# NIKO SEMICONDUCTOR CO., LTD.PARENT COMPANY ONLY FINANCIALSTATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS DECEMBER 31, 2022 AND 2021

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

# Auditor’s Report

Board of Directors of Niko Semiconductor Co., Ltd.:

**Audit opinions**

The Balance Sheet of Dec. 31, 2021 and Dec. 31, and 2022, and Statement of Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows, and individual Financial Reports Notes (including summary of major accounting policies) from Jan. 1 to Dec. 31 of 2021 and 2022 of Niko Semiconductor Co., Ltd. have been audited by the accountant.

According to the accountant’s opinions, the individual Financial Reports are prepared according to the preparation standards of Financial Reports of securities issuer in all the major aspects based on the accountant’s audit results and other accountants’ audit reports (please refer to the section of other matters), which are sufficient to fairly reflect the financial status of Niko Semiconductor Co., Ltd. on Dec. 31 of 2021 and 2022 and financial performance and cash flows of the company from Jan. 1 to Dec. 31 of 2021 and 2022.

**Basis for audit opinions**

The accountant carries out audit work according to the rules of accountant’s audit certificate of financial statements and auditing standards. The accountant’s responsibilities under the standards will be further explained in the responsibility section when the accountant audits the individual Financial Reports. In accordance with the code of professional ethics for accountants, the personnels of the accounting firm who are subject to the code of independence have maintained their independence from Niko Semiconductor Co., Ltd. and fulfilled other responsibilities of the code. Based on the accountant’s audit results and other accountants’ audit reports, the accountant believes that the accountant has obtained sufficient and appropriate audit evidences as basis for audit opinions.

**Other matters**

The partial investment Financial Reports adopted with equity method listed into the Niko Semiconductor Co., Ltd. have not been audited by the accountant and they are audited by other accountants. Therefore, among the accountant’s opinions on individual Financial Reports, the amount listed aiming at the Financial Reports not audited by the accountant is based on the audit reports of other accountants. The aforementioned investment by equity method listed on Dec. 31, 2021 and Dec. 31, 2022 are occupied 2% and 4% of total assets and the share of affiliated enterprise's profit and loss by equity method listed from Jan. 1 to Dec. 31 of 2021 and 2022 are occupied 2% and 0% of net profit before tax.

**Key audit matters**

Key audit matters refer to the most important matters to the audit of individual Financial Reports of Niko Semiconductor Co., Ltd. in 2022 according to the professional judgment of the accountant. The matters have been response in the process of auditing the overall individual Financial Reports and forming audit opinions. The accountant does not separately express opinions on the matters. The key audit matters which shall be shown on the audit report according to the accountant's judgment are as follows:

Inventory evaluation

Please see details about the accounting policies related to inventory in individual Financial Reports Note 4(7); please see details about uncertainty of the accounting estimate and hypothesis of inventory evaluation in individual Financial Reports Note 5; please see details about inventory and related loss in individual Financial Reports Note 6(4).

Instructions on the key audit matters:

Inventory is measured by the lower of cost and net realizable value. Because technology changes rapidly, update of new products and technology affects market demand. It might generate the risk that inventory cost exceeds its net realizable value. Because the available for sale of inventory will affect its value evaluation and continuous attention is required. Inventory is the important asset item of individual Financial Reports. Therefore, inventory evaluation is one of the important matters that the accountant audits the Financial Reports of Niko Semiconductor Co., Ltd.

How to response to the matter in audit

The audit works carried out by the accountant include: understand inventory depreciation loss provision policy of Niko Semiconductor Co., Ltd. and check its inventory evaluation has been carried out according to existing accounting policies, including implementation of sampling procedure and check of correctness of inventory ages, analysis on change circumstances of inventory ages in various periods; check of reasonableness of withdrawal of the authority of inventory reserves loss in the past and comparison with the method and hypothesis of current inventory reserves loss estimated to evaluate whether the estimate method and hypothesis of current inventory reserves loss are fair and appropriate. Check the post-term sales status of inventory to evaluate the reasonableness of estimate of inventory reserves evaluation.

**Responsibilities of management layer and governance unit on individual Financial Reports**

Responsibility of management layer is to prepare the individual Financial Reports with fair and appropriate expression according to the preparation standards of Financial Reports of securities issuer and maintain the necessary internal control related to preparation of individual Financial Reports to ensure that there is no significant misrepresentation caused by fraudulent practices or error in the individual Financial Reports.

When preparing the individual Financial Reports, the responsibility of management layer includes evaluation of sustainable operation ability of Niko Semiconductor Co., Ltd., disclosure of related matters and continuous operation accounting base, unless management layer intends to liquidate Niko Semiconductor Co., Ltd. or stop business, or there are no other feasible solutions except for liquidation or stoppage of business.

Governance unit (including Audit Committee) of Niko Semiconductor Co., Ltd. bears the responsibility of supervising the process of financial report.

**Accountant's responsibility in audit of individual Financial Reports**

The purpose of the accountant's audit of individual Financial Reports is to obtain reasonable assurance about whether the individual Financial Reports exist significant misrepresentation caused by fraudulent practices or error and issue audit report. Reasonable assurance is high assurance. The audit work carried out according to auditing standards cannot guarantee to find that individual Financial Reports exist significant misrepresentation. False expression might be caused by fraudulent practices or error. If the individual amount or total number of false expression can reasonably predict the economic decision that will influence the user of individual financial statements, then it will be deemed as significance.

When the accountant audits according to auditing standards, the accountant will use professional judgment and keep professional doubt. The accountant also carries out the following works:

1. Recognize and evaluate the significant misrepresentation risk of individual Financial Reports caused by fraudulent practices or error; design and implement the appropriate response to the evaluated risk; obtain sufficient and appropriate audit evidences as basis for audit opinions. Because fraudulent practices might involve in collusion, forge, intentional omission, false statement or exceeding internal control, the risk of significant

misrepresentation caused by fraudulent practices is not found is higher than that of error.

2. Obtain necessary understanding on the internal control related to audit to design the appropriate audit procedures under the situation. The purpose is not to express opinions on the effectiveness of internal control of Niko Semiconductor Co., Ltd.

3. Evaluate the appropriateness of the accounting policies adopted by management layer and the reasonableness of the accounting estimate and related disclosure made by it.

4. According to the obtained audit evidences, make conclusion on the appropriateness of the continuous operation accounting base adopted by the management layer and whether the event or situation which might generate major doubt about the sustainable operation ability of Niko Semiconductor Co., Ltd. exists major uncertainty or not. If the accountant thinks that the event or situation exists major uncertainty, the accountant shall remind the user of individual Financial Reports to pay attention to the relevant disclosure of individual Financial Reports in the audit report or correct audit opinions when the disclosure belongs inappropriateness. The accountant's conclusion is based on the audit evidences obtained as of audit report date. However, the future event or situation might lead to that the Niko Semiconductor Co., Ltd. will not have sustainable operation ability.

5. Evaluate the overall expression, structure and contents of individual Financial Reports (including relevant Notes) and whether the individual Financial Reports fairly and appropriately express relevant trades and events.

6. Obtain sufficient and appropriate audit evidences about the financial information of the invested company adopting equity method to express opinions on individual Financial Reports. The accountant is responsible for guiding, supervising and implementing the audit case and forming audit opinions of Niko Semiconductor Co., Ltd.

The matters communicated by the accountant with governance unit include planned audit scope and time and major audit findings (including the internal control significant loss recognized in the process of audit).

The accountant also provides the governance unit with the statement that the personnels of the accounting firm who are subject to the code of independence have abided by the related independence in the code of professional ethics of accountant and communicates with governance unit about all the relations which might be thought to affect the accountant's independence and other matters (including related prevention and protection measures).

The accountant will decide the key audit matters to the audit of individual Financial Reports of Niko Semiconductor Co., Ltd. in 2022 from the matters communicated with governance unit. The accountant will clearly state the matters in the audit report, unless the special matter is forbidden by laws for public disclosure, or under rare situation, the accountant will decide not to communicate the special matter in the audit report, because it can be reasonably expected that the negative impact of this communication will be greater than the public interest.

KPMG Taiwan
Fu, Hong-Wen
Hong, Shi-Gang
March 17, 2023

<u>Notice to Readers</u>
The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.
For the convenience of readers, the independent auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail.

# Niko Semiconductor Co., Ltd.
## Balance Sheet
## Dec. 31 of 2021 and 2022

**Unit: NTD thousand**

| | | 2022.12.31 | | 2021.12.31 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and equivalent cash (Note 6(1)) | $ 1,152,180 | 34 | 1,152,855 | 37 |
| 1110 | Financial assets measured at fair value through profits and losses - Current(Note 6(2)) | 317 | - | - | - |
| 1170 | Net accounts receivable(Note 6(3) and (13)) | 737,473 | 22 | 954,195 | 30 |
| 1180 | Accounts receivable – Net amount of Related parties(Note 6(3)、(13) and 7) | - | - | 30,864 | 1 |
| 1200 | Other receivables(Note 7) | 17,541 | - | 15,783 | 1 |
| 130X | Inventory (Note 6(4)) | 813,024 | 24 | 393,774 | 13 |
| 1470 | Other current assets(Note 9) | 44,061 | 1 | 14,108 | - |
| | **Total current assets** | 2,764,596 | 81 | 2,561,579 | 82 |
| | **Non-current assets:** | | | | |
| 1550 | Investments by equity method(Note 6(5) and 7) | 197,073 | 6 | 115,379 | 4 |
| 1600 | Property, plant and equipment (Note 6(6) and 8) | 302,750 | 9 | 288,195 | 9 |
| 1760 | Net Investment property (Note 6(7) and 8) | 70,970 | 2 | 71,577 | 2 |
| 1840 | Deferred income tax assets(Note6(10)) | 11,789 | - | 11,830 | - |
| 1900 | Other non-current assets(Note 9) | 74,684 | 2 | 80,522 | 3 |
| | **Total non-current assets** | 657,266 | 19 | 567,503 | 18 |
| | **Total assets** | $ 3,421,862 | 100 | 3,129,082 | 100 |

| | | 2022.12.31 | | 2021.12.31 | |
|---|---|---|---|---|---|
| | **Liabilities and equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2120 | Financial liabilities measured at fair value through profits and losses - Current(Note 6(2)) | $ - | - | 1,909 | - |
| 2170 | Accounts payable | 432,458 | 13 | 523,377 | 17 |
| 2180 | Accounts payable-Related parties (Note 7) | 66 | - | 2,047 | - |
| 2200 | Other payables (Note 7) | 226,442 | 7 | 200,648 | 7 |
| 2230 | Current income tax liabilities | 81,403 | 2 | 67,167 | 2 |
| 2300 | Other current liabilities(Note 6(13) and 7) | 2,776 | - | 9,081 | - |
| | **Total current liabilities** | 743,145 | 22 | 804,229 | 26 |
| | **Non-current liabilities:** | | | | |
| 2600 | Other non-current liabilities(Note 6(9) and (10)) | 3,787 | - | 11,286 | - |
| | **Total non-current liabilities** | 3,787 | - | 11,286 | - |
| | **Total liabilities** | 746,932 | 22 | 815,515 | 26 |
| | **Equity:** | | | | |
| 3110 | Capital stock of common stock(Note 6(11)) | 612,515 | 18 | 612,515 | 20 |
| 3200 | Capital reserves(Note 6(11)) | 630,512 | 18 | 630,512 | 20 |
| 3310 | Legal reserves(Note 6(11)) | 202,903 | 6 | 167,537 | 5 |
| 3320 | Special reserves(Note 6(11)) | 3,645 | - | 3,306 | - |
| 3350 | Undistributed earnings (Note 6(11)) | 1,228,643 | 36 | 903,342 | 29 |
| 3410 | Other equity | (3,288) | - | (3,645) | - |
| | **Total equity** | 2,674,930 | 78 | 2,313,567 | 74 |
| | **Total liabilities and equity** | $ 3,421,862 | 100 | 3,129,082 | 100 |

