

Symtek Automation Asia Co., Ltd.

Parent Company Only Financial
Statements and Accountants'
Review Report
For Years 2022 and 2021

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INDEPENDENT AUDITORS' REVIEW REPORT

To Symtek Automation Asia Co., Ltd.:

Audit opinion

We have audited the financial statements of Symtek Automation Asia Co., Ltd., which comprise the Parent Company Only Statement of Financial Position as of December 31, 2022 and December 31, 2021, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2022 and from January 1 to December 31, 2021, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Notes to Parent Company Only Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the parent company only financial position of Symtek Automation Asia Co., Ltd. as of December 2022 and 2021 and of the financial performance, changes in equity and cash flows of Symtek Automation Asia Co., Ltd. from January 1 to December 31, 2022 and 2021.

Basis for audit opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Symtek Automation Asia Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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 matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the parent company only financial statements of Symtek Automation Asia Co., Ltd. for 2022. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the parent company only financial statements of Symtek Automation Asia Co., Ltd. for 2022:

Revenue recognition

Symtek Automation Asia Co., Ltd. generates revenue mainly from the sale of equipment and machines, which are custom-made machines. The sales of LCD panel and semiconductor automation equipment in 2022 were significant and showed significant growth, accounting for 38% of the total revenue. The transaction is subject to the completion of installation and confirmation by the customer. Therefore, we consider whether the sales of LCD panels and semiconductor automation equipment have actually occurred as a key audit matter.

We considered the Company's revenue recognition policy, evaluated and tested the effectiveness of the design and implementation of the internal control system with respect to each category of revenue for 2022, and performed verification tests on each category of sales transactions, including the selection of appropriate samples for verification of shipping orders, installation confirmations and invoices. In addition, we performed external confirmation procedures on samples of accounts receivable at December 31, 2022 for each category of sales, and verified that the sales to and from each category of sales were the same as those received at the reporting date and that there were no significant post-period sales returns to verify that the transactions had occurred.

Responsibilities of management and directors for the parent company only financial statements

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Symtek Automation Asia Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Symtek Automation Asia Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Symtek Automation Asia Co., Ltd.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 GAAS 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 in the basis of these parent company only financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Symtek Automation Asia Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of Symtek Automation Asia Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 Symtek Automation Asia Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the parent company only financial information of Symtek Automation Asia Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the guidance, supervision

and execution of the audit and for forming an audit opinion on Symtek Automation Asia Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Symtek Automation Asia Co., Ltd. for the year ended December 31, 2021 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

CPA: Zhuang, Wen-Yuan

CPA: Yang, Qing-Zhen

FSC Approval Number:

Jin-Guan-Zheng-Shen-Zi

No. 1090347472

SFB Approval Number:

Tai-Cai-Zheng-Liu-Zi

No. 0920123784

February 25, 2023

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	\$ 515,429	8	\$ 1,093,203	21
1110	Financial assets at fair value through profit or loss – current (Note 17)	-	-	116	-
1136	Financial assets at amortized cost – current (Note 8 and 31)	-	-	19,740	-
1140	Contract assets - current (Note 23)	451,381	7	294,633	6
1150	Notes receivable, net (Note 9)	6,758	-	8,188	-
1170	Accounts receivable, net (Note 9 and 23)	544,428	8	551,475	10
1180	Accounts receivable - related parties (Note 30)	13,779	-	17,199	-
1200	Other receivables (Note 9 and 29)	30,301	1	47,377	1
1210	Other receivables - related parties (Note 30)	37,855	1	31,771	1
130X	Inventories (Note 10)	1,423,937	22	814,310	16
1479	Other current assets (Note 15)	28,141	-	10,791	-
11XX	Total current assets	<u>3,052,009</u>	<u>47</u>	<u>2,888,803</u>	<u>55</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through profit or loss - non-current (Note 7)	120,443	2	137,019	3
1550	Investments accounted for using the equity method (Note 11)	1,572,182	24	1,307,889	25
1600	Property, plant and equipment (Note 12 and 31)	1,606,059	25	633,695	12
1755	Right-of-use assets (Note 13)	32,172	1	6,285	-
1821	Intangible assets (Note 14)	10,180	-	7,719	-
1840	Deferred tax assets (Note 25)	66,395	1	38,571	1
1990	Other non-current assets (Note 15)	14,583	-	200,839	4
15XX	Total non-current assets	<u>3,422,014</u>	<u>53</u>	<u>2,332,017</u>	<u>45</u>
1XXX	TOTAL	<u>\$ 6,474,023</u>	<u>100</u>	<u>\$ 5,220,820</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Note 16)	\$ 160,000	3	\$ 100,000	2
2130	Contract liabilities – current (Note 23)	242,795	4	214,907	4
2170	Accounts payable (Note 18)	953,782	15	882,757	17
2180	Accounts payable - related parties (Note 30)	574	-	1,366	-
2200	Other payables (Note 19)	348,091	5	288,491	6
2230	Current income tax liabilities (Note 25)	124,885	2	71,510	1
2250	Provision for liabilities - current (Note 20)	57,000	1	36,000	1
2280	Lease liabilities - current (Note 13)	20,951	-	3,525	-
2321	Puttable corporate bonds within one year (Note 17)	-	-	88,050	2
2322	Long-term loans due within one year (Note 16)	20,240	-	20,240	-
2399	Other current liabilities (Note 19)	3,254	-	2,079	-
21XX	Total current liabilities	<u>1,931,572</u>	<u>30</u>	<u>1,708,925</u>	<u>33</u>
	NON-CURRENT LIABILITIES				
2540	Long-term loans (Note 16)	725,971	11	76,211	1
2570	Deferred tax liabilities (Note 25)	156,470	3	104,158	2
2580	Lease liabilities - non-current (Note 13)	11,342	-	2,790	-
2670	Total non-current liabilities (Note 19)	<u>2,227</u>	<u>-</u>	<u>2,455</u>	<u>-</u>
25XX	Total non-current liabilities	<u>896,010</u>	<u>14</u>	<u>185,614</u>	<u>3</u>
2XXX	Total liabilities	<u>2,827,582</u>	<u>44</u>	<u>1,894,539</u>	<u>36</u>
	EQUITY (Note 22)				
	Share capital				
3110	Ordinary shares	714,317	11	692,572	14
3130	Certificate of conversion to acquire new stocks	-	-	8,447	-
3100	Total share capital	<u>714,317</u>	<u>11</u>	<u>701,019</u>	<u>14</u>
3200	Capital surplus	<u>1,506,096</u>	<u>23</u>	<u>1,428,094</u>	<u>27</u>
	Retained earnings				
3310	Legal reserve	357,550	5	292,385	6
3320	Special reserve	34,942	1	34,708	1
3350	Unappropriated earnings	1,054,940	16	905,017	17
3300	Total retained earnings	<u>1,447,432</u>	<u>22</u>	<u>1,232,110</u>	<u>24</u>
3400	Other equity	(21,404)	-	(34,942)	(1)
3XXX	Total equity	<u>3,646,441</u>	<u>56</u>	<u>3,326,281</u>	<u>64</u>
	TOTAL	<u>\$ 6,474,023</u>	<u>100</u>	<u>\$ 5,220,820</u>	<u>100</u>

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

Chairman: Kuan, Chin-Kun

General Manager: Wang, Nien-Ching

Accounting Supervisor: Chiu, Ching-Hsiang

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2022		2021	
		AMOUNT	%	AMOUNT	%
	OPERATING REVENUE, NET (Note 23 and 30)				
4100	Sales revenue	\$ 3,414,489	100	\$ 2,602,534	100
	OPERATING COSTS (Note 10, 24 and 30)				
5110	Cost of goods sold	(2,318,233)	(68)	(1,680,369)	(64)
5900	GROSS PROFIT	1,096,256	32	922,165	36
5910	UNREALIZED GAIN FROM SALES	(3,088)	-	(2,628)	-
5920	REALIZED GAIN FROM SALES	2,628	-	3,151	-
5950	REALIZED GROSS PROFIT	1,095,796	32	922,688	36
	OPERATING EXPENSES (Note 9, 23 and 24)				
6100	Selling and marketing expenses	(85,008)	(3)	(69,240)	(3)
6200	General and administrative expenses	(217,347)	(6)	(233,969)	(9)
6300	Research and development expenses	(279,442)	(8)	(257,104)	(10)
6450	Reversal of expected credit loss	16,580	-	19,290	1
6000	Total operating expenses	(565,217)	(17)	(541,023)	(21)
6900	PROFIT FROM OPERATIONS	530,579	15	381,665	15
	NON-OPERATING INCOME AND EXPENSES (Note 11, 24 and 30)				
7100	Interest income	1,378	-	259	-
7010	Other income	77,319	2	73,567	3
7020	Other gains and losses	17,344	1	(11,894)	(1)
	Financial cost				
7050		(\$ 13,197)	-	(\$ 7,728)	-
7070	Profit or loss of subsidiaries recognized under the equity method	244,544	7	352,316	13
7000	Total non-operating income and expenses	327,388	10	406,520	15

