

**Sonix Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Sonix Technology Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sonix Technology Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

SONIX TECHNOLOGY CO., LTD.

By

JAMES PAO
Chairman

February 27, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sonix Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Sonix Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 identified in the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Occurrence of Revenue

The Group's operating income mainly comes from transactions generated from R&D, design, manufacturing and sales of voice controllers, microcontrollers, video/image controllers, wireless multimedia, optical identification and so on. We performed an analytical procedure on the sales revenue in 2023, and some kinds of products have a relatively certain percentage of annual sales, and the revenue of these products may have been recognized before fulfilling the requirements of IAS regulations on revenue recognition, which can have a significant impact to the financial statements of the Group. Thus, we identified the occurrence of revenue for specific products as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies and details of revenue recognition.

We performed the following main audit procedures for the occurrence of revenue:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls with regard to the occurrence of revenue.
2. We selected samples from specific products' sales details, and we checked the original documents. We also verified the collections and other procedures performed and confirmed that there were no abnormalities in the occurrence of operating income.

Other Matter

We have also audited the parent company only financial statements of Sonix Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion for the years ended December 31, 2023 and 2022.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated financial statements for the year ended December 31, 2023 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 Yao Lin Huang and Shih Chieh Chou

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,058,821	26	\$ 822,487	20
Financial assets at fair value through profit or loss - current (Note 4)	58,765	1	55,753	1
Financial assets at amortized cost - current (Notes 4, 8 and 25)	541,312	13	471,742	11
Trade receivables from unrelated parties (Notes 4, 9 and 24)	310,768	8	240,530	6
Inventories (Notes 4, 5 and 10)	768,771	19	1,222,093	29
Other current assets	<u>86,079</u>	<u>2</u>	<u>70,864</u>	<u>2</u>
Total current assets	<u>2,824,516</u>	<u>69</u>	<u>2,883,469</u>	<u>69</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	298,472	7	283,921	7
Investments accounted for using equity method (Notes 4 and 12)	4,207	-	5,209	-
Property, plant and equipment (Notes 4, 13 and 25)	682,680	17	708,637	17
Investment properties (Notes 4 and 14)	118,186	3	120,919	3
Intangible assets (Notes 4 and 15)	135,955	3	115,582	3
Deferred tax assets (Notes 4 and 20)	41,037	1	50,970	1
Refundable deposits	2,713	-	5,067	-
Other non-current assets	<u>-</u>	<u>-</u>	<u>38</u>	<u>-</u>
Total non-current assets	<u>1,283,250</u>	<u>31</u>	<u>1,290,343</u>	<u>31</u>
TOTAL	<u>\$ 4,107,766</u>	<u>100</u>	<u>\$ 4,173,812</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties	\$ 171,938	4	\$ 135,641	3
Other payables (Note 16)	157,266	4	243,647	6
Current tax liabilities (Notes 4 and 20)	71,892	2	15,310	1
Other current liabilities	<u>11,187</u>	<u>-</u>	<u>14,052</u>	<u>-</u>
Total current liabilities	<u>412,283</u>	<u>10</u>	<u>408,650</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 4)	24,777	1	18,970	1
Deferred tax liabilities (Notes 4 and 20)	11,890	-	48,272	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	8,847	-	14,329	-
Guarantee deposits	<u>88,354</u>	<u>2</u>	<u>81,859</u>	<u>2</u>
Total non-current liabilities	<u>133,868</u>	<u>3</u>	<u>163,430</u>	<u>4</u>
Total liabilities	<u>546,151</u>	<u>13</u>	<u>572,080</u>	<u>14</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 18)				
Share capital				
Ordinary shares	<u>1,678,770</u>	<u>41</u>	<u>1,678,770</u>	<u>40</u>
Capital surplus	<u>62,661</u>	<u>1</u>	<u>62,661</u>	<u>2</u>
Retained earnings				
Legal reserve	1,210,820	30	1,152,339	28
Special reserve	66,015	2	228	-
Unappropriated earnings	<u>512,170</u>	<u>12</u>	<u>773,521</u>	<u>18</u>
Total retained earnings	<u>1,789,005</u>	<u>44</u>	<u>1,926,088</u>	<u>46</u>
Other equity	<u>31,179</u>	<u>1</u>	<u>(65,787)</u>	<u>(2)</u>
Total equity	<u>3,561,615</u>	<u>87</u>	<u>3,601,732</u>	<u>86</u>
TOTAL	<u>\$ 4,107,766</u>	<u>100</u>	<u>\$ 4,173,812</u>	<u>100</u>

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)				
Sales	\$ 2,609,937	100	\$ 3,354,067	100
OPERATING COSTS (Notes 10 and 19)				
Cost of goods sold	<u>1,519,667</u>	<u>58</u>	<u>1,790,834</u>	<u>53</u>
GROSS PROFIT	<u>1,090,270</u>	<u>42</u>	<u>1,563,233</u>	<u>47</u>
OPERATING EXPENSES (Notes 9, 15, 17, 19 and 24)				
Selling and marketing expenses	64,861	2	66,036	2
General and administrative expenses	172,858	7	193,346	6
Research and development expenses	694,628	27	745,660	22
Expected credit gain	<u>(6)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
Total operating expenses	<u>932,341</u>	<u>36</u>	<u>1,005,024</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>157,929</u>	<u>6</u>	<u>558,209</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 19 and 24)	20,836	1	43,590	1
Other gains and losses (Notes 19 and 26)	2,597	-	79,040	2
Share of profit or loss of associates	(67)	-	(128)	-
Interest revenue (Note 19)	<u>19,868</u>	<u>1</u>	<u>16,804</u>	<u>1</u>
Total non-operating income and expenses	<u>43,234</u>	<u>2</u>	<u>139,306</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	201,163	8	697,515	21
INCOME TAX EXPENSE (Notes 4 and 20)	<u>15,281</u>	<u>1</u>	<u>118,947</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>185,882</u>	<u>7</u>	<u>578,568</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME AND LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	268	-	7,800	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	212,192	8	(164,943)	(5)