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

## Niko Semiconductor Co., Ltd.

### Statements of Comprehensive Income

### Jan. 1 to Dec. 31 of 2021 and 2022

Unit: NTD thousand

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating income (Note 6(13) and 7)** | $ 2,613,483 | 100 | 2,858,970 | 100 |
| 5000 | **Operating costs (Note 6(4), (9), (14), 7 and 12)** | 1,803,052 | 69 | 2,014,162 | 70 |
| | **Gross operating profits** | 810,431 | 31 | 844,808 | 30 |
| | **Operating expenses (Note 6(3), (9), (14), 7 and 12):** | | | | |
| 6100 | Sales promotion expenses | 125,992 | 5 | 124,980 | 4 |
| 6200 | Management expenses | 136,370 | 5 | 139,133 | 5 |
| 6300 | Research and development expenses | 174,479 | 7 | 133,906 | 5 |
| 6450 | Expected credit impairment loss (Reversal benefit) | (320) | - | 102 | - |
| | **Total operating expenses** | 436,521 | 17 | 398,121 | 14 |
| | **Net operating profits** | 373,910 | 14 | 446,687 | 16 |
| | **Non-operating income and expenditure：** | | | | |
| 7010 | Other income (Note 6(15) and 7) | 5,954 | - | 6,459 | - |
| 7020 | Other profit and loss (Note 6(15)) | 145,774 | 6 | (13,411) | - |
| 7050 | Financial costs (Note 6(15)) | - | - | (7) | - |
| 7060 | Share of interests of subsidiaries and affiliated enterprises recognized by equity method | 31,957 | 1 | 7,728 | - |
| | **Total non-operating income and expenditure** | 183,685 | 7 | 769 | - |
| | **Net profit before tax** | 557,595 | 21 | 447,456 | 16 |
| 7950 | **Minus: Income tax expenses (Note 6(10))** | 124,103 | 4 | 93,388 | 4 |
| | **Net profit** | 433,492 | 17 | 354,068 | 12 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Items not reclassified to profit and loss** | | | | |
| 8311 | Remeasurements of defined welfare plans (Note 6(9)) | 1,270 | - | (504) | - |
| 8330 | Share of Other comprehensive income of subsidiaries and affiliated enterprises recognized by equity method | (669) | - | - | - |
| 8349 | Income tax related to items not reclassified (Note 6(10)) | (254) | - | 101 | - |
| | | 347 | - | (403) | - |
| 8360 | **Items that may be reclassified to profit and loss in subsequent periods** | | | | |
| 8361 | Exchange differences on the translation of financial statements of foreign operating organizations | 1,282 | - | (423) | - |
| 8399 | Income tax related to items that may be reclassified (Note 6(10)) | (256) | - | 84 | - |
| | **Total items that may be reclassified to profit and loss in subsquent periods** | 1,026 | - | (339) | - |
| 8300 | **Other comprehensive income** | 1,373 | - | (742) | - |
| | **Total comprehensive income** | **$ 434,865** | **17** | **353,326** | **12** |
| | **Earnings per share (NTD) (Note 6(12))** | | | | |
| | **Basic earnings per share (NTD)** | **$** | **7.08** | | **5.78** |
| | **Diluted earnings per share (NTD)** | **$** | **6.85** | | **5.67** |

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

**Niko Semiconductor Co., Ltd.**

**Statement of Changes in Equity**

**Jan. 1 to Dec. 31 of 2021 and 2022**

**Unit: NTD thousand**

| | | | Retained Earnings | | | Items of Other Equity | | |
|---|---|---|---|---|---|---|---|---|
| | **Capital stock of common stock** | **Capital reserves** | **Legal reserves** | **Special reserves** | **Undistributed Earnings** | **Exchange differences on the translation of foreign operating organizations** | **Unrealized gain or loss on financial asset measured at fair value through Other comprehensive income** | **Total Equity** |
| **Balance on Jan. 1, 2021** | $ 612,515 | 630,512 | 149,013 | 3,594 | 629,165 | (3,306) | - | 2,021,493 |
| Net profit | - | - | - | - | 354,068 | - | - | 354,068 |
| Other comprehensive income | - | - | - | - | (403) | (339) | - | (742) |
| Total comprehensive income | - | - | - | - | 353,665 | (339) | - | 353,326 |
| Appropriation and distribution of earnings: | | | | | | | | |
| Withdrawn legal reserves | - | - | 18,524 | - | (18,524) | - | - | - |
| Reverse special reserves | - | - | - | (288) | 288 | - | - | - |
| Cash dividend of common stock | - | - | - | - | (61,252) | - | - | (61,252) |
| **Balance on Dec. 31, 2021** | 612,515 | 630,512 | 167,537 | 3,306 | 903,342 | (3,645) | - | 2,313,567 |
| Net profit | - | - | - | - | 433,492 | - | - | 433,492 |
| Other comprehensive income | - | - | - | - | 1,016 | 1,026 | (669) | 1,373 |
| Total comprehensive income | - | - | - | - | 434,508 | 1,026 | (669) | 434,865 |
| Appropriation and distribution of earnings: | | | | | | | | |
| Withdrawn legal reserves | - | - | 35,366 | - | (35,366) | - | - | - |
| Withdrawn special reserves | - | - | - | 339 | (339) | - | - | - |
| Cash dividend of common stock | - | - | - | - | (73,502) | - | - | (73,502) |
| **Balance on Dec. 31, 2022** | **$ 612,515** | **630,512** | **202,903** | **3,645** | **1,228,643** | **(2,619)** | **(669)** | **2,674,930** |

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

**Niko Semiconductor Co., Ltd.**

**Cash Flows Statement**

**Jan. 1 to Dec. 31 of 2021 and 2022**

**Unit: NTD thousand**

| | | 2022 | 2021 |
|---|---|---|---|
| **Cash flows of operating activities:** | | | |
| **Current net profit before tax** | $ | 557,595 | 447,456 |
| **Items of adjustment:** | | | |
| Income expense loss item | | | |
| Depreciation expenses | | 20,405 | 18,794 |
| Amortization expenses | | 218 | 59 |
| Expected credit impairment loss (reversal benefit) | | (320) | 102 |
| Net loss (profit) of financial assets and liabilities by fair value through profit and loss | | (2,226) | 5,723 |
| Interest expenses | | - | 7 |
| Interest income | | (2,480) | (226) |
| Share of profit or loss of subsidiaries and affiliated enterprises recognized by equity method | | (31,957) | (7,728) |
| Other | | 49,695 | (6,551) |
| Total income expense loss item | | 33,335 | 10,180 |
| Changes in assets and liabilities related to operating activities: | | | |
| Accounts receivable (including related parties) | | 247,906 | (86,275) |
| Other receivables | | (1,758) | (5,917) |
| Inventory | | (468,945) | 34,821 |
| Other current assets | | (18,903) | (963) |
| Long-term prepayment | | (6,357) | (82,066) |
| Total net changes in assets related to operating activities | | (248,057) | (140,400) |
| Accounts payable (including related parties) | | (92,900) | 250,906 |
| Other payables | | 25,683 | 69,867 |
| Other current liabilities | | (6,305) | 5,010 |
| Net defined benefit liabilities | | (2,231) | (2,223) |
| Total net changes in liabilities related to operating activities | | (75,753) | 323,560 |
| Total net changes in assets and liabilities related to operating activities | | (323,810) | 183,160 |
| Total items of adjustment | | (290,475) | 193,340 |
| Cash inflow from operations | | 267,120 | 640,796 |
| Collected interest | | 2,480 | 226 |
| Paid interest | | - | (7) |
| Paid income tax | | (108,641) | (44,872) |
| **Net cash inflow from operating activities** | | 160,959 | 596,143 |
| **Cash flows of investment activities:** | | | |
| Obtain investments accounted for using equity method | | (49,000) | - |
| Property, plant and equipment | | (34,353) | (15,199) |
| Decrease in refundable deposits | | 2,515 | 4,994 |
| Obtained intangible assets | | (1,588) | - |
| Decrease in other current assets | | - | 3,744 |
| **Net cash outflow from investment activities** | | (82,426) | (6,461) |
| **Cash flows from financing activities:** | | | |
| Increase (decrease) in deposits received | | (5,706) | 5,699 |
| Distribution of cash dividends | | (73,502) | (61,252) |
| **Net cash outflow from financing activities** | | (79,208) | (55,553) |
| **Current increase (decrease) of cash and equivalent cash** | | (675) | 534,129 |
| **Balance of cash and equivalent cash at the beginning of the period** | | 1,152,855 | 618,726 |
| **Balance of cash and equivalent cash at the ending of the period** | $ | 1,152,180 | 1,152,855 |

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

**Niko Semiconductor Co., Ltd.**
**Individual Financial Statement Note**
**2022 and 2021**
**(Unless otherwise specified, all amounts are in unit of NT$ thousands)**

**I. Company evaluation**

Niko Semiconductor Co., Ltd. (hereinafter referred to as “the Company”) was established with the approval of the Ministry of Economy on October 8, 1998. Its original name was Super GEM Co., Ltd. In April 2001, the Company changed its name to the existing name and registered at 12th floor, No.368, Gongjian Road, Xizhi District, New Taipei City. The Company’s main business are the research, development, design and sales of analog IC that can be applied to communications, computers, computer peripherals, video, power supply and other consumer products. The Company’s shares have been listed and traded on Taiwan OTC since August 2007.

**II. Date and Procedure through Financial Statement**

This Individual Financial Statement was approved and issued by the Board of Directors on March 17, 2023.

**III. Application of Newly Issued and Revised Standards and Interpretations**

(I) Effect of adoption of the amendments and interpretations endorsed by the Financial Supervisory Commission (“FSC”)

The Company adopted the following newly amended IFRS since January 1, 2022, which did not have a material impact on the individual financial statements.

- Amendment to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”
- Amendment to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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(II) Effect of not adopting IFRS endorsed by the FSC

The Company evaluated the following newly amended IFRS application. It will come into effect on January 1, 2023, which shall not pose a material impact on the individual financial statements.

- Amendment to IAS 1 “Disclosure of Accounting Policies”
- ( Amendment to IAS 8 “Definition of Accounting Estimates”
- I Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

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(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the International Accounting Standards Board ("IASB") not yet endorsed by the FSC but may be relevant to the Company are as follows:

| Newly Issued or Amended Standards | Major Amendments | Effective Date of Standards Issued by the IASB |
| --- | --- | --- |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The requirement has removed for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments also clarify how a company classifies a liability that can be settled in its own equity instruments (e.g. convertible bond). | January 1, 2024 |

The Company continues to evaluate the effect of the above standards and interpretations posed on the Company's financial condition and management results. Related effects will be disclosed upon the completion of the evaluation.

The Company expects that the following other newly issued and amended standards not yet endorsed will impact the consolidated financial statements.

・Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
・Amendments to IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
・Amendment to IAS 1 "Non-current liabilities with covenants"
・Amendment to IFRS 16 "Lease liability in a Sale and Leaseback"

**IV. Summary Description of Major Accounting Policies**

The major accounting policies adopted in this individual financial report are summarized as follows. Unless otherwise stated, the following accounting policies have been uniformly applied to all expression periods of this individual financial report.

(I) Follow the Statement

This individual financial report is prepared in accordance with the "Composing

Criteria for Financial Report of Securities Issuers" (hereinafter referred to as the "Composing Criteria").

(II) Composing Basis

1. Measurement Basis

Except for the following important items in the balance sheet, this individual financial report is prepared on the basis of historical cost:

(1) Financial assets and liabilities measured at fair value through profit or loss;

(2) The net defined welfare liability is based on the fair value of pension plan assets minus the present value of the defined welfare obligation.

2. Functional Currency and Expressive Currency

The Company takes the currency of the main economic environment in which operation is located as its functional currency. This individual financial report is expressed in NTD, the functional currency of the Company. All financial information expressed in NT dollars is in NT$ 1,000.

(III) Foreign Currency

1. Foreign Currency Transaction

Foreign currency transactions are translated into functional currencies at the exchange rate of the trading day. Foreign currency monetary items on the end date of each subsequent reporting period (hereinafter referred to as the "reporting date") are converted into functional currencies at the exchange rate of the day. Foreign currency non-monetary items measured at fair value are translated into functional currencies at the exchange rate on the date of fair value measurement, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the trading day.