7900	PROFIT BEFORE INCOME TAX	857,967	25	788,185	30
7950	INCOME TAX EXPENSE (Note 25)	(<u>190,973</u>)	(<u>5</u>)	(<u>136,539</u>)	(<u>5</u>)
8200	NET PROFIT FOR THE YEAR	<u>666,994</u>	<u>20</u>	<u>651,646</u>	<u>25</u>
	OTHER COMPREHENSIVE INCOME				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	(1,576)	-	5,393	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	17,017	-	(7,034)	-
8399	Income taxes related to items that may be reclassified (Note 25)	(<u>3,403</u>)	<u>-</u>	<u>1,406</u>	<u>-</u>
8300	Other comprehensive income (loss) for the year, net of income tax	<u>12,038</u>	<u>-</u>	(<u>235</u>)	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 679,032</u>	<u>20</u>	<u>\$ 651,411</u>	<u>25</u>
	EARNINGS PER SHARE (Note 26)				
9710	Basic	<u>\$ 9.41</u>		<u>\$ 10.15</u>	
9810	Diluted	<u>\$ 9.28</u>		<u>\$ 9.50</u>	

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

Chairman: Kuan, Chin-Kun

General Manager: Wang, Nien-Ching

Accounting Supervisor: Chiu, Ching-Hsiang

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		Shares				Retained earnings				Other equity		Total	Total equity
		Ordinary shares	Certificate of conversion to acquire new stocks	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance at January 1, 2021	\$ 603,156	\$ -	\$ 603,156	\$ 735,707	\$ 254,459	\$ 48,199	\$ 537,096	\$ 839,754	(\$ 25,212)	(\$ 9,495)	(\$ 34,707)	\$ 2,143,910
	Appropriation of the 2020 earnings												
B1	Legal reserve	-	-	-	-	37,926	-	(37,926)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(13,491)	13,491	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(259,290)	(259,290)	-	-	-	(259,290)
D1	Net profit for 2021	-	-	-	-	-	-	651,646	651,646	-	-	-	651,646
D3	Other comprehensive income (loss) for 2021, net of income tax	-	-	-	-	-	-	-	-	(5,628)	5,393	(235)	(235)
D5	Total comprehensive income for 2021	-	-	-	-	-	-	651,646	651,646	(5,628)	5,393	(235)	651,411
E1	Seasoned equity offering	40,000	-	40,000	340,000	-	-	-	-	-	-	-	380,000
I1	Conversion of convertible bonds	37,146	8,447	45,593	258,031	-	-	-	-	-	-	-	303,624
J1	Share exchange issuance of common shares	12,270	-	12,270	94,356	-	-	-	-	-	-	-	106,626
Z1	Balance at December 31, 2021	692,572	8,447	701,019	1,428,094	292,385	34,708	905,017	1,232,110	(30,840)	(4,102)	(34,942)	3,326,281
	Appropriation of the 2021 earnings												
B1	Legal reserve	-	-	-	-	65,165	-	(65,165)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	234	(234)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(450,172)	(450,172)	-	-	-	(450,172)
D1	Net profit for 2022	-	-	-	-	-	-	666,994	666,994	-	-	-	666,994
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	-	-	-	-	-	13,614	(1,576)	12,038	12,038
D5	Total comprehensive income for 2022	-	-	-	-	-	-	666,994	666,994	13,614	(1,576)	12,038	679,032
I1	Conversion of convertible bonds	21,745	(8,447)	13,298	74,810	-	-	-	-	-	-	-	88,108
Q1	Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	(1,500)	(1,500)	-	1,500	1,500	-
M7	Recognition of changes in ownership equity of subsidiary	-	-	-	3,192	-	-	-	-	-	-	-	3,192
Z1	Balance at December 31, 2022	\$ 714,317	\$ -	\$ 714,317	\$ 1,506,096	\$ 357,550	\$ 34,942	\$ 1,054,940	\$ 1,447,432	(\$ 17,226)	(\$ 4,178)	(\$ 21,404)	\$ 3,646,441

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

Chairman: Kuan, Chin-Kun

General Manager: Wang, Nien-Ching

Accounting Supervisor: Chiu, Ching-Hsiang

SYMTEK AUTOMATION ASIA CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

CODE		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 857,967	\$ 788,185
A20010	Adjustments for:		
A20100	Depreciation expenses	29,814	18,400
A20200	Amortization expenses	19,564	16,010
A20300	Reversal of expected credit loss	(16,580)	(19,290)
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	-	(350)
A20900	Financial cost	13,197	7,728
A21200	Interest income	(1,378)	(259)
A21300	Dividend income	(3,590)	(1,459)
A22400	Gains on subsidiaries using the equity method	(244,544)	(352,316)
A23100	Net gain/loss on disposal of financial assets	(1,777)	-
A23700	(Reversal of) inventory write-down	81,000	(23,000)
A23900	Unrealized gain with subsidiaries	3,088	2,628
A24000	Realized gain with subsidiaries	(2,628)	(3,151)
A24100	Loss on foreign currency exchange	54	1,254
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(153,718)	(297,793)
A31130	Notes receivable	1,430	(7,377)
A31150	Accounts receivable	21,185	(43,709)
A31160	Accounts receivable - related parties	3,420	11,841
A31180	Other receivables	17,076	(10,385)
A31190	Other receivables - related parties	(6,084)	431
A31200	Inventories	(690,627)	(357,247)
A31240	Other current assets	(32,496)	(10,472)
A32125	Contract liabilities	27,888	152,953
A32150	Accounts payable	70,383	402,165
A32160	Accounts payable - related parties	(792)	682
A32180	Other payables	50,971	111,720
A32200	Provision for liabilities - current	21,000	14,000
A32230	Other current liabilities	1,175	379
A33000	Cash generated from operations	64,998	401,568
A33100	Interest received	1,378	259
A33300	Interest paid	(\$ 11,561)	(\$ 4,076)
A33500	Income tax paid	(116,513)	(36,190)
AAAA	Net cash generated from (used in) operating activities	(61,698)	361,561
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	-	(1,000)

B00020	Sale of financial assets measured at fair value through other comprehensive income	15,000	-
B00040	Acquisition of financial assets measured at amortized cost	-	(19,740)
B00050	Disposal of financial assets measured at amortized cost	19,740	-
B00100	Acquisition of financial assets measured at fair value through profit or loss	(8,487)	-
B00200	Sale of financial assets measured at fair value through profit or loss	10,264	-
B02700	Acquisition of property, plant and equipment	(788,979)	(4,693)
B03800	Increase in refundable deposits	(3,751)	(461)
B04500	Payments for intangible assets	(6,464)	(6,878)
B06700	Increase in other non-current assets	(1,143)	-
B07300	Increase in prepayments for land and buildings	-	(190,735)
B07600	Dividends received	<u>3,590</u>	<u>1,459</u>
BBBB	Net cash used in investing activities	(<u>760,230</u>)	(<u>222,048</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term borrowings	500,000	200,000
C00200	Decrease in short-term borrowings	(440,000)	(167,500)
C01600	Proceeds from long-term borrowings	670,000	-
C01700	Repayment of long-term loans	(20,240)	(20,240)
C04020	Repayment of the principal portion of lease liabilities	(15,206)	(3,961)
C04300	Decrease in other non-current liabilities	(228)	(869)
C04500	Dividends paid	(450,172)	(259,290)
C04600	Seasoned equity offering	<u>-</u>	<u>380,000</u>
CCCC	Net cash generated from financing activities	<u>244,154</u>	<u>128,140</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(577,774)	267,653
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,093,203</u>	<u>825,550</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 515,429</u>	<u>\$ 1,093,203</u>

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

Chairman: Kuan, Chin-Kun
General Manager: Wang, Nien-Ching
Accounting Supervisor: Chiu, Ching-Hsiang

SYMTEK AUTOMATION ASIA CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of New Taiwan Dollars, unless stated otherwise)

1. GENERAL INFORMATION

Symtek Automation Asia Co., Ltd. (hereinafter referred to as “the Company”) was established in October 1999 in Taoyuan City, Taiwan, and is mainly engaged in the manufacture and sale of automation equipment and related products.

The Company’s stock has been officially OTC-listed on the Taipei Exchange (TPEx) since April 2017 and was discontinued on January 19, 2021, and was exchange-listed on the Taiwan Stock Exchange (TWSE) on the same day.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 24, 2023.

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

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

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

Note 1: This revision applies to reporting periods beginning on or after January 1, 2023.

Note 2: This revision applies to accounting estimate changes and accounting policy changes occurring during reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary differences related to deferred income taxes recognized for lease and decommissioning obligations as of January 1, 2022, this revision applies to transactions occurring on or after January 1, 2022.

As of the date of issuance of this parent company only financial report, the Company has evaluated the revised criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

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

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

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date of adoption of this parent company only financial statements, the Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

ii. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value and net defined benefit liabilities recognized 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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the Company applies the equity method to its investments in subsidiaries, associates or joint ventures. In order to make the profit or loss for the year, other comprehensive income and equity in the parent company only financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for “investments accounted for under the equity method”, “share of profit or loss of subsidiaries, associates and joint ventures accounted for under the equity method”, “share of other comprehensive income or loss of subsidiaries, associates and joint ventures accounted for under the equity method” and related equity items.

iii. Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;

2. liabilities due for payment within 12 months after the balance sheet date (current liabilities are classified as current even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the adoption of the financial statements); and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, the terms of the liabilities may be settled by issuing equity instruments at the option of the counter-parties, which does not affect the classification.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

iv. Foreign currency

When preparing financial statements, the Company translates transactions in currencies other than the functional currency of the Company (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current period. However, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing parent company only financial statements, assets and liabilities of the Company and foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

v. Inventory

Inventories include raw materials, work in process and finished goods. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

vi. Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Cost includes fees for professional services and borrowing costs eligible for capitalization. Samples of these assets are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, and the sales price and cost are recognized in profit or loss. These assets are classified into the appropriate categories of property, plant and equipment and depreciation commences when they are completed and in their intended state of use.

