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	211,324	30.45 (USD:NTD)	\$ 6,434,802
USD	125,623	6.8717 (USD:RMB)	3,825,235
			<u>\$ 10,260,037</u>

December 31, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 426,403	30.71 (USD:NTD)	\$ 13,094,851
USD	247,006	6.9646 (USD:RMB)	7,585,569
			<u>\$ 20,680,420</u>
<u>Non-monetary items</u>			
Investments			
accounted for using equity method			
USD	\$ 1,061	30.71 (USD:NTD)	\$ 32,575
Financial asset measured at fair value through other comprehensive income			
USD	584	30.71 (USD:NTD)	17,940
Financial asset measured at amortized cost			
USD	3,661	30.71 (USD:NTD)	112,24
			\$ 162,939
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	231,839	30.71 (USD:NTD)	\$ 711,97,76

	Foreign Currencies	Exchange Rate	Carrying Amount
USD	130,355	6.9646(USD:RMB)	4,003,189 <u>\$ 11,122,965</u>

March 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 232,053	28.625 (USD:NTD)	\$ 6,642,510
USD	84,121	6.3482 (USD:RMB)	<u>2,407,964</u>
			<u>\$ 9,050,474</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	816	28.625 (USD:NTD)	\$ 23,358
Financial asset measured at fair value through other comprehensive income			
USD	613	28.625 (USD:NTD)	17,553 <u>\$157,042</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	211,324	30.45 (USD:NTD)	\$ 6,434,802
USD	125,623	6.8717 (USD:RMB)	<u>3,825,235</u>
			<u>\$ 10,260,037</u>

XXXII. SEPARATELY DISCLOSED ITEMS

(I) Information on Significant Transactions and (II) Information on Investees:

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)

4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the share 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 amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
9. Trading in derivative instruments. (Note 7 and 27)
10. Other: Intercompany relationships and significant intercompany transactions. (Table 7)
11. Information on investees. (Table 5)

(III) 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. (Table 6)
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: (Tables 3, 4, and 7)

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

(5) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

(6) 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.

(IV) 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 (None)

XXXIII. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit	
	January 1 to March 31, 2023	January 1 to March 31, 2022	January 1 to March 31, 2023	January 1 to March 31, 2022
Wireless telecommunication products department	<u>\$ 7,063,009</u>	<u>\$ 5,172,589</u>	\$ 236,646	\$ 1,001,225
Central administration cost			(162,733)	(148,636)
Interest income			8,865	4,184
Other income			8,598	11,951
Other gains and losses			6,405	91,364
Finance cost			(28,848)	(5,110)
Share of profit of subsidiaries and associates			<u>7,703</u>	<u>43,702</u>
Profit before income tax			<u>\$ 76,636</u>	<u>\$ 147,684</u>

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during January 1 to March 31 of 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, interest income, other income, other gains or losses, finance cost, share of profit of associates accounted for using the equity method, and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

TABLES

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Parties Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limit (Note 1)
													Item	Value		
1	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd	Short-term financing	Yes	\$ 65,160	\$ 64,250	\$ 64,250	2.25	2	\$ -	Operating capital	\$ -	-	-	\$ 81,705	\$ 81,705
2	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (ChangShu) Co., Ltd	Short-term financing	Yes	9,991	10,191	10,191	1.75	2	-	Operating capital	-	-	-	81,705	81,705
3	Gemtek Technology Co.	Gemtek Vietnam Co., Ltd.	Short-term financing	Yes	1,219,200	1,218,000	-	1.60	2		Operating capital				1,343,383	1,343,383

Note 1 : Pursuant to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Gemtek Electronics (Suzhou) Co. Ltd., when the parent company directly and indirectly holds 100% of the voting shares of foreign companies engaged in fund loans, the aggregate amount of loans shall not exceed 100% of the lending company's net worth, and the maximum amount permitted to a single borrower shall not exceed 100% of the lending company's net worth.