(Continued)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive loss of associated accounted for using the equity method	\$ (935)	-	\$ (1,377)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>(53)</u>	<u>-</u>	<u>(1,560)</u>	<u>-</u>
	211,472	8	(160,080)	(5)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(17,778)</u>	<u>-</u>	<u>26,903</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>193,694</u>	<u>8</u>	<u>(133,177)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 379,576</u>	<u>15</u>	<u>\$ 445,391</u>	<u>13</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.11</u>		<u>\$ 3.45</u>	
Diluted	<u>\$ 1.10</u>		<u>\$ 3.38</u>	

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

(Concluded)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Other Equity		Total	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange	Unrealized Gain			
	Shares (In Thousands)	Ordinary Shares	Ordinary Shares Issued at Premium	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Differences on Translation of the Financial Statements of Foreign Operations	(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	167,877	\$ 1,678,770	\$ 62,661	\$ 1,005,920	\$ 228	\$ 1,510,271	\$ 2,516,419	\$ (66,995)	\$ 140,625	\$ 73,630	\$ 4,331,480
Appropriation of 2021 earnings											
Legal reserve	-	-	-	146,419	-	(146,419)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,175,139)	(1,175,139)	-	-	-	(1,175,139)
Net profit for the year ended December 31, 2022	-	-	-	-	-	578,568	578,568	-	-	-	578,568
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	6,240	6,240	26,903	(166,320)	(139,417)	(133,177)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	584,808	584,808	26,903	(166,320)	(139,417)	445,391
BALANCE AT DECEMBER 31, 2022	167,877	1,678,770	62,661	1,152,339	228	773,521	1,926,088	(40,092)	(25,695)	(65,787)	3,601,732
Appropriation of 2022 earnings											
Legal reserve	-	-	-	58,481	-	(58,481)	-	-	-	-	-
Special reserve	-	-	-	-	65,787	(65,787)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(419,693)	(419,693)	-	-	-	(419,693)
Net profit for the year ended December 31, 2023	-	-	-	-	-	185,882	185,882	-	-	-	185,882
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	215	215	(17,778)	211,257	193,479	193,694
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	186,097	186,097	(17,778)	211,257	193,479	379,576
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	96,513	96,513	-	(96,513)	(96,513)	-
BALANCE AT DECEMBER 31, 2023	167,877	\$ 1,678,770	\$ 62,661	\$ 1,210,820	\$ 66,015	\$ 512,170	\$ 1,789,005	\$ (57,870)	\$ 89,049	\$ 31,179	\$ 3,561,615

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

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 201,163	\$ 697,515
Adjustments for:		
Depreciation expense	71,010	63,796
Amortization expense	19,847	16,444
Expected credit loss reversed on trade receivables	(6)	(18)
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	(3,012)	5,156
Interest income	(19,868)	(16,804)
Dividend income	(6,571)	(29,572)
Share of (profit) loss of associates	67	128
Loss on disposal of property, plant and equipment	21	374
Reversal of write-downs of inventory and loss of obsolete inventory	55,053	15,566
Net loss on foreign currency exchange	2,483	8,209
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(75,672)	302,833
Inventories	398,420	210,637
Other current assets	6,372	(16,631)
Trade payables	38,321	(233,707)
Other payables	(86,084)	(183,138)
Provisions for employee benefits	5,807	(1,787)
Other current liabilities	(2,741)	8,483
Net defined benefit liabilities	(5,214)	(1,172)
Cash generated from operations	599,396	846,312
Interest received	17,277	14,378
Dividends received	6,571	33,318
Income tax paid	(4,280)	(326,910)
Net cash generated from operating activities	<u>618,964</u>	<u>567,098</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	197,641	-
Purchase of financial assets at amortized cost	(358,223)	(153,317)
Disposal of financial assets at amortized cost	283,883	154,443
Proceeds from sale of financial assets at fair value through profit or loss	-	120,267
Payments for property, plant and equipment	(47,983)	(40,506)
Increase in refundable deposits	(442)	(129)
Decrease in refundable deposits	2,833	2,712
Payments for intangible assets	(40,235)	(41,137)
Decrease in other non-current assets	37	33
Net cash generated from investing activities	<u>37,511</u>	<u>42,366</u>

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SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	\$ 12,695	\$ 18,511
Refund of guarantee deposits received	(4,912)	(58,598)
Dividends paid to owners of the Company	<u>(419,693)</u>	<u>(1,175,139)</u>
Net cash used in financing activities	<u>(411,910)</u>	<u>(1,215,226)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(8,231)</u>	<u>15,148</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	236,334	(590,614)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>822,487</u>	<u>1,413,101</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,058,821</u>	<u>\$ 822,487</u>

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

(Concluded)

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sonix Technology Co., Ltd. (the “Company”) was incorporated in the Republic of China (“ROC”) in July 1996. The Company mainly develops, designs, manufactures and trades semiconductors.

The Company was listed on the OTC market on November 27, 2000 and submitted applications to be listed on the stock exchange market to the Securities and Futures Bureau, FSC, on June 27, 2000, which was then approved by the Taiwan Stock Exchange on July 25, 2003. The Company’s shares have been traded on the Taiwan Stock Exchange since August 25, 2003.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on February 27, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

The Group has assessed the above standards that have not had a material impact. As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated 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.

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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 11 and Tables 4 and 5 for the detailed information of subsidiaries, including the percentage of ownership and main business.

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, 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.

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

Non-monetary items denominated in a foreign currency and measured at historical cost are stated in the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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 method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals 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 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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 properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group 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: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and 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 23.

