

# **Nichidenbo Corporation**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nichidenbo Corporation

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matters of the financial statements for the year ended December 31, 2022 are as follows:

#### Gain on Disposal of Subsidiaries

The Company participated in Weltrend Semiconductor Incorporated's takeover bid of Sentelic Corporation. The disposal price was \$778,417 thousand, and realized \$660,235 thousand of disposal gain. Since the gain on disposal accounted for net profit of 44.37% was significant to the financial statements, we considered the gain on disposal of subsidiaries as a key audit matter in our audit for the year ended December 31, 2022.

The main audit procedures that we performed included obtaining the board meeting minutes of Company and confirming the resolution of the disposal. We verified management's compliance in the acquisition and disposal of assets. We checked the bank statement and stock passbook, and confirmed that gains or losses on disposal were properly calculated and expressed.

### Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on significant judgments and accounting estimates made by management; therefore, we identified the valuation of inventories as a key audit matter in our audit for the year ended December 31, 2022.

The main audit procedures that we performed in respect of the valuation of inventories included obtaining the estimated data of inventories stated at the lower of cost or net realizable value by management; sampling recent sales data to evaluate the reasonableness of the net realizable value.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Ya-Ling Wong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2023

Notice to Readers

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

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

# NICHIDENBO CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 612,381	8	\$ 173,385	3
Financial assets at fair value through profit or loss - current (Note 7)	100,006	1	60,000	1
Financial assets at fair value through other comprehensive income - current (Note 8)	187,273	3	58,654	1
Financial assets at amortized cost - current (Notes 9 and 10)	810,000	11	-	-
Notes receivables, net (Note 11)	2,599	-	5,035	-
Trade receivables from unrelated parties, net (Notes 11 and 25)	543,830	7	687,372	13
Trade receivables from related parties (Note 36)	49,810	1	33,117	1
Other receivables (Note 11)	4,727	-	3,935	-
Other receivables from related parties (Note 36)	544,778	7	6,929	-
Inventories (Note 12)	498,713	7	273,603	5
Prepayments	581	-	506	-
Other current assets (Notes 19 and 36)	598	-	572	-
Total current assets	<u>3,355,296</u>	<u>45</u>	<u>1,303,108</u>	<u>24</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	93,384	1	88,711	2
Financial assets at amortized cost - non-current (Notes 9, 10 and 37)	150	-	150	-
Investments accounted for using the equity method (Notes 13, 14, 30, 31 and 32)	3,692,149	50	3,740,887	69
Property, plant and equipment (Notes 15 and 37)	184,304	3	186,637	3
Investment properties (Notes 17 and 37)	84,035	1	84,336	2
Intangible assets (Note 18)	872	-	744	-
Deferred tax assets (Note 27)	13,425	-	9,687	-
Refundable deposits (Note 36)	815	-	800	-
Total non-current assets	<u>4,069,134</u>	<u>55</u>	<u>4,111,952</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 7,424,430</u>	<u>100</u>	<u>\$ 5,415,060</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 259,783	4	\$ 345,467	6
Contract liabilities - current (Note 25)	357	-	1,237	-
Trade payables to unrelated parties (Note 21)	151,810	2	249,102	5
Trade payables to related parties (Note 36)	56,964	1	31,824	-
Other payables to unrelated parties (Note 22)	225,738	3	147,716	3
Other payables to related parties (Note 36)	180	-	156	-
Current tax liabilities (Note 27)	30,940	-	51,452	1
Other current liabilities (Note 22)	1,862	-	1,617	-
Total current liabilities	<u>727,634</u>	<u>10</u>	<u>828,571</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 27)	66,521	1	76,577	1
Net defined benefit liability - non-current (Note 23)	25,785	-	33,671	1
Guarantee deposits received (Note 36)	1,094	-	1,058	-
Total non-current liabilities	<u>93,400</u>	<u>1</u>	<u>111,306</u>	<u>2</u>
Total liabilities	<u>821,034</u>	<u>11</u>	<u>939,877</u>	<u>17</u>
<b>EQUITY</b>				
Common stock	2,126,572	29	1,786,572	33
Capital surplus	1,621,500	22	475,353	9
Retained earnings				
Legal reserve	785,382	11	690,815	13
Special reserve	10,950	-	10,950	-
Unappropriated earnings	2,167,303	29	1,480,027	27
Total retained earnings	2,963,635	40	2,181,792	40
Other equity	(108,311)	(2)	31,466	1
Total equity	<u>6,603,396</u>	<u>89</u>	<u>4,475,183</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 7,424,430</u>	<u>100</u>	<u>\$ 5,415,060</u>	<u>100</u>

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

# NICHIDENBO CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 36)	\$ 1,915,945	100	\$ 2,315,539	100
OPERATING COSTS (Notes 12 and 36)	<u>1,466,056</u>	<u>77</u>	<u>1,819,689</u>	<u>79</u>
GROSS PROFIT	449,889	23	495,850	21
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	788	-	-	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>-</u>	<u>-</u>	<u>196</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>449,101</u>	<u>23</u>	<u>496,046</u>	<u>21</u>
OPERATING EXPENSES (Notes 26 and 36)				
Selling and marketing expenses	149,939	8	117,307	5
General and administrative expenses	183,778	9	121,199	5
Expected credit (gain) loss	<u>(737)</u>	<u>-</u>	<u>686</u>	<u>-</u>
Total operating expenses	<u>332,980</u>	<u>17</u>	<u>239,192</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>116,121</u>	<u>6</u>	<u>256,854</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 36)				
Interest income	6,340	1	3,400	-
Other income	118,583	6	83,995	4
Other gains and losses	2,073	-	(14,499)	-
Finance costs	(7,771)	-	(1,973)	-
Share of profit of subsidiaries	<u>615,545</u>	<u>32</u>	<u>540,867</u>	<u>23</u>
Total non-operating income and expenses	<u>734,770</u>	<u>39</u>	<u>611,790</u>	<u>27</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	850,891	45	868,644	38
INCOME TAX EXPENSE (Note 27)	<u>69,859</u>	<u>4</u>	<u>99,670</u>	<u>4</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>781,032</u>	<u>41</u>	<u>768,974</u>	<u>34</u>
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13)	<u>707,013</u>	<u>37</u>	<u>50,445</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,488,045</u>	<u>78</u>	<u>819,419</u>	<u>36</u>

(Continued)

# NICHIDENBO CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
(Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 5,534	-	\$ (226)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(64,502)	(4)	20,291	1
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	(24,316)	(1)	38,823	1
Income tax related to items that will not be reclassified subsequently to profit or loss	(1,107)	-	45	-
	<u>(84,391)</u>	<u>(5)</u>	<u>58,933</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	12,889	1	(5,586)	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	7,538	-	(3,220)	-
	<u>20,427</u>	<u>1</u>	<u>(8,806)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(63,964)</u>	<u>(4)</u>	<u>50,127</u>	<u>2</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$ 1,424,081</b>	<b>74</b>	<b>\$ 869,546</b>	<b>38</b>
<b>EARNINGS PER SHARE (Note 28)</b>				
From continuing and discontinued operations				
Basic	<u>\$ 8.02</u>		<u>\$ 4.59</u>	
Diluted	<u>\$ 7.89</u>		<u>\$ 4.55</u>	
From continuing operations				
Basic	<u>\$ 4.21</u>		<u>\$ 4.31</u>	
Diluted	<u>\$ 4.14</u>		<u>\$ 4.27</u>	

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

(Concluded)



# NICHIDENBO CORPORATION

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

	Common Stock (Notes 24 and 29)	Capital Surplus (Notes 24 and 29)	Retained Earnings (Note 24)			Other Equity (Notes 24 and 29)			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefit	
BALANCE AT JANUARY 1, 2021	\$ 1,786,572	\$ 478,163	\$ 629,783	\$ 10,950	\$ 1,149,227	\$ (45,955)	\$ 153,554	\$ -	\$ 4,162,294
Appropriation of 2020 earnings									
Legal reserve	-	-	61,032	-	(61,032)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(553,837)	-	-	-	(553,837)
Total	-	-	61,032	-	(614,869)	-	-	-	(553,837)
Other changes in capital surplus	-	283	-	-	-	-	-	-	283
Net profit for the year ended December 31, 2021	-	-	-	-	819,419	-	-	-	819,419
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	570	(8,806)	58,363	-	50,127
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	819,989	(8,806)	58,363	-	869,546
Changes in percentage of ownership interests in subsidiaries	-	(3,093)	-	-	-	(10)	-	-	(3,103)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	125,680	-	(125,680)	-	-
BALANCE AT DECEMBER 31, 2021	1,786,572	475,353	690,815	10,950	1,480,027	(54,771)	86,237	-	4,475,183
Appropriation of 2021 earnings									
Legal reserve	-	-	94,567	-	(94,567)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(714,629)	-	-	-	(714,629)
Total	-	-	94,567	-	(809,196)	-	-	-	(714,629)
Other changes in capital surplus	-	189	-	-	-	-	-	-	189
Net profit for the year ended December 31, 2022	-	-	-	-	1,488,045	-	-	-	1,488,045
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	8,427	20,427	(92,818)	-	(63,964)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,496,472	20,427	(92,818)	-	1,424,081
Issuance of common stock for cash	300,000	1,020,600	-	-	-	-	-	-	1,320,600
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	(553)	-	-	-	-	-	-	(553)
Issuance of restricted shares for employees	40,000	125,911	-	-	-	-	-	(82,937)	82,974
Share-based payment arrangements	-	-	-	-	-	-	-	15,551	15,551
BALANCE AT DECEMBER 31, 2022	\$ 2,126,572	\$ 1,621,500	\$ 785,382	\$ 10,950	\$ 2,167,303	\$ (34,344)	\$ (6,581)	\$ (67,386)	\$ 6,603,396

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

# NICHIDENBO CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax		
Income before income tax from continuing operations	\$ 850,891	\$ 868,644
Income before income tax from discontinued operations	<u>707,013</u>	<u>50,445</u>
	1,557,904	919,089
Adjustments for:		
Depreciation expense	3,489	3,541
Amortization expense	474	428
Expected credit (gain) loss	(737)	686
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(150)	(68)
Finance costs	7,771	1,973
Interest income	(6,340)	(3,400)
Dividend income	(20,994)	(9,685)
Share-based payment	11,974	-
Share of profit of subsidiaries	(662,323)	(591,312)
Gain on disposal of subsidiary	(660,235)	-
Loss on (reversed) net realizable value of inventories	7,421	(312)
Unrealized gain on transactions	788	-
Realized gain on transactions	-	(196)
Impairment loss	-	13,122
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(39,856)	160,072
Notes receivables	2,448	(1,864)
Trade receivables from unrelated parties	144,267	(134,843)
Trade receivables from related parties	(16,693)	8,554
Other receivables from unrelated parties	976	175
Other receivables from related parties	(122)	(131)
Inventories	(232,531)	(25,823)
Prepayments	(75)	569
Other current assets	(26)	61
Contract liabilities	(880)	(431)
Trade payables to unrelated parties	(97,292)	9,375
Trade payables to related parties	25,140	18,305
Other payables to unrelated parties	72,559	27,812
Other payables to related parties	24	(14)
Other current liabilities	245	381
Net defined benefit liabilities	<u>(2,352)</u>	<u>(1,332)</u>
Cash generated from operating activities	94,874	394,732
Interest received	3,845	3,407
Interest paid	(7,054)	(1,933)
Income tax paid	<u>(105,272)</u>	<u>(86,838)</u>
Net cash (used in) generated from operating activities	<u>(13,607)</u>	<u>309,368</u>