2. Foreign Operating Institutions

The assets and liabilities of foreign operating institutions, including goodwill and fair value adjustment arising from acquisition, are translated into NT dollars at the exchange rate on the reporting date; Income and expense items are converted into NT dollars at the current average exchange rate, and the resulting exchange differences are recognized as other comprehensive gains and losses.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume it;
2. Holding the asset mainly for trading purposes;
3. It is expected that the asset will be realized within 12 months after the reporting period;

or

4. The asset is cash or equivalent cash, except that there are other restrictions on the exchange or use of the asset to pay off liabilities at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are listed as current liabilities, and all other liabilities that are not current liabilities are listed as non-current liabilities:

1. It is expected that the liability will be paid off in the normal business cycle;
2. Holding the debt mainly for trading purposes;
3. It is expected that the liability will be paid off within 12 months after the reporting period; or
4. Liabilities without the right to unconditionally delay the repayment period to at least 12 months after the reporting period. The terms of liabilities may be paid off by issuing equity instruments at the choice of the counter-party, which does not affect their classification.

(V) Cash and equivalent cash

Cash includes cash on hand and bank deposits. Equivalent cash refers to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of value change. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are reported as equivalent cash.

(VI) Financial Instrument

Accounts receivable are originally recognized when they are incurred. All other financial assets and financial liabilities were originally recognized when the Company became a party to the terms of the financial instrument contract. Financial assets not measured at fair value through profit or loss (except accounts receivable excluding significant financial components) or financial liabilities are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable without significant financial components were originally measured at transaction prices.

1. Financial Asset

If the purchase or sale of financial assets conforms to the conventional transaction, all purchases and sales of financial assets classified in the same way by the Company shall be uniformly accounted for on the trading day or delivery date.

At the time of original recognition, financial assets are classified into financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. Only when the Company changes its business model of managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

When financial assets meet the following conditions and is not specified to be measured at fair value through profit or loss, it is measured at amortized cost:

- The financial assets are held under the business model for the purpose of collecting contract cash flow.
- The contractual terms of the financial assets generate cash flow on a specific date, which is solely for paying interest on the principal and the principal amount in circulation.

The accumulated amortization of these assets is calculated by the effective interest method with the original recognized amount plus or minus, and the amortized cost of any allowance loss is adjusted. Interest income, foreign currency exchange gains and losses and impairment losses are recognized in profit or loss. When excluded, profit or loss is included in profit or loss.

(2) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss are measured at fair value through profit or loss, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting matching, the Company may irrevocably designate the financial assets that meet the conditions of measuring at amortized cost or measuring at fair value through other comprehensive income as financial assets measured at fair value through profit and loss.

These assets are subsequently measured at fair value, and their net gain or loss (including any dividend and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Company recognizes allowance losses for the expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, deposit margin and other financial assets, etc.).

The following financial assets are measured according to the expected credit loss amount in 12 months, and the rest are measured according to the expected credit loss amount during the existence period:

- Judging that the credit risk of debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since the original recognition.

The allowance loss of accounts receivable is measured according to the expected credit loss amount during the existence period.

The expected credit loss during the lifetime refers to the expected credit loss caused by all possible default events during the expected lifetime of a financial instrument.

The 12 months expected credit loss refers to the expected credit loss caused by the possible default of the financial instrument within 12 months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than 12 months).

The longest period for measuring the expected credit loss is the longest contract period during which the Company is exposed to credit risk.

When judging whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and verifiable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation and forward-looking information of the Company.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of financial assets has increased significantly.

If the contract payment is overdue for more than 180 days, or the borrower is unlikely to fulfill its credit obligation and pay the full amount to the Company, the Company shall be deemed to have defaulted on the financial assets.

The expected credit loss is the probability weighted estimate of the credit loss during the expected lifetime of a financial instrument. Credit loss is measured by the present value of all cash short receipts, that is, the difference between the cash flow that the Company can receive according to the contract and the cash flow that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each reporting date, the Company evaluates whether the financial assets measured at amortized cost have credit impairment. When one or more events adversely affecting the estimated future cash flow of financial assets have occurred, the credits of the financial assets have been impaired. Evidence of credit impairment of financial assets includes observable data on the following matters:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 180 days;
- For economic or contractual reasons related to the borrower's financial difficulties, the Company gives concessions to the borrower that would not have been considered;

- It is very possible that the borrower will file for bankruptcy or other financial restructuring; or
- The active market of the financial asset disappears due to financial difficulties.

The allowance loss of financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total book amount of its financial assets. The Company analyzes the timing and amount of write-off individually on the basis of whether it is reasonably expected to be recoverable. The Company expects that the written-off amount will not be significantly reversed. However, the written-off financial assets can still be enforced, so as to comply with the procedures of the Company to recover the overdue amount.

(4) Exclusion of financial assets

The Company will exclude financial assets only when the contractual right to cash flow from the assets is terminated, or when the financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to other enterprises, or when almost all risks and rewards of ownership have neither been transferred nor retained and control of the financial assets has not been retained.

When the Company signs a transaction to transfer financial assets, if all or almost all risks and rewards of ownership of the transferred assets are retained, they will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity.

(2) Equity instruments

Equity instruments refer to any contract that recognizes the remaining interests of the Company after deducting all its liabilities from its assets. Equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

(3) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives or designated at the time of original recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related net benefits and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost by effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any profit or loss at the time of exclusion is also recognized in profit or loss.

(4) Exclusion of financial liabilities

The Company excludes financial liabilities when its contractual obligations have been fulfilled, canceled or expired. When the terms of financial liabilities are revised and the cash flows of the revised liabilities are significantly different, the original financial liabilities are excluded and new financial liabilities are recognized at fair value based on the revised terms.

When excluding financial liabilities, the difference between the book amount and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset against each other only when the Company has the legally enforceable right to offset against each other and intends to settle the assets and pay off the liabilities in net amount, and then they are expressed in the balance sheet in net amount.

3. Derivative financial instruments

The Company holds derivative financial instruments to avoid the sudden risks of foreign currency and interest rate risks.

Derivative instruments are initially recognized at fair value; Subsequent measurement is based on fair value, and the benefits or losses arising from re-measurement are directly included in profit or loss.

(VII) Inventory

Inventory is measured at the lower of cost and net realized value. Costs include acquisition, production or processing costs and other costs incurred to make it available for use, and are calculated by the weighted average method.

The net realized value refers to the balance of the estimated selling price under normal operation minus the estimated cost for completion and the estimated cost for completion of sale.

(VIII) Investment Subsidiary

When composing the individual financial report, the Company adopts the equity method to evaluate the controlled investee companies. Under the equity method, the current profits and losses and other comprehensive profits and losses in individual financial reports are the same as those attributed to the owners of the parent company in the financial reports prepared on a consolidated basis. In addition, the owner's equity in individual financial report is the same as that belongs to parent company in the financial report composed on the basis of consolidation.

Changes in the ownership interests of subsidiaries of the Company that do not result in loss of control are treated as equity transactions with owners.

(IX) Investment property

Investment property initially measured at cost, and subsequently measured at cost MINUS accumulated depreciation and accumulated impairment. Its depreciation method, service life and residual value are treated according to the regulations on property, plant and equipment.

The profit or loss from disposal of investment property (calculated as the difference between the net disposal price and the book amount of the project) is recognized in profit or loss.

Rental income from investment property is recognized in other income on a straight-line basis during the lease period. Incentives to lease are recognized as part of the lease income during the lease period.

(X) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the service life of major components of property, plant and equipment is different, they will be treated as separate items (major components) of property, plant and equipment.

Profit or loss on property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at the cost of assets less the residual value, and is recognized in profit or loss within the estimated service life of each component using the straight-line method.

Land will not be depreciated.

The estimated service lives of the current and comparative periods are as follows:

(1) House and building: 3~50 years

(2) Office and other equipment: 2~8 years

The Company shall review the depreciation method, service life and residual value on the reporting date of each year, and make appropriate adjustments when necessary.

(XI) Lease

The Company evaluates whether the contract is a lease or not on the establishment date of the contract. If the contract transfers the control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or not.

1. Lessee

The Company recognizes the right to use assets and lease liabilities on the lease start date. The right to use assets is originally measured by the cost, which includes the original measured amount of the lease liabilities, adjusts any lease payment paid on or before the lease start date, and adds the original direct costs incurred and the estimated costs for dismantling and removing the underlying assets and restoring their location or the underlying assets, and deducts any lease incentives.

The right-to-use assets are subsequently depreciated on a straight-line basis from the lease start date to the expiration of the service life of the right-to-use assets or the expiration of the lease period. In addition, the Company regularly evaluates whether the right to use assets are impaired and handles any impairment losses that have occurred, and adjusts the right to use assets when the lease liabilities are re-measured.

Lease liabilities are originally measured by the present value of unpaid lease payments on the lease start date. If the implied interest rate of lease is easy to define, the discount rate is that interest rate; if it is not easy to define, the increased borrowing rate of the company will be used. Generally speaking, the Company adopts its increased borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payment, including substantial fixed payment;

(2) The lease payment that depends on the change of a certain index or rate is originally measured by the index or rate on the lease start date.

(3) The residual value guarantee amount expected to be paid; and

(4) The exercise price or the penalty to be paid when it is reasonably defined that the purchase option or the lease termination option will be exercised.

The lease liabilities are accrued with the effective interest method, and the amount is measured again when the following situations occur:

(1) Changes in the index or rate used to define the lease payment lead to changes in future lease payment;

(2) The amount of residual value guarantee expected to be paid has changed;

(3) There is a change in the evaluation of the purchase option of the underlying asset;

(4) The estimation of whether to extend or terminate the option has changed, and the evaluation of the lease period has changed;

(5) Modification of the lease object, scope or other terms.

When the lease liabilities are re-measured due to changes in the index or rate used to define the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the book amount of the right-to-use assets is adjusted accordingly, and the remaining re-measured amount is recognized in profit or loss when the book amount of the right-to-use assets is reduced to zero.

For lease modifications that reduce the lease scope, the book amount of the right-to-use assets is reduced to reflect the partial or total termination of the lease, and the difference between the book amount and the re-measurement amount of the lease liabilities is recognized in profit or loss.

The Company will express the right to use assets and lease liabilities that do not meet the definition of investment property in the balance sheet as separate items.

For the short-term lease of office equipment and parking space lease and the lease of low-value assets, the Company chooses not to recognize the right-to-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on a straight-line basis during the lease period.

2. Lessor

A transaction in which the Company is the lessor classifies the lease contract according to almost all risks and rewards attached to the ownership of the underlying asset on the lease establishment date, if so, it is classified as a finance lease, otherwise, it is classified as an operating lease. In the evaluation, the Company considers relevant specific indicators such as whether the lease period covers the main part of the economic life of the underlying asset. For operating leases, the Company recognizes the lease payments received as rental income on a straight-line basis during the lease period.

(XII) Intangible assets

Intangible assets with durable life acquired by the Company are measured at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they can increase the future economic benefits of related specific assets. All other expenses are recognized in profit or loss when incurred. Amortization is calculated by deducting the estimated residual value from the cost of assets, and is recognized in profit or loss within the estimated service life of intangible assets according to the straight-line method. The service life of computer software is 3 years.

The Company shall examine the amortization method, service life and residual value of intangible assets on the reporting date of each year, and make appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

On each reporting date, the Company evaluates whether there is any indication that the book amount of non-financial assets (except inventory and deferred income tax assets) may be impaired. If there is any sign, estimate the recoverable amount of the asset.

For the purpose of impairment test, a group of assets whose cash inflows are mostly independent of those of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of individual assets or cash generating units less sales costs and their use value. Impairment losses are recognized if the recoverable amount of an individual asset or cash generating unit is lower than the book amount.

Impairment losses in current period are immediately recognized in profit or loss, and the book amount of each asset in the unit is reduced in proportion to the book amount of each asset.

Non-financial assets are only reversed within the range of not exceeding the book amount (less depreciation or amortization) defined if impairment losses were not recognized in previous years.

(XIV) Revenue recognition-revenue from customer contracts

Revenue is measured at the consideration expected to be entitled to the goods transferred. The Company recognizes revenue when its control over goods or services is transferred to its customers and its performance obligations are met. The main income items of the Company are as follows:

1. Selling goods

The Company recognizes revenue when the control of products is transferred. The control transfer of the product means that the product has been delivered to the customer, the customer can completely decide the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when the products are delivered to a specific place, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products according to the sales contract, and the acceptance terms have expired, or the Company has objective evidence that all the acceptance conditions have been met.

When the Company delivers the goods, it recognizes the accounts receivable, because the Company has the right to receive the consideration unconditionally at that time.