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, notes receivable and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

Cash equivalents include 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 Group 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 Group'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 and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

2) Equity instruments

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

Equity instruments issued by an entity in the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share type. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

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

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the goods or services promised in the contracts are a single performance obligation.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of consumer IC and multimedia IC. Sales of consumer IC and multimedia IC are recognized as revenue when the goods are delivered to the customer's specific location 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.

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

n. Leases

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

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

o. 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 (assets)) 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 (assets) represent the actual deficit (surplus) in the Group'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.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for research and development expenditures 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 Group 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 Group 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Write-down of Inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales 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

	December 31	
	2023	2022
Cash on hand	\$ 254	\$ 329
Checking accounts and demand deposits	829,203	709,259
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	71,559	50,100
Repurchase agreements collateralized by bonds	<u>157,805</u>	<u>62,799</u>
	<u>\$ 1,058,821</u>	<u>\$ 822,487</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank balance	0.005%-1.4%	0.005%-2.025%
Time deposits with original maturities of less than 3 months	1.1%-5.3%	0.88%-1.405%
Repurchase agreements collateralized by bonds	5.1%-5.3%	3.8%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Champion Microelectronic Corp.	\$ 298,438	\$ 283,887
Unlisted shares		
Ordinary shares - Ours Technology Inc.	<u>34</u>	<u>34</u>
	<u>\$ 298,472</u>	<u>\$ 283,921</u>

These investments are held for medium to long-term strategic purposes. 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 Group's strategy of holding these investments for long-term purposes.

In August and September 2023, the company sold part of the ordinary shares of Champion Microelectronic Corp. at a fair value of NT\$197,641 thousand, and the unrealized gain on financial assets at fair value through other comprehensive income of NT\$96,513 thousand will be transferred to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturity of more than 3 months	\$ 246,606	\$ 246,578
Foreign investments		
Time deposits with original maturity of more than 3 months	<u>294,706</u>	<u>225,164</u>
	<u>\$ 541,312</u>	<u>\$ 471,742</u>

- a. The interest rates for time deposits with original maturity of more than 3 months were 1.29%-5.6% and 0.35%-2.7% as of December 31, 2023 and 2022, respectively.
- b. Refer to Note 25 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 314,522	\$ 244,290
Less: Allowance for impairment loss	<u>(3,754)</u>	<u>(3,760)</u>
	<u>\$ 310,768</u>	<u>\$ 240,530</u>

Trade Receivables

The average credit period of sales of goods was 60 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that have good credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information 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 Group 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.

December 31, 2023

	Less than 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.11%	0%	0%	100%	
Gross carrying amount	\$ 311,107	\$ -	\$ -	\$ 3,415	\$ 314,522
Loss allowance (Lifetime ECLs)	<u>(339)</u>	<u>-</u>	<u>-</u>	<u>(3,415)</u>	<u>(3,754)</u>
Amortized cost	<u>\$ 310,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,768</u>

December 31, 2022

	Less than 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.14%	0%	0%	100%	
Gross carrying amount	\$ 240,868	\$ -	\$ -	\$ 3,422	\$ 244,290
Loss allowance (Lifetime ECLs)	<u>(338)</u>	<u>-</u>	<u>-</u>	<u>(3,422)</u>	<u>(3,760)</u>
Amortized cost	<u>\$ 240,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,530</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 3,760	\$ 3,778
Less: Net remeasurement of loss allowance	<u>(6)</u>	<u>(18)</u>
Balance at December 31	<u>\$ 3,754</u>	<u>\$ 3,760</u>

10. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished and purchased goods	\$ -	\$ 24
Finished goods	154,626	273,137
Work in progress	506,757	784,455
Raw materials	<u>107,388</u>	<u>164,477</u>
	<u>\$ 768,771</u>	<u>\$ 1,222,093</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Cost of inventories sold	\$ 1,464,614	\$ 1,775,268
Inventory write-downs (reversed)	(13,292)	3,831
Loss of obsolete inventory	<u>68,345</u>	<u>11,735</u>
	<u>\$ 1,519,667</u>	<u>\$ 1,790,834</u>

As a result of the net realizable value rebounding, the benefit of inventory write-down was reversed.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Office Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 110,984	\$ 729,050	\$ 183,151	\$ 295,926	\$ 1,319,111
Additions	-	2,200	22,706	15,600	40,506
Disposals	-	-	(4,789)	-	(4,789)
Effects of foreign currency exchange differences	-	7,180	396	35	7,611
Balance at December 31, 2022	<u>\$ 110,984</u>	<u>\$ 738,430</u>	<u>\$ 201,464</u>	<u>\$ 311,561</u>	<u>\$ 1,362,439</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 170,479	\$ 140,187	\$ 284,805	\$ 595,471
Depreciation expense	-	29,745	22,025	9,394	61,164
Disposals	-	-	(4,415)	-	(4,415)
Effects of foreign currency exchange differences	-	1,323	236	23	1,582
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 201,547</u>	<u>\$ 158,033</u>	<u>\$ 294,222</u>	<u>\$ 653,802</u>
Carrying amount at December 31, 2022	<u>\$ 110,984</u>	<u>\$ 536,883</u>	<u>\$ 43,431</u>	<u>\$ 17,339</u>	<u>\$ 708,637</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 110,984	\$ 738,430	\$ 201,464	\$ 311,561	\$ 1,362,439
Additions	-	1,300	30,127	16,556	47,983
Disposals	-	-	(723)	-	(723)
Effects of foreign currency exchange differences	-	(7,848)	(498)	(41)	(8,387)
Balance at December 31, 2023	<u>\$ 110,984</u>	<u>\$ 731,882</u>	<u>\$ 230,370</u>	<u>\$ 328,076</u>	<u>\$ 1,401,312</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 201,547	\$ 158,033	\$ 294,222	\$ 653,802
Depreciation expense	-	30,163	24,475	13,744	68,382
Disposals	-	-	(702)	-	(702)
Effects of foreign currency exchange differences	-	(2,499)	(314)	(37)	(2,850)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 229,211</u>	<u>\$ 181,492</u>	<u>\$ 307,929</u>	<u>\$ 718,632</u>
Carrying amount at December 31, 2023	<u>\$ 110,984</u>	<u>\$ 502,671</u>	<u>\$ 48,878</u>	<u>\$ 20,147</u>	<u>\$ 682,680</u>

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

Buildings	
Main buildings	20-50 years
Renovation equipment	2-20 years
Office equipment	2-5 years
Other equipment	2-5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 25.