(Continued)

# NICHIDENBO CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 68,419
Purchase of financial assets at amortized cost	(1,110,000)	-
Proceeds from sale of financial assets at amortized cost	300,000	-
Acquisition of investments accounted for using equity method	(78,080)	(400,000)
Proceeds from investments accounted for using equity method	778,417	-
Payments for property, plant and equipment	(855)	(752)
(Increase) decrease in refundable deposits	(15)	5
Other receivables from related parties - increase in financing of funds	(779,000)	(200,000)
Other receivables from related parties - decrease in financing of funds	242,000	200,000
Payments for intangible assets	(602)	(459)
Dividends received	<u>496,110</u>	<u>521,252</u>
Net cash (used in) generated from investing activities	<u>(152,025)</u>	<u>188,465</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	1,583,615	1,964,105
Repayments of short-term borrowings	(1,669,299)	(1,848,063)
Proceeds from long-term borrowings	-	213,000
Repayments of long-term borrowings	-	(213,000)
Guarantee deposits received	36	-
Cash dividends paid	(714,629)	(553,837)
Proceeds from issuance of common stock	1,320,600	-
Acquisition of additional interests in subsidiary	(3,520)	-
Proceeds from issuance of restricted shares for employees	87,720	-
Dividends from claims extinguished by prescription	<u>105</u>	<u>81</u>
Net cash generated from (used in) financing activities	<u>604,628</u>	<u>(437,714)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	438,996	60,119
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>173,385</u>	<u>113,266</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 612,381</u>	<u>\$ 173,385</u>

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

(Concluded)

# NICHIDENBO CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Nichidenbo Corporation (the “Company”) was established on January 4, 1993 in New Taipei City. The Company engages mainly in sales and marketing of electronic components.

On December 31, 2007, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 13, 2023.

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

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

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

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

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

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

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

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

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

- c. New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

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

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

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

As of the date the financial statements were authorized for issue, the application of above amendments to standards and interpretations did not have material impact on the Company's financial position and financial performance.

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

- a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its accompanying financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and accompanying basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

e. Foreign currencies

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

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

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

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method.

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, investment property and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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



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

## 1. Financial instruments

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

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

### 1) Financial assets

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

#### a) Measurement categories

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

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

##### ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables, refundable deposits and restricted cash are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated applying the effective interest rate to the gross carrying amount of such a financial asset.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

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

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

Revenue from the sale of goods comes from sales of electronic components. Sales of electronic components are recognized as revenue when the goods are delivered to the customer's specific location and signed by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and sales revenue are recognized concurrently.

n. Leases

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

1) The Company as lessor

All leases are classified as operating leases.

Under finance leases, the lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

Short-term leases and low-value asset leases accounted by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

o. Borrowing costs

All borrowing costs are recognized in profit or loss in the year in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

1) Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in capital surplus - other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to other equity - unearned employee benefits.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

### 3) Current and deferred taxes

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

### **Key Sources of Estimation Uncertainty**

#### a. Estimated impairment of financial assets

The provision for impairment of trade receivables and notes receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

#### b. Valuation of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 93	\$ 97
Demand deposits	21,338	52,133
Cash equivalents		
Time deposits	554,950	121,155
Commercial paper	<u>36,000</u>	<u>-</u>
	<u>\$ 612,381</u>	<u>\$ 173,385</u>

The market rate intervals of time deposits and commercial paper at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Time deposits	0.965%-1.270%	2.000%-2.300%
Commercial paper	0.630%	-

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic mutual funds	\$ 100,000	\$ 60,000
Unrealized gain on financial assets	<u>6</u>	<u>-</u>
	<u>\$ 100,006</u>	<u>\$ 60,000</u>

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

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 243,337	\$ 45,543
Unrealized (loss) gain on financial assets	<u>(56,064)</u>	<u>13,111</u>
	<u>\$ 187,273</u>	<u>\$ 58,654</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 20,000	\$ 20,000
Unrealized gain on financial assets	<u>73,384</u>	<u>68,711</u>
	<u>\$ 93,384</u>	<u>\$ 88,711</u>

The Company's hold on Sentelic Corporation's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic Corporation passed to the acquirer. At the same time, the carrying amount of the unsold interest, which was recorded in financial assets at fair value through other comprehensive income - current of \$197,794 thousand, calculated based on the closing price at the date of disposal.

The Company holds the domestic listed shares and the domestic unlisted shares for medium to long-term strategic purposes, expecting to make a profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 810,000	\$ -
<u>Non-current</u>		
Restricted cash	\$ 150	\$ 150

- a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- b. Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at amortized cost:

	<u>December 31</u>	
	2022	2021
<u>At amortized cost (current and non-current)</u>		
Gross carrying amount	\$ 810,150	\$ 150
Less: Allowance for impairment loss	-	-
Amortized cost	\$ 810,150	\$ 150

The credit risk of financial instruments such as bank deposits is measured and monitored by the finance department. The Company selects the transaction partners and the performing parties which are all banks with good credit.



## 11. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,612	\$ 5,060
Less: Allowance for impairment loss	<u>(13)</u>	<u>(25)</u>
	<u>\$ 2,599</u>	<u>\$ 5,035</u>
Notes receivables - operating	\$ 2,596	\$ 5,035
Notes receivables - non-operating	<u>3</u>	<u>-</u>
	<u>\$ 2,599</u>	<u>\$ 5,035</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 546,559	\$ 690,826
Less: Allowance for impairment loss	<u>(2,729)</u>	<u>(3,454)</u>
	<u>\$ 543,830</u>	<u>\$ 687,372</u>
<u>Other receivables</u>		
VAT refundable	\$ 1,664	\$ 3,324
Others	<u>3,063</u>	<u>611</u>
	<u>\$ 4,727</u>	<u>\$ 3,935</u>

a. Notes receivables

As of December 31, 2022 and 2021, the notes receivables did not expire.

b. Trade receivables

The average credit period on sales of goods is 90 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, and profitability. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2022

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.50%	0.50%	0.50%	0.50%	100.00%	-
Gross carrying amount	\$ 545,752	\$ 65	\$ 742	\$ -	\$ -	\$ 546,559
Loss allowance (Lifetime ECLs)	<u>(2,725)</u>	<u>(1)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(2,729)</u>
Amortized cost	<u>\$ 543,027</u>	<u>\$ 64</u>	<u>\$ 739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,830</u>

December 31, 2021

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.50%	0.50%	0.50%	0.50%	100.00%	-
Gross carrying amount	\$ 689,344	\$ 1,402	\$ 80	\$ -	\$ -	\$ 690,826
Loss allowance (Lifetime ECLs)	<u>(3,446)</u>	<u>(7)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(3,454)</u>
Amortized cost	<u>\$ 685,898</u>	<u>\$ 1,395</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 687,372</u>

The movements of the loss allowance of notes receivables and trade receivables were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,479	\$ 2,793
Add: Reclassification of overdue receivables	21	-
Add: Remeasurement of loss allowance	-	686
Less: Amounts written off	(21)	-
Less: Reversal of loss allowance	<u>(737)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,742</u>	<u>\$ 3,479</u>

## 12. INVENTORIES

	<b><u>December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Merchandise	<u>\$ 498,713</u>	<u>\$ 273,603</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 1,458,542	\$ 1,820,001
Loss on (reversed) net realizable value of inventories	7,421	(312)
Loss on inventory shrinkage	<u>93</u>	<u>-</u>
	<b><u>\$ 1,466,056</u></b>	<b><u>\$ 1,819,689</u></b>

### 13. DISCONTINUED OPERATION

The Company's hold on Sentelic Corporation's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic Corporation passed to the acquirer, and the unsold interest was recorded in financial assets at fair value through other comprehensive income. The Company regarded Sentelic Corporation as a cash generating unit; therefore, reclassified the income (loss) of the cash generating unit to discontinued operation.

For details about the carrying amounts of the assets and liabilities of Sentelic Corporation at the date of disposal, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2022.

### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Investments in Subsidiaries

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Scope Technology Co., Ltd.	\$ 1,103,005	\$ 1,016,448
Lipers Enterprise Co., Ltd.	702,976	728,227
Advance Electronic Supply Inc.	546,168	440,181
Nichidenbo (Maritius) Ltd.	446,063	483,810
Tonsam Corporation	282,700	287,693
Vic-Dawn Enterprise Co., Ltd.	277,011	253,815
Lipers (Hong Kong) Enterprise Co., Ltd.	223,823	216,198
Koho (Taiwan) Co., Ltd.	110,403	-
Sentelic Corporation	<u>-</u>	<u>314,515</u>
	<b><u>\$ 3,692,149</u></b>	<b><u>\$ 3,740,887</u></b>

	<b>Percentage of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Scope Technology Co., Ltd. (Note 1)	100.00%	100.00%
Lipers Enterprise Co., Ltd. (Note 2)	99.34%	99.34%
Advance Electronic Supply Inc. (Note 3)	100.00%	100.00%
Nichidenbo (Maritius) Ltd.	100.00%	100.00%
Tonsam Corporation	100.00%	100.00%
Vic-Dawn Enterprise Co., Ltd.	95.31%	95.31%
Lipers (Hong Kong) Enterprise Co., Ltd.	100.00%	100.00%
Koho (Taiwan) Co., Ltd. (Note 4)	85.00%	-
Sentelic Corporation (Note 5)	-	46.00%

Refer to Note 30 and Note 31 to the Company's consolidated financial statements for the year ended December 31, 2022 for the disclosures of the Company's acquisitions of Koho (Taiwan) Co., Ltd. and disposal of Sentelic Corporation, respectively.

Note 1: Scope Technology Co., Ltd.'s board of directors resolved to increase its capital by \$400,000 thousand by cash on July 7, 2021, and the subscription base date was on August 26, 2021.

Note 2: The recoverable amount of Lipers Enterprise Co., Ltd., which was determined based on a value in use calculation that used the discount rate at 16.40%, was lower than the related carrying amount, and impairment losses of \$13,122 thousand was recognized for the year ended December 31, 2021. The main reason that caused impairment was because the benefit of Lipers Enterprise Co., Ltd. was below expectations.

Note 3: Advance Electronic Supply Inc.'s board of directors resolved to increase the capital from retained earnings by \$97,448 thousand on May 24, 2022, and the subscription base date was on May 31, 2022.

Note 4: The Company signed a share sale and purchase agreement with non-related parties, acquiring 2,550,000 common shares of Koho (Taiwan) Co., Ltd. at a consideration of \$81,600 thousand in total at a price of \$32 on January 26 and March 3, 2022. The Company holds a 85% interest in Koho (Taiwan) Co., Ltd. and, therefore, has control over Koho (Taiwan) Co., Ltd.