Self-owned land is not depreciated. Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

vii. Intangible assets

1. Separately acquired

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

viii. Property, plant and equipment, right-of-use assets and intangible assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset, cash generating unit or contract asset increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset, cash generating unit or contract asset where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

ix. Financial instruments

Financial assets and financial liabilities are recognized in the Parent Company Only Statement of Financial Position when the Parent Company Only Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets measured at FVTPL

Financial assets measured at FVTPL includes financial assets mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments not designated as measured at FVTOCI, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets measured at fair value through profit or loss are measured at fair value, with remeasurement gains or losses recognized in other gains and losses. For the determination of fair value, please refer to Note 29.

B. Financial assets at amortized cost

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost and time deposits with original maturity of more than 3 months) are measured at amortized cost using the effective interest method to determine the total

carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss. Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except in the following two cases:

- a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. Interest income on credit-impaired financial assets that are not acquired or originated but subsequently become credit-impaired is computed using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

C. Investments in debt instruments measured at FVTOCI

The Company's investments in debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- a. they are held under an operating model whose objective is achieved through the receipt of contractual cash flows and the sale of financial assets; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments measured at fair value through other comprehensive income are measured at fair value. Changes in the

carrying amounts of interest income, foreign currency exchange gains or losses, and impairment losses or reversal gains that are accounted for by the effective interest method are recognized in profit or loss, while the remaining changes are recognized in other comprehensive income and reclassified to profit or loss when the investments are disposed of.

D. Investment in equity instruments measured at FVTOCI

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at FVTOCI.

Investments in equity instruments measured at FVTOCI are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at FVTOCI are recognized in profit or loss when the right to receive payments from the Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on financial assets measured at fair value through profit or loss, financial assets measured at amortized cost (including accounts receivable), investments in debt instruments measured at fair value through other comprehensive income, operating lease receivables and contract assets at each balance sheet date based on expected credit losses.

Accounts receivable, operating lease payments receivable and contract assets are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the Company determines that a financial asset is in default if there is internal or external information indicating that it is no longer probable that the debtor will settle the obligation without considering the collateral held.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and the carrying amount is not reduced.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of the acquisition price less direct issuance costs.

The Company's own equity instruments are recognized and derecognized under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments are not recognized in profit or loss.

3. Financial liability

(1) Subsequent measurement

The financial liabilities of the Company are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liability

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Convertible bonds

The components of compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity, respectively, on initial recognition, based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the liability component determined separately and is recognized in equity, net of the income tax effect, and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity are transferred to equity and capital surplus - issue premium. If the conversion right of the convertible bonds is not executed on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

x. Provision for liabilities

The amount recognized as provision for liabilities (including contractual obligations arising from service concession agreements specifically stating that the infrastructure shall be maintained or restored prior to its return to the grantor and all types of payments legally imposed by the government) is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

Warranty

The warranty obligation to conform to the specifications of the agreement is based on management's best estimate of the expenses required to settle the Company's obligations and is recognized as revenue from the related merchandise.

xi. Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, no adjustment is made to the transaction price for significant financial components.

Merchandise sales revenue

Merchandise sales revenue is derived from the sale of equipment and machinery. Depending on the nature of the product, sales revenue and accounts receivable/contract assets are recognized when the customer has satisfied the obligation to control the product upon delivery or installation of the machine, respectively, and are transferred to accounts receivable when the remaining obligation is satisfied. Prepayments are recognized as contract liabilities until the delivery or installation of the machine is confirmed.

Upon processing with materials supplied, control of the processed products is not transferred, therefore, no revenue is recognized upon materials supplied.

xii. Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company as lessor

If the lease clauses transfer nearly all risks and compensation associated with the assets to the lessee, the lease shall be classified as finance lease. All other leases shall be classified as business lease.

Under finance leases, lease payments consist of fixed payments, and net lease investments are measured as the sum of the present value of lease payments receivable and unguaranteed residual value plus original direct costs and expressed as finance lease receivables. Finance income is apportioned to each accounting period to reflect the fixed rate of return that the Company's outstanding net lease investments can earn in each period.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on Statement of Financial Position.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease obligations are measured initially at the present value of the lease payments (including fixed benefits and real fixed benefits, less lease incentives received). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheet.

xiii. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

xiv. Employee benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of defined benefit pension plans, except that the related remeasurements are recognized in profit or loss.

xv. Income tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

The Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred tax assets are recognized when there is a high likelihood that the taxable income will be used as a tax deduction for deductible temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment to an estimate affects only the current period, the amendment is recognized in the period in which it is made. If an amendment to an accounting estimate affects both the current and future periods, the amendment is recognized in both the current and future periods.

Key sources of estimation and assumption uncertainty

i. Estimated impairment of financial assets and contract assets

Estimated impairment of accounts receivable, investments in debt instruments and contract assets are based on the Company's assumptions about default rates and expected loss rates. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for the impairment assessment. Please refer to Note 9 for the significant assumptions and inputs used. If actual future cash flows are less than expected, a significant impairment loss could result.

ii. Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to complete the sale, and is based on current market conditions and historical sales experience for similar products; changes in market conditions may materially affect the results of these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 147	\$ 194
Checking accounts and demand deposits	<u>515,282</u>	<u>1,093,009</u>
	<u>\$ 515,429</u>	<u>\$ 1,093,203</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Domestic investment		
Listed shares		
SynPower Co., Ltd.	\$ 110,813	\$ 105,159
Unlisted shares		
New Smart Technology Co., Ltd.	8,630	30,860
Ever Radiant Inc.	-	-
Gtalent Co., Ltd.	<u>1,000</u>	<u>1,000</u>
	<u>\$ 120,443</u>	<u>\$ 137,019</u>

The Company invests under a medium- to long-term strategy and expects to earn profits from its long-term investments. The management of the Company believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at fair value through other comprehensive income.

The management of the Company considered that the fair value of the stock investment in Ever Radiant Inc. could not be measured reliably. The stock investment was valued as a receivable and an impairment loss of \$8,953 thousand was recognized as of December 31, 2019, the acquisition date, because of the decline in the assessed value of the stock investment.

On May 17, 2021, the Company issued 1,227 thousand common shares at a premium of NT\$86.9 per share to SynPower Co., Ltd. The SynPower Co., Ltd. also issued 2,700 thousand common shares to the Company as consideration for the transfer of each other's shares, which was designated as fair value through other comprehensive income because

the acquisition of SynPower's shares is a medium- to long-term strategic purpose investment (see Note 27).

On August 11, 2021, the Company invested in Gtalent Co., Ltd. for NT\$1,000 thousand, which is designated as an investment at fair value through other comprehensive income and loss because it is a medium- to long-term strategic investment in view of the Company's diversification and expansion of its human resources recruitment pipeline.

In July 2022, the Company adjusted its investment portfolio to diversify risks and sold a portion of its ordinary shares in New Smart Technology Co., Ltd. for a fair value of \$15,000 thousand. The unrealized fair value loss of \$1,500 thousand on other equity - financial assets measured at fair value through other comprehensive income was then transferred to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u> -</u>	\$ <u>19,740</u>

As of December 31, 2021, the interest rate range for time deposits with original maturity over 3 months is 0.09% per annum.

Please refer to Note 31 for information relating to pledged assets.

9. NOTES RECEIVABLE, TRADE RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable - Arising from operating activities</u>		
At amortized cost		
Gross carrying amount	\$ 6,758	\$ 8,188
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>
	\$ <u>6,758</u>	\$ <u>8,188</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 431,813	\$ 456,738
Less: Allowance for impairment loss	(<u>16,970</u>)	(<u>30,520</u>)
	414,843	426,218
At fair value through other comprehensive income	<u>129,585</u>	<u>125,257</u>
	\$ <u>544,428</u>	\$ <u>551,475</u>

Other receivables

Income tax refund receivable	\$ -	\$ 1,044
Transfer of accounts receivable factoring	<u>30,301</u>	<u>46,333</u>
	<u>\$ 30,301</u>	<u>\$ 47,377</u>

Accounts receivable

i. Receivables measured at amortized cost

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Company recognizes allowance for loss on accounts receivable on the basis of lifetime expected credit losses, which are calculated using a reserve matrix that takes into account the customer's past default history, current financial condition, industry economic conditions, and GDP forecast and industry outlook. The Company uses an allowance matrix, which takes into account the customer's past defaults, current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Because the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days that the accounts receivable is past due to determine the expected credit losses rate.

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

ii. Accounts receivable at fair value through other comprehensive income

Accounts receivable at fair value through other comprehensive income

For certain accounts receivable from customers, the Company decides to sell them to banks on a non-recourse basis or not, depending on the working capital situation. The Company manages these accounts receivable by collecting contractual cash flows and

selling financial assets for this purpose. Therefore, such accounts receivable are measured at fair value through other comprehensive income.