14. INVESTMENT PROPERTIES

	Amount
<u>Cost</u>	
Balance at January 1, 2022	\$ 168,893
Effects of foreign currency exchange differences	<u>496</u>
Balance at December 31, 2022	<u>\$ 169,389</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 45,495
Depreciation expense	2,632
Effects of foreign currency exchange differences	<u>343</u>
Balance at December 31, 2022	<u>\$ 48,470</u>
Carrying amount at December 31, 2022	<u>\$ 120,919</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 169,389
Effects of foreign currency exchange differences	<u>(542)</u>
Balance at December 31, 2023	<u>\$ 168,847</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 48,470
Depreciation expense	2,628
Effects of foreign currency exchange differences	<u>(437)</u>
Balance at December 31, 2023	<u>\$ 50,661</u>
Carrying amount at December 31, 2023	<u>\$ 118,186</u>

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 11,585	\$ 7,132
Year 2	11,406	2,777
Year 3	<u>4,471</u>	<u>2,901</u>
	<u>\$ 27,462</u>	<u>\$ 12,810</u>

The investment properties are depreciated using the straight-line method over 20 and 50 years.

The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured by using Level 3 inputs on December 31, 2023. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The significant unobservable inputs used include discount rates and capitalization rates and the fair value as appraised.

	Amount
Fair value	<u>\$ 161,717</u>
Capitalization rate	2.5%

All of the Group's investment properties were held under freehold interests.

15. INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 264,193	\$ 170,293	\$ 434,486
Additions	1,646	39,491	41,137
Derecognitions	(15)	-	(15)
Effects of foreign currency exchange differences	<u>115</u>	<u>-</u>	<u>115</u>
Balance at December 31, 2022	<u>\$ 265,939</u>	<u>\$ 209,784</u>	<u>\$ 475,723</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 250,289	\$ 93,352	\$ 343,641
Amortization expense	4,888	11,556	16,444
Derecognitions	(15)	-	(15)
Effects of foreign currency exchange differences	<u>71</u>	<u>-</u>	<u>71</u>
Balance at December 31, 2022	<u>\$ 255,233</u>	<u>\$ 104,908</u>	<u>\$ 360,141</u>
Carrying amount at December 31, 2022	<u>\$ 10,706</u>	<u>\$ 104,876</u>	<u>\$ 115,582</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 265,939	\$ 209,784	\$ 475,723
Additions	1,880	38,355	40,235
Effects of foreign currency exchange differences	<u>(134)</u>	<u>-</u>	<u>(134)</u>
Balance at December 31, 2023	<u>\$ 267,685</u>	<u>\$ 248,139</u>	<u>\$ 515,824</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 255,233	\$ 104,908	\$ 360,141
Amortization expense	4,435	15,412	19,847
Effects of foreign currency exchange differences	<u>(119)</u>	<u>-</u>	<u>(119)</u>
Balance at December 31, 2023	<u>\$ 259,549</u>	<u>\$ 120,320</u>	<u>\$ 379,869</u>
Carrying amount at December 31, 2023	<u>\$ 8,136</u>	<u>\$ 127,819</u>	<u>\$ 135,955</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Patents	1-10 years

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Selling and marketing expenses	\$ 11	\$ 12
General and administrative expenses	230	231
Research and development expenses	<u>19,606</u>	<u>16,201</u>
	<u>\$ 19,847</u>	<u>\$ 16,444</u>

16. OTHER PAYABLES

	December 31	
	2023	2022
Other payables		
Payables for salaries or bonuses	\$ 122,190	\$ 207,597
Payables for purchases of equipment	4,725	2,384
Payables for insurance	2,925	2,999
Payables for professional service fees	1,901	4,887
Others	<u>25,525</u>	<u>25,780</u>
	<u>\$ 157,266</u>	<u>\$ 243,647</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in Japan and China are members of a state-managed retirement benefit plan operated by the governments of Japan and China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 63,127	\$ 66,111
Fair value of plan assets	<u>(54,280)</u>	<u>(51,782)</u>
Net defined benefit liabilities	<u>\$ 8,847</u>	<u>\$ 14,329</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 69,771</u>	<u>\$ (46,470)</u>	<u>\$ 23,301</u>
Service cost			
Current service cost	144	-	144
Net interest expense (income)	<u>349</u>	<u>(236)</u>	<u>113</u>
Recognized in profit or loss	<u>493</u>	<u>(236)</u>	<u>257</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,647)	(3,647)
Actuarial (gain) loss - changes in demographic assumptions	156	-	156
Actuarial (gain) loss - changes in financial assumptions	(5,611)	-	(5,611)
Actuarial (gain) loss - experience adjustments	<u>1,302</u>	<u>-</u>	<u>1,302</u>
Recognized in other comprehensive income	<u>(4,153)</u>	<u>(3,647)</u>	<u>(7,800)</u>
Contributions from the employer	<u>-</u>	<u>(1,429)</u>	<u>(1,429)</u>
Balance at December 31, 2022	<u>\$ 66,111</u>	<u>\$ (51,782)</u>	<u>\$ 14,329</u>
Balance at January 1, 2023	<u>\$ 66,111</u>	<u>\$ (51,782)</u>	<u>\$ 14,329</u>
Service cost			
Current service cost	140	-	140
Net interest expense (income)	<u>909</u>	<u>(722)</u>	<u>187</u>
Recognized in profit or loss	<u>1,049</u>	<u>(722)</u>	<u>327</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(380)	(380)
Actuarial (gain) loss - changes in demographic assumptions	3	-	3