Note 5: On August 10, 2022, 304 thousand RSAs were vested, and that increased the outstanding shares entitled to receive cash and share dividends. Therefore, the Company's shareholding in Sentelic Corporation decreased from 46.48% to 46.00%. (453 thousand RSAs were excluded from calculation.)

As of December 31, 2022, the Company holds 46.00% interest in Sentelic Corporation. Sentelic Corporation is listed company, and the remaining 54.00% interest in Sentelic Corporation is dispersed and held by thousands of shareholders that are unrelated to the company. The directors of the Company considered the Company's absolute size of holding in Sentelic Corporation and the relative size of dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of Sentelic Corporation and, therefore, the Company has control over Sentelic Corporation.

The Company participated in Weltrend semiconductor incorporated's takeover bid for 10,710,000 common shares of Sentelic corporation on August 24, 2022. The Company's shareholding in Sentelic Corporation decreased from 46.00% to 9.68%. The control of Sentelic Corporation was passed to the acquirer. And, the unsold interest was recorded in financial asset through FVOCI, and recognized gain on disposal of \$660,235 thousand (profit was recorded in net profit from discontinued operations).

For the years ended December 31, 2022 and 2021, the share of profit or loss and OCI of subsidiaries was based on the audited financial statements for the years then ended.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 163,257	\$ 17,418	\$ 16,547	\$ 197,222
Additions	-	-	855	855
Disposals	<u>-</u>	<u>-</u>	<u>(329)</u>	<u>(329)</u>
Balance at December 31, 2022	<u>\$ 163,257</u>	<u>\$ 17,418</u>	<u>\$ 17,073</u>	<u>\$ 197,748</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ -	\$ 4,728	\$ 5,857	\$ 10,585
Depreciation expense	-	332	2,856	3,188
Disposals	<u>-</u>	<u>-</u>	<u>(329)</u>	<u>(329)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 5,060</u>	<u>\$ 8,384</u>	<u>\$ 13,444</u>
Carrying amount at December 31, 2022	<u>\$ 163,257</u>	<u>\$ 12,358</u>	<u>\$ 8,689</u>	<u>\$ 184,304</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 163,257	\$ 17,418	\$ 16,529	\$ 197,204
Additions	-	-	752	752
Disposals	<u>-</u>	<u>-</u>	<u>(734)</u>	<u>(734)</u>
Balance at December 31, 2021	<u>\$ 163,257</u>	<u>\$ 17,418</u>	<u>\$ 16,547</u>	<u>\$ 197,222</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ -	\$ 4,396	\$ 3,683	\$ 8,079
Depreciation expense	-	332	2,908	3,240
Disposals	<u>-</u>	<u>-</u>	<u>(734)</u>	<u>(734)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 4,728</u>	<u>\$ 5,857</u>	<u>\$ 10,585</u>
Carrying amount at December 31, 2021	<u>\$ 163,257</u>	<u>\$ 12,690</u>	<u>\$ 10,690</u>	<u>\$ 186,637</u>

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Buildings	50-55 years
Other equipment	5 years

Refer to Note 37 for property, plant and equipment pledged as collateral for the payment of purchase.

## 16. LEASE ARRANGEMENTS

### Other Lease Information

Refer to Note 17 for lease arrangements under operating leases of investment properties.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 6,631</u>	<u>\$ 6,550</u>
Expenses relating to low-value asset leases	<u>\$ 59</u>	<u>\$ 59</u>
Total cash outflow of leases	<u>\$ 6,690</u>	<u>\$ 6,609</u>

## 17. INVESTMENT PROPERTIES

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balances at January 1 and December 31	<u>\$ 89,545</u>	<u>\$ 89,545</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 5,209	\$ 4,908
Depreciation expense	<u>301</u>	<u>301</u>
Balance at December 31	<u>\$ 5,510</u>	<u>\$ 5,209</u>
Carrying amount at December 31	<u>\$ 84,035</u>	<u>\$ 84,336</u>

The investment properties are leased out for 1 to 2 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Less than a year	\$ 7,312	\$ 7,405
1-5 years	<u>1,283</u>	<u>405</u>
	<u>\$ 8,595</u>	<u>\$ 7,810</u>

The investment properties are depreciated using the straight-line method over 50 to 55 years of their estimated useful lives.

For those located in R.O.C., the fair value of the investment property as of December 31, 2022 and 2021 was \$253,748 thousand and \$241,793 thousand, respectively. The fair value of the investment property was appraised by the Company’s management by reference to market evidence of transaction prices for similar properties.

The investment properties are owned by the Company. The investment properties pledged as collateral for payment of purchase in Note 37.

**18. INTANGIBLE ASSETS**

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,408
Additions	602
Derecognition	<u>(185)</u>
Balance at December 31, 2022	<u>\$ 1,825</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 664
Amortization expense	474
Derecognition	<u>(185)</u>
Balance at December 31, 2022	<u>\$ 953</u>
Carrying amount at December 31, 2022	<u>\$ 872</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 1,702
Additions	459
Derecognition	<u>(753)</u>
Balance at December 31, 2021	<u>\$ 1,408</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 989
Amortization expense	428
Derecognition	<u>(753)</u>
Balance at December 31, 2021	<u>\$ 664</u>
Carrying amount at December 31, 2021	<u>\$ 744</u>

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	3-5 years
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## 19. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Others	<u>\$ 598</u>	<u>\$ 572</u>
<u>Non-current</u>		
Overdue receivables (Note)	\$ -	\$ 21
Less: Allowance for impairment loss	<u>-</u>	<u>(21)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note: The Company reclassified the impairment loss of trade receivables and relevant allowance for impairment loss, which were evaluated individually, to overdue receivables.

## 20. SHORT-TERM BORROWINGS

### Short-term Borrowings

	<u>December 31</u>	
	2022	2021
Unsecured bank loans	<u>\$ 259,783</u>	<u>\$ 345,467</u>

The range of interest rates of unsecured bank loans was 5.150%-5.952% and 0.562%-0.830% at December 31, 2022 and 2021, respectively.

## 21. TRADE PAYABLES

	<u>December 31</u>	
	2022	2021
<u>Trade payables</u>		
Trade payables - operating	<u>\$ 151,810</u>	<u>\$ 249,102</u>



## 22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 192,098	\$ 126,279
Payable for annual leave	6,176	6,192
Payable for purchase and selling	5,426	5,860
Interest payable	851	134
Other	<u>21,187</u>	<u>9,251</u>
	<u>\$ 225,738</u>	<u>\$ 147,716</u>
Other liabilities		
Other	<u>\$ 1,862</u>	<u>\$ 1,617</u>

## 23. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2%, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 41,376	\$ 46,255
Fair value of plan assets	<u>(15,591)</u>	<u>(12,584)</u>
Net defined benefit liability	<u>\$ 25,785</u>	<u>\$ 33,671</u>

Movements in net defined benefit liability are as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2022	\$ <u>46,255</u>	\$ <u>(12,584)</u>	\$ <u>33,671</u>
Service cost			
Current service cost	1,284	-	1,284
Net interest expense (income)	<u>231</u>	<u>(68)</u>	<u>163</u>
Recognized in profit or loss	<u>1,515</u>	<u>(68)</u>	<u>1,447</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(518)	(518)
Actuarial gain - changes in financial assumptions	(3,869)	-	(3,869)
Actuarial gain - experience adjustments	<u>(1,147)</u>	<u>-</u>	<u>(1,147)</u>
Recognized in other comprehensive income	<u>(5,016)</u>	<u>(518)</u>	<u>(5,534)</u>
Contributions from the employer	<u>-</u>	<u>(3,799)</u>	<u>(3,799)</u>
Benefits paid	<u>(1,378)</u>	<u>1,378</u>	<u>-</u>
Balance at December 31, 2022	\$ <u>41,376</u>	\$ <u>(15,591)</u>	\$ <u>25,785</u>
Balance at January 1, 2021	\$ <u>47,246</u>	\$ <u>(12,469)</u>	\$ <u>34,777</u>
Service cost			
Current service cost	1,269	-	1,269
Net interest expense (income)	<u>236</u>	<u>(66)</u>	<u>170</u>
Recognized in profit or loss	<u>1,505</u>	<u>(66)</u>	<u>1,439</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(86)	(86)
Actuarial loss - demographic assumptions	1,158	-	1,158
Actuarial gain - experience adjustments	<u>(846)</u>	<u>-</u>	<u>(846)</u>
Recognized in other comprehensive income	<u>312</u>	<u>(86)</u>	<u>226</u>
Contributions from the employer	<u>-</u>	<u>(2,771)</u>	<u>(2,771)</u>
Benefits paid	<u>(2,808)</u>	<u>2,808</u>	<u>-</u>
Balance at December 31, 2021	\$ <u>46,255</u>	\$ <u>(12,584)</u>	\$ <u>33,671</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.375%	0.500%
Expected rate(s) of salary increase	2.750%	3.000%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (793)</u>	<u>\$ (1,040)</u>
0.25% decrease	<u>\$ 818</u>	<u>\$ 1,077</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 794</u>	<u>\$ 1,034</u>
0.25% decrease	<u>\$ (773)</u>	<u>\$ (1,004)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 1,767</u>	<u>\$ 1,775</u>
The average duration of the defined benefit obligation	8.1 years	9.4 years

## 24. EQUITY

### a. Share capital

#### Common stock

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>212,657</u>	<u>178,657</u>
Shares issued	<u>\$ 2,126,572</u>	<u>\$ 1,786,572</u>

Common stock issued had a par value of NT\$10, and holders have the right to vote and receive dividends.

Of the Company's authorized shares, 10,000 thousand shares were reserved for the issuance of convertible bonds, preferred shares and employee share options, respectively.

On July 14, 2022, the Company's board meeting resolved to issue the first time employee restricted stock awards (RSAs) for the year 2022 in a total of 4,000 thousand shares. The aforementioned issuance of new shares was approved and the registration has been completed, and the subscription base date was on July 22, 2022.

In order to enrich operating capital, intensify financial structure and provide capital demands for the company's long term operating development, the Company raised fund and introduced strategic investors. On June 15, 2022, the Company held shareholder's meeting and a resolution was passed to increase cash capital by issuing 30,000 thousand common stock through private placement. On October 6, 2022, the Company's board of directors resolved to offer for subscription with the subscriber - Wt Microelectronics Co., Ltd. at a price of \$44.02 at premium, and a total cash of \$1,320,600 thousand was received. The subscription base date was on October 7, 2022, and the registration has been completed on October 25, 2022.