The following table details the loss allowance of note and trade receivables based on the Company's allowance matrix:

December 31, 2022

	No signs of default by counterparties						Total
	Not Past Due	Due in 1-90 Days	Due in 91-180 Days	Due in 181-270 Days	Due in 271-365 Days	Due in More than 366 Days	
Expected credit loss	0.25%	0.61%	1.36%	2.52%	27.62%	100.00%	
Gross carrying amount	\$ 416,730	\$ 95,039	\$ 21,831	\$ 17,205	\$ 3,791	\$ 13,560	\$ 568,156
Allowance for impairment loss (lifetime ECLs)	(1,055)	(579)	(296)	(433)	(1,047)	(13,560)	(16,970)
Amortized cost	\$ 415,675	\$ 94,460	\$ 21,535	\$ 16,772	\$ 2,744	\$ -	\$ 551,186

December 31, 2021

	No signs of default by counterparties						Total
	Not Past Due	Due in 1-90 Days	Due in 91-180 Days	Due in 181-270 Days	Due in 271-365 Days	Due in More than 366 Days	
Expected credit loss	0.38%	7.52%	23.20%	42.27%	64.57%	100.00%	
Gross carrying amount	\$ 480,474	\$ 46,569	\$ 34,364	\$ 16,380	\$ 5,933	\$ 6,463	\$ 590,183
Allowance for impairment loss (lifetime ECLs)	(1,824)	(3,504)	(7,974)	(6,924)	(3,831)	(6,463)	(30,520)
Amortized cost	\$ 478,650	\$ 43,065	\$ 26,390	\$ 9,456	\$ 2,102	\$ -	\$ 559,663

Information on the changes in the allowance for losses on notes and accounts receivable is as follows:

	2022	2021
Opening balance	\$ 30,520	\$ 52,970
Less: Reversal of impairment loss for the year	(13,550)	(22,450)
Closing balance	\$ 16,970	\$ 30,520

The Company entered into a non-recourse sale contract with the bank for the accounts receivable arising from the sale of a portion of the receivable on credit. For information on the Company's sale of accounts receivable, please refer to Note 29 (v), "Transfer of financial assets".

10. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	\$ 232	\$ 9,952
Work-in-process	1,292,788	727,196
Raw materials	130,917	77,162
	<u>\$ 1,423,937</u>	<u>\$ 814,310</u>

Cost of goods sold for fiscal 2022 and 2021 includes a \$81,000 thousand loss from inventory write-down and a \$23,000 thousand gain from reversal of inventory write-down due to the disposal of inventories that have declined in value.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unlisted		
Symtek Automation Ltd.	<u>\$ 1,572,182</u>	<u>\$ 1,307,889</u>
	<u>Percentage of ownership and voting rights</u>	
<u>Subsidiary</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Symtek Automation Ltd.	100%	100%

Please refer to Note 35 for the details of the Company's indirectly held investment in subsidiaries.

12. PROPERTY, PLANT AND EQUIPMENT

Self-use

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transportation equipment</u>	<u>Office Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 372,524	\$ 290,343	\$ 47,141	\$ 661	\$ 16,685	\$ 86	\$ 727,440
Additions	-	356	-	-	-	4,852	5,208
Disposals	-	-	-	-	(1,131)	-	(1,131)
Transfer of construction in progress	-	-	1,333	-	3,386	(4,719)	-
Balance at December 31, 2021	<u>\$ 372,524</u>	<u>\$ 290,699</u>	<u>\$ 48,474</u>	<u>\$ 661</u>	<u>\$ 18,940</u>	<u>\$ 219</u>	<u>\$ 731,517</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 37,151	\$ 36,945	\$ 213	\$ 10,222	\$ -	\$ 84,531
Disposals	-	-	-	-	(1,131)	-	(1,131)
Depreciation expenses	-	6,794	4,538	207	2,883	-	14,422
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 43,945</u>	<u>\$ 41,483</u>	<u>\$ 420</u>	<u>\$ 11,974</u>	<u>\$ -</u>	<u>\$ 97,822</u>
Carrying amount at December 31, 2021	<u>\$ 372,524</u>	<u>\$ 246,754</u>	<u>\$ 6,991</u>	<u>\$ 241</u>	<u>\$ 6,966</u>	<u>\$ 219</u>	<u>\$ 633,695</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 372,524	\$ 290,699	\$ 48,474	\$ 661	\$ 18,940	\$ 219	\$ 731,517
Additions	782,024	713	-	-	-	13,409	796,146
Transfer of advance payment for real estate	190,735	-	-	-	-	-	190,735
Transfer of construction in progress	-	-	796	590	3,659	(5,045)	-
Balance at December 31, 2022	<u>\$ 1,345,283</u>	<u>\$ 291,412</u>	<u>\$ 49,270</u>	<u>\$ 1,251</u>	<u>\$ 22,599</u>	<u>\$ 8,583</u>	<u>\$ 1,718,398</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 43,945	\$ 41,483	\$ 420	\$ 11,974	\$ -	\$ 97,822
Depreciation expenses	-	6,812	3,652	256	3,797	-	14,517
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 50,757</u>	<u>\$ 45,135</u>	<u>\$ 676</u>	<u>\$ 15,771</u>	<u>\$ -</u>	<u>\$ 112,339</u>
Carrying amount at December 31, 2022	<u>\$ 1,345,283</u>	<u>\$ 240,655</u>	<u>\$ 4,135</u>	<u>\$ 575</u>	<u>\$ 6,828</u>	<u>\$ 8,583</u>	<u>\$ 1,606,059</u>

No impairment loss was recognized or reversed in fiscal 2022 and 2021.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main factory building	20-50 years
Electrical and mechanical power equipment	10-30 years
Machinery and equipment	3-10 years
Transportation equipment	4 years
Office equipment	4-10 years

Please refer to Note 31 for the amounts of property, plant and equipment set by the Company as collateral for loans.

13. LEASE ARRANGEMENTS

i. Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Lands	\$ 6,484	\$ -
Buildings	22,926	-
Transportation equipment	<u>2,762</u>	<u>6,285</u>
	<u>\$ 32,172</u>	<u>\$ 6,285</u>
	<u>2022</u>	<u>2021</u>
Additions to the right-of-use assets	<u>\$ 41,184</u>	<u>\$ 9,256</u>
Depreciation expenses for right-of-use assets		
Lands	\$ 1,692	\$ -
Buildings	10,082	-
Transportation equipment	<u>3,523</u>	<u>3,978</u>
	<u>\$ 15,297</u>	<u>\$ 3,978</u>

ii. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Current	<u>\$ 20,951</u>	<u>\$ 3,525</u>
Non-current	<u>\$ 11,342</u>	<u>\$ 2,790</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lands	0.87%	-
Buildings	0.87%~1.52%	-
Transportation equipment	0.87%~0.90%	0.87~0.90%

iii. Important leasing activities and terms

The Company leases certain transportation equipment for official business use for a period of 2 to 3 years. These lease agreements do not contain any renewal or purchase rights.

The Company also leases certain buildings for use as factories and offices for a term of 1 to 3 years. At the end of the lease term, the Company has no preferential purchase rights to the leased land and buildings and has agreed not to sublease or assign all or part of the subject of the lease without the consent of the lessor.

iv. Other lease information

	<u>2022</u>	<u>2021</u>
Expense relating to short-term leases	<u>\$ 21,144</u>	<u>\$ 14,446</u>
Lease expense for low-value assets	<u>\$ -</u>	<u>\$ -</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ -</u>
Total cash outflow for leases	<u>(\$ 36,619)</u>	<u>(\$ 18,475)</u>

The Company has elected to apply the exemption from recognition to transportation equipment and office leases that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	<u>Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 27,519
Separately acquired	6,878
Disposal of the current period	(<u>23,295</u>)
Balance at December 31, 2021	<u>\$ 11,102</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	(\$ 24,399)
Amortization expenses	(2,279)
Disposal of the current period	<u>23,295</u>
Balance at December 31, 2021	<u>(\$ 3,383)</u>
Carrying amount at December 31, 2021	<u>\$ 7,719</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 11,102
Separately acquired	6,464
Disposal of the current period	(<u>2,423</u>)
Balance at December 31, 2022	<u>\$ 15,143</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	(\$ 3,383)
Amortization expenses	(4,003)
Disposal of the current period	<u>2,423</u>
Balance at December 31, 2022	<u>(\$ 4,963)</u>
Carrying amount at December 31, 2022	<u>\$ 10,180</u>

Computer software is amortized on a straight-line basis over two to three years.

15. OTHER ASSETS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Prepayments	<u>\$ 28,141</u>	<u>\$ 10,791</u>
<u>Non-current</u>		
Prepayments for real estate	-	190,735
Refundable deposits	\$ 10,449	\$ 6,698
Prepayments	762	33
Other	<u>3,372</u>	<u>3,373</u>
	<u>\$ 14,583</u>	<u>\$ 200,839</u>

16. LOANS

i. Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured loans</u>		
Line of credit loans	<u>\$ 160,000</u>	<u>\$ 100,000</u>

The interest rates on bank loans are 1.91% and 0.83% as of December 31, 2022 and 2021, respectively.

ii. Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Guaranteed loans</u>		
Bank loans (1)	\$ 4,444	\$ 7,111
Bank loans (2)	18,342	19,477
Bank loans (4)	617,000	-
Bank loans (5)	<u>53,000</u>	<u>-</u>
	692,786	26,588
<u>Unsecured loans</u>		
Bank loans (3)	53,425	69,863
Less: Amount due within 1 year	(<u>20,240</u>)	(<u>20,240</u>)
Long-term loans	<u>\$ 725,971</u>	<u>\$ 76,211</u>

1. The bank loan is secured by the Company's own land and buildings (see Note 31) and is due on August 2024. The principal and interest are repaid monthly, and the effective annual interest rate is 1.83% and 1.15% as of December 31, 2022, and December 31, 2021, respectively.
2. The bank loan is secured by the Company's own land and buildings (see Note 31) and is due on February 2039. The principal and interest are repaid monthly, and the effective annual interest rate is 1.79% and 1.22% as of December 31, 2022, and December 31, 2021, respectively.