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial (gain) loss - changes in financial assumptions	\$ 675	\$ -	\$ 675
Actuarial (gain) loss - experience adjustments	<u>(566)</u>	<u>-</u>	<u>(566)</u>
Recognized in other comprehensive income	<u>112</u>	<u>(380)</u>	<u>(268)</u>
Contributions from the employer	-	(1,396)	(1,396)
Benefits paid	<u>(4,145)</u>	<u>-</u>	<u>(4,145)</u>
Balance at December 31, 2023	<u>\$ 63,127</u>	<u>\$ (54,280)</u>	<u>\$ 8,847</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	\$ 12	\$ 10
General and administrative expenses	65	52
Research and development expenses	<u>250</u>	<u>195</u>
	<u>\$ 327</u>	<u>\$ 257</u>

Through the defined benefit plans under the Labor Standards Act, the Group 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 shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the 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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.375%
Expected rate(s) of salary increase	4.000%	4.000%

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:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (1,339)</u>	<u>\$ (1,483)</u>
0.25% decrease	<u>\$ 1,384</u>	<u>\$ 1,535</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,325</u>	<u>\$ 1,471</u>
0.25% decrease	<u>\$ (1,289)</u>	<u>\$ (1,430)</u>

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 1,396</u>	<u>\$ 1,429</u>
Average duration of the defined benefit obligation	8.6 years	9.1 years

18. EQUITY

a. Share capital

	December 31	
	2023	2022
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>167,877</u>	<u>167,877</u>
Shares issued	<u>\$ 1,678,770</u>	<u>\$ 1,678,770</u>

b. Capital surplus

Any 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 dividends 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, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 19.g.

The Company distributes share dividends and cash dividends after taking into account its future business needs and long-term financial plan and provided that the ratio for share dividend shall not exceed 50% of the total distribution. The distribution of profits may also be made by way of share or cash dividends. The appropriation for cash dividend should not be less than 10% of the annual dividends distributed.

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 deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings on June 16, 2023 and June 21, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 58,481</u>	<u>\$ 146,419</u>
Special reserve	<u>\$ 65,787</u>	<u>\$ -</u>
Cash dividends	<u>\$ 419,693</u>	<u>\$ 1,175,139</u>
Cash dividends per share (NT\$)	<u>\$ 2.5</u>	<u>\$ 7</u>

The appropriation of earnings for 2023 will be proposed by the Company's board of directors in May 2024.

19. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Investment properties	\$ 9,126	\$ 7,047
Dividends	6,571	29,572
Others	<u>5,139</u>	<u>6,971</u>
	<u>\$ 20,836</u>	<u>\$ 43,590</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets		
Financial assets designated as at FVTPL	\$ 3,012	\$ (5,156)
Net foreign exchange gains	1,209	86,483
Loss on disposal of property, plant and equipment	(21)	(374)
Others	<u>(1,603)</u>	<u>(1,913)</u>
	<u>\$ 2,597</u>	<u>\$ 79,040</u>

c. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 15,953	\$ 14,039
Financial assets at amortized cost	3,909	2,762
Others	<u>6</u>	<u>3</u>
	<u>\$ 19,868</u>	<u>\$ 16,804</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 68,382	\$ 61,164
Investment properties	2,628	2,632
Intangible assets	<u>19,847</u>	<u>16,444</u>
	<u>\$ 90,857</u>	<u>\$ 80,240</u>
An analysis of depreciation by function		
Operating costs	\$ 6,909	\$ 3,525
Operating expenses	61,473	57,639
Non-operating income and expenses*	<u>2,628</u>	<u>2,632</u>
	<u>\$ 71,010</u>	<u>\$ 63,796</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 19,847</u>	<u>\$ 16,444</u>

* The depreciation expense above includes rent revenue and other expenditures in other gains and losses.

e. Depreciation expense directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct depreciation expense from investment properties generating rental income	\$ 2,295	\$ 1,890
Direct depreciation expense from investment properties not generating rental income	<u>333</u>	<u>742</u>
	<u>\$ 2,628</u>	<u>\$ 2,632</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 33,112	\$ 32,890
Defined benefit plans (Note 17)	<u>327</u>	<u>257</u>
	33,439	33,147
Other employee benefits	<u>654,786</u>	<u>718,429</u>
Total employee benefits expense	<u>\$ 688,225</u>	<u>\$ 751,576</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 688,225</u>	<u>\$ 751,576</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 24, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	15.48%	14.28%
Remuneration of directors	1.62%	1.21%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 37,360	\$ -	\$ 118,420	\$ -
Remuneration of directors	3,900	-	10,000	-

If there is a change in the amounts after the annual consolidated 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 consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2023	2022
Foreign exchange gains	\$ 30,833	\$ 91,348
Foreign exchange losses	<u>(29,624)</u>	<u>(4,865)</u>
	<u>\$ 1,209</u>	<u>\$ 86,483</u>