The aforementioned rights and obligations of private placement of new shares were same as which the common stock the Company had issued. However, in accordance with Article 43-8 under the Securities and Exchange Act, the common stock of this private placement shall not be freely transferred within three years from the date of subscription, except as otherwise specified in laws and regulations for special circumstances. The board of directors was authorized to finish the public offering procedure ex post facto with the competent authority and apply for trading on the exchange or OTC market.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of common stock	\$ 1,301,615	\$ 281,015
Conversion of bonds	111,200	111,200
Treasury share transactions	19,455	19,455
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	15,334	15,887
From business combinations	289	289
Other	<u>3,814</u>	<u>3,814</u>
	<u>1,451,707</u>	<u>431,660</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries	42,656	42,656
Other	<u>1,226</u>	<u>1,037</u>
	<u>43,882</u>	<u>43,693</u>
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>125,911</u>	<u>-</u>
	<u>\$ 1,621,500</u>	<u>\$ 475,353</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (until the accumulated legal capital reserve equals the Company's paid-in capital), then set aside a special capital reserve for the Company's demand and in accordance with the laws and regulations. Dividends distributed by the Company are limited to 50% of the profit of the year. The Company's board of directors will propose a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26(g).

Considering the Company's environment and growth stage, dividends shall be distributed under the Articles 21, and the portion of cash dividends shall not be less than 30% of the dividends distributed to shareholders in response the future demand for funds and long-term financial plan.

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

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 15, 2022 and July 22, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 94,567</u>	<u>\$ 61,032</u>
Cash dividends	<u>\$ 714,629</u>	<u>\$ 553,837</u>
Cash dividends per share (NT\$)	<u>\$ 4.0</u>	<u>\$ 3.1</u>

The appropriation of earnings for 2022, which were proposed by the Company's board of directors on March 13, 2023, were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 149,647</u>
Special reserve	<u>\$ 40,925</u>
Cash dividends	<u>\$ 1,169,614</u>
Cash dividends per share (NT\$)	<u>\$ 5.5</u>

The above appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 15, 2023.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1 and December 31	<u>\$ 10,950</u>	<u>\$ 10,950</u>

A proportionate share of special reserve relating to exchange differences from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (54,771)	\$ (45,955)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	12,889	(5,586)
Share of subsidiaries accounted for using the equity method	7,556	(3,220)
Reclassification adjustments		
Share from the disposal of subsidiaries accounted for using the equity method	<u>(18)</u>	<u>-</u>
Other comprehensive income recognized for the year	<u>20,427</u>	<u>(8,806)</u>
Changes in percentage of ownership interest in subsidiaries	<u>-</u>	<u>(10)</u>
Balance at December 31	<u>\$ (34,344)</u>	<u>\$ (54,771)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 86,237	\$ 153,554
Recognized for the year		
Unrealized (loss) gain on equity instruments	(64,502)	20,291
Share from subsidiaries accounted for using equity method	<u>(28,316)</u>	<u>38,072</u>
Other comprehensive income recognized for the year	<u>(92,818)</u>	<u>58,363</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(125,680)</u>
Balance at December 31	<u>\$ (6,581)</u>	<u>\$ 86,237</u>

**25. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,915,945</u>	<u>\$ 2,315,539</u>

a. Contract information

Revenue from sale of goods

The Company sells electronic components to the manufacturers of the information products, video products, and electronic communication products. The amount of discount and related revenue are estimated using the most likely amount, taking into consideration the customer's historical purchase records. All other goods are sold at their respective amounts as agreed in the contracts.

b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Trade receivables, net (Note 11)	<u>\$ 543,830</u>	<u>\$ 687,372</u>	<u>\$ 553,206</u>
Contract liabilities - current			
Advance on contract	<u>\$ 357</u>	<u>\$ 1,237</u>	<u>\$ 1,668</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment. The revenue recognized from the contract liability balance at the beginning for the year, which amounted to \$1,237 thousand and \$1,668 thousand for the years ended December 31, 2022 and 2021, respectively.

## 26. NET PROFIT FOR THE YEAR

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 4,582	\$ 2,299
Financing provided to related parties (Note 36)	1,571	1,017
Others	<u>187</u>	<u>84</u>
	<u>\$ 6,340</u>	<u>\$ 3,400</u>

b. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Dividends income	\$ 20,994	\$ 9,685
Rental income		
Investment properties	13,086	12,597
Depreciation of investment properties	<u>(301)</u>	<u>(301)</u>
	<u>12,785</u>	<u>12,296</u>
Payroll allocation	<u>65,345</u>	<u>47,752</u>
Remuneration of director acquired	<u>9,963</u>	<u>6,894</u>
Others	<u>9,496</u>	<u>7,368</u>
	<u>\$ 118,583</u>	<u>\$ 83,995</u>

c. Other gains and losses

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 150	\$ 68
Gain on disposal of investment	660,235	-
Impairment loss	-	(13,122)
Net foreign exchange gain (loss)	<u>1,923</u>	<u>(1,445)</u>
	662,308	(14,499)
Other gains and losses from discontinued operation	<u>(660,235)</u>	<u>-</u>
	<u>\$ 2,073</u>	<u>\$ (14,499)</u>

d. Finance costs

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 7,763	\$ 1,964
Interest on rental deposits	<u>8</u>	<u>9</u>
	<u>\$ 7,771</u>	<u>\$ 1,973</u>

e. Depreciation and amortization

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 3,188	\$ 3,240
Investment properties	301	301
Intangible assets	<u>474</u>	<u>428</u>
	<u>\$ 3,963</u>	<u>\$ 3,969</u>
An analysis of depreciation by function		
Operating expenses	\$ 3,188	\$ 3,240
Non-operating income and expenses	<u>301</u>	<u>301</u>
	<u>\$ 3,489</u>	<u>\$ 3,541</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 474</u>	<u>\$ 428</u>



f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plan	4,849	4,796
Defined benefit plans (Note 23)	<u>1,447</u>	<u>1,439</u>
	6,296	6,235
Share-based payments (Note 29)		
Equity-settled	11,974	-
Other employee benefits	<u>225,229</u>	<u>155,394</u>
Total employee benefits expense	<u>\$ 243,499</u>	<u>\$ 161,629</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 243,499</u>	<u>\$ 161,629</u>

The average numbers of employees are 153 and 151 for the years ended December 31, 2022 and 2021.

g. Compensation of employees and remuneration of directors

If the Company made a profit in a fiscal year, the Company accrues compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 3%, respectively. However, the Company should offset a deficit first when the Company has accumulated a deficit. The aforementioned payment objects include employees of affiliated companies who meet certain conditions. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were calculated on the basis of historical experience and operating conditions, were approved by the Company's board of directors on March 13, 2023 and March 23, 2022, respectively, are as follows (after the shareholders' meeting on July 22, 2021, the Company has set up audit committee to replace the supervisors):

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 121,401</u>	<u>\$ 71,747</u>
Remuneration of directors and supervisors	<u>\$ 26,014</u>	<u>\$ 15,374</u>

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 27. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 68,038	\$ 89,381
Income tax on unappropriated earnings	6,824	-
Additional income tax under the Alternative Minimum Tax Act	9,898	-
Adjustments for prior year	<u>-</u>	<u>27</u>
	84,760	89,408
Deferred tax		
In respect of the current year	<u>(14,901)</u>	<u>10,262</u>
Income tax expense recognized in profit or loss	<u>\$ 69,859</u>	<u>\$ 99,670</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 1,557,904</u>	<u>\$ 919,089</u>
Income tax expense calculated at the statutory rate	\$ 311,580	\$ 183,818
Nondeductible expenses in determining taxable income	129	129
Tax exempt income	(258,572)	(86,928)
Income tax on unappropriated earnings	6,824	-
Additional income tax under the Alternative Minimum Tax Act	9,898	-
Unrecognized deductible temporary differences	-	2,624
Adjustments for prior years' tax	<u>-</u>	<u>27</u>
Income tax expense recognized in profit or loss	<u>\$ 69,859</u>	<u>\$ 99,670</u>

- b. Current tax liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 30,940</u>	<u>\$ 51,452</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 6,402	\$ (470)	\$ (1,107)	\$ 4,825
Provision for loss on inventories	1,468	1,484	-	2,952
Payable for annual leave	1,238	(3)	-	1,235
Unrealized gross profit on sales	338	3,612	-	3,950
Unrealized exchange loss	141	186	-	327
Unrealized sales allowance	<u>100</u>	<u>36</u>	<u>-</u>	<u>136</u>
	<u>\$ 9,687</u>	<u>\$ 4,845</u>	<u>\$ (1,107)</u>	<u>\$ 13,425</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries	<u>\$ 76,577</u>	<u>\$ (10,056)</u>	<u>\$ -</u>	<u>\$ 66,521</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 6,623	\$ (266)	\$ 45	\$ 6,402
Provision for loss on inventories	1,530	(62)	-	1,468
Unrealized gross profit on sales	1,165	(827)	-	338
Payable for annual leave	1,093	145	-	1,238
Unrealized exchange loss	641	(500)	-	141
Unrealized sales allowance	<u>6</u>	<u>94</u>	<u>-</u>	<u>100</u>
	<u>\$ 11,058</u>	<u>\$ (1,416)</u>	<u>\$ 45</u>	<u>\$ 9,687</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries	<u>\$ 67,731</u>	<u>\$ 8,846</u>	<u>\$ -</u>	<u>\$ 76,577</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deductible temporary differences</u>		
Impairment loss on goodwill	<u>\$ 50,011</u>	<u>\$ 50,011</u>

- f. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share		
From continuing operations	\$ 4.21	\$ 4.31
From discontinued operations	<u>3.81</u>	<u>0.28</u>
Total basic earnings per share	<u>\$ 8.02</u>	<u>\$ 4.59</u>
Diluted earnings per share		
From continuing operations	\$ 4.14	\$ 4.27
From discontinued operations	<u>3.75</u>	<u>0.28</u>
Total diluted earnings per share	<u>\$ 7.89</u>	<u>\$ 4.55</u>

The earnings and weighted average number of common stock outstanding used in computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic earnings per share	\$ 1,488,045	\$ 819,419
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>707,013</u>	<u>50,445</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 781,032</u>	<u>\$ 768,974</u>

Weighted average number of common stock outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of common stock used in the computation of basic earnings per share	185,726	178,657
Effect of potentially dilutive common stock		
Compensation of employees	2,605	1,578
Share-based payment arrangements	<u>379</u>	<u>-</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>188,710</u>	<u>180,235</u>

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

## 29. SHARE-BASED PAYMENT ARRANGEMENTS

On March 23, 2022, the Company's board meeting resolved to issue employ restricted stock awards (RSAs), consisting of 4,000 thousand shares with a par value of NT\$10, in a total amount of \$40,000 thousand at a price of 50% of the closing price on the issuing date. This proposal was approved and became effective by the Financial Supervisory Commission (FSC) dated July 12, 2022. The Company's board meeting resolved to issue the RSAs on July 14, 2022, and the subscription base date was on July 22, 2022. The issue price and the fair value at grant date were \$21.93 per share and \$21.92 per share, respectively. If an employee remains employed by the Company for two years after that grant date, 40% of the restricted shares will be vested; if an employee remains employed by the Company for three years after that grant date, 30% of the restricted shares will be vested; if an employee remains employed by the Company for four years after that grant date, 30% of the restricted shares will be vested. There were 4,000 thousand of shares that had not met the vesting conditions as of the reporting date.