3. The bank loan is due on March 2026, and the first installment was repaid starting from March 2020. The principal is repaid in 73 monthly installments over 6 years, with interest paid monthly. The effective annual interest rate is 1.454% and 0.79% as of December 31, 2022, and December 31, 2021, respectively.
4. The bank loan is secured by the Company's own land (see Note 31) and is due on July 2024. Interest is paid monthly, and the principal is repaid at maturity. The effective annual interest rate is 1.69% as of December 31, 2022.
5. The bank loan is secured by the Company's own land (see Note 31) and is due on July 2024. Interest is paid monthly, and the principal is repaid at maturity. The effective annual interest rate is 1.74% as of December 31, 2022.

17. CORPORATE BONDS PAYABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic unsecured convertible bonds	\$ -	\$ 88,050
Less: Amount due within 1 year	<u>-</u>	<u>(88,050)</u>
	<u>\$ -</u>	<u>\$ -</u>

On November 25, 2019, the Company issued unsecured convertible bonds in Taiwan for the purpose of repaying bank loans and to increase working capital, with the following circumstances:

1. Total amount issued: NT\$400,000 thousand
2. Par value: NT\$100 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 1.3108%
5. Carrying value at issuance: NT\$384,674 thousand
6. Maturity: 2019/11/25-2022/11/25 (The Company exercised its bond redemption right on January 19, 2022, and the over-the-counter trading will terminate on March 23, 2022.)
7. Conversion period

Except for the cessation of conversion period, creditors may request conversion of their convertible bonds into common shares of the Company at any time from the day after the expiration of three months from the date of issuance (February 26, 2020) to the maturity date of November 25, 2022, in accordance with the conversion rule for corporate bonds. The cessation of conversion period is as follows:

- (1) The period during which the transfer of common shares is legally suspended and ceased.
 - (2) The period from 15 business days prior to the date on which the Company applies to the Taipei Exchange for the cessation of transfer of the gratis allotment of shares, the cessation of transfer of cash dividends or the cessation of transfer of cash capital increase stock options to the record date.
 - (3) From the base date of capital reduction to 1 day before the start of trading day of capital reduction and share exchange.
 - (4) Other period of suspension of transfer according to the law.
8. Conversion price and its adjustment:
- Creditors may request the Company to convert the bonds held by them into common shares of the Company at NT\$72.9 per share. The conversion price will be adjusted if there is an increase in the number of common shares issued by the Company after the issuance. As of the issuance period, the last announced adjusted conversion price was \$67.
9. Repayment of the bonds at maturity:
- The bonds will be repaid by the issuing company in cash on the maturity date at the face value of the bonds.
10. Repurchase rights of the creditors
- Upon the expiration of 2 years from the date of issuance (November 25, 2021), the bondholders may request the Company to redeem the bonds held by them in cash at the face value plus interest compensation (101% of the face value of the bonds and 0.50% of the effective yield) by written notice to the Company in accordance with regulations governing the conversion.
11. Redemption rights of the Company
- After 3 months from the issuance date (February 26, 2020) of the bonds and up to 40 days prior to the expiration of the issuance period (October 16, 2022), if the closing price of the common shares of the issuer on the Taipei Exchange exceeds the then prevailing conversion price by 30% (inclusive) for 30 consecutive business days or if the outstanding balance of the bonds is less than 10% of the original issue amount, the issuer may redeem all of the bonds in cash at the face value of the bonds. The convertible bonds consist of liabilities and equity components, with the equity components expressed as capital surplus - stock options under equity. The liability components are presented as liabilities embedded in derivative financial

instruments and non-derivative financial liabilities, respectively. The embedded derivative financial instruments were valued at fair value of \$(116) thousand as of December 31, 2021. The liabilities for non-derivative financial instruments were measured at amortized cost of \$88,050 thousand as of December 31, 2021, with an effective interest rate of 1.3108% as originally recognized.

Issue price (net of transaction costs of \$3,960 thousand)	\$ 396,040
Equity component (net of transaction costs of \$109 thousand apportioned to equity)	(<u>10,891</u>)
Components of liabilities at issue date (net of transaction costs of \$3,851 thousand apportioned to liabilities)	<u>\$ 385,149</u>
Components of liabilities as of January 1, 2021	\$ 388,311
Interest at effective interest rate of 1.3108%	3,597
Valuation gain on financial instruments	(350)
Conversion of bonds payable to common stock	(<u>303,624</u>)
Components of liabilities as of December 31, 2021	<u>\$ 87,934</u>
Components of liabilities as of January 1, 2022	\$ 87,934
Interest at effective interest rate of 1.3108%	174
Conversion of bonds payable to common stock	(<u>88,108</u>)
Components of liabilities as of December 31, 2022	<u>\$ -</u>

18. ACCOUNTS PAYABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable</u>		
Arising from operating activities	<u>\$ 953,782</u>	<u>\$ 882,757</u>

The average credit period for accounts payable is approximately four months. The Company has a financial risk management policy to ensure that all accounts payable are repaid within the prearranged credit period.

19. OTHER LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Payable for salaries or bonuses	\$ 201,748	\$ 158,872
Payable for compensation of employees	33,500	58,000
Payable for remuneration of directors	11,700	16,000
Shipping costs payable	9,007	6,794
Insurance premiums payable	7,937	6,695

Payable for equipment	7,682	515
Other	<u>76,517</u>	<u>41,615</u>
	<u>\$ 348,091</u>	<u>\$ 288,491</u>
Other liabilities		
Receipts under custody	<u>\$ 3,254</u>	<u>\$ 2,079</u>
<u>Non-current</u>		
Other payables		
Long-term employee benefits payable	<u>\$ 2,227</u>	<u>\$ 2,455</u>

20. PROVISION FOR LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Provision for contingent service cost	<u>\$ 57,000</u>	<u>\$ 36,000</u>
		保 固 準 備
Balance at January 1, 2021		\$ 22,000
Used during the year		(23,583)
Additions during the year		<u>37,583</u>
Balance at December 31, 2021		<u>\$ 36,000</u>
Balance at January 1, 2022		\$ 36,000
Used during the year		(60,965)
Additions during the year		<u>81,965</u>
Balance at December 31, 2022		<u>\$ 57,000</u>

Warranty provision for liabilities is the present value of the Company's management's best estimate of future economic outflows due to warranty obligations, as agreed in the sales contracts. The estimate is based on historical warranty experience and adjusted to take into account new raw materials, process changes or other factors affecting product quality.

21. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

22. EQUITY

i. Share capital

1. Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>71,432</u>	<u>69,257</u>
Shares issued	<u>\$ 714,317</u>	<u>\$ 692,572</u>

The issued common stock has a par value of NT\$10 per share and each share has one voting right and the right to receive dividends.

The convertible bonds were converted into 3,714 thousand shares of common stock with a par value of \$10 per share in fiscal 2021.

The convertible bonds were converted into 2,175 thousand shares of common stock with a par value of \$10 per share in fiscal 2022.

On April 15, 2021, the board of directors resolved to acquire 2,700 thousand shares of common stock of SynPower Co., Ltd. at a par value of NT\$10 per share in consideration for the issuance of 1,227 thousand shares of common stock at a premium of NT\$86.9 per share. The above capital increase was based on the share exchange date of May 17, 2021, and the change of registration was completed on June 23, 2021.

In order to control the timeliness of raising capital, to obtain long-term capital within the shortest period of time, and to restrict the transfer of capital for three years to facilitate the stability of the Company's operating right and the expansion of its operations, the Company approved the issuance of 6,000 thousand shares of common stock through a private placement cash capital increase on August 11, 2021. The issue price per share was NT\$95, the actual number of shares issued was 4,000 thousand shares, and the actual amount issued was NT\$380,000 thousand, the base date of the capital increase was August 25, 2021, and the change of registration was completed on September 13, 2021. In accordance with Article 43-8 of the Securities and Exchange Act, the common shares of the private placement shall be freely transferable after three years from

the date of delivery and shall not be listed for trading until after the completion of public offering.

2. Certificate of conversion to acquire new stocks

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares converted but not yet registered (in thousand shares)	<u>-</u>	<u>845</u>
Capital stock converted but not yet registered	<u>\$ -</u>	<u>\$ 8,447</u>

Change of registration after the issuance of new shares on the base date of capital increase in accordance with the law.

ii. Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> (1)		
Issuance of ordinary shares	\$ 1,148,558	\$ 1,148,558
Premium on conversion of corporate bonds	344,646	267,410
Treasury shares trading	9,700	9,700
<u>May be used only to offset a deficit</u> Recognition of changes in ownership interests of subsidiaries (2)	3,192	-
<u>May not be used for any purpose</u> Employee share options (3)	<u>-</u> <u>\$ 1,506,096</u>	<u>2,426</u> <u>\$ 1,428,094</u>

- Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- This type of capital surplus represents the equity transaction effects recognized due to changes in the ownership interests of subsidiaries that the Company has not actually acquired or disposed of, or adjustments to the capital surplus of subsidiaries recognized by the Company using the equity method.