Note 2 : Nature of financing -

1. Enter 1 for Business relationship.
2. Enter 2 for Short-term financing purpose.

Note 3 : Converted by the exchange rate recorded on the financial reporting date – USD: New Taiwan Dollar = 1: 30.45 ; RMB: New Taiwan Dollar = 1:4.431.

Note 4 : : The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
MARCH 31, 2023

TABLE 2

Unit: In Thousands of New Taiwan Dollars/ US Dollars/ RMB. Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance on December 31, 2021				Note
				Shares/Units (in Note thousands)	Carrying Value	Percentage of Ownership%	Fair Value	
Gemtek Technologies Co.,Ltd.	Stock TAI-SAW TECHNOLOGY CO., LTD.	None	Financial assets measured at fair value through other comprehensive income – non-current	691	20,486	0.67	20,486	
	Green Packet Bhd.	None	"	26,273	6,955	2.81	6,955	
	LIONIC CORP.	The Corporation serves as corporate director	"	584	2,991	2.65	2,991	
	SKS Spruce Holding Limited	None	"	2,241	25,121	2.32	25,121	Common stock/Preferred stock Preferred stock
Greenwave holding, Inc.	"	"	3,965	76,743	3.30	76,743		
Gemtek Investment Co.,Ltd	Stock Sky Phy Networks Limited	"	Financial assets measured at fair value through other comprehensive income – non-current	4,943	-	13.82	-	Preferred stock
	SanJet Corp	None	"	3,882	60,717	12.33	14,714	
	LIONIC CORP.	None	"	841	4,406	3.82	4,305	
	Polaris Group	The Corporation serves as corporate director	"	8,675	604,822	1.21	798,263	
	AIPTEK, Inc.	None	"	29	1,318	0.43	306	
	PYRAS TECHNOLOGY INC.	The Corporation serves as corporate director	"	3,100	33,511	19.52	29,140	
	Ingenu Inc.	None	"	1,754	-	3.99	-	Preferred stock
G-Technology Investment Co., Ltd.	Convertible Bond Greenwave Holding, Inc.	None	Financial assets measured at fair value through profit and loss - current	-	17,788 (USD 584)	-	17,788 (USD 584)	
	Stock Polaris Group	None	Financial assets measured at fair value through other comprehensive income – non-current	26,467	2,569,990 (USD 84,400)	3.68	2,569,990 (USD 84,400)	
	Ingenu Inc.	"	"	860	-	2.61	-	Preferred stock
	UBITUS Inc.	"	"	200	-	2.32	-	

Note 1: See Tables 5 and 6 for information on investments in subsidiaries, associates and joint ventures.

Note 2: Converted by the exchange rate recorded on the financial reporting date - USD: NTD = 1: 30.45; RMB: NTD = 1 : 4.431

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Gemtek Technologies Co., Ltd.	Gemtek Electronics(Kunshan)Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	\$ 1,761,350	21%	註 1	註 1	註 1	(\$ 2,399,662)	(43%)	Note 2
	Gemtek Electronics(ChangShu)Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	835,084	10%	註 1	註 1	註 1	(918,668)	(16%)	Note 2
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing expenses	3,156,382	38%	註 1	註 1	註 1	1,498,780	27%	Note 2
Gemtek Electronics(Kunshan)Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(1,761,350)	(71%)	註 1	註 1	註 1	2,399,662	82%	Note 2
Gemtek Electronics(ChangShu)Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(835,084)	(98%)	註 1	註 1	註 1	918,868	83%	Note 2
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sale and processing income	(3,156,382)	(100%)	註 1	註 1	註 1	(1,498,780)	(66%)	Note 2

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2 : Accounts receivables collected from and accounts payables paid to Gemtek Electronics (Kunshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., Gemtek CZ., s.r.o., and Gemtek Vietnam Co., Ltd. are expressed in net amount.