Movements in RSAs are as follows:

	<b>Common stock</b>	<b>Capital Surplus - Restricted Stock Units</b>	<b>Capital Surplus - Issue of Shares at Premium</b>	<b>Other Equity - Unearned Stock-based Employee Compensation</b>
Amounts at July 14, 2022, the grant date of RSAs	\$ 40,000	\$ 125,911	\$ -	\$ (82,937)
Share-based payments recognized	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,551</u>
Balance at December 31, 2022	<u>\$ 40,000</u>	<u>\$ 125,911</u>	<u>\$ -</u>	<u>\$ (67,386)</u>

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- a) The RSAs should be held in stock trust. During each vesting period, no employee granted RSAs, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.

- b) The voting rights of the shareholders meeting shall be exercised by trust custodians in accordance with relevant laws and regulations.
- c) Before the vesting conditions are fulfilled, the employees holding these shares are entitled to receive cash and share dividends, which are the same as those of holders of common stock of the Company. However, the employees holding these shares are not entitled with the subscription right of the new shares issued for any capital increase.

### 30. ACQUISITION OF SUBSIDIARIES - WITH OBTAINED CONTROL

For details about the acquisition of Koho (Taiwan) Co., Ltd., refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2022.

### 31. DISPOSAL OF SUBSIDIARIES - WITH LOSS OF CONTROL

For details about the disposal of Sentelic Corporation, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2022.

### 32. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of Koho (Taiwan) Co., Ltd., refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2022.

### 33. CASH FLOWS INFORMATION

#### Changes in Liabilities from Financing Activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Closing Balance
Short-term borrowings	\$ 345,467	\$ (85,684)	\$ 259,783
Guarantee deposits received	<u>1,058</u>	<u>36</u>	<u>1,094</u>
	<u>\$ 346,525</u>	<u>\$ (85,648)</u>	<u>\$ 260,877</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Closing Balance
Short-term borrowings	\$ 229,425	\$ 116,042	\$ 345,467
Guarantee deposits received	<u>1,058</u>	<u>-</u>	<u>1,058</u>
	<u>\$ 230,483</u>	<u>\$ 116,042</u>	<u>\$ 346,525</u>

### 34. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern to fund its working capital needs, repayment of bank loan, and dividend expense over the next 12 months while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt and equity of the Company.

The Company is not subject to any externally imposed capital requirements.

### 35. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

##### 1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily classified as at FVTPL				
Domestic mutual funds	<u>\$ 100,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,006</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares	\$ 187,273	\$ -	\$ -	\$ 187,273
Unlisted shares	<u>-</u>	<u>-</u>	<u>93,384</u>	<u>93,384</u>
	<u>\$ 187,273</u>	<u>\$ -</u>	<u>\$ 93,384</u>	<u>\$ 280,657</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily classified as at FVTPL				
Domestic mutual funds	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares	\$ 58,654	\$ -	\$ -	\$ 58,654
Unlisted shares	<u>-</u>	<u>-</u>	<u>88,711</u>	<u>88,711</u>
	<u>\$ 58,654</u>	<u>\$ -</u>	<u>\$ 88,711</u>	<u>\$ 147,365</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 88,711
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>4,673</u>
Balance at December 31, 2022	<u>\$ 93,384</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 72,509
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>16,202</u>
Balance at December 31, 2021	<u>\$ 88,711</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares - domestic	The asset-based approach is used for evaluation based on the total value of individual assets and individual liabilities to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 100,006	\$ 60,000
Financial assets at amortized cost		
Cash and cash equivalents	612,381	173,385
Notes receivables, net	2,599	5,035
Trade receivable, net	543,830	687,372
Trade receivables from related parties	49,810	33,117

(Continued)



	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other receivables	\$ 3,063	\$ 611
Other receivables from related parties	544,778	6,929
Refundable deposits	815	800
Overdue receivables (included in other non-current assets)	-	-
Financial assets at amortized cost (included in current and non-current)	810,150	150
Financial assets at FVTOCI (included in current and non-current)		
Equity instruments	280,657	147,365
<u>Financial liabilities</u>		
Amortized cost		
Short-term borrowings	259,783	345,467
Trade payables	151,810	249,102
Trade payables to related parties	56,964	31,824
Other payables	27,464	15,245
Other payables to related parties	180	156
Guarantee deposits received	1,094	1,058
		(Concluded)

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, long term and short term borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 39.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit, for a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	<u>\$ 5,540</u>	<u>\$ 2,203</u>

b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Company's interest rate risk arises primarily from investment at fixed interest rates and borrowings at floating interest rates.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 1,396,000	\$ 121,155
Financial liabilities	221,395	345,467
Cash flow interest rate risk		
Financial assets	26,288	52,133
Financial liabilities	38,388	-

Sensitivity analysis

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

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have (decreased) increased by \$(61) thousand and \$261 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher, the post-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased by \$1,873 thousand and \$587 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The Company transacts with all kinds of customers, which separated in different industries and geographical location, the Company's exposure and the operating performance of its counterparties are continuously monitored. The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The receivables from Company A amounted to \$91,172 thousand and \$66,051 thousand, and from Company B amounted to \$35,243 thousand and \$80,419 thousand as of December 31, 2022 and 2021, respectively. The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

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

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

The non-interest-bearing financial liabilities of the Company's current liabilities are due within one year and not required to be paid off. Guarantee deposits received in non-current financial liabilities are mainly deposited by lessee as credit guarantees and have no specific maturity date.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Variable interest rate liabilities	\$ 170	\$ 38,695	\$ -	\$ -	\$ -
Fixed interest rate liabilities	<u>96,057</u>	<u>127,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 96,227</u>	<u>\$ 165,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Fixed interest rate liabilities	<u>\$ 124,306</u>	<u>\$ 221,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

### 36. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Lipers Enterprise Co., Ltd.	Subsidiary
Scope Technology Co., Ltd.	Subsidiary
Advance Electronic Supply Inc.	Subsidiary
Vic-Dawn Enterprise Co., Ltd.	Subsidiary
Tonsam Corporation	Subsidiary
Sentelic Corporation	Subsidiary (Note 1)
Koho (Taiwan) Co., Ltd.	Subsidiary (Note 2)
Nichidenbo (Shenzhen) Trading Co., Ltd.	Subsidiary
Nichidenbo Suzhou Trading Co., Ltd.	Subsidiary
Lipers (Hong Kong) Enterprise Co., Ltd.	Subsidiary
Lipers Electronic (SZ) Co., Ltd.	Subsidiary

Note 1: The Company participated in Weltrend semiconductor incorporated's takeover bid for 10,710,000 common shares of Sentelic corporation on August 24, 2022. The Company's shareholding in Sentelic Corporation decreased from 46.00% to 9.68%. The control of Sentelic Corporation was passed to the acquirer. And, the unsold interest was recorded in financial asset at FVTOCI. Therefore, the profit/loss only disclosed until July 31, 2022.

Note 2: The Company acquired Koho (Taiwan) Co., Ltd., at a consideration of \$81,600 thousand on January 26 and March 3, 2022. The Company holds a 85% interest in Koho (Taiwan) Co., Ltd. and, therefore, has control over Koho (Taiwan) Co., Ltd.

b. Revenue from sale of goods

<b>Related-party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	<u>\$ 136,686</u>	<u>\$ 116,707</u>

Sales of goods from related parties were made at arm's length.

c. Purchases of goods

<b>Related-party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	<u>\$ 135,085</u>	<u>\$ 126,508</u>

Purchases of goods from related parties were made at arm's length.

d. Receivables from related parties (excluding borrowings to related parties)

<b>Line Item</b>	<b>Related-party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade receivables	Subsidiaries	<u>\$ 49,810</u>	<u>\$ 33,117</u>
Other receivables	Scope Technology Co., Ltd.	\$ 3,846	\$ 3,344
	Lipers Enterprise Co., Ltd.	1,365	1,419
	Advance Electronic Supply Inc.	942	1,323
	Other subsidiaries	<u>1,625</u>	<u>843</u>
		<u>\$ 7,778</u>	<u>\$ 6,929</u>
Payment on behalf of others (included in other current assets)	Subsidiaries	<u>\$ 17</u>	<u>\$ 16</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Refundable deposits

<b>Related-party Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Lipers Enterprise Co., Ltd.	\$ 493	\$ 479
Vic-Dawn Enterprise Co., Ltd.	<u>320</u>	<u>320</u>
	<u>\$ 813</u>	<u>\$ 799</u>

f. Payables to related parties

<b>Line Item</b>	<b>Related-party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade payables	Advance Electronic Supply Inc. Subsidiaries	\$ 43,042	\$ 24,326
		<u>13,922</u>	<u>7,498</u>
		<u>\$ 56,964</u>	<u>\$ 31,824</u>
Other payables	Other subsidiaries	<u>\$ 180</u>	<u>\$ 156</u>

The outstanding trade payables to related parties are unsecured.

g. Guarantee deposits received

<b>Related-party Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Vic-Dawn Enterprise Co., Ltd.	\$ 231	\$ 231
Scope Technology Co., Ltd.	197	197
Advance Electronic Supply Inc.	197	197
Tonsam Corporation	123	123
Lipers Enterprise Co., Ltd.	98	98
Koho (Taiwan) Co., Ltd.	<u>36</u>	<u>-</u>
	<u>\$ 882</u>	<u>\$ 846</u>

h. Lease arrangements - the Company is lessee

<b>Related-party Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Lease expense</u>		
Lipers Enterprise Co., Ltd.	\$ 4,280	\$ 4,219
Vic-Dawn Enterprise Co., Ltd.	<u>2,245</u>	<u>2,245</u>
	<u>\$ 6,525</u>	<u>\$ 6,464</u>

The Company leased place of operation from subsidiaries. The rental is based on local rates and are paid monthly.

- i. Lease arrangements - the Company is lessor

Lease arrangements - the Company is lessor under operating leases

The total amount of lease payments to be collected in the future are summarized as follow:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Advance Electronic Supply Inc.	\$ 1,547	\$ 1,547
Scope Technology Co., Ltd.	1,507	1,507
Tonsam Corporation	926	926
Lipers Enterprise Co., Ltd.	816	816
Other subsidiaries	<u>700</u>	<u>607</u>
	<u>\$ 5,496</u>	<u>\$ 5,403</u>

Lease income was as follows:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Advance Electronic Supply Inc.	\$ 3,208	\$ 3,198
Scope Technology Co., Ltd.	3,152	3,158
Lipers Enterprise Co., Ltd.	1,639	1,647
Tonsam Corporation	1,419	1,419
Other subsidiaries	<u>1,614</u>	<u>1,133</u>
	<u>\$ 11,032</u>	<u>\$ 10,555</u>

The rental of place of operation between the Company and its related parties are based on local rates and are paid monthly.