2. Financial components

The Company expects that the time between the transfer of goods from all customers' contracts to customers and the payment of goods by customers will not exceed one year. Therefore, the Company does not adjust the monetary time value of the transaction price.

(XV) Employee welfare

1. Defined the allocation plan

The obligation to define the contribution pension plan is recognized as an expense during the service period of the employee.

2. Defined the welfare plan

The Company's net obligation to define the welfare pension plan is calculated by converting the future welfare amount earned by employees' service in the current or previous period into the present value, and deducting the fair value of the plan assets.

The defined welfare obligation is actuarial by a qualified actuary every year using the projected unit welfare method. When the calculation result may be beneficial to the Company, the recognized assets are limited to the present value of any economic benefits obtained in the form of refund of the plan's contribution or reduction of future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The re-measurement of net defined welfare liabilities, including actuarial gains and losses, return on planned assets (excluding interest) and any change in the influence of asset ceiling (excluding interest), is recognized under other comprehensive income and accumulated in retained earnings. The net interest expense of the Company's net defined welfare liability is defined by the net defined welfare liability and discount rate defined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the welfare changes related to the previous service cost or the profit or loss of reduction are immediately recognized as profit or loss. When liquidation occurs, the Company recognizes the liquidation profit and loss of the defined welfare plan.

3. Short-term employee welfare

Short-term employee welfare obligations are recognized as expenses when services are provided. If the Company has the current legal or presumed payment obligation due to the past service provided by employees, and the obligation can be estimated reliably, the amount will be recognized as a liability.

(XVI) Income tax

Income tax includes current and deferred income tax. Except for items related to business merging and directly recognized in equity or other comprehensive profit and loss, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or tax refund receivable calculated based on the tax income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of previous years. The amount is the best estimate of the amount expected to be paid or received according to the statutory tax rate or substantive legislative tax rate on the reporting date after reflecting the uncertainty related to income tax (if any).

Deferred income tax is recognized by measuring the temporary difference between the book amount of assets and liabilities for financial reporting purposes and their tax basis. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. It is not the assets or liabilities originally recognized in the transaction of business combination, and does not affect the accounting profit and tax income (loss) at the time of the transaction;
2. Because of the temporary differences arising from investing in subsidiaries and joint venture interests, the Company can control the time when the temporary differences are reversed and it is very likely that they will not be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Unused tax losses, unused income tax deductions and deductible temporary differences are recognized as deferred income tax assets to the extent that future tax income is likely to be available for use, and re-evaluated on each reporting day, and the related income tax benefits are reduced to the extent that they are not likely to be realized; Or to reverse the reduced amount to the extent that it is likely that there will be sufficient tax income.

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, and is based on the statutory tax rate or substantive legislative tax rate on the reporting date.

The Company will offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met at the same time:

1. Have the legal enforcement right to offset the current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:

(1) The same taxpayer; or

(2) Different taxpayers, but each entity intends to pay off the current income tax liabilities and assets on a net basis, or realize assets and pay off liabilities at the same time, in each future period when the deferred income tax assets with significant amount are expected to be recovered and the deferred income tax liabilities are expected to be paid off.

(XVII) Earnings per share

The Company lists the basic and diluted earnings per share attributable to the ordinary equity holders of the company. The basic earnings per share of the Company is calculated by dividing the profit and loss attributable to the holders of common equity of the company by the weighted average number of outstanding common shares in the current period. Diluted earnings per share are calculated by adjusting the impact of all potential diluted ordinary shares with the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of outstanding common shares.

(XVIII) Department information

The Company has disclosed departmental information in the consolidated financial report, so the individual financial report does not disclose departmental information.

**V. The main sources of uncertainties in major accounting judgments, estimates and assumptions**

The management must make judgments, estimates and assumptions when preparing their own financial reports according to the composing criteria, which will have an impact on the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management continuously reviews estimates and basic assumptions, and changes in accounting estimates are recognized during the change period and the affected future period.

The accounting policies adopted in this individual's financial report do not involve significant judgment.

Among the uncertainties of assumptions and estimates, there are significant risks that cause book amount of assets and liabilities will be adjusted in the next financial year, as follows:

Evaluation of inventory

Since inventory should be measured at the lower of cost and net realized value, the Company evaluates the amount of inventory due to normal loss, obsolescence or no market sales value on the reporting date, and offsets the inventory cost to the net realized value. This inventory evaluation is mainly based on the product demand in a specific period in the future, so there may be significant changes due to the rapid changes of the industry.

The accounting policies and disclosures of the Company include the fair value measurement of their financial and non-financial assets and liabilities. The financial department personnel of the Company are responsible for independent fair value verification, making the evaluation result close to the market state by independent source data, defining that the data source is independent, reliable, consistent with other resources and represents the executable price, and regularly calibrating the evaluation model, conducting backtesting, updating the input values and data required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation result is reasonable.

When measuring its assets and liabilities, the Company should use the input value that can be observed by the market as much as possible. The level of fair value is classified as follows based on the input value of evaluation technology use:

(I) Level 1: The public quotation of the same assets or liabilities in the active market (unadjusted).

(II) Level 2: Except for the public quotation included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

(III) Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of transfer of fair value between different levels, the Company recognizes the transfer on the reporting date.

## VI. Description of important accounting items

(I) Cash and equivalent cash

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Cash on hand and petty cash | $ 102 | 102 |
| Check and demand deposit | 1,152,078 | 1,152,753 |
| | **$ 1,152,180** | **1,152,855** |

(II) Financial assets (liabilities) measured at fair value through profit or loss

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Non-hedging derivative instruments | | |
| Exchange transaction contract | **$ 317** | **(1,909)** |

On December 31, 2021 and 2022 of the Company, the details of derivatives that were reported as financial assets (liabilities) held for trading due to the non-application of hedge accounting are as follows:

**2022.12.31**

| Financial derivatives | Notional principal (NT$ thousands) | Maturity date | Delivery exchange rate |
|---|---|---|---|
| Foreign exchange contract - Buy NTD / Sell USD | USD 18,690 | 2023.01.09~ 2023.01.17 | 30.440~30.924 |

| | 2021.12.31 | | |
|---|---|---|---|
| **Financial derivatives** | **Notional principal (NT$ thousands)** | **Maturity date** | **Delivery exchange rate** |
| Foreign exchange contract - Buy USD / Sell NTD | USD 12,110 | 2022.01.28~ 2022.02.25 | 27.721~27.873 |

(III) Accounts receivable (including related parties)

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Accounts receivable | $ 738,371 | 955,351 |
| Accounts receivable - Related parties | - | 30,926 |
| Less: allowance for losses | (898) | (1,218) |
| | $ 737,473 | 985,059 |

1. 1. The company adopts a simplified approach to estimate the expected credit loss for all accounts receivable (including related parties), i.e. using the expected credit loss during the duration. For this measurement purpose, these accounts receivable (including related parties) are grouped according to the common credit risk characteristics representing the customer's ability to pay all due amounts in accordance with the terms of the contract, and have incorporated forward-looking information, including general economic and related industry information. An analysis of the expected credit losses of the company's accounts receivable (including related parties) is as follows:

| | 2022.12.31 | | |
|---|---|---|---|
| | **Book amount of accounts receivable (including related parties)** | **Weighted average expected credit loss rate** | **Allowance for expected credit losses during the duration** |
| Not overdue | $ 736,641 | 0.1%~0.2% | 843 |
| Overdue 1~30 days | 1,408 | 1%~2% | 15 |
| Overdue 31~90 days | 302 | 10%~50% | 30 |
| Overdue 91~180 days | 20 | 50%~70% | 10 |
| Overdue 181~360 days | - | 100% | - |
| | $ 738,371 | | 898 |

| | 2021.12.31 | | |
|---|---|---|---|
| | Book amount of accounts receivable(including related parties) | Weighted average expected credit loss rate | Allowance for expected credit losses during the duration |
| Not overdue | $ 980,624 | 0.1%~0.2% | 1,144 |
| Overdue 1~30 days | 5,464 | 1%~2% | 55 |
| Overdue 31~90 days | 189 | 10%~50% | 19 |
| Overdue 91~180 days | - | 50%~70% | - |
| Overdue 181~360 days | - | 100% | - |
| | $ 986,277 | | 1,218 |

2. The change table of allowance loss of accounts receivable (including related parties) of the Company is as follows:

| | 2022 | 2021 |
|---|---|---|
| Balance at beginning of period | $ 1,218 | 1,116 |
| Impairment losses recognized (reversed) | (320) | 102 |
| Balance at ending of period | $ 898 | 1,218 |

3. On December 31, 2021 and 2022, the accounts receivable (including related parties) of the Company were not provided as pledge guarantee.

(IV) Inventory

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Raw materials | $ 63,895 | 54,319 |
| In-process and semi-finished products | 523,880 | 233,772 |
| Finished products and goods | 225,249 | 105,683 |
| | $ 813,024 | 393,774 |

1. Apart from the cost of the sold inventory, the composition of inventory-related expenses and losses recognized as the cost of goods sold by the Company is as follows:

| | 2022 | 2021 |
|---|---|---|
| Inventory obsolescence loss (Reversal benefit) | $ 49,695 | (6,551) |

2. On December 31, 2021 and 2022, the inventory of the Company was not provided as pledge guarantee.

(V) Investment using the equity method

The investments of the Company using the equity method on the reporting date are listed as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Subsidiary | $ 197,073 | 115,379 |

1. Please refer to the consolidated financial report of 2022 for information about subsidiaries.
2. On December 31, 2021 and 2022, none of the investments adopted by the equity method of the Company were provided as pledge guarantee.

(VI) Property, plant and equipment

Details of changes in the cost and accumulated depreciation of the property, plant and equipment of the Company are as follows:

| | Land | House and building | Office equipment and other | Equipment to be tested | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Balance on January 1, 2022 | $ 161,823 | 117,329 | 70,143 | 8,595 | 357,890 |
| Increase | - | 1,102 | 17,358 | 15,893 | 34,353 |
| Reclassified into (out) | - | - | 19,395 | (19,395) | - |
| Disposal | - | (3,703) | (12,360) | - | (16,063) |
| Balance on December 31, 2022 | **$ 161,823** | **114,728** | **94,536** | **5,093** | **376,180** |
| Balance on January 1, 2021 | $ 161,823 | 117,051 | 66,668 | 1,538 | 347,080 |
| Increase | - | 513 | 6,191 | 8,495 | 15,199 |
| Reclassified into (out) | - | - | 1,438 | (1,438) | - |
| Disposal | - | (235) | (4,154) | - | (4,389) |
| Balance on December 31, 2021 | **$ 161,823** | **117,329** | **70,143** | **8,595** | **357,890** |
| **Accumulated depreciation:** | | | | | |
| Balance on January 1, 2022 | $ - | 33,969 | 35,726 | - | 69,695 |
| Depreciation in this year | - | 3,250 | 16,548 | - | 19,798 |
| Disposal | - | (3,703) | (12,360) | - | (16,063) |
| Balance on December 31, 2022 | **$ -** | **33,516** | **39,914** | **-** | **73,430** |
| Balance on January 1, 2021 | $ - | 30,414 | 25,482 | - | 55,896 |
| Depreciation in this year | - | 3,790 | 14,398 | - | 18,188 |
| Disposal | - | (235) | (4,154) | - | (4,389) |
| Balance on December 31, 2021 | **$ -** | **33,969** | **35,726** | **-** | **69,695** |
| **Book value** | | | | | |
| December 31, 2022 | **$ 161,823** | **81,212** | **54,622** | **5,093** | **302,750** |
| December 31, 2021 | **$ 161,823** | **83,360** | **34,417** | **8,595** | **288,195** |
| January 1, 2021 | **$ 161,823** | **86,637** | **41,186** | **1,538** | **291,184** |

On December 31, 2021 and 2022, the property, plant and equipment of the Company have been used as bank loan and financing amount guarantee. Please refer to Note 8 for details.