Note 3 : The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
March 31, 2023

TABLE 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
Gemtek Electronics (Kunshan) Co., Ltd	Gemtek Technologies Co., Ltd.	Parent company	\$ 2,399,662	3.11	\$ -	-	\$ 208,748	-
Gemtek Electronics (ChangShu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	918,668	3.39	-	-	257,303	-
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Subsidiary	1,498,780	9.42	-	-	15,132	-

Note: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE 5

Unit: In Thousands of New Taiwan Dollars/ US Dollars. Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares/Units (In Thousands)	%	Carrying Amount			
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Hsinchu County, Taiwan	Investment	\$ 469,457	\$ 469,457	46,946	100.00	\$ 1,154,450	\$ 199,276	\$ 199,276	Note 3
	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	2,484,452	2,484,452	78,600	100.00	5,848,180	44,438	44,438	Note 3
	Brightech International Co., Ltd.	Republic of Mauritius	Investment	(USD 73,600)	(USD 73,600)						
	AMPAK Technology Inc.	Hsinchu County, Taiwan	Telecommunications	207,969	207,969	6,145	100.00	68,176	(634)	(634)	Note 3
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	(USD 6,145)	(USD 6,145)						
	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	510,303	510,303	20,101	33.37	1,082,428	408,182	124,245 (note1)	
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunications	132,155	132,155	4,000	100.00	8,082	(12,756)	(12,756)	
	ANTEK NETWORKS INC	Taiwan	Telecommunications	(USD 4,000)	(USD 4,000)						
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Independent State of Samoa	Investment	297,826	297,826	11,815	33.68	295,621	163,478	37,945	Note 3
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunications	908,384	908,384	-	100.00	579,584	79,878	79,878	Note 3
	Primax Communication (B.V.I.) Inc.	British Virgin Islands	Investment	(USD 30,000)	(USD 30,000)						
	PT. South Ocean	Indonesia	Telecommunications	9,000	9,000	900	15.25	7,900	(3,461)	(528)	
	Free PP Worldwide Co.,Ltd.	Republic of Seychelles	Investment	1,099,843	1,099,843	36,000	100.00	1,100,261	41,496	41,496	Note 3
				(USD 35,561)	(USD 35,561)			(USD 39,749)	(USD 1,491)	(USD 1,491)	
Gemtek Investment Co.,Ltd	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	25,351	25,351	12,000	100.00	(2,822)	(9,568)	(9,568)	Note 3
	BandRich Inc.	New Taipei City, Taiwan	Telecommunications	(USD 692)	(USD 692)			(USD -102)	(USD -341)	(USD -341)	
	5V Technologies, Ltd.	Taipei City, Taiwan	Telecommunications	73,886	73,886	2,297	100.00	16,500	(93)	(93)	Note 3
				(USD 2,297)	(USD 2,297)			(USD 596)	(USD -3)	(USD -3)	
				7,838	7,838	24	95.00	2,540	-	-	
			(USD 238)	(USD 238)			(USD 92)	(USD -)	(USD -)		
			30,260	30,260	1,002	30.00	13,065	(367)	(110)		
			(USD 1,000)	(USD 1,000)			(USD 472)	(USD -12)	(USD -4)		
			141,825	141,825	5,895	16.80	147,361	(27,917)	(5,357)	Note 3	
			55,000	55,000	5,500	27.04	2,728	(1,117)	(302)		
			13,500	13,500	1,350	97.92	107,608	961	392 (note2)	Note 3	

Note 1: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$13,370 thousand, less the identifiable intangible assets adjusted amortization of the current period NT\$2,978 thousand.

Note 2: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$ 941 thousand, and less the identifiable intangible assets adjusted amortization of the current period NT\$549 thousand.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE 6