20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Current tax</u>		
In respect of the current period	\$ 65,605	\$ 159,594
Income tax on unappropriated earnings	2,042	7,131
Offshore income tax expense	775	2,075
Adjustments for prior periods	(26,627)	(24,809)
<u>Deferred tax</u>		
In respect of the current period	<u>(26,514)</u>	<u>(25,044)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,281</u>	<u>\$ 118,947</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 13,979	\$ 104,641
Nondeductible expenses in determining taxable income	(1,920)	(3,670)
Tax-exempt income	-	(146)
Weighted deduction of research and development expenses in China	(10,177)	(9,674)
Unrecognized loss carryforwards	37,209	43,399
Adjustments for prior years' tax	(26,627)	(24,809)
Effects of different tax rates of entities in the Group operating in other jurisdictions	775	2,075
Income tax on unappropriated earnings	<u>2,042</u>	<u>7,131</u>
Income tax expense recognized in profit or loss	<u>\$ 15,281</u>	<u>\$ 118,947</u>

b. Income tax recognized in other comprehensive income

For the Year Ended December 31
2023 **2022**

Deferred tax

In respect of the current year

Remeasurement on defined benefit plans	\$ (53)	\$ (1,560)
Total income tax recognized in other comprehensive income	<u>\$ (53)</u>	<u>\$ (1,560)</u>

c. Current tax liabilities

The current tax liabilities for December 31, 2023 and 2022 are income taxes payable.

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Loss on inventories	\$ 11,421	\$ (2,476)	\$ -	\$ (23)	\$ 8,922
Provisions	3,794	1,161	-	-	4,955
Capitalized expenses	348	(308)	-	-	40
Unappropriated earnings of subsidiaries	32,036	(9,990)	-	-	22,046
Pension limits	1,535	(213)	-	-	1,322
Unrealized foreign exchange losses	1,333	1,969	-	-	3,302
Others	<u>503</u>	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>450</u>
	<u>\$ 50,970</u>	<u>\$ (9,857)</u>	<u>\$ (53)</u>	<u>\$ (23)</u>	<u>\$ 41,037</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Foreign investment income accounted for using equity method	\$ 48,089	\$ (36,747)	\$ -	\$ -	\$ 11,342
Unrealized interest income	<u>183</u>	<u>376</u>	<u>-</u>	<u>(11)</u>	<u>548</u>
	<u>\$ 48,272</u>	<u>\$ (36,371)</u>	<u>\$ -</u>	<u>\$ (11)</u>	<u>\$ 11,890</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Loss on inventories	\$ 10,938	\$ 471	\$ -	\$ 12	\$ 11,421
Provisions	4,151	(357)	-	-	3,794
Capitalized expenses	72	276	-	-	348
Unappropriated earnings of subsidiaries	48,596	(16,560)	-	-	32,036
Pension limits	1,770	(235)	-	-	1,535
Unrealized foreign exchange losses	5,704	(4,371)	-	-	1,333
Others	<u>2,063</u>	<u>-</u>	<u>(1,560)</u>	<u>-</u>	<u>503</u>
	<u>\$ 73,294</u>	<u>\$ (20,776)</u>	<u>\$ (1,560)</u>	<u>\$ 12</u>	<u>\$ 50,970</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Foreign investment income accounted for using equity method	\$ 94,022	\$ (45,933)	\$ -	\$ -	\$ 48,089
Unrealized interest income	<u>70</u>	<u>113</u>	<u>-</u>	<u>-</u>	<u>183</u>
	<u>\$ 94,092</u>	<u>\$ (45,820)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,272</u>

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

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2023	\$ 2,014	\$ 2,446
Expiry in 2024	903	903
Expiry in 2025	<u>1,631</u>	<u>1,631</u>
	<u>\$ 4,548</u>	<u>\$ 4,980</u>
Deductible temporary differences		
Others	<u>\$ 590</u>	<u>\$ 590</u>

f. Information on unused loss carryforwards

As of December 31, 2023, loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 2,014	2023
903	2024
1,631	2025
6,457	2026
19,495	2027
11,761	2028
2,860	2029
<u>298,019</u>	2032
<u>\$ 343,140</u>	

g. Income tax assessments

The Company and its subsidiaries had their income taxes examined by the tax authorities at the following years:

	Year of Examination
The Company	2021
Jian Mou Investment Corporation	2021
Sonix Technology (Chengdu) Co., Ltd.	2022
Sonix Technology (Shenzhen) Co., Ltd.	2022

21. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit for the year attributable to owners of the Company	<u>\$ 185,882</u>	<u>\$ 578,568</u>

The weighted average number of ordinary shares outstanding (in thousands of shares is as follows):

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	167,877	167,877
Effects of potentially dilutive ordinary shares		
Compensation of employees or bonus issue to employees	<u>1,033</u>	<u>3,497</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>168,910</u>	<u>171,374</u>

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

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group monitors the funds by regularly examining the ratio of assets to debt. The capital in the Group is the total equity listed in the balance sheet also known as the amount of total assets deducted from the total debt.

23. FINANCIAL INSTRUMENTS

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

- Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>58,765</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>58,765</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 298,438	\$ -	\$ -	\$ 298,438
Unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
	\$ <u>298,438</u>	\$ <u>-</u>	\$ <u>34</u>	\$ <u>298,472</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>55,753</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>55,753</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 283,887	\$ -	\$ -	\$ 283,887
Unlisted shares	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
	\$ <u>283,887</u>	\$ <u>-</u>	\$ <u>34</u>	\$ <u>283,921</u>

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

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mutual funds	\$ 58,765	\$ 55,753
Financial assets at amortized cost (1)	1,913,614	1,539,826
Financial assets at FVTOCI		
Equity instruments	298,472	283,921
<u>Financial liabilities</u>		
Amortized cost (2)	295,368	253,550

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, refundable deposits.
- 2) The balance includes financial liabilities measured at amortized cost, which comprise short-term bills payable and trade and other payables (excluding employment benefits), guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group 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 Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and market price risk (see (c) below).

There have been no changes to the Group's exposure to market risk or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and Sonix Technology (Shenzhen) Co., Ltd. have foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 50% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 37% of costs is denominated in currencies other than the functional currency of the entity in the Group.