3. This type of capital surplus represents the value of stock options recognized for the issuance of convertible bonds.

iii. Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, 10% of the Company's annual earnings, if any, shall be set aside as legal reserve after paying taxes and making up for accumulated deficits. However, if the legal reserve has reached the Company's paid-in capital, it may not be set aside, and the remainder may be set aside or reversed to a special reserve in accordance with the law. If there is any unappropriated earnings, the board of directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of compensation of employees and remuneration of directors and supervisors is described in Note 24 (vii), "Compensation of employees and remuneration of directors.

In the case of dividends or legal reserve or capital surplus distributed in cash as described above, the board of directors is authorized to do so with the presence of at least two-thirds of the directors and a resolution of a majority of the directors present, and to report to the shareholders' meeting.

The Company's dividend policy is to distribute dividends to shareholders at a rate of not less than 10% of the distributable earnings each year in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders. However, if the accumulated distributable earnings are less than 5% of the paid-in capital, the dividends may not be distributed. Dividends may be distributed in cash or in shares, with cash dividends not less than 50% of the total dividends.

Appropriation of earnings to the 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.

When the Company transferred the net decrease in other equity components to special reserves, it only transferred the portion that was not distributed as retained earnings in previous periods.

The appropriations of earnings for 2021 and 2020 were as follows:

	Earnings appropriation		Dividend per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 65,165	\$ 37,926		
Special reserve	234	(13,492)		
Cash dividends	450,172	259,290	\$ 6.5	\$ 4.3

The aforementioned cash dividends were resolved to be distributed by the board of directors on March 8, 2022, and March 5, 2021, respectively, while the other items of earning distribution were resolved to be distributed by the shareholders' meeting on May 27, 2022, and July 15, 2021, respectively.

Due to the conversion of corporate bonds, the dividend payout ratio for ordinary shares in 2021 was adjusted because it affected the number of outstanding shares. The Chairman was authorized to fully handle the adjustment of the dividend payout ratio to NT\$6.30212374 per share at the shareholders' meeting on May 27, 2022.

The earning distribution plan for the Company for the year 2022 is as follows:

	Earnings appropriation	Dividend per share (NT\$)
Legal reserve	\$ 66,699	
Reversal of special reserve	(12,038)	
Cash dividends	428,590	\$ 6

The above cash dividends have been approved by the board of directors on February 24, 2023. The remaining distribution of earnings is pending the resolution of the shareholders' meeting scheduled for May 31, 2023.

23. REVENUE

	2022	2021
Revenue from customer contracts		
Revenue from merchandise sales	<u>\$ 3,414,489</u>	<u>\$ 2,602,534</u>

i. Contract information

The automation equipment were sold to the manufacturers in Taiwan and China on a geographical basis and sold at a fixed price under a contractual agreement.

ii. Contract balances

	December 31, 2022	December 31, 2021	Jan. 1, 2021
Accounts receivable (Note 9)	\$ 544,428	\$ 551,475	\$ 486,796

Accounts receivable - related parties (Note 30)	<u>13,779</u> <u>\$ 558,207</u>	<u>17,199</u> <u>\$ 568,674</u>	<u>29,040</u> <u>\$ 515,836</u>
Contract assets - current			
Sale of goods	<u>\$ 451,381</u>	<u>\$ 294,633</u>	<u>\$ -</u>
Contract liabilities- current			
Sale of goods	<u>\$ 242,795</u>	<u>\$ 214,907</u>	<u>\$ 61,954</u>

The Company recognizes an allowance for losses on contract assets based on expected credit losses over the life of the contracts. The contract assets will be transferred to accounts receivable upon billing. The credit risk characteristics are the same as those of accounts receivable arising from similar contracts, so the Company considers that the expected credit loss rate of accounts receivable can also be applied to contract assets.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected credit loss	0.03%	1.06%
Gross carrying amount	\$ 451,511	\$ 297,793
Allowance for impairment loss (lifetime ECLs)	(<u>130</u>) <u>\$ 451,381</u>	(<u>3,160</u>) <u>\$ 294,633</u>

Information on the changes in the allowance for losses on contract assets is as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 3,160	\$ -
Add: Impairment loss for the period	-	3,160
Less: Reversal of impairment loss for the year	(<u>3,030</u>)	-
Closing balance	<u>\$ 130</u>	<u>\$ 3,160</u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>From contractual liabilities at the beginning of the year</u>		
Sale of goods	<u>\$ 206,217</u>	<u>\$ 61,853</u>

iii. Breakdown of revenue from customer contracts

2022

	Reportable departments			Total
	PCB automation equipment	LCD panel automation equipment	Semiconductor automation equipment	
<u>Product type</u>				
Merchandise sales revenue	<u>\$ 2,101,553</u>	<u>\$ 334,262</u>	<u>\$ 978,674</u>	<u>\$ 3,414,489</u>

2021

	Reportable departments			Total
	PCB automation equipment	LCD panel automation equipment	Semiconductor automation equipment	
<u>Product type</u>				
Merchandise sales revenue	<u>\$ 1,547,523</u>	<u>\$ 352,413</u>	<u>\$ 702,598</u>	<u>\$ 2,602,534</u>

24. NET PROFIT

i. Interest income

	<u>2022</u>	<u>2021</u>
Bank deposit	<u>\$ 1,378</u>	<u>\$ 259</u>

ii. Other income

	<u>2022</u>	<u>2021</u>
Consulting and service revenue	\$ 70,035	\$ 71,534
Dividend income	3,590	1,459
Miscellaneous income	<u>3,694</u>	<u>574</u>
	<u>\$ 77,319</u>	<u>\$ 73,567</u>

iii. Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain on disposal of financial assets		
Financial assets measured at fair value through profit or loss	\$ 1,777	\$ -
Interest in financial assets and financial liabilities		
Financial assets mandatorily measured at fair value through profit or loss	-	350
Net gain (loss) on foreign currency exchange	19,206	(7,805)
Other	<u>(3,639)</u>	<u>(4,439)</u>

		<u>\$ 17,344</u>	<u>(\$ 11,894)</u>
iv.	Financial cost		
		<u>2022</u>	<u>2021</u>
	Interest on bank loans	\$ 12,754	\$ 4,063
	Interest on lease liabilities	269	68
	Interest on corporate bonds payable	<u>174</u>	<u>3,597</u>
		<u>\$ 13,197</u>	<u>\$ 7,728</u>
v.	Depreciation and amortization		
		<u>2022</u>	<u>2021</u>
	An analysis of depreciation by function		
	Operating costs	\$ 21,339	\$ 12,357
	Operating expenses	<u>8,475</u>	<u>6,043</u>
		<u>\$ 29,814</u>	<u>\$ 18,400</u>
	An analysis of amortization by function		
	Operating costs	\$ 449	\$ 417
	Operating expenses	<u>19,115</u>	<u>15,593</u>
		<u>\$ 19,564</u>	<u>\$ 16,010</u>
vi.	Employee benefits expense		
		<u>2022</u>	<u>2021</u>
	Post-employment benefits (Note 21)		
	Defined contribution plans	\$ 16,524	\$ 14,495
	Other employee benefits	<u>689,724</u>	<u>624,008</u>
	Total employee benefits expense	<u>\$ 706,248</u>	<u>\$ 638,503</u>
	An analysis of employee benefits expense by function		
	Operating costs	\$ 260,049	\$ 204,107
	Operating expenses	<u>446,199</u>	<u>434,396</u>
		<u>\$ 706,248</u>	<u>\$ 638,503</u>
vii.	Compensation of employees and remuneration of directors		
	According to the Company's Articles of Incorporation, the Company accrues employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The estimated compensation of employees and the remuneration of directors for the years 2022 and 2021 were		

resolved by the board of directors on February 24, 2023 and February 25, 2022, respectively, as follows:

Accrual rate

	<u>2022</u>	<u>2021</u>
Compensation of employees	3.71%	6.73%
Remuneration of directors	1.30%	1.86%

Amount

	<u>2022</u>	<u>2021</u>
Compensation of employees	\$ 33,500	\$ 58,000
Remuneration of directors	11,700	16,000

If there is a change in the amounts after the annual parent company only 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 parent company only financial statements for the year ended December 31, 2021 and 2020.