(VII) Investment property

Investment property is an office building leased by the Company to a third party by operating lease. The original irrevocable period of leased investment property is 1 to 3 years. The rental income of leased investment property is a fixed amount. Please refer to Note 6 (8) for details.

| | Land | House and building | Total |
|---|---|---|---|
| **Cost:** | | | |
| Balance on January 1, 2022 (i.e., balance on December 31, 2022) | $ 48,068 | 30,941 | 79,009 |
| Balance on January 1, 2021(i.e., balance on December 31, 2021) | $ 48,068 | 30,941 | 79,009 |
| **Accumulated depreciation:** | | | |
| Balance on January 1, 2022 | $ - | 7,432 | 7,432 |
| Depreciation in this year | - | 607 | 607 |
| Balance on December 31, 2022 | $ - | 8,039 | 8,039 |
| Balance on January 1, 2021 | $ - | 6,826 | 6,826 |
| Depreciation in this year | - | 606 | 606 |
| Balance on December 31, 2021 | $ - | 7,432 | 7,432 |
| **Book value** | | | |
| Balance on December 31, 2022 | $ 48,068 | 22,902 | 70,970 |
| Balance on December 31, 2021 | $ 48,068 | 23,509 | 71,577 |
| Balance on January 1, 2021 | $ 48,068 | 24,115 | 72,183 |
| **Fair value:** | | | |
| December 31, 2022 | | | $ 139,308 |
| December 31, 2021 | | | $ 130,112 |

The fair value of investment property is based on the evaluation of independent evaluators (who have recognized relevant professional qualifications and have relevant experience in the location and type of investment property evaluated in the near future). The input value used in its fair value evaluation technology belongs to the level 3.

The evaluation of fair value is based on market value. If there is no current price in the active market, the evaluation will consider the aggregate estimated cash flow expected to be collected from renting the property and discount it with the yield reflecting the inherent specific risk of the net cash flow to define the value of the property. The yield ranges adopted in 2021 and 2022 are as follows:

| Region | 2022 | 2021 |
|---|---|---|
| Xizhi District, New Taipei City | 1.27%~1.47% | 1.21%~1.48% |

On December 31, 2021 and 2022, the investment real estate of the Company was used as the guarantee of financing amount. Please refer to Note 8 for details.

(VIII) Business lease

Investment property leased by the Company is classified as operating lease because almost all risks and rewards attached to the ownership of the underlying assets have not been transferred. Please refer to Note 6(7) Investment property for details. Maturity analysis of lease payments to report the total undiscounted lease payments to be collected in the future are listed in the following table:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Less than 1 year | $ 2,887 | 2,881 |
| 1-2 years | 2,874 | 478 |
| 2-3 years | 2,858 | - |
| 3-4 years | 476 | - |
| 4-5 years | - | - |
| More than 5 years | - | - |
| Total undiscounted payment | $ 9,095 | 3,359 |

(IX) Employee welfare

1. Defined the welfare plan

The adjustment between the present value of the welfare obligation defined by the Company and the fair value of the planned assets is as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Defined the present value of welfare obligations | $ 24,256 | 23,640 |
| Fair value of plan assets | (22,175) | (18,058) |
| Net defined benefit liability | $ 2,081 | 5,582 |

The defined welfare plan of the Company shall be allocated to the special account of labor retirement reserve of Taiwan Bank. The retirement payment of each employee applying the Labor Benchmark Law is calculated based on the base of service years and the average salary of six months before retirement.

(1) Composition of plan assets

The retirement fund allocated by the Company according to the Labor Standard Act is managed by the Bureau of Labor Funds (hereinafter referred to as the "Bureau of Labor Funds"). According to the "Measures for the Custody and Utilization of Income and Expenditure of Labor Retirement Funds", the minimum income from the annual final accounts shall not be lower than the income calculated according to the two-year fixed deposit rate of the local bank.

As of the reporting date, the balance of the special account for labor retirement reserve of Taiwan Bank of the Company is NT$ 22,175,000. The information used by the labor pension plan assets includes the fund return rate and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds for details.

(2) Determine the changes in the present value of welfare obligations

Changes in the present value of welfare obligations defined by the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| On January 1, the welfare obligation was defined | $ 23,640 | 22,423 |
| Current service cost and interest | 560 | 570 |
| Re-measurement of net defined benefit liabilities | 56 | 647 |
| On December 31, the welfare obligation was defined | **$ 24,256** | **23,640** |

(3) Changes in the fair value of planned assets

Changes in the fair value of the plan assets of the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| Fair value of plan assets on January 1. | $ 18,058 | 15,122 |
| Contributed to plan amount | 2,676 | 2,676 |
| Interest income | 115 | 117 |
| Return on planned assets (excluding current interest) | 1,326 | 143 |
| Fair value of plan assets on December 31. | **$ 22,175** | **18,058** |

(4) Expenses recognized as profit or loss

Details of expenses reported by the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| Current service cost | $ 418 | 409 |
| Net interest on net defined benefit liabilities | 27 | 44 |
| | **$ 445** | **453** |

| | 2022 | 2021 |
|---|---|---|
| Operating costs | $ 41 | 42 |
| Selling expenses | 29 | 30 |
| Administrative expenses | 334 | 339 |
| Research and development expenses | 41 | 42 |
| | **$ 445** | **453** |

(5) Re-measurement of net defined welfare liabilities recognized as other comprehensive gains and losses

The re-measurements of the net defined welfare liabilities accumulated and recognized in other comprehensive income of the Company as of December 31, 2021 and 2022 are as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| Accumulated balance on January 1 | $ | 3,595 | 3,091 |
| Recognition in current period (reversed) | | (1,270) | 504 |
| Accumulated balance on December 31 | $ | 2,325 | 3,595 |

(6) Actuarial assumptions

The main actuarial assumptions used by the Company at the end of financial reporting are as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Discount rate | 1.750% | 0.625% |
| Future salary increase rate | 2.000% | 1.000% |

The Company is expected to pay NT$ 437,000 to the defined benefit plan within one year after the reporting date of 2022.

The weighted average duration of the defined benefit plan is 13.89 years.

(7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the company must use judgment and estimation to define relevant actuarial assumptions on the balance sheet date, including discount rate and future salary changes. Any change in actuarial assumptions may significantly affect the amount of welfare obligations defined by the Company.

The influence of changes in major actuarial assumptions adopted on December 31, 2021 and 2022 on determining the present value of welfare obligations is as follows:

| | | Influence on the determination of welfare obligations | |
|---|---|---|---|
| | | Increase by 0.25% | Decrease by 0.25% |
| December 31, 2022 | | | |
| Discount rate | $ | (205) | 208 |
| Future salary increase rate | $ | 204 | (199) |
| December 31, 2021 | | | |
| Discount rate | $ | (254) | 206 |
| Future salary increase rate | $ | 250 | (246) |

The sensitivity analysis mentioned above is based on the analysis of the influence of changes in a single hypothesis while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. Sensitivity analysis is consistent with the method used to calculate the net determined benefit liability of the balance sheet.

The methods and assumptions used in preparing sensitivity analysis in this period are the same as those in the previous period.

2. Defined the allocation plan

According to the provisions of the Labor Pension Ordinance, the defined contribution plan of the Company is allocated to the individual account of labor pension of the Bureau of Labor Insurance at the rate of 6% of the monthly wages of workers. Under this plan, after the Company allocates a fixed amount to the Bureau of Labor Insurance, there is no statutory or constructive obligation for paying extra amount.

The pension expenses of the Company under the defined pension allocation method in 2021 and 2022 were NT$ 5,932,000 and NT$ 5,943,000 respectively, which were allocated to the Bureau of Labor Insurance.

(X) Income tax

1. Income tax expenses

Details of the Company income tax expenses are as follows:

| | 2022 | 2021 |
|---|---|---|
| Current income tax expenses | $ 122,877 | 89,395 |
| Deferred income tax expenses | 1,226 | 3,993 |
| Income tax expenses | **$ 124,103** | **93,388** |

2. The Company has no income tax expense directly recognized in equity.

3. The details of income tax expenses (benefits) recognized by the Company under other comprehensive income are as follows:

| | 2022 | 2021 |
|---|---|---|
| Items not reclassified to profit or loss: | | |
| Determine the re-measurement of welfare plan | **$ 254** | **(101)** |
| Subsequent items that may be reclassified to profit or loss: | | |
| Exchange difference in translation of financial statements of foreign operating institutions | **$ 256** | **(84)** |

4. The relationship between income tax expenses and net profit before tax of Company is adjusted as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before tax | $ 557,595 | 447,456 |
| Income tax calculated at the domestic tax rate where the company is located | 111,519 | 89,491 |
| Undistributed surplus plus | 12,223 | 5,288 |
| Net changes and others that can be deducted from temporary differences are not recognized | 361 | (1,391) |
| | **$ 124,103** | **93,388** |

5. Deferred income tax assets and liabilities

(1) Items not recognized as deferred income tax assets are as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Temporary differences can be deducted | **$ 16,850** | **11,751** |

The Company has assessed that the temporary differences that can be deducted above are unlikely to be realized in the future, so these items are not recognized as deferred income tax assets.

(2) Changes in recognized deferred income tax assets and liabilities are as follows:

**Deferred income tax liabilities:**

| | Unrealized profit on exchange | Interest in Financial Assets Evaluation | Total |
|---|---|---|---|
| Balance on January 1, 2022 | $ - | - | - |
| Debit/(Credit) profit and loss | 1,632 | 63 | 1,695 |
| Balance on December 31, 2022 | **$ 1,632** | **63** | **1,695** |
| Balance on January 1, 2021 | $ - | 763 | 763 |
| Debit/(Credit) profit and loss | - | (763) | (763) |
| Balance on December 31, 2021 | **$ -** | **-** | **-** |

**Deferred income tax assets:**

| | Unrealized loss on exchange | Inventory write-down | Others | Total |
|---|---|---|---|---|
| Balance on January 1, 2022 | $ (2,775) | (4,875) | (4,180) | (11,830) |
| Debit/(Credit) profit and loss | 2,775 | (3,976) | 732 | (469) |
| Debit/(Credit) other comprehensive profit and loss | - | - | 510 | 510 |
| Balance on December 31, 2022 | **$ -** | **(8,851)** | **(2,938)** | **(11,789)** |
| Balance on January 1, 2021 | $ (6,961) | (5,399) | (4,041) | (16,401) |
| Debit/(Credit) profit and loss | 4,186 | 524 | 46 | 4,756 |
| Debit/(Credit) other comprehensive profit and loss | - | - | (185) | (185) |
| Balance on December 31, 2021 | **$ (2,775)** | **(4,875)** | **(4,180)** | **(11,830)** |

6. Verification of income tax

The income tax settlement declaration of the Company's profit-making enterprises has been approved by the tax collection authority until 2020.

(XI) Capital and other equity

On December 31, 2021 and 2022, the total rated share capital of the Company was NT$ 1,000,000,000, and the denomination of each share was 100,000,000 shares in NT$ 10. The aforesaid total rated share capital is common share, and the issued shares are all 61,252,000 shares. All issued shares have been collected.

1. Capital reserves

The balance of capital reserves of the Company is as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Premium of issuing shares | $ 626,757 | 626,757 |
| Treasury stock trading | 3,755 | 3,755 |
| | **$ 630,512** | **630,512** |

According to the Company Law, the realized capital reserve can be issued to new shares or cash in proportion to the original shares of shareholders only after the capital reserve needs to make up the losses first. The realized capital reserve mentioned in the preceding paragraph includes the excess from issuing shares in excess of par value and the income from receiving gifts. According to the regulations on the handling of securities offering and issuance by issuers, the total amount of capital reserve that can be appropriated for capital shall not exceed 10% of the paid-in capital every year.

2. Retained earnings

According to the Articles of Association of the Company, if there is any surplus in the Company’s annual total final accounts, taxes shall be paid first to make up for the accumulated losses. The next 10% shall be the legal reserve (but the legal reserve shall not be paid when it reaches the paid-in capital of the Company) and the rest shall be listed or reversed according to law. If there is any surplus, and the surplus shall be distributed cumulatively with the previous year, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses in the preceding paragraph is done in cash, the board of directors shall be authorized to make a resolution and report at the shareholders' meeting.

(1) Legal reserve

According to the company law, the company shall set aside 10% of the net profit after tax as the legal reserve until it is equal to the total capital. When the company has no loss, it may issue new shares or cash with the legal reserve after the resolution of the shareholders' meeting, but the amount of the reserve exceeds 25% of the paid-in capital.

(2) Special reserve

According to the regulations of FSC, when distributing the distributable surplus, the Company will set aside the special reserve of the current net profit after tax plus the items other than the current net profit after tax included in undistributed surplus of the current period and the undistributed surplus of the previous period in terms of the net deduction of other shareholders' equity in the accounts incurred in the current year; If it is the amount of other shareholders' equity deductions accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed surplus in the previous period. If the amount of other shareholders' equity deductions is reversed later, the surplus may be distributed on the reversed part.