It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of hedged items to maximize the hedging effectiveness. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 26.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and RMB (the functional currencies) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar and RMB strengthens 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar and RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	<u>USD Impact</u>		<u>EUR Impact</u>		<u>RMB Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit or loss	<u>\$ 5,817</u> (i)	<u>\$ 4,033</u> (i)	<u>\$ 251</u> (ii)	<u>\$ 244</u> (ii)	<u>\$ 2,848</u> (iii)	<u>\$ 1,300</u> (iii)

- i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period, and the changes in financial assets are measured at FVTPL.
- ii. This was mainly the result of the changes in the financial assets are measured at amortized cost.
- iii. The result was mainly attributable to the exposure on outstanding accounts receivable in RMB that were not hedged at the end of the year.

b) Interest rate risk

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial assets	\$ 686,483	\$ 500,470
Cash flow interest rate risk		
Financial assets	913,207	793,158

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,132 thousand and \$7,932 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank savings and financial assets at amortized cost.

c) Other price risk

The Group was exposed to price risk through its investments in beneficiary certificates and equity securities. The investments are not held for trading purposes. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit or loss for years ended December 31, 2023 and 2022 would have increased/decreased by NT\$588 thousand and NT\$558 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$2,985 thousand and NT\$2,839 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 a financial loss to the Group. The Group only deals with creditworthy counterparties of financial institutions and entities that are rated the equivalent of investment grade and above. Therefore, there is no expected great credit risk.

In order to minimize credit risk, management of the Group 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 Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's concentration of credit risk of 43% and 41% of total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Group's largest customer and the five largest customers within the business segment. The rest of the credit risk concentration of trade receivables are not comparatively significant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The working capital of the Group is sufficient for its liabilities, and hence there's no liquidity risk for not fulfilling contractual obligations due to a failure to raise funds.

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationship with the Company</u>
Senno Technology Inc.	Related party in substance
Digit Mobile Inc.	Related party in substance
New Pocket Device Corp.	Related party in substance

b. Operating transactions

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales	Related party in substance		
	Others	<u>\$ 2,176</u>	<u>\$ 4,553</u>
Operating expenses Miscellaneous expenses	Related party in substance		
	Others	<u>\$ 166</u>	<u>\$ 208</u>
Non-operating revenue	Related party in substance		
	Others	<u>\$ -</u>	<u>\$ 3</u>

The sales prices and payment terms for related parties are similar with those of sales to third parties.

c. Receivables from related parties

Line Item	Related Party Category	For the Year
		Ended December 31, 2023
Accounts receivable	Related party in substance	
	Others	<u>\$ 146</u>

The outstanding trade receivables from related parties are unsecured. For the year ended December 31, 2023, no impairment loss was recognized for trade receivables from related parties.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 24,714	\$ 34,411
Post-employment benefits	<u>199</u>	<u>199</u>
	<u>\$ 24,913</u>	<u>\$ 34,610</u>

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for short-term bank borrowings, purchases and tariffs of imported goods:

	December 31	
	2023	2022
Property, plant and equipment	\$ 202,981	\$ 206,523
Pledge deposits (classified as financial assets at amortized cost - current)	<u>2,206</u>	<u>52,178</u>
	<u>\$ 205,187</u>	<u>\$ 258,701</u>

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 19,571	30.655 (USD:NTD)	\$ 599,949
USD	3,340	7.0827 (USD:RMB)	102,388
EUR	743	33.78 (EUR:NTD)	25,099
RMB	66,378	4.302 (RMB:NTD)	285,558
<u>Financial liabilities</u>			
Monetary items			
USD	3,923	30.755 (USD:NTD)	120,652
RMB	180	4.352 (RMB:NTD)	783

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,355	30.66 (USD:NTD)	\$ 440,124
USD	2,004	6.9646 (USD:RMB)	61,443
EUR	750	32.52 (EUR:NTD)	24,390
RMB	29,662	4.383 (RMB:NTD)	130,009
<u>Financial liabilities</u>			
Monetary items			
USD	3,194	30.76 (USD:NTD)	98,247

Due to the variety of foreign currency transactions of the Group, the exchange gains or losses information is disclosed on an aggregated basis. Foreign currency exchange gains (realized and unrealized) were NT\$1,209 thousand and NT\$86,483 thousand as of December 31, 2023 and 2022, respectively.

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

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

- b. Information on investees. (Table 4)
- 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 investments in the mainland China area. (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 2, 3 and 5)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (None)

28. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the segment information of each project. The Company manufactured and sold semi-conductor products in the years ended December 31, 2023 and 2022, respectively. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were within the semi-conductor segment.

a. Segment revenue and results

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

	Segment Revenue for the Year Ended December 31		Segment Profit for the Year Ended December 31	
	2023	2022	2023	2022
Semi-conductor sector	<u>\$ 2,609,937</u>	<u>\$ 3,354,067</u>	\$ 157,929	\$ 558,209
Share of profits or losses of associates accounted for using the equity method			(67)	(128)
Interest revenue			19,868	16,804
Rent revenue			9,126	7,047
Dividends			6,571	29,572
Gain or loss on financial assets at FVTPL			3,012	(5,156)
Loss on disposal of property, plant and equipment			(21)	(374)
Profits and losses on net exchange			1,209	86,483
Other income			5,139	6,971
Other expenditures			<u>(1,603)</u>	<u>(1,913)</u>
Profit before tax			<u>\$ 201,163</u>	<u>\$ 697,515</u>

Segment revenue reported above represent revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without a share of profits or losses of associates under the equity method, interest income, rent revenue, dividends, gain or loss on financial assets at FVTPL, gain or loss on disposal of property, plant and equipment, exchange gains or losses, other income, other expenditures and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision-maker. Therefore, no assets and liabilities were presented under operating segments.