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

viii. Gains or losses on foreign currency exchange

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 50,632	\$ 13,089
Foreign exchange losses	(31,426)	(20,894)
Net gains (losses)	<u>\$ 19,206</u>	<u>(\$ 7,805)</u>

25. INCOME TAX

i. Income tax recognized in profit or loss:

Major components of income tax expense are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current period	\$ 162,967	\$ 87,915
Income tax on unappropriated earnings	6,097	4,516
In respect of prior years	<u>824</u>	<u>488</u>
	<u>169,888</u>	<u>92,919</u>
Deferred tax		

In respect of the current period	<u>21,085</u>	<u>43,620</u>
Income tax expense recognized in profit or loss	<u>\$ 190,973</u>	<u>\$ 136,539</u>

The reconciliation of accounting income and income tax expense is as follows:

	<u>2022</u>	<u>2021</u>
Net income before tax	<u>\$ 857,967</u>	<u>\$ 788,185</u>
Income tax expense at statutory rate on net income before tax	\$ 171,593	\$ 157,637
Non-deductible expenses for tax purposes	71	719
Tax-exempt income	(817)	(466)
Surtax on undistributed earnings	6,097	4,516
Other income tax effects adjusted according to tax laws	13,800	-
Adjustments to prior years' deferred income tax expense	(595)	(26,355)
Adjustments to prior years' current income tax expense	<u>824</u>	<u>488</u>
Income tax expense recognized in profit or loss	<u>\$ 190,973</u>	<u>\$ 136,539</u>

ii. Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax expense (benefit)</u>		
Arising from current year		
Translation of foreign operating companies	<u>\$ 3,403</u>	<u>(\$ 1,406)</u>

iii. Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income tax payable	<u>\$ 124,885</u>	<u>\$ 71,510</u>

iv. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Allowance for losses	\$ 4,926	(\$ 2,670)	\$ -	\$ 2,256
Inventory write-down	7,600	16,200	-	23,800
Provision for contingent service cost	7,200	4,200	-	11,400
Other	18,845	10,094	-	28,939
	<u>\$ 38,571</u>	<u>\$ 27,824</u>	<u>\$ -</u>	<u>\$ 66,395</u>
<u>Deferred tax liabilities</u>				
Income from foreign investments recognized under the equity method	<u>\$104,158</u>	<u>\$ 48,909</u>	<u>\$ 3,403</u>	<u>\$156,470</u>

2021

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred tax assets</u>				
Allowance for loss	\$ 9,455	(\$ 4,529)	\$ -	\$ 4,926
Inventory write-down	12,200	(4,600)	-	7,600
Provision for contingent service cost	4,400	2,800	-	7,200
Other	12,029	6,816	-	18,845
	<u>\$ 38,084</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ 38,571</u>
<u>Deferred tax liabilities</u>				
Income from foreign investments recognized under the equity method	<u>\$ 61,457</u>	<u>\$ 44,107</u>	<u>(\$ 1,406)</u>	<u>\$104,158</u>

v. Income tax assessments

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

26. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic per share	\$ 666,994	\$ 651,646
Effects of potentially dilutive ordinary shares:		
After-tax interest on convertible bonds	<u>139</u>	<u>2,877</u>
Net profit used in the computation of diluted earnings per share	<u>\$ 667,133</u>	<u>\$ 654,523</u>

Shares

(In Thousands of Shares)

	<u>2022</u>	<u>2021</u>
Weighted-average number of ordinary shares used in the computation of basic earnings per share	70,908	64,188
Effects of potentially dilutive ordinary shares:		
Compensation of employees	486	531
Certificate of conversion to acquire new stocks	-	845
Conversion of corporate bonds	<u>524</u>	<u>3,356</u>
Weighted-average number of ordinary shares used in the computation of diluted earnings per share	<u>71,918</u>	<u>68,920</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, 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.

27. NON-CASH TRANSACTIONS

- i. In 2022 and 2021, the Company converted convertible corporate bonds and bond conversion entitlement certificates into common stock and capital surplus, resulting in a total impact of NT\$88,108 thousand and NT\$303,624 thousand, respectively.
- ii. On May 17, 2021, the Company issued 1,227 thousand common shares to SynPower Co., Ltd. at a premium of NT\$86.9 per share, with a fair value of approximately NT\$106,626 thousand. SynPower also issued 2,700 thousand common shares to the Company as consideration for the transfer of each other's shares. The Company recorded the acquisition of shares of SynPower (with 9.96% ownership) as financial assets at fair value through other comprehensive income - non-current (see Notes 7, 22 and 29).

28. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its future needs for working capital, capital expenditures, research and development expenses, debt service and dividend payments. The Company manages capital to maximize shareholder returns by optimizing debt and equity balances, provided that the Company continues to operate.

29. FINANCIAL INSTRUMENTS

- i. Fair value of financial instruments that are not measured at fair value
Except for those listed in the table below, the carrying amounts of financial assets and financial liabilities that are not measured at fair value are considered by the management of the Company to approximate their fair values.

December 31, 2022: None

December 31, 2021

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 88,050</u>	<u>\$155,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$155,177</u>

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

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Emerging stocks	\$ -	\$ -	\$ 110,813	\$ 110,813
Unquoted stocks	-	-	9,630	9,630
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,443</u>	<u>\$ 120,443</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 116</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Emerging stocks	\$ -	\$ -	\$ 105,159	\$ 105,159
Unquoted stocks	-	-	31,860	31,860
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,019</u>	<u>\$ 137,019</u>

There are no transfers between Level 1 and Level 2 fair value measurements in fiscal 2022 and 2021.

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

2022

Financial Assets	Financial assets at FVTOCI Equity Instruments
Opening balance	\$ 137,019
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	(1,576)
Disposals	(15,000)
Closing balance	<u>\$ 120,443</u>

2021

	Financial assets at FVTOCI
Financial Assets	Equity Instruments
Opening balance	\$ 24,000
Additions	107,626
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	5,393
Closing balance	<u>\$ 137,019</u>

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - Call and put options on convertible bonds	The binary tree method is used to evaluate the convertible bonds based on the volatility of conversion price, risk-free interest rate, risk discount rate and remaining maturity.

4. Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of equity investments without an active market is assessed using the market approach. The market approach is used to estimate the fair value of investment targets by referring to the trading prices of comparable targets in the market and related information.

iii. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily measured at FVTPL	\$ -	\$ 116
Financial assets at amortized cost (Note 1)	1,029,413	1,650,394
Financial assets at FVTOCI		
Investments in equity instruments	120,443	137,019
Investment in debt instruments	129,585	125,257
<u>Financial liabilities</u>		
At amortized cost (Note 2)	1,860,567	1,168,624

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, accounts payable, accounts payable - related parties, bonds payable (including those due within one year) and long-term loans (including those due within one year).

iv. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, investments in equity and debt instruments, notes receivable, accounts receivable, accounts receivable - related parties, accounts payable, accounts payable - related parties, corporate bonds payable, lease liabilities and borrowings. The Company's financial management department provides services to each business unit, coordinates access to financial markets, monitors and manages financial risks associated with the Company's operations by analyzing risk exposures based on risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

(1) Foreign currency risk

The Company holds monetary assets and monetary liabilities that are not denominated in functional currencies, which give rise to exchange rate risk. The Company is aware of the changes in market exchange rates and adjusts its exchange rate policy to manage exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to RMB and USD.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar (functional currency) increases

and decreases by 1% against each relevant foreign currency. 1% is the sensitivity ratio used for internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their year-end translation by a 1% change in exchange rates. The amounts in the table below represent the increase in income before income taxes that would result from a 1% weakening of the New Taiwan dollar against the respective currencies, and the negative impact on income before income taxes that would result from a 1% strengthening of the New Taiwan dollar against the respective currencies.

	RMB Impact (Note)		USD Impact (Note)	
	2022	2021	2022	2021
Profit or loss	\$ 1,474	\$ 539	\$ 2,433	\$ 1,489

Note: Mainly derived from bank deposits, receivables and payables in RMB and USD that were outstanding and not cash flow hedged at the balance sheet date of the Company.

The increase in the sensitivity of the Company to USD and RMB exchange rate was mainly due to the increase in accounts receivable denominated in those foreign currencies.

(2) Interest rate risk

Interest rate risk arises because the Company borrows funds at both fixed and floating rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rates.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
Financial assets	\$ -	\$ 19,740
Financial liabilities	-	88,050
Cash flow interest rate risk		
Financial liabilities	906,211	196,451

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the interest rate risk as of the end of the financial reporting period. If interest rates were to increase by 1%, with all other variables held constant, the Company's net income before income taxes would decrease by \$9,062 thousand and \$1,965 thousand for 2022 and 2021, respectively.

The increase in the Company's sensitivity to interest rates was mainly due to the increase in bank loans with variable interest rates during the year.

(3) Other price risk

The Company has equity price risk due to its investment in equity securities. These equity investments are not held for trading but are strategic investments and the Company does not actively trade these investments. In addition, the Company assigns a specific team to monitor price risk and assess when additional hedges are required.

Sensitivity analysis

The following sensitivity analysis was performed based on the equity price risk at the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before income tax will increase/decrease by \$6,022 thousand and \$6,851 thousand in fiscal 2022 and 2021, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

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 Company. At the end of the period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to the failure of the counterparty to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company's policy is to deal only with creditworthy counterparties and to obtain advance payments when necessary to mitigate the risk of financial loss arising from delinquencies. To mitigate credit risk, the Company continuously monitors credit risk and the credit ratings of counterparties, and has dedicated personnel responsible for credit approval and other monitoring procedures to

ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables.

The Company's credit risk is mainly concentrated in the Company's top three customers. As of December 31, 2022 and 2021, the percentage of total accounts receivable from these customers is 46% and 43%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing lines and ensures compliance with the terms of borrowing contracts.

As of December 31, 2022 and 2021, the Company had unutilized financing facilities of \$338,040 thousand and \$401,273 thousand, respectively.