(3) Distribution of earnings

The Company's motion for earnings distribution for 2021 proposed by the Board of Directors on March 18, 2022, other earnings distribution items were resolved by the shareholders' meeting on June 8, 2022. And the motion for earnings distribution for 2020 resolved by the shareholders' meeting on August 24, 2021, the amount of the dividends distributed to shareholders is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Dividend rate (NT$)** | **Amount** | **Dividend rate (NT$)** | **Amount** |
| Dividends to ordinary owners: | | | | |
| Cash | $ 1.2 | 73,502 | 1.0 | 61,252 |

(XII) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share is as follows:

| | 2022 | 2021 |
|---|---|---|
| **Basic earnings per share:** | | |
| Current net profit attributable to the Company | $ 433,492 | 354,068 |
| Weighted average number of ordinary shares in circulation(thousand shares) | 61,252 | 61,252 |
| Earnings per share (yuan) | $ 7.08 | 5.78 |
| **Dilute earnings per share:** | | |
| Current net profit attributable to the Company | $ 433,492 | 354,068 |
| Weighted average number of ordinary shares in circulation(thousand shares)(dilution) | 63,305 | 62,416 |
| Earnings per share (yuan) | $ 6.85 | 5.67 |

| | 2022 | 2021 |
|---|---|---|
| **Weighted average number of ordinary shares in circulation (thousand shares)(dilution):** | | |
| Weighted average number of ordinary shares in circulation (basic) | 61,252 | 61,252 |
| Impact of employee stock remuneration | 2,053 | 1,164 |
| Weighted average number of ordinary shares in circulation (dilution) | **63,305** | **62,416** |

(XIII) Revenue from customer contracts

1. Breakdown of income

| | 2022 | 2021 |
|---|---|---|
| Main regional market: | | |
| Taiwan | $ 562,531 | 825,672 |
| Mainland China | 2,004,521 | 1,999,900 |
| Other countries | 46,431 | 33,398 |
| | **$ 2,613,483** | **2,858,970** |
| Main products: | | |
| Power MOSFET | $ 2,494,986 | 2,645,979 |
| Other | 118,497 | 212,991 |
| | **$ 2,613,483** | **2,858,970** |

2. Contract balance

| | 2022.12.31 | 2021.12.31 | 2021.1.1 |
|---|---|---|---|
| Accounts receivable (including related parties) | $ 738,371 | 986,277 | 900,002 |
| Less: allowance for losses | (898) | (1,218) | (1,116) |
| Total | **$ 737,473** | **985,059** | **898,886** |
| Contract liabilities | **$ 2,139** | **8,478** | **3,510** |

Please refer to Note 6 (3) for details of disclosure of Accounts receivable (including related parties) and their impairment.

The beginning balance of contract liabilities on January 1, 2021 and 2022 was recognized as revenue from January 1 to December 31, 2021 and 2022 of NT$ 1,814,000 and NT$ 4,157,000 respectively.

The change in contract liabilities is mainly attributable to the difference between the time when the merged company transfers the product to the customer to satisfy the performance obligation and the time when the customer pays.

(XIV) Remuneration of employees, directors and supervisors

The company re-elected directors at the shareholders' meeting on June 8, 2022, and an audit committee established by independent directors will replace the supervisory authority, and the relevant provisions of the company's articles of association will be revised.

According to the Company’s revised Articles of Association, if there is any profit in the year, no less than 10% shall be allocated as employee remuneration and no more than 5% as director remuneration. The remuneration of employees is decided by the Board of Directors to be distributed in stock or cash, and the target of distribution includes employees of subordinate companies who meet certain conditions. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the employee remuneration and the director remuneration according to the proportion mentioned in the preceding paragraph. According to the original Articles of Association of the Company, if there is any profit in the year, no less than 10% shall be allocated as employee remuneration and no more than 5% as supervisor remuneration. The remuneration of employees is decided by the Board of Directors to be distributed in stock or cash, and the target of distribution includes employees of subordinate companies who meet certain conditions. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the employee remuneration and the supervisor remuneration according to the proportion mentioned in the preceding paragraph.

The Company‘s estimated compensation for employees in 2022 and 2021 were NT$ 95,199,000 and NT$ 76,395,000 respectively, while the estimated compensation for directors and supervisors were NT$ 27,200,000 and NT$ 21,827,000 respectively, which was estimated based on the net profit before tax of the Company for the period before deducting the remuneration of employees, directors and supervisors multiplied by the remuneration of employees and directors and supervisors as stipulated in the Articles of Association of the Company. This is also reported as the operating cost or operating expenses for the period. Relevant information can be found at the Public Information Platform. If there is any difference between the actual distribution and the estimated amount in 2022, the change shall be treated according to the accounting estimation and recognized as the profit and loss in 2023. The actual distribution in 2021 is the same as the estimated amount in the individual financial statement of the Company in 2021.

(XV) Non-operating income and expenditure

1. Other incomes

Details of other income of the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| Other income | $ 5,954 | 6,459 |

2. Other profit and loss

Details of other profit and loss of the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| Net foreign currency exchange profit (loss) | $ 146,145 | (10,787) |
| Net profits(losses) of financial assets(liabilities) measured at fair value through profit or loss | 317 | (1,909) |
| Others | (688) | (715) |
| | $ 145,774 | (13,411) |

3. Financial cost

Details of the finance costs of the Company are as follows:

| | 2022 | 2021 |
|---|---|---|
| Interest expense | $ - | 7 |

(XVI) Financial Instrument

1. Credit risk

The book value of financial assets represents the maximum credit exposure amount. The maximum amount of credit exposure on December 31, 2022 and 2021 was NT$ 1,915,079,000 and NT$ 2,163,780,000 respectively.

Credit risk refers to the risk of financial loss of the Company caused by the counterpart's failure to fulfill its contractual obligations. The main potential credit risk of the Company stems from the risk that the counterpart fails to perform the contract when it expires.

(1) Accounts receivable and other receivables

On December 31, 2022 and 2021, the Company accounted for 53% and 49% of the total accounts receivable from the top five sales customers respectively, which made the Company have concentrated credit risk. In order to reduce credit risk, the Company regularly and continuously evaluated the financial status of these customers and the recovery possibility of their accounts receivable. These customers had good profit and credit records in the past, and the Company did not suffer any significant credit risk loss due to these customers during the reporting period.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the trading objects of the Company are all banks with good credit, there is no significant performance concern, so there is no significant credit risk.

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including estimated interest but excluding the impact of net agreement.

| | Book value | Contract cash flow | 6 months within | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| **December 31, 2022** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Accounts payable (including related parties) | $ 432,524 | 432,524 | 432,524 | - | - | - | - |
| Other payable | 226,442 | 226,442 | 226,442 | - | - | - | - |
| Deposits received | 11 | 11 | - | - | - | - | 11 |
| | $ 658,977 | 658,977 | 658,966 | - | - | - | 11 |
| **December 31, 2021** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Accounts payable (including related parties) | $ 525,424 | 525,424 | 525,424 | - | - | - | - |
| Other payable | 200,648 | 200,648 | 200,648 | - | - | - | - |
| Deposits received | 5,704 | 5,704 | - | - | 5,699 | - | 5 |
| Derivative financial liabilities | 1,909 | | | | | | |
| Outflow | - | 338,814 | 338,814 | - | - | - | - |
| Inflow | - | (336,905) | (336,905) | - | - | - | - |
| | $ 733,685 | 733,685 | 727,981 | - | 5,699 | - | 5 |

The Company does not expect that the cash flow of maturity analysis will occur significantly earlier, or the actual amount will be significantly different.

The Company's capital, working capital and bank financing amount are sufficient to fulfill all contractual obligations, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations. In addition, the unused loan amount of the Company on December 31, 2022 and 2021 totaled NT$ 962,665,000 and NT$ 928,820,000 respectively.

3. Market risk

(1) Exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risks are as follows:

| | 2022.12.31 | | | 2021.12.31 | | |
|---|---|---|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial Asset | | | | | | |
| Monetary items | | | | | | |
| USD | $ 34,940 | 30.710 | 1,073,016 | 44,372 | 27.680 | 1,228,230 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 14,426 | 30.710 | 443,023 | 19,514 | 27.680 | 540,148 |

(2) Sensitivity analysis

The exchange rate risk of the Company mainly comes from cash and equivalent cash denominated in foreign currency, accounts receivable, other receivable, accounts payable and other payable etc., which generate foreign currency exchange profits and losses during translation. On December 31, 2022 and 2021, when the NT dollar depreciated or appreciated by 1% against the US dollar and all other factors remained unchanged, the net loss before tax in 2022 and 2021 will increase or decrease by NT$ 6,300,000 and NT$ 6,881,000 respectively. The two phases of analysis adopt the same basis.

(3) Exchange profits and losses of monetary items

The exchange rate information of the exchange (loss) profit (including realized and unrealized) of the monetary items of the Company into the functional currency NTD (that is, the expression currency of the company) is as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Functional Currency** | **Exchange (loss) profit** | **Average exchange rate** | **Exchange (loss) profit** | **Average exchange rate** |
| NTD | $ 146,145 | 1 | (10,787) | 1 |

4. Interest rate analysis

The Company does not undertake debts with floating interest rate, while the financial assets with floating interest rate are bank deposits. It is assessed that the cash flow risk caused by the change of market interest rate is not significant, so sensitivity analysis is not conducted.

5. Fair value information

(1) Types and fair value of financial instruments

The book value and fair value of the financial assets and financial liabilities of the Company (including fair value grade information, but the book amount of financial instruments not measured at fair value is a reasonable approximation of fair value is not required to disclose fair value information) are listed as follows:

| | 2022.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Book value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets measured at fair value through profit or loss-current** | $ 317 | - | - | 317 | 317 |
| **Financial assets measured at amortized cost:** | | | | | |
| Cash and equivalent cash | $ 1,152,180 | | | | |
| Accounts receivable (including related parties) | 737,473 | | | | |
| Other accounts receivable | 17,541 | | | | |
| Refundable deposits | 7,568 | | | | |
| Total | $ 1,914,762 | | | | |
| **Financial liabilities measured at amortized cost:** | | | | | |
| Accounts payable (including related parties) | $ 432,524 | | | | |
| Other accounts payable | 226,442 | | | | |
| Deposits received | 11 | | | | |
| Subtotal | $ 658,977 | | | | |

| | 2021.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Book value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets measured at amortized cost:** | | | | | |
| Cash and equivalent cash | $ 1,152,855 | | | | |
| Accounts receivable (including related parties) | 985,059 | | | | |
| Other accounts receivable | 15,783 | | | | |
| Refundable deposits | 10,083 | | | | |
| Subtotal | $ 2,163,780 | | | | |
| **Financial liabilities measured at fair value through profit or loss-current** | $ 1,909 | - | - | 1,909 | 1,909 |
| **Financial liabilities measured at amortized cost:** | | | | | |
| Accounts payable (including related parties) | $ 525,424 | | | | |
| Other accounts payable | 200,648 | | | | |
| Deposits received | 5,704 | | | | |
| Subtotal | $ 731,776 | | | | |

(2) The fair value evaluation technology of financial instruments measured by fair value

The fair value of derivatives is priced by public quotation. When the public quotation cannot be obtained, the fair value of the contract is calculated based on the spot exchange rate and exchange points on the respective maturity dates.

(3) The Company did not have any fair value level transfer from January 1 to December 31, 2022 and 2021.

(4) List of changes in the Level 3

| | Financial assets(liabilities) measured at fair value through profit or loss |
|---|---|
| January 1, 2022 | $ (1,909) |
| Purchase/Disposition/Liquidation | 1,909 |
| Recognized in profit or loss | 317 |
| December 31, 2022 | $ 317 |
| January 1, 2021 | $ 3,814 |
| Purchase/Disposition/Liquidation | (3,814) |
| Recognized in profit or loss | (1,909) |
| December 31, 2021 | $ (1,909) |

The above total profits or losses are reported in series as "other profits and losses". Among them, the assets or liabilities held as at December 31, 2022 and 2021 are as follows:

| | 2022.12.31 | 2021.12.31 |
|---|---|---|
| Total profit and loss | | |
| Recognized in profit or loss (reported in "other profits and losses") | $ 317 | (1,909) |

(5) Quantitative information on fair value measurement of significant unobservable input values (Level 3)

The fair value measurement of the Company is classified into the Level 3 of financial assets (liabilities) at fair value through profit or loss - derivative financial instruments. This source of fair value is a third party quotation, so it is not intended to disclose the sensitivity analysis of significant unobservable input values.