- j. Loans to related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Lipers Enterprise Co., Ltd.	\$ 210,000	\$ -
Scope Technology Co., Ltd.	200,000	-
Advance Electronic Supply Inc.	70,000	-
Koho (Taiwan) Co., Ltd.	<u>57,000</u>	<u>-</u>
	<u>\$ 537,000</u>	<u>\$ -</u>

Interest revenue

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Lipers Enterprise Co., Ltd.	\$ 607	\$ 722
Other subsidiaries	<u>964</u>	<u>295</u>
	<u>\$ 1,571</u>	<u>\$ 1,017</u>

As of December 31, 2022 and 2021, the ending balance of loans to related parties were \$537,000 thousand and \$0 thousand, respectively. The highest balance of loans to Lipers Enterprise Co., Ltd., Scope Technology Co., Ltd., Advance Electronic Supply Inc., and Koho (Taiwan) Co., Ltd. for the year 2022 were \$340,000 thousand, \$600,000 thousand, \$190,000 thousand, and \$80,000 thousand, respectively. The highest balance of loans to Lipers Enterprise Co., Ltd., and Scope Technology Co., Ltd., for the year 2022 were both \$100,000 thousand.

The Company provided short-term loans to subsidiaries with unsecured short-term loans at rates comparable to market interest rates during the year 2022 and 2021.

k. Other transactions with related parties

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Payroll allocation (included in deduction of payroll expense)</u>		
Scope Technology Co., Ltd.	\$ 36,682	\$ 34,662
Other subsidiaries	<u>35,938</u>	<u>34,548</u>
	<u>\$ 72,620</u>	<u>\$ 69,210</u>
<u>Operation expense</u>		
Subsidiaries	<u>\$ 1,791</u>	<u>\$ 1,692</u>
<u>Interest income</u>		
Other subsidiaries	<u>\$ 6</u>	<u>\$ 6</u>
<u>Other income</u>		
Scope Technology Co., Ltd.	\$ 38,578	\$ 28,899
Lipers Enterprise Co., Ltd.	12,135	9,974
Advance Electronic Supply Inc.	11,302	9,182
Other subsidiaries	<u>10,934</u>	<u>5,881</u>
	<u>\$ 72,949</u>	<u>\$ 53,936</u>
<u>Finance costs</u>		
Subsidiaries	<u>\$ 7</u>	<u>\$ 7</u>

The management service income between the Company and its subsidiaries are based on the service provided and received monthly.

l. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 110,862	\$ 76,602
Post-employment benefits	1,798	1,648
Share-based payments	<u>10,419</u>	<u>-</u>
	<u>\$ 123,079</u>	<u>\$ 78,250</u>



The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends. The short-term employee benefits above includes issuance on behalf of the subsidiaries.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for lawsuits and payment of purchase. The carrying amounts were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 55,494	\$ 55,651
Investment properties	33,714	33,822
Financial assets at amortized cost - non-current	<u>150</u>	<u>150</u>
	<u>\$ 89,358</u>	<u>\$ 89,623</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2022 and 2021, outstanding endorsement/guarantee are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Scope Technology Co., Ltd.	\$ 2,494,910	\$ 2,342,880
Lipers Enterprise Co., Ltd.	827,485	530,000
Advance Electronic Supply Inc.	740,000	370,000
Koho (Taiwan) Co., Ltd.	330,000	-
Tonsam Corporation	230,000	230,000
Vic-Dawn Enterprise Co., Ltd.	180,000	240,000
Nichidenbo (Shenzhen) Trading Co., Ltd. and Nichidenbo Suzhou Trading Co., Ltd. (Note)	<u>88,160</u>	<u>86,880</u>
	<u>\$ 4,890,555</u>	<u>\$ 3,799,760</u>

Note: Nichidenbo (Shenzhen) Trading Co., Ltd. and Nichidenbo Suzhou Trading Co., Ltd. have both become endorsees/guarantees since they share the limit of endorsement/guarantee of RMB20,000 thousand.

b. As of December 31, 2022, the amount of Mega bank's bank guaranteed letter provided as collateral for payment of purchase was \$50,000 thousand.

### 39. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>December 31, 2022</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,528	30.710 (USD:NTD)	\$ 538,283
Non-monetary items			
Investments accounted for using the equity method			
HKD	56,837	3.938 (HKD:NTD)	223,823
<u>Financial liabilities</u>			
Monetary items			
USD	13,920	30.710 (USD:NTD)	427,490
<u>December 31, 2021</u>			
<u>Financial assets</u>			
Monetary items			
USD	23,338	27.680 (USD:NTD)	646,000
Non-monetary items			
Investments accounted for using the equity method			
HKD	60,918	3.549 (HKD:NTD)	216,198
<u>Financial liabilities</u>			
Monetary items			
USD	21,746	27.680 (USD:NTD)	601,933

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

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	30.71 (USD:NTD)	\$ (1,662)	27.68 (USD:NTD)	\$ (364)

#### 40. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
  - 1) Financing provided to others: Table 1 (attached)
  - 2) Endorsements/guarantees provided: Table 2 (attached)
  - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
  - 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
  - 9) Trading in derivative instruments: None.
- b. Information on investees: Table 7 (attached)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.: Table 9 (attached)
    - c) The amount of property transactions and the amount of the resultant gains or losses: None.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: Table 2 (attached)
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10 (attached)

## NICHIDENBO CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Nichidenbo Corporation	Advance Electronic Supply Inc.	Other receivables from related parties	Yes	\$ 190,000	\$ 190,000	\$ 70,000	1.670	b	\$ -	Operational needs	\$ -	-	\$ -	\$ 1,981,018 (Note 1)	\$ 2,641,358 (Note 1)
		Scope Technology Co., Ltd.	Other receivables from related parties	Yes	600,000	600,000	200,000	1.510	b	-	Operational needs	-	-	-	1,981,018 (Note 1)	2,641,358 (Note 1)
		Lipers Enterprise Co., Ltd.	Other receivables from related parties	Yes	340,000	340,000	210,000	1.510	b	-	Operational needs	-	-	-	1,981,018 (Note 1)	2,641,358 (Note 1)
		Koho (Taiwan) Co., Ltd.	Other receivables from related parties	Yes	80,000	80,000	57,000	1.520-1.595	b	-	Operational needs	-	-	-	1,981,018 (Note 1)	2,641,358 (Note 1)

Note 1: Aggregate financing limits should not exceed 40% of Nichidenbo Corporation's net worth. The limit of short-term financing for each counterparty should not exceed 30% of Nichidenbo Corporation's net worth as shown in the audited financial statements for the year ended 2022.

Note 2: Reasons for the nature of financing are as follows:

- a. Business relationship.
- b. Necessity of short-term financing

## NICHIDENBO CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Nichidenbo Corporation	Scope Technology Co., Ltd.	b	\$ 9,905,094	\$ 2,828,740	\$ 2,494,910	\$ 868,630	\$ -	37.78	\$ 19,810,188	Y	N	N
		Advance Electronic Supply Inc.	b	9,905,094	840,000	740,000	-	-	11.21	19,810,188	Y	N	N
		Tonsam Corporation	b	9,905,094	230,000	230,000	45,056	-	3.48	19,810,188	Y	N	N
		Nichidenbo Suzhou Trading Co., Ltd. and Nichidenbo (Shenzhen) Trading Co., Ltd. (Note 4)	b	9,905,094	90,120	88,160	-	-	1.34	19,810,188	Y	N	Y
		Lipers Enterprise Co., Ltd.	b	9,905,094	1,012,753	827,485	57,084	-	12.53	19,810,188	Y	N	N
		Vic-Dawn Enterprise Co., Ltd.	b	9,905,094	240,000	180,000	16,269	-	2.73	19,810,188	Y	N	N
		Koho (Taiwan) Co., Ltd.	b	9,905,094	330,000	330,000	130,000	-	5.00	19,810,188	Y	N	N

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- Having a business relationship.
- The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The aggregate limits on endorsements/guarantees given by Nichidenbo Corporation should not exceed 300% of the Company's net equity as shown in the audited financial statements for the year ended 2022; the individual limit on endorsement/guarantee given by Nichidenbo Corporation should not exceed 150% of the Company's net equity as shown in the audited financial statements for the year ended 2022.

Note 3: The ratio of the outstanding endorsement/Guarantee to the net value of the Company providing guarantees or endorsements.

Note 4: Nichidenbo Suzhou Trading Co., Ltd. and Nichidenbo (Shenzhen) Trading Co., Ltd. have both become endorsees/guarantees since they share the limit of endorsement/guarantee of RMB20,000 thousand.

**NICHIDENBO CORPORATION**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2022**

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

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Nichidenbo Corporation	<u>Shares</u> Sentelic Corporation	-	Financial assets at fair value through other comprehensive income - current	2,908,732	\$ 130,748	9.68	\$ 130,748	
	Honey Hope Honesty Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	2,129,000	56,525	2.66	56,525	
	Concord Advanced Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	8,270,816	93,384	8.53	93,384	
	<u>Mutual funds</u> Hua Nan Phoenix Money Market Fund	-	Financial assets mandatorily classified as at fair value through profit or loss - current	6,053,818.50	100,006	-	100,006	

Note: Refer to Tables 7 and 8 for information relating to investments in subsidiaries.

## NICHIDENBO CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
Nichidenbo Corporation	Shares Sentelic Corporation	Investments accounted for using equity method	Weltrend Semiconductor Incorporated	N/A	13,618,732	\$ 314,515	-	\$ -	10,710,000	\$ 778,417	\$ 315,994	\$ 660,235 (Note 1)	\$ (65,567) (Note 2)	2,908,732	\$ 130,748 (Note 3)
	Beneficiary certificate Jih Sun Money Market Fund	Financial assets mandatorily classified as at fair value through profit or loss - current	-	-	4,003,442.96	60,000	24,766,584.35	372,000	28,770,027.31	432,096	432,000	96	-	-	-

Note 1: Including the actual gain on disposal in the amount of \$529,932 thousand and the gain of unsold interest recognized at fair value in the amount of \$130,303 thousand.

Note 2: Including share of profit of subsidiaries accounted for using the equity method in the amount of \$45,058 thousand, realized gross margin from downstream transactions in the amount of 1 thousand, cash dividends paid in the amount of \$43,580 thousand, and unrealized loss of the financial assets at fair value through other comprehensive income in the amount of \$(67,046) thousand.

Note 3: The Company's hold on Sentelic Corporation's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic Corporation passed to the acquirer. At the same time, the carrying amount of the unsold interest, which was recorded in financial assets at fair value through other comprehensive income - current of \$197,794 thousand, calculated based on the closing price at the date of disposal.



**NICHIDENBO CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% of Total	
Nichidenbo Corporation	Advance Electronic Supply Inc.	Subsidiary	Purchase	\$ 100,024	5.91	Net 90 days from the end of the month	\$ -	-	\$ (43,042)	(20.62)	

**NICHIDENBO CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2022**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nichidenbo Corporation	Lipers Enterprise Co., Ltd.	Subsidiary	\$ 229,834 (Note 1)	3.75	\$ -	-	\$ 10,567	\$ -
	Scope Technology Co., Ltd.	Subsidiary	218,349 (Note 2)	2.97	-	-	15,333	-

Note 1: Including trade receivables in the amount of \$18,469 thousand and other receivables in the amount of \$211,365 thousand(mainly \$210,000 thousand of financing provided to others);Other receivables were not applicable for calculating turnover rate.