c. Other segment information

	Depreciation and Amortization	
	2023	2022
Semi-conductor segment	<u>\$ 88,229</u>	<u>\$ 77,608</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2023	2022
Revenue from semi-conductors	<u>\$ 2,609,937</u>	<u>\$ 3,354,067</u>

e. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2023	2022
Taiwan	\$ 1,440,148	\$ 2,250,031
China	1,169,466	1,103,895
Others	<u>323</u>	<u>141</u>
	<u>\$ 2,609,937</u>	<u>\$ 3,354,067</u>

f. Information on major customers

The amounts of sales revenue of \$2,609,937 thousand and \$3,354,067 thousand in 2023 and 2022, respectively, came from the semiconductor sector while the amounts of sales revenue of approximately \$556,417 thousand and \$701,345 thousand, respectively, came from the Group's largest customer in 2023 and 2022.

Single customers which contributed to 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Customer A	<u>\$ 556,417</u>	<u>\$ 701,345</u>

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sonix Technology Co., Ltd.	<u>Shares</u> Ours Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	54	\$ 7	-	\$ 7	Note
	Champion Microelectronic Corp.	-	Financial assets at fair value through other comprehensive income - non-current	4,071,472	298,438	5.09	298,438	Note
	<u>Mutual funds</u> Franklin Templeton - Global Total Return Fund	-	Financial assets at fair value through profit or loss - current	29,951.693	22,688	-	22,688	Note
Jian Mou Investment Corporation	<u>Shares</u> Ours Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	115	27	-	27	Note
	<u>Mutual funds</u> Jih Sun Asian Non-Investment Grade Bond Fund TWD	-	Financial assets at fair value through profit or loss - current	1,307,168.12	11,594	-	11,594	Note
	Jih Sun Target Income Fund of Funds TWD	-	Financial assets at fair value through profit or loss - current	1,500,000	14,445	-	14,445	Note
	Nomura Fallen Angel High Yield Bond Fund Accumulated TWD	-	Financial assets at fair value through profit or loss - current	1,007,650	10,038	-	10,038	Note

Note: The amount is measured at the fair value of net assets as of December 31, 2023.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	Third-tier subsidiary	Sale	\$ (794,614)	(36)	30 days	\$ -	-	\$ 74,605	28	
Sonix Technology (Shenzhen) Co., Ltd.	Sonix Technology Co., Ltd.	Parent company	Purchase	794,614	98	30 days	-	-	(74,605)	(100)	

Note: All the transactions have been eliminated when preparing the consolidated financial statements.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Sonix Technology Co., Ltd.	Sonix Technology (Shenzhen) Co., Ltd.	1	Trade receivable	\$ 74,605	No significant difference from non-related party.	2
		Sonix Technology (Shenzhen) Co., Ltd.	1	Sales	794,614	No significant difference from non-related party.	30

Note 1: 1 represents parent to subsidiary, 2 represents subsidiary to parent, 3 represents subsidiary to subsidiary.

Note 2: All the transactions have been eliminated when preparing the consolidated financial statements.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Sonix Technology Co., Ltd.	Sonix Technology Ltd.	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	General Investment	\$ 1,031,999	\$ 1,031,999	33,010,000	100.00	\$ 1,068,546	\$ (184,323)	\$ (184,323)	Subsidiary
	Jian Mou Investment Corporation	Hsinchu County	General Investment	155,000	155,000	15,500,000	100.00	98,268	2,261	2,261	Subsidiary
	Sonix Technology K.K.	Tokyo Metropolitan	Design, development, after-sales service, wholesale of semi-conductor products and parts and related software and commission agency services	31,792	31,792	8,000	100.00	10,591	586	586	Subsidiary
Jian Mou Investment Corporation	Paradigm Venture Capital Corporation	Taipei City	General Investment	43,948	43,948	459,960	20.98	4,207	(320)	(67)	
Sonix Technology Ltd.	Sonix Holding	P.O. Box 438, Road Town, Tortola, British Virgin Islands	General Investment	997,099	997,099	32,010,000	100.00	1,030,849	(185,431)	(185,431)	Second-tier subsidiary

Note: With the exception of Paradigm Venture Capital Corporation, gains or losses on investments between investees, equity-method investments in investors and net equity in investees are eliminated when the consolidated financial statements are prepared.

SONIX TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Sonix Technology (Chengdu) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	\$ 307,050 (US\$ 10,000 thousand)	Invest in mainland China through companies incorporated in third regions	\$ 307,050 (US\$ 10,000 thousand)	\$ -	\$ -	\$ 307,050 (US\$ 10,000 thousand)	\$ 10,519 (US\$ 338 thousand)	100	\$ 10,519 (US\$ 338 thousand)	\$ 120,644 (US\$ 3,929 thousand)	\$ -	
Sonix Technology (Shenzhen) Co., Ltd.	Engaged in the business of computer system integration and technical consulting services, etc.	675,510 (US\$ 22,000 thousand)	Invest in mainland China through companies incorporated in third regions	675,510 (US\$ 22,000 thousand)	-	-	675,510 (US\$ 22,000 thousand)	(195,950) (US\$ -6,290 thousand)	100	(195,950) (US\$ -6,290 thousand)	910,198 (US\$ 29,643 thousand)	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$982,560 (US\$32,000 thousand)	\$1,028,618 (US\$33,500 thousand)	\$2,136,969

Note 1: The investment profit and loss were recognized based on the average exchange rate from January 1, 2023 to December 31, 2023; the other accounts were all based on prevailing exchange rate as of December 31, 2023.

Note 2: The profit and loss of investments between reinvested companies, investments accounted for using the equity method, and the equity of investee companies were all eliminated during the preparation of the consolidated financial statements.