Unit: In Thousands of New Taiwan Dollars/ US Dollars. Unless Stated Otherwise

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 01, 2021	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
Gemtek Electronics (Suzhou) Co. Ltd.	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	\$ 254,258 (USD 8,350)) Indirect investment in Mainland China through a holding company established in other countries – Brightech International Co Ltd 及 Primx Communication (BVI) Inc	\$ 253,314 (USD 8,319)	\$ -	\$ -	\$ 230,270 (USD 8,319)	(\$ 478) (USD -17)	100.00	(\$ 3,173) (USD -104)	\$ 81,705 (USD 2,683)	\$ -	Note 3 & Note 4
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	456,750 (USD 15,000)	Indirect investment in Mainland China through a holding company established in other countries – G-Technology Investment Co Ltd.	456,750 (USD 15,000)	-	-	415,200 (USD 15,000)	25,496 (USD 909)	100.00	16,495 (USD 543)	2,685,189 (USD 88,184)	-	Note 3 & Note 4
Browan Communications (Xi'an) Inc.	R&D, production, sales and provision of technical consulting and related services for wireless network products	121,800 (USD 4,000)	Indirect investment in Mainland China through a holding company established in other countries – Wi Tek Investment Co Ltd	121,800 (USD 4,000)	-	-	110,720 (USD 4,000)	(12,756) (USD -456)	100.00	(998) (USD -33)	2,364 (USD 78)	-	
Gemtek Electronics (ChangShu) Co., Ltd.	R&D, production, sales and provision of technical consulting and related services for wireless network products	1,096,200 (USD 36,000)	Indirect investment in Mainland China through a holding company established in other countries – G-Technology Investment Co Ltd	1,096,200 (USD 36,000)	-	-	1,096,200 (USD 36,000)	19,104 (USD -629)	100.00	(19,104) (USD -629)	1,117,912 (USD 36,173)	-	Note 3 & Note 4

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 1,945,146 USD 63,880 (註 1)	\$ 1,914,696 USD 62,880	\$ 8,060,298

Note 1: (1) The investment amount remitted at the end of the period exceeds the USD 1,000 thousand investment amount approved by the Investment Commission of the Ministry of Economic Affairs.

The remittance was made by AMPAK Technology Inc., the parent company of Gemtek Electronics (ChangShu) Co., Ltd., Ltd. from the previous period.

(2) In July 2009, the Company acquired 100% shareholding of AMPAK International Holdings Ltd., an overseas holding company of Gemtek Electronics (ChangShu) Co., Ltd., through an overseas company G-Technology Investment Co., Ltd. for US\$561,000 (NT\$17,413 thousand), which has been approved by the Investment Commission of the Ministry of Economic Affairs Letter-2 No. 09800283840.

(3) The conversion rate is based on the average spot buying/selling exchange rate of the Bank of Taiwan on March 31, 2023.

Note 2: See Tables 3, 4 and 7 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

Note 3: Amount was recognized based on the audited financial statements of the investee as of March 31, 2021.

Note 4: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM FOR THE THREE MONTHS ENDED MARCH 31, 2023

TABLE 7

Unit: In Thousands of New Taiwan Dollars. Unless Stated Otherwise

No.	Name of Company Engaged in Business Transaction	Counterparty	Relationship	Business Transaction Status			
				Account	Amount	Transaction Terms	% to Total Asset
0	Gemtek Technologies Co., Ltd. <u>January 01, 2020 to</u> <u>December 31, 2020</u>	Gemtek Electronics (ChangShu) Co., Ltd.	Parent company to subsidiary	Sales revenue—processing expense	\$ 835,084	Note 1	34%
				Accounts payable	918,668	Note 1	4%
		Gemtek Electronics (Kunshan) Co., Ltd.	Parent company to subsidiary	Sales revenue—processing expense	1,761,350	Note 1	25%
				Accounts payable	2,399,662	Note 1	10%
		Gemtek CZ., s.r.o.	Parent company to subsidiary	Sales revenue—processing expense	47,794	Note 1	1%
				Other receivables	55,009	Note 1	-
		Gemtek Vietnam Co., Ltd.	Parent company to subsidiary	Sales revenue—processing expense	3,156,382	Note 1	45%
Accounts receivable	1,498,780			Note 1	6%		
1	Gemtek Electronics (Suzhou) Co. Ltd.	BROWAN Communications Incorporation	Parent company to subsidiary	Sales revenue—processing expense	80,739	Note 1	1%
				Accounts receivable	81,153	Note 1	-
				Other receivables	74,441	Note 2	-

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2: According to the agreement of both parties.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.