Note 2: Including trade receivables in the amount of \$14,503 thousand and other receivables in the amount of \$203,846 thousand(mainly \$200,000 thousand of financing provided to others);Other receivables were not applicable for calculating turnover rate.

## NICHIDENBO CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Value			
Nichidenbo Corporation	Vic-Dawn Enterprise Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	\$ 187,646	\$ 187,646	14,296,603	95.31	\$ 277,011	\$ 75,015	\$ 71,465	Subsidiary
	Nichidenbo (Mauritius) Ltd.	Mauritius	Investment activities	154,382	154,382	5,050,000	100.00	446,063	20,822	20,822	Subsidiary
	Lipers Enterprise Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	729,615	729,615	31,788,710	99.34	702,976	139,186	137,006	Subsidiary
	Scope Technology Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	814,502	814,502	53,016,276	100.00	1,103,005	207,013	207,013	Subsidiary
	Advance Electronic Supply Inc (Note 3)	Xindian District, New Taipei City	Sales and marketing of electronic components	383,887	383,887	37,224,808	100.00	546,168	104,992	105,404	Subsidiary
	Tonsam Corporation	Xindian District, New Taipei City	Sales and marketing of electronic components	358,430	358,430	15,000,000	100.00	282,700	16,634	16,601	Subsidiary
	Sentelic Corporation (Note 4)	Neihu District, Taipei City	Sales and marketing of electronic components	-	202,376	-	-	-	97,942	45,058	-
	Lipers (Hong Kong) Enterprise Co., Ltd. Koho (Taiwan) Co., Ltd (Note 5)	Hong Kong Xindian District, New Taipei City	Manufacturing, sales and marketing of electronic components Sales and marketing of electronic components	216,454 81,600	216,454 -	29,642,793 2,550,000	100.00 85.00	223,823 110,403	30,015 36,782	30,015 28,939	Subsidiary Subsidiary

Note 1: The difference between an investee's net income in the Corporation's share and share of profits was a unrealized gross margin from upstream transactions.

Note 2: The difference between an investee's net income in the Corporation's share and share of profits were amortization between fair value and carrying amount of investee's assets and unrealized gross margin from upstream transactions.

Note 3: Advance Electronic Supply Inc.'s board of directors resolved to increase the capital from retained earnings by \$97,448 thousand on May 24, 2022, and the subscription base date was on May 31, 2022.

Note 4: The Company participated in Weltrend semiconductor incorporated's takeover bid for 10,710,000 common shares of Sentelic corporation on August 24, 2022. The Company's shareholding in Sentelic Corporation decreased from 46.00% to 9.68%. The control of Sentelic Corporation was passed to the acquirer. And, the unsold interest was recorded in financial asset at FVTOCI.

Note 5: The Company acquired Koho (Taiwan) Co., Ltd., at a consideration of \$81,600 thousand on January 26 and March 3, 2022. The Company holds a 85% interest in Koho (Taiwan) Co., Ltd. and, therefore, has control over Koho (Taiwan) Co., Ltd.

Note 6: Refer to Tables 8 for information relating to investments in mainland China.

## NICHIDENBO CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Nichidenbo (Shenzhen) Trading Co., Ltd.	Sales and marketing of electronic components	\$ 90,499 (US\$ 2,744 thousand and HK\$ 2,000 thousand)	Invested by Nichidenbo (Mauritius) Ltd.	\$ 90,499	\$ -	\$ -	\$ 90,499	\$ 22,380	100	\$ 22,380	\$ 290,329	\$ 109,625
Nichidenbo Suzhou Trading Co., Ltd. (Note 3)	Sales and marketing of electronic components	101,712 (US\$ 3,396 thousand)	Invested by Nichidenbo (Mauritius) Ltd.	59,900	-	-	59,900	(958)	100	(958)	153,712	4,475
Lipers Electronic (SZ) Co., Ltd.	Sales and marketing of electronic components	29,385 (US\$ 1,000 thousand)	Invested by Lipers (Hong Kong) Co., Ltd.	61,911	-	-	61,911	16,018	100	16,018	123,265	22,930

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$212,310 (HK\$2,000 thousand, US\$4,744 thousand and NT\$61,911 thousand)	\$254,122 (HK\$2,000 thousand, US\$6,140 thousand and NT\$61,911 thousand)	\$3,983,413 (Note 2)

Note 1: The investment gain (loss) and carrying amount as of December 31, 2022 are recognized based on the audited financial statements.

Note 2: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.

Note 3: The \$59,900 thousand (US\$2,000 thousand) among paid-in capital of Nichidenbo Suzhou Trading Co., Ltd. was shift in invested through third area to mainland China from Taiwan output, remaining of paid-in capital was indirectly invested by retained earnings of Nichidenbo (Mauritius) Ltd., which was received from Nichidenbo Shanghai Trading Co., Ltd.

Note 4: Total amount of paid-in capital was translated into NTD at historical rate.

**NICHIDENBO CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Trade Receivable		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transactions	Ending Balance	%		
Nichidenbo (Shenzhen) Trading Co., Ltd.	Sale	\$ 7,424	0.39	Internal transfer pricing	Net 90 days from the end of the month	At arm's length	\$ 3,100	0.52	\$ (428)	
Nichidenbo Suzhou Trading Co., Ltd.	Sale	11,384	0.59	Internal transfer pricing	Net 180 days from the end of the month	At arm's length	4,761	0.80	(54)	
Lipers Electronic (SZ) Co., Ltd.	Sale	2,480	0.13	Internal transfer pricing	Net 90 days from the end of the month	At arm's length	1,709	0.29	-	

**NICHIDENBO CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WT MICROELECTRONICS CO., LTD.	31,000,000	14.57

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

# NICHIDENBO CORPORATION

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**NICHIDENBO CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Period</b>	<b>Rate (%)</b>	<b>Amount</b>
Cash on hand			\$ <u>93</u>
Cash in banks			
Demand deposits			12,826
Foreign currency deposits (Note 1)			<u>8,512</u>
			<u>21,338</u>
Cash equivalents			
Time deposits	2022.11.29-2023.03.30	0.965-1.270	554,950
Commercial paper	2022.12.30-2023.01.11	0.630	<u>36,000</u>
			<u>590,950</u>
			<u>\$ 612,381</u>

Note: Including US\$269 thousand @30.710, RMB12 thousand @4.408 and HK\$53 thousand @3.938.



**NICHIDENBO CORPORATION**

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS -  
CURRENT**

**DECEMBER 31, 2022**

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

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<b>Name of Marketable Securities</b>	<b>Shares</b>	<b>Amount</b>	<b>Fair Value (Note)</b>	
			<b>Unit Price</b>	<b>Total Amount</b>
Domestic mutual funds				
Hua Nan Phoenix Money Market Fund	6,053,818.50	\$ 100,000	\$ 16.5195	<u>\$ 100,006</u>
Unrealized gain of financial assets		<u>6</u>		
		<u>\$ 100,000</u>		

Note: The fair value of the fund is calculated based on its net value as of December 31, 2022.

**NICHIDENBO CORPORATION****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Marketable Securities	Shares	Amount	Fair Value (Note)	
			Unit Price	Total Amount
Domestic listed shares				
Sentelic Corporation	2,908,732	\$ 197,794	\$ 44.95	\$ 130,748
Honey Hope Honesty Enterprise Co., Ltd.	2,129,000	<u>45,543</u>	26.95	<u>56,525</u>
		243,337		<u>\$ 187,273</u>
Unrealized gain of financial assets		<u>(56,064)</u>		
		<u>\$ 187,273</u>		

Note: The fair value of the shares was calculated based on its closing price as of December 31, 2022.

**NICHIDENBO CORPORATION****STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Name</b>	<b>Maturity Date</b>	<b>Rate (%)</b>	<b>Gross Carrying Amount</b>	<b>Allowance for Impairment Loss</b>	<b>Amortized Cost</b>	<b>Note</b>
Time deposits with original maturities of more than 3 months						
Taishin International Bank	2023.1.30	1.00	\$ 660,000	\$ -	\$ 660,000	
HSBC Bank	2023.2.21	1.11	<u>150,000</u>	<u>-</u>	<u>150,000</u>	
			<u>\$ 810,000</u>	<u>\$ -</u>	<u>\$ 810,000</u>	

**NICHIDENBO CORPORATION****STATEMENT OF TRADE RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Client Name</b>	<b>Description (Note 1)</b>	<b>Amount</b>
Client A	US\$2,969 thousand	\$ 91,172
Client B	US\$1,148 thousand	35,243
Client C	US\$1,072 thousand	32,934
Client D	US\$1,017 thousand	31,239
Client E	US\$1,000 thousand	30,700
Others (Note 2)		<u>325,271</u>
		546,559
Less: Allowance for impairment loss		<u>2,729</u>
		<u>\$ 543,830</u>

Note 1: US\$1=NT\$30.710.

Note 2: The amount of individual client does not exceed 5% of the account balance.

**NICHIDENBO CORPORATION**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2022**

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

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
Merchandise	<u>\$ 498,713</u>	<u>\$ 617,452</u>

## NICHIDENBO CORPORATION

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

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

	<u>Balance, January 1, 2022</u>		<u>Additions</u>		<u>Decrease</u>		<u>Balance, December 31, 2022</u>		<u>Collateral</u>	<u>Note</u>
	<u>Shares</u>	<u>Fair Value</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		
Domestic unlisted shares										
Concord Advanced Technology Co., LTD	7,658,163	<u>\$ 88,711</u>	612,653	<u>\$ 4,673</u> (Note 2)	-	<u>\$ -</u>	8,270,816	<u>\$ 93,384</u>	None	Note 1

Note 1: Concord Advanced Technology Co., LTD appropriated earnings by cash dividends of 2.463334540595 per share and share dividends of 0.79999993764 per share. The subscription base date was August 18, 2022.

Note 2: The Company recognized unrealized gain of financial assets at fair value through other comprehensive income in the amount of \$4,673 thousand for the year ended 2022.