(XVII) Financial risk management

1. Summary

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

Please refer to Note 6 (16) for the critical information of the above risks, the objectives, policies and procedures of the Company for measuring and managing risks, and further quantitative disclosure.

2. Risk management structure

The risk management policy of the Company is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect market conditions and changes in the operation of the Company. The Company develops a disciplined and constructive control environment through training, management standards and operating procedures, so that all employees can understand their roles and obligations.

The board of directors of the Company supervises how the management level monitors the compliance of the risk management policies and procedures of the Company, and reviews the appropriateness of the relevant risk management structure of the company for the risks it faces. Internal auditors assist the board of directors of the Company to play a supervisory role. These personnel conduct regular and exceptional reviews of risk management controls and procedures, and report the review results to the Board of Directors.

(XVIII) Investment management

It is the policy of the Board of Directors to maintain a sound capital base to maintain the confidence of investors, creditors and the market and support the development of future operations. Capital includes the company's share capital, capital surplus, retained earnings and other equity.

The capital management objective of the Company is to guarantee the ability to continue to operate, to provide shareholders' remuneration and other stakeholders' benefits continuously, and to maintain the best capital structure to reduce the cost of capital. The debt ratios on December 31, 2021 and 2022 were 26% and 22% respectively.

As of December 31, 2022, the way of capital management of the Company has not changed.

(XIX) Changes in liabilities from financial activities

Adjustments to changes in liabilities from financial activities are shown in the following table:

| | January 1, 2022 | Cash flows | Exchange rate changes | December 31, 2022 |
|---|---|---|---|---|
| Deposits received | $ 5,704 | (5,706) | 13 | 11 |
| Total liabilities from financial activities | **$ 5,704** | **(5,706)** | **13** | **11** |

| | January 1, 2021 | Cash flows | Exchange rate changes | December 31, 2021 |
|---|---|---|---|---|
| Deposits received | $ 5 | 5,699 | - | 5,704 |
| Total liabilities from financial activities | **$ 5** | **5,699** | **-** | **5,704** |

## VII. Related party transactions

(I) Name and relationship of related parties

During the period covered by this individual financial report, the related parties who had transactions between the Company and its subsidiaries are as follows:

| Name of related party | Relationship with the Company |
|---|---|
| Jinrong Investment Co., Ltd. (Jinrong Investment） | The Company's subsidiaries |
| Power Up Tech Co., Ltd. (Power Up) | 〃 |
| Wuxi Super GEM Micro Electric Co., Ltd (Wuxi Super GEM） | 〃 |
| Caifeng Investment Co., Ltd. (Caifeng Investment） | Substantive parties |
| Super Group Semiconductor Co., Ltd. (Super Group Semiconductor) | Affiliated enterprise(Note) |
| Green Solution Technology Co., Ltd. (Green Solution Technology) | Affiliated enterprise |
| WUXI U-NIKC-Semiconductor Corp. Ltd. (Wuxi U-NIKC-Semiconductor） | Affiliated enterprise (Green Solution Technology's subsidiaries) |
| WUXI U-NIKC-Semiconductor (HK) Corp. Ltd. (Wuxi U-NIKC-Semiconductor (HK)） | 〃 |
| Chang Kuan Investments Co., Ltd. (Chang Kuan Investments) | Its chairman is the same person as the company |

Note: Super Group Semiconductor was substantive parties of the company. Since the company obtained 28.57% of its shares on September 30, 2022, it became an affiliated enterprise of the company.

(II) Major transactions with related parties

1. Sale to related parties

The company's sales amount to related parties and its outstanding balance are as follows:

| | Sales | | Accounts receivable from related parties | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022.12.31** | **2021.12.31** |
| Affiliated enterprise: | | | | |
| Other affiliated enterprise | $ 52,126 | 205,477 | - | 30,926 |
| Less: allowance for losses | | | - | (62) |
| | **$ 52,126** | **205,477** | **-** | **30,864** |

There is no significant difference between the sales conditions of the Company and the general sales price. In 2022 and 2021, the payment conditions were 90 days for monthly close, and the average customer was about 30 days for monthly close to 120 days for the next monthly close.

The company charged trial production fees of new products and unearned revenue from other affiliated enterprise. As of December 31, 2021 and 2022, the unearned revenue has been NT$ 2,636,000 and NT$ 0 respectively under other current liabilities.

2. Purchase from related parties

The purchase amount and outstanding balance of the Company from related parties are as follows:

| | Purchase | | Accounts payable | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022.12.31** | **2021.12.31** |
| Affiliated enterprise: | | | | |
| Green Solution Technology | **$ 5,476** | **13,151** | **66** | **2,047** |

In order to provide customers with a complete power management plan, the company purchases customized products from related parties. There is no competitive purchase price of the products from the ordinary manufactures. The terms of payment in 2022 and 2021 are 30 days, while the terms of payment for ordinary manufacturers are about 30 to 90 days.

3. Purchase labor services from related parties

| | Transaction amount | | Other payable | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022.12.31 | 2021.12.31 |
| Subsidiary: | | | | |
| Power Up -handles after-sales service and quality control expenditure of products | $ 25,810 | 27,319 | 952 | 1,046 |
| Affiliated enterprise: | | | | |
| Super Group Semiconductor - Product development project fees | 12,300 | 9,400 | 6,615 | 2,310 |
| Super Group Semiconductor - Product royalty fees | 42,294 | 57,919 | 7,141 | 9,757 |
| | $ 80,404 | 94,638 | 14,708 | 13,113 |

As of December 31, 2022 and 2021, the new product development contracts and outsourcing design contracts signed by the company and its related parties have not yet been recognized due to the failure to reach the agreed development and design stage. Please refer to Note 9 for details.

4. Rental income

Rental income of the company arising from leasing offices to related parties is as follows:

| | Transaction amount | | Other receivables | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022.12.31 | 2021.12.31 |
| Subsidiary: | | | | |
| Jinrong Investment | $ 17 | 17 | 35 | 17 |
| Affiliated enterprise: | | | | |
| Green Solution Technology | 2,857 | 2,857 | 250 | 250 |
| Other related parties: | | | | |
| Other related parties | 29 | 17 | 23 | 11 |
| | $ 2,903 | 2,891 | 308 | 278 |

The company collects rent according to the contract, and the relevant rent is determined by negotiation between the two parties.

5. Property transaction

The company made a seasoned equity offering of NT$ 49,000,000 to its subsidiary, Jinrong Investment Co., Ltd., resolved by the board of directors on August 5, 2022. And the base date on September 19, 2022.

(III) Main management personnel transactions

Remuneration for main management personnel includes:

| | | 2022 | 2021 |
|---|---|---|---|
| Short-term employee welfare | $ | 36,968 | 28,793 |
| Post-retirement welfare | | 445 | 453 |
| Resignation welfare | | - | - |
| Other long-term welfare | | - | - |
| Share-based payment | | - | - |
| | $ | 37,413 | 29,246 |

## VIII Pledged Assets

Details of the book value of assets provided by the Company as collateral are as follows:

| Assets name | Pledge object | | 2022.12.31 | 2021.12.31 |
|---|---|---|---|---|
| Property, plant and equipment - Land | Bank loan | $ | 97,394 | 97,394 |
| -House and building | 〃 | | 46,304 | 47,533 |
| Investing property - Land | 〃 | | 48,068 | 48,068 |
| -House and building | 〃 | | 22,902 | 23,509 |
| | | $ | 214,668 | 216,504 |

## IX. Major Contingent Liabilities and Unrecognized Contractual Commitments

(I) The amount of guarantee notes issued by the Company to suppliers as guarantee for payment of goods is as follows:

| | | 2022.12.31 | 2021.12.31 |
|---|---|---|---|
| Guaranteed notes | $ | - | 10,000 |

(II) The amount of guaranteed promissory notes issued by the Company as a result of signing loan limit and financial commodity trading limit with financial institutions is as follows.

| | | 2022.12.31 | 2021.12.31 |
|---|---|---|---|
| Loan limit and financial commodities trading limit | $ | 1,057,121 | 1,007,760 |

(III) On December 31, 2022 and 2021, the amounts of new product development contracts and outsourcing design contracts signed by the company that have not yet reached the agreed development and design stage and have not yet applied to the company are NT$ 34,600,000 and NT$ 28,000,000 respectively; In addition, the Company agreed in the new product development contract that when the product enters the mass production stage, it shall pay the royalty fee according to the relevant wafer purchase quantity and the agreed price.

(IV) The company signed a capacity guarantee purchase contract with the supplier on May 30, 2018, and due to the agreement on the minimum purchase amount, the deposit amount shall be paid. As of December 31, 2022 and 2021, the deposit amount has been NT$ 7,500,000 and NT$ 10,000,000 respectively under other current assets and other non-current assets.

(V) The company signed a capacity guarantee purchase contract with the supplier on May 7, 2021, November 30, 2021, and January 28, 2022 and due to the agreement on the purchase amount, the amount shall be paid in advance. As of December 31, 2022 and 2021, the prepaid amount has been NT$ 88,423,000 and $ 82,066,000 respectively under other current assets and other non-current assets.

## X. Major disaster losses: None.

## XI. Major post-date events: None.

## XII. Others

The functions of employee benefits, depreciation, depletion and amortization expenses are summarized as follows:

| Functional classification / Natural classification | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Attributable to operating costs** | **Attributable to operating expenses** | **Total** | **Attributable to operating costs** | **Attributable to operating expenses** | **Total** |
| Salary expense | 50,409 | 182,851 | 233,260 | 46,562 | 175,580 | 222,142 |
| Labor and health insurance expenses | 4,097 | 9,023 | 13,120 | 3,793 | 8,396 | 12,189 |
| Pension expense | 1,732 | 4,656 | 6,388 | 1,706 | 4,679 | 6,385 |
| Directors' remuneration | - | 28,541 | 28,541 | - | 20,307 | 20,307 |
| Other employee welfare expenses | 2,259 | 4,911 | 7,170 | 2,347 | 5,048 | 7,395 |
| Depreciation expense | 6,498 | 13,907 | 20,405 | 5,597 | 13,197 | 18,794 |
| Amortized expense | - | 218 | 218 | - | 59 | 59 |

Additional information on the number of employees and employee welfare expenses of the Company in 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Number of employees | 132 | 133 |
| Number of directors who are not concurrently employees | 4 | 3 |
| Average employee welfare expenses | $ 2,031 | 1,909 |
| Average employee salary expense | $ 1,822 | 1,709 |
| Adjustment of average employee salary expenses | 6.61% | 25.29% |
| Supervisor remuneration | $ 2,064 | 5,271 |

The Company's salary and compensation policy (including directors, managers and employees) is as follows:

1. Directors and managers:

The remuneration policy of directors is stipulated in Article 15 of the Articles of Association. The remuneration policy of managers is based on their academic experience and with reference to the salary level of peers, and evaluates their responsibilities, achievement of objectives and contribution to the company's positions. The operating results of the company in that year are submitted to the Salary and Compensation Committee for deliberation and then submitted to the Board of Directors for resolution.

If the Company's annual final accounts are profitable, the remuneration of directors and employees shall be calculated and allocated according to Article 19 of the Articles of Association, which shall be submitted to the Remuneration Committee for deliberation and recommendations based on the Company's operating performance and peer distribution, and then submitted to the board of directors for discussion and resolution, and reported to the shareholders' regular meeting.

2. Employee

(1) Salary

According to their academic experience, professional knowledge and technology, professional seniority experience, salary market, company operating conditions and organizational structure, and timely adjust according to market salary dynamics, changes in overall economic and industrial prosperity, and government laws and regulations.

(2) Year-end bonus

The year-end bonus is allocated according to the company's operating conditions, and the year-end bonus is issued according to the employee performance appraisal results.

(3) Annual salary adjustment

Carry out annual salary adjustment with reference to market and peer salary level, company operation and personal performance appraisal.

(4) Employee compensation

When the company makes a profit in the annual settlement, the part allocated according to Article 19 of the Articles of Association is the employee remuneration, which is distributed according to the employee unit, individual performance and length of service.