## NICHIDENBO CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Investees	Balance, January 1, 2022		Changes of the Year								Balance, December 31, 2022			Net Assets Value	Collateral
	Shares	Amount	Shares	Amount	Share of Profit of Subsidiaries	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Remeasure of Defined Benefit Plans	Others	Shares	%	Amount			
Lipers Enterpris Co., Ltd. (Note 1)	31,788,710	\$ 728,227	-	\$ -	\$ 137,006	\$ -	\$ (18,316)	\$ 1,791	\$ (145,732)	31,788,710	99.34	\$ 702,976	\$ 594,999	None	
Scope Technology Co., Ltd. (Note 2)	53,016,276	1,016,448	-	-	207,013	-	-	-	(120,456)	53,016,276	100.00	1,103,005	1,103,209	None	
Advance Electronic Supply Inc. (Note 3)	27,480,000	440,181	9,744,808	-	105,404	-	-	-	583	37,224,808	100.00	546,360	546,360	None	
Nichidenbo (Mauritius) Ltd.(Note 4)	5,050,000	483,810	-	-	20,822	7,556	-	-	(66,125)	5,050,000	100.00	446,063	446,545	None	
Vic-Dawn Enterprise Co., Ltd. (Note 5)	14,296,603	253,815	-	-	71,465	-	-	534	(48,803)	14,296,603	95.31	277,011	277,237	None	
Lipers (Hong Kong) Enterprise Co., Ltd. (Note 6)	29,642,793	216,198	-	-	30,015	12,889	-	-	(35,279)	29,642,793	100.00	223,823	223,823	None	
Tonsam Corporation (Note 7)	15,000,000	287,693	-	-	16,601	-	(10,000)	1,155	(12,749)	15,000,000	100.00	282,700	186,995	None	
Sentelic Corporation (Note 8)	13,618,732	314,515	(13,618,732)	(315,994)	45,058	-	-	-	(43,579)	-	-	-	-	-	
Koho (Taiwan) Co., Ltd. (Note 9)	-	-	2,550,000	81,600	28,939	-	-	520	(656)	2,550,000	85.00	110,403	67,269	None	
		<u>\$ 3,740,887</u>		<u>\$ (234,394)</u>	<u>\$ 662,323</u>	<u>\$ 20,445</u>	<u>\$ (28,316)</u>	<u>\$ 4,000</u>	<u>\$ (472,796)</u>			<u>\$ 3,692,149</u>			

Note 1: Increase in others includes \$3 thousand of other changes in capital surplus and \$1,205 thousand of capital surplus in employee restricted shares acquired by employees of investee; decrease in others includes \$148 thousand of unrealized gross margin from downstream transactions and \$146,792 thousand of cash dividends paid by investee. The difference between the ending balance and an investee's net asset values were \$108,700 thousand of difference between fair value and carrying amount of investee's assets and \$723 thousand of unrealized gross margin from downstream and upstream transactions.

Note 2: Increase in others includes \$1,011 thousand of capital surplus in employee restricted shares acquired by employees of investee; decrease in others includes \$105 thousand of unrealized gross margin from downstream transactions and \$121,362 thousand of cash dividends paid by investee. The difference between the ending balance and an investee's net asset values was \$204 thousand of unrealized gross margin from downstream and upstream transactions.

Note 3: Increase in shares was due to the issuance of cash dividends from the capital surplus resolved by Advance Electronic Supply Inc.'s board of directors on May 24, 2022. Increase in others includes \$583 thousand of capital surplus in employee restricted shares acquired by employees of investee. The difference between the ending balance and an investee's net asset values was \$192 thousand of unrealized gross margin from downstream and upstream transactions.

Note 4: Decrease in others includes \$290 thousand of unrealized gross profits from downstream transactions and \$65,835 thousand of cash dividends paid by investee. The difference between the ending balance and an investee's net asset values was \$482 thousand of unrealized gross margin from downstream and upstream transactions.

Note 5: Increase in others includes \$81 thousand of other changes in capital surplus and \$389 thousand of capital surplus in employee restricted shares acquired by employees of investee; decrease in others includes \$140 thousand of unrealized gross margin from downstream transactions and \$49,133 thousand of cash dividends paid by investee. The difference between the ending balance and an investee's net asset values was \$226 thousand of unrealized gross margin from downstream and upstream transactions.

Note 6: Decrease in others includes \$35,279 thousand (HK \$9,000 thousand) of cash dividends paid by investee.

Note 7: Increase in others includes \$389 thousand of capital surplus in employee restricted shares acquired by employees of investee; decrease in others includes \$3 thousand of unrealized gross margin from downstream transactions and \$13,135 thousand of cash dividends paid by investee. The difference between the ending balance and an investee's net asset values were \$95,723 thousand of difference between fair value and carrying amount of investee's assets and \$18 thousand of unrealized gross margin from downstream and upstream transactions.

Note 8: The Company participated in Weltrend semiconductor incorporated's takeover bid for 10,710,000 common shares of Sentelic corporation on August 24, 2022. The Company's shareholding in Sentelic Corporation decreased from 46.00% to 9.68%. The control of Sentelic Corporation was passed to the acquirer. And, the unsold interest was recorded in financial asset at FVTOCI. Increase in others includes \$1 thousand of realized gross margin from downstream transactions; decrease in others includes \$43,580 thousand of cash dividends paid by investee. The Company regarded Sentelic Corporation as a cash generating unit; therefore, reclassified \$46,778 thousand of share of profit of subsidiaries of the cash generating unit to discontinued operation. \$1,720 thousand of the difference between \$45,058 thousand of share of profit of subsidiaries recognized and \$46,778 thousand reclassified to discontinued operation arose from eliminating the transactions with related parties for consolidated financial statements.

Note 9: The Company signed a share sale and purchase agreement with non-related parties, acquiring 2,550,000 common shares of Koho (Taiwan) Co., Ltd., at a price of \$32 on January 26 and March 3, 2022. Decrease in others includes \$103 thousand of unrealized gross margin from downstream transactions and \$(553) thousand of capital surplus in difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition, which arose from acquiring 3.67% interests of Koho (Taiwan) Co., Ltd. The difference between the ending balance and an investee's net asset values were \$43,250 thousand of difference between fair value and carrying amount of investee's assets and \$116 thousand of unrealized gross margin from downstream and upstream transactions.

## NICHIDENBO CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

	Contract Period	Interest Rate	Description (Note)	Amount	Loan Commitments	Collateral
Unsecured loans						
Bank of Taiwan	2022.10.31-2023.01.19	5.4969%	US\$1,151 thousand	\$ 35,346	\$ 150,000	None
First Commercial Bank	2022.10.31-2023.01.19	5.5500%	US\$848 thousand	26,042	200,000	None
Taishin International Bank Co., Ltd.	2022.11.29-2023.01.19	5.8000%	US\$1,100 thousand	33,781	100,000	None
First Commercial Bank	2022.11.30-2023.02.24	5.9520%	US\$1,763 thousand	54,134	200,000	None
E.SUN Commercial Bank, Ltd.	2022.12.29-2023.03.29	5.1500%	US\$1,250 thousand	38,388	100,000	None
Chang Hwa Commercial Bank, Ltd.	2022.12.29-2023.03.29	5.5585%	US\$700 thousand	21,497	200,000	None
Bank of Taiwan	2022.12.30-2023.03.30	5.4969%	US\$1,002 thousand	30,767	150,000	None
Land Bank of Taiwan	2022.12.30-2023.03.30	5.5497%	US\$646 thousand	<u>19,828</u>	200,000	None
				<u>\$ 259,783</u>		

Note: US\$1=NT\$30.710.



**NICHIDENBO CORPORATION**

**STATEMENT OF TRADE PAYABLES**

**DECEMBER 31, 2022**

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

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<b>Vendor Name</b>	<b>Amount</b>
Vendor A	\$ 74,668
Vendor B	73,089
Others (Note)	<u>4,053</u>
	<u>\$ 151,810</u>

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

**NICHIDENBO CORPORATION**

**STATEMENT OF OPERATING REVENUE**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

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<b>Item</b>	<b>Quality (In Thousands of Units)</b>	<b>Amount</b>
Operating revenue - capacitor	480,191	\$ 1,793,719
Operating revenue - other		<u>129,663</u>
Total revenue		1,923,382
Less: Sales return	1,161	4,551
Sales allowance		<u>2,886</u>
Net revenue		<u>\$ 1,915,945</u>

**NICHIDENBO CORPORATION**

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

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<b>Item</b>	<b>Amount</b>
Balance at beginning of year	\$ 280,940
Add: Merchandise purchased	1,691,901
Less: Transferred to expenses	728
Loss on inventory shrinkage	93
Other	7
Balance at the end of year	<u>513,471</u>
	1,458,542
Add: Loss on net realizable value of inventories	7,421
Loss on inventory shrinkage	<u>93</u>
Cost of goods sold	<u>\$ 1,466,056</u>

## NICHIDENBO CORPORATION

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

Item	Selling Expenses	General and Administrative Expenses	Expected Credit (Gain) Loss	Total
Payroll	\$ 86,557	\$ 131,046	\$ -	\$ 217,603
Export expense	17,742	-	-	17,742
Storage expense	8,878	-	-	8,878
Insurance expense	8,868	7,911	-	16,779
Professional service fees	45	12,642	-	12,687
Donation expense	-	9,775	-	9,775
Expected credit gain	-	-	(737)	(737)
Others (Note)	<u>27,849</u>	<u>22,404</u>	<u>-</u>	<u>50,253</u>
	<u>\$ 149,939</u>	<u>\$ 183,778</u>	<u>\$ (737)</u>	<u>\$ 332,980</u>

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

## NICHIDENBO CORPORATION

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

	2022				2021			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total
Employee benefit expenses								
Salary expenses	\$ -	\$ 177,515	\$ -	\$ 177,515	\$ -	\$ -	\$ -	\$ 122,932
Equity-settled	-	11,974	-	11,974	-	-	-	-
Labor and health insurance	-	14,083	-	14,083	-	12,624	-	12,624
Pension	-	6,296	-	6,296	-	6,235	-	6,235
Remuneration to directors	-	28,114	-	28,114	-	14,362	-	14,362
Others	-	5,517	-	5,517	-	5,476	-	5,476
	<u>\$ -</u>	<u>\$ 243,499</u>	<u>\$ -</u>	<u>\$ 243,499</u>	<u>\$ -</u>	<u>\$ 161,629</u>	<u>\$ -</u>	<u>\$ 161,629</u>
Depreciation	<u>\$ -</u>	<u>\$ 3,188</u>	<u>\$ 301</u>	<u>\$ 3,489</u>	<u>\$ -</u>	<u>\$ 3,240</u>	<u>\$ 301</u>	<u>\$ 3,541</u>
Amortization	<u>\$ -</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ -</u>	<u>\$ 428</u>

## Note:

1. As of December 31, 2022 and 2021, the number of employees of the Company were 153 and 151, respectively, with 4 non-employee directors in both years.
2. Companies with shares issued in Taiwan Stock Exchange Corporation should disclose the following information.
  - a. Average employee benefit expenses for the years ended December 31, 2022 and 2021 were \$1,446 thousand and \$1,002 thousand, respectively.
  - b. Average salary expenses for the years ended December 31, 2022 and 2021 were \$1,272 thousand and \$836 thousand, respectively.
  - c. Percentage of changes in in the average employee salary is 52.15%.
  - d. After the shareholders' meeting on July 22, 2021, the Company has set up audit committee to replace the supervisors; remuneration to supervisor was \$2,847 thousand for the year ended December 31, 2022.
  - e. Remuneration to directors includes salary expenses and traffic allowance refer to industry practice. The traffic allowance paid by actual attendance. According to the Company's Articles, if the Company made a profit in a fiscal year, the Company accrues remuneration of directors, which will be paid after resolved by the Company's board of directors at rates of no higher than 3%.

The compensation policy for executive officers and employees includes salary, bonus and compensation of employees refer to industry practice, and will evaluate reasonable correlation between individual and the company's performance as well as future risk exposures, based on evaluation results, positions and financial situation of the company.

Remuneration to directors and compensation to executive officers are both submitted to the Compensation Committee for reasonable comments and then further resolved by the board of directors.