## XIII. Matters disclosed in notes

(I) Relevant information on major transactions

In 2022, according to the establishment standards, the Company should disclose the following information about the major transactions:

1. Loaning funds to others: None.
2. Endorsement guarantee for others: None.
3. Securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and equity of joint ventures): None.
4. The cumulative amount of buying or selling the same securities reaches NT$ 300 million or more than 20% of paid-in capital: None.
5. The amount of property acquired is NT$ 300 million or more than 20% of paid-in capital: None.
6. The amount of property disposed of is NT$ 300 million or more than 20% of paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NT$ 100 million or more than 20% of paid-in capital: None
8. Amounts due from related parties reaches NT$ 100 million or more than 20% of paid-in capital: None.
9. Engage in derivatives transaction: Please refer to Note 6(2) for details.

(II) Information related to joint venture:

In 2022, the company's joint venture information is as follows (excluding investee companies in mainland China):

Unit: NT$ thousands/share

| Investing company Name | Invested company Name | Area | Major business Item | Original investment amount | | Final holding | | | Invested company Current profit and loss | Current recognized Investment profit and loss | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | At end of current period | End of last year | Shares | Ratio | Book amount | | | |
| The Company | Jinrong Investment Co., Ltd. | Taiwan | Holding company | 100,000 | 51,000 | 10,000,000 | 100.00% | 155,302 | 27,651 | 27,631 | Note 1 |
| 〃 | Power Up Tech Co., Ltd. | Samoa | Holding company | 30,744 | 30,744 | 1,930,000 | 100.00% | 41,771 | 4,326 | 4,326 | 〃 |
| Jinrong Investment Co., Ltd. | Green Solution Technology Co., Ltd. | Taiwan | Manufacturing and Product Design of Electronic Components | 48,875 | 48,875 | 4,511,514 | 15.04% | 76,141 | 1,499 | (366) | Note 2 |
| 〃 | Super Group Semiconductor | Taiwan | Integrated Circuit Design Service, Manufacturing | 45,000 | - | 1,000,000 | 28.57% | 72,749 | 5,693 | (1,076) | 〃 |

Note 1: The Company's subsidiary.
Note 2: Jinrong Investment's associated enterprise.

**Individual Financial Report Note (Continue) of Niko Semiconductor Co., Ltd.**

(III) Investment information in mainland China:

1. Relevant information such as the name and main business items of the invested company in mainland China:

Unit: NT$ thousands

| Name of mainland Invested Company | Major business items | Paid-in capital | Investing mode | Accumulated investment amount remitted from Taiwan at beginning of current period | Amount of investment remitted or recovered in current period | | Accumulated investment amount remitted from Taiwan at end of current period | Invested company Current profit and loss | Shareholding ratio of Company's direct or indirect investment | Investment profits and losses recognized for current period(Note) | Book value of final investment (Note) | Remitted back investment income as of end of current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | remitted | recovered | | | | | | |
| Wuxi Super GEM Microelectronics Co., Ltd. | Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products | 33,966 | Note | 61,463 | - | - | 61,463 | 2,383 | 100.00% | 2,383 | 11,066 | - |

Note: indirect investment is made through the third land of Power Up Tech Co., Ltd

2. Investment limit in mainland region:

| Accumulated investment remitted from Taiwan to mainland region at the end of current period | Investment amount approved by MOEAIC | Investment limit in mainland regulated by MOEAIC |
|---|---|---|
| 61,463 | 61,463 | 1,604,958 |

3. Major transactions with mainland invested companies:

Through Power Up Tech Co., Ltd, the Company entrusted Wuxi Super GEM Microelectronics to handle the after-sales service, quality control and storage management of the products on its behalf. The related expenditures in 2022 and 2021 were NT$ 25,093,000 and NT$ 26,647,000 respectively.

(IV) Information of major shareholders:

| Share<br>Name of major shareholder | Holding share | Holding proportion |
|---|---|---|
| Liangjia Investment Co., Ltd. | 3,345,257 | 5.46% |

## XIV. Department information

Please refer to the consolidated financial report of 2022.

## Niko Semiconductor Co., Ltd.

## Detail table of cash and equivalent cash

## Balance on December 31, 2022

Unit: NT$ thousands

| Item | Abstract | Amount |
|---|---|---|
| Cash on hand and petty cash | | $ 102 |
| Check and demand deposit | Deposit at NT$ | 817,415 |
| | Deposit at foreign currency - USD 10,897,000, exchange rate 30.710 | 334,645 |
| | Deposit at foreign currency - HKD 5,000, exchange rate 3.938 | 18 |
| | | $ 1,152,180 |

## Detail table of account receivable

| Customer name | Abstract | Amount |
|---|---|---|
| Account receivable: | | |
| Hong Kong FoxPort Technology Co., Ltd | Operating income of non-related parties | $ 118,111 |
| Asustek Computer Co., Ltd. | 〃 | 103,504 |
| Msi Computer(Shenzhen)Co., Ltd. | 〃 | 71,933 |
| Wistron (Zhongshan) Limited | 〃 | 68,750 |
| Pegatron Corporation | 〃 | 62,686 |
| Dafeng (Chongqing) PC Limited | 〃 | 40,619 |
| Other (Note) | | 272,768 |
| Subtotal | | 738,371 |
| Reduce: allowance loss | | (898) |
| Net amount of account receivable | | $ 737,473 |

Note: The balance of each household does not exceed 5% of the amount of this account, so it is not listed separately.

**Niko Semiconductor Co., Ltd.**

**Detail table of inventory**

**Balance on December 31, 2022**

**Unit: NT$ thousands**

| Item | Amount: Cost | Amount: Net realized value |
|---|---|---|
| Finished products and goods | $ 257,910 | |
| Reduce: Allowance for falling prices and slow losses | (32,661) | |
| | 225,249 | 337,407 |
| Work-in-progress and semi-finished products | 590,504 | |
| Reduce: Allowance for falling prices and slow losses | (66,624) | |
| | 523,880 | 767,285 |
| Raw material | 75,246 | |
| Reduce: Allowance for falling prices and slow losses | (11,351) | |
| | 63,895 | 63,895 |
| Net amount | **$ 813,024** | **1,168,587** |

**Detail table of other current assets**

| Item | Abstract | Amount |
|---|---|---|
| Prepayment for purchases | | $ 20,242 |
| Overpaid sales tax | | 18,502 |
| Prepaid expenses | Labor costs, insurance premiums and rental of parking spaces for official vehicles, etc. | 2,786 |
| Refundable deposits | | 2,500 |
| Temporary payments | Temporary travel expenses of employees, etc | 31 |
| | | **$ 44,061** |

**Niko Semiconductor Co., Ltd.**

**Detail table of investment changes**

**using equity method**

**January 1 to December 31, 2022**

**Unit: NT$ thousands / thousands shares**

| | Beginning balance | | Current increase | | Current reduce | | Other transaction | | Ending balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Invested Company | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount (Note) | Number of shares | Shareholding ratio | Amount | Market price or Total amount of net value | Provide surety or pledge situation |
| Jinrong Investment Co., Ltd. | 5,100 | $ 78,022 | 4,900 | 49,000 | - | - | - | 28,280 | 10,000 | 100% | 155,302 | 155,545 | None |
| Power Up Tech Co., Ltd. | 1,930 | 37,357 | - | - | - | - | - | 4,414 | 1,930 | 100% | 41,771 | 41,771 | None |
| | | $ 115,379 | | 49,000 | | - | | 32,694 | | | 197,073 | 197,316 | |

Note: Investment profit and loss, unrealized gross profit of sales and accumulated translation adjustment are recognized.

**Niko Semiconductor Co., Ltd.**

**Detail table of property, plant and equipment**

**January 1 to December 31, 2022**

**Unit: NT$ thousands**

Please refer to Note 6(6) for information related to property, plant and equipment.

## Detail table of investment property changes

Please refer to Note 6(7) for information related to investment property.

**Detail table of other non-current assets**

**Balance on December 31, 2022**

| Item | Abstract | Amount |
|---|---|---|
| Long-term prepaid | Prepayment for capacity guarantee purchase | $ 68,181 |
| Refundable deposits | | 5,068 |
| Intangible assets | | 1,435 |
| | | **$ 74,684** |

# Niko Semiconductor Co., Ltd.

## Detail table of account payable

## Balance on December 31, 2022

**Unit: NT$ thousands**

| Customer name | Abstract | Amount |
|---|---|---|
| Accounts payable: | | |
| Supplier 21015 | Purchase of non-related parties | $ 115,835 |
| Supplier 23029 | 〃 | 102,095 |
| Supplier 21002 | 〃 | 62,715 |
| Supplier 21039 | 〃 | 34,063 |
| Supplier 13042 | 〃 | 26,770 |
| Other (Note) | | 90,980 |
| Total | | **$ 432,458** |

Note: The balance of each household does not exceed 5% of the amount of this account, so it is not listed separately.

## Detail table of other payables

| Item | Abstract | Amount |
|---|---|---|
| Remuneration payable to employees and directors | | $ 122,774 |
| Expenses payable | Project development fee, freight, insurance fee, labor fee and import declaration fee, etc. | 66,644 |
| Salary payable and year-end bonus | Salary and year-end bonus | 37,024 |
| | | **$ 226,442** |

## Niko Semiconductor Co., Ltd.

## Detail table of other non-current liabilities

**Balance on December 31, 2022** **Unit: NT$ thousands**

| Item | Abstract | Amount |
|---|---|---|
| Accrued pension liabilities | | $ 2,081 |
| Deferred income tax liabilities | | 1,695 |
| Deposits received | | 11 |
| Total | | $ 3,787 |

## Detail table of operating revenue

**January 1 to December 31, 2022** **Unit: NT$ thousands**

| Item | Quantity of sale goods (1000 pieces) | Amount |
|---|---|---|
| Power metal–oxide–semiconductor field-effect transistor | 1,246,625 | $ 2,578,135 |
| Other | 110,754 | 140,719 |
| Subtotal | | 2,718,854 |
| Reduce: Sales return and discount | | 105,371 |
| Net amount of operating revenue | | $ 2,613,483 |

# Niko Semiconductor Co., Ltd.

## Detail table of Operating cost

## January 1 to December 31, 2022

Unit: NT$ thousands

| Item | Amount |
|---|---|
| Beginning Raw Material | $ 63,286 |
| Add: Purchase | 278,070 |
| Reduce: Research and development recipients | (4,023) |
| Ending Raw Material | (75,246) |
| Direct Raw Material | 262,087 |
| Manufacturing expense | 1,822,816 |
| Manufacturing cost | 2,084,903 |
| Add: Beginning work-in-progress and semi-finished products | 266,789 |
| Current purchased semi-finished products | 123,159 |
| Reduce: Sell semi-finished product cost | (80,097) |
| Research and development recipients | (2,179) |
| Ending work-in-progress and semi-finished products | (590,504) |
| Cost of finished products | 1,802,071 |
| Add: Beginning finished product | 119,174 |
| Reduce: Ending finished product | (252,305) |
| Other | (899) |
| Cost of finished product sales | 1,668,041 |
| Beginning goods | 5,466 |
| Add: Purchase | 5,476 |
| Reduce: Sample picking | 2 |
| Ending goods | (5,605) |
| Cost of goods sales | 5,339 |
| Cost of semi-finished product sales | 80,097 |
| Other operating cost | 49,575 |
| Operating cost | **$ 1,803,052** |

## Niko Semiconductor Co., Ltd.

## Detail table of selling , management and R&D expenses

## January 1 to December 31, 2022

Unit: NT$ thousands

| Item | Selling Expense | Management Expense | R&D Expense |
|---|---|---|---|
| Salary Expense | $ 29,046 | 99,429 | 82,917 |
| Export expense | 48,464 | 10 | 492 |
| Depreciation expense | 18 | 5,585 | 8,304 |
| Labor cost | 30,444 | 6,243 | - |
| Rental expense | 8,437 | 648 | - |
| Trial manufacturing expense | - | - | 32,871 |
| Indirect material | - | - | 15,309 |
| Outsource project expense | - | - | 12,875 |
| Other expense (Individual amounts that are less than 5% of the account amount) | 9,583 | 24,455 | 21,711 |
| Total | $ 125,992 | 136,370 | 174,479 |