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

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 250,203	\$ 326,247	\$ 377,906	\$ -
Lease liabilities	1,831	3,662	15,684	11,429
Variable rate instruments	<u>2,990</u>	<u>5,949</u>	<u>185,182</u>	<u>735,580</u>
	<u>\$ 255,024</u>	<u>\$ 335,858</u>	<u>\$ 578,772</u>	<u>\$ 747,009</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 182,431	\$ 256,022	\$ 445,670	\$ -
Lease liabilities	297	595	2,675	2,802

Variable rate instruments	1,830	3,650	116,034	78,780
Fixed rate instruments	-	-	89,100	-
	<u>\$ 184,558</u>	<u>\$ 260,267</u>	<u>\$ 653,479</u>	<u>\$ 81,582</u>

v. Information on the transfer of financial assets

Information on the sale of outstanding receivables of the Company at the end of the year is as follows:

December 31, 2022

Counterparty	Factoring amount	Amount transferred to other receivables	Amount available for cash advance	Total cash advance	Interest rate of total cash advance (%)
Fubon Bank	\$ 266,495	\$ 26,650	\$ -	\$ 239,845	1.442~1.709
O-Bank	36,515	3,651	-	32,864	1.463~1.642
	<u>\$ 303,010</u>	<u>\$ 30,301</u>	<u>\$ -</u>	<u>\$ 272,709</u>	

December 31, 2021

Counterparty	Factoring amount	Amount transferred to other receivables	Amount available for cash advance	Total cash advance	Interest rate of total cash advance (%)
Shin Kong Bank	\$ 216,252	\$ 43,262	\$ -	\$ 172,990	0.91~0.98
O-Bank	30,710	3,071	-	27,639	0.888~0.889
	<u>\$ 246,962</u>	<u>\$ 46,333</u>	<u>\$ -</u>	<u>\$ 200,629</u>	

Under the factoring contracts, losses arising from commercial disputes (such as sales returns or discounts) are borne by the Company, while losses arising from credit risk are borne by the banks.

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below.

i. Related parties and their relationships

Related Party	Relationship
Symtek Automation China Co., Ltd.	Subsidiary
Protek Technology Limited	Other related parties - Key management companies
Dongguan Protek Machinery Co., Ltd.	Other related parties - Key management companies

ii. Operating revenue

<u>Line Item</u>	<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Sales	Subsidiary	<u>\$ 48,402</u>	<u>\$ 54,904</u>

The transaction prices and collection terms of sales transactions with related parties are not materially different from those of non-related parties.

iii. Purchase

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Subsidiary	<u>\$ 5,769</u>	<u>\$ 18,138</u>

The terms of the purchase transactions between the Company and its related parties are determined by mutual agreement as there are no similar transactions.

iv. Receivables from related parties (excluding lending to related parties)

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable - related parties	Subsidiary	<u>\$ 13,779</u>	<u>\$ 17,199</u>

No guarantee has been received for amounts due from related parties in circulation, and no allowance for losses has been provided for amounts due from related parties in 2022 and 2021.

v. Accounts payable to related parties (excluding loans from related parties)

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable - related parties	Subsidiary	<u>\$ 574</u>	<u>\$ 1,366</u>

No guarantees were provided for the balance of the outstanding accounts payable to related parties.

vi. Endorsements and guarantees

Endorsement/guarantee for others

<u>Related Party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Symtek Automation China Co., Ltd.		
Guaranteed amount	\$ -	\$ 263,760
Actual expenditure	-	-

vii. Other related party transactions

<u>Related Party</u>	<u>2022</u>	<u>2021</u>
Other income (consulting and advisory services revenue) Symtek Automation China Co., Ltd.	<u>\$ 70,035</u>	<u>\$ 71,534</u>
<u>Related Party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivable - related parties Symtek Automation China Co., Ltd.	<u>\$ 37,855</u>	<u>\$ 31,771</u>

Other income is the amount received by the Company for technical consulting services provided to Symtek China, and the collection period is subject to mutual agreement.

viii. Compensation of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 43,955</u>	<u>\$ 43,538</u>

The remuneration of board directors and salaries of other key management personnel are decided by remuneration and compensation committee based on individual performance and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans, tariff guarantees for imported raw materials, or security deposits for the employment of foreign workers:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 1,585,938	\$ 619,278
Pledged deposits (classified as financial assets at amortized cost)	<u>-</u>	<u>19,740</u>
	<u>\$ 1,585,938</u>	<u>\$ 639,018</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS: None.

33. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In response to the future development plan of the Company's operations, to increase operating capital and/or repay bank loans, the board of directors decided on February 24th, 2023 to carry out a cash increase and issue the second domestic unsecured convertible corporate bond. The capital increase is expected to be 3,850 thousand shares of common

stock with a par value of NT\$10 per share, which will increase the capital by NT\$38,500 thousand, and the issue price is tentatively set at NT\$78 per share; and the issuance of the second domestic unsecured convertible bonds is expected to be NT\$300,000 thousand, with a par value of NT\$100 thousand each, and a total of 3,000 bonds will be issued.

Due to business needs and production capacity expansion demand, the Company approved a budget of NT\$2,000,000 thousand for the construction of a new plant on Xincheng Road, Zhongli District at its board meeting on February 24, 2023.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,956	30.71 (USD:NTD)	\$ 244,334
EUR	155	32.72 (EUR:NTD)	5,073
JPY	22,889	0.23 (JPY:NTD)	5,319
RMB	36,659	4.41 (RMB:NTD)	161,594
			<u>\$ 416,320</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
RMB	357,026	4.41 (RMB:NTD)	<u>\$ 1,572,182</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	33	30.71 (USD:NTD)	\$ 1,024
EUR	124	32.72 (EUR:NTD)	4,051
JPY	60,070	0.23 (JPY:NTD)	13,960
RMB	3,215	4.41 (RMB:NTD)	14,174
			<u>\$ 33,209</u>

December 31, 2021

	Foreign Currencies	Exchange Rates	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,391	27.68 (USD:NTD)	\$ 149,220
EUR	54	31.32 (EUR:NTD)	1,698
JPY	167,535	0.24 (JPY:NTD)	40,292
RMB	12,844	4.34 (RMB:NTD)	55,794
			<u>\$ 247,004</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
RMB	301,079	4.34 (RMB:NTD)	<u>\$ 1,307,889</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	10	27.68 (USD:NTD)	\$ 275
EUR	16	31.32 (EUR:NTD)	505
JPY	119,053	0.24 (JPY:NTD)	28,632
RMB	428	4.34 (RMB:NTD)	1,859
			<u>\$ 31,271</u>

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

	2022		2021	
Foreign Currency	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	30.71 (USD:NTD)	\$ 307	27.68 (USD:NTD)	(\$ 1,966)
EUR	32.72 (EUR:NTD)	(39)	31.32 (EUR:NTD)	(4)
JPY	0.23 (JPY:NTD)	(581)	0.24 (JPY:NTD)	239
RMB	4.41 (RMB:NTD)	259	4.34 (RMB:NTD)	477
		(\$ 54)		(\$ 1,254)

35. SEPARATELY DISCLOSED ITEMS

i. INFORMATION ABOUT SIGNIFICANT TRANSACTIONS and ii. INFORMATION ON INVESTEEES:

1. Financing provided to others. (None)
2. Endorsements/guarantees provided. (Table 1)
3. Marketable securities held. (Table 2)
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. (Table 3)
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 4)
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 in FY2022)
10. Information on investees. (Table 5)

iii. INFORMATION ON INVESTMENTS IN MAINLAND CHINA:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, profit or loss for the period and investment income or loss recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.

- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
- (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

iv. INFORMATION OF MAJOR SHAREHOLDERS:

The name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder of shareholders with ownership of 5% or greater. (Table 8)

SYMTEK AUTOMATION ASIA CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
YEAR 2022

TABLE 1

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Endorser	Endorsee		Endorsement and guarantee limit for a single company	Maximum balance for the period	Ending balance	Actual expenditure	Endorsement and guarantee amount by assets	Ratio of cumulative endorsement/ guarantee amount to net worth as stated in the latest financial statements (%)	Maximum limit of endorsement and guarantee	Endorseme nt and guarantee from parent to subsidiary	Endorseme nt and guarantee from subsidiary to parent	Endorseme nt and guarantee for Mainland China	Note
		Company name	Relationship (Note 2)											
0	Symtek Automation Asia Co., Ltd.	Symtek Automation China Co., Ltd.	(3)	\$ 1,575,295 (Note 4)	\$ 264,680	\$ -	\$ -	\$ -	-	\$ 1,823,220 (Note 3)	Y	N	Y	—
1	Symtek Automation Ltd.	Symtek Automation China Co., Ltd.	(2)	1,575,295 (Note 5)	177,560	-	-	-	-	1,575,295 (Note 5)	Y	N	Y	—

Note 1: The description of the number field is as follows:

- (1) No. 0 represents the issuer.
- (2) Other numbers represent investees.

Note 2: There are seven types of relationships between the endorser and the endorsee, which can be indicated as follows:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 3: The total amount of the endorsement/guarantee is limited to 50% of the Company's net worth as stated in the latest financial statement.

Note 4: The maximum amount shall be 100% of the net worth as stated in the latest audited financial statements of Symtek Automation China Co., Ltd., calculated as \$1,575,295 thousand (\$1,575,295 thousand × 100% of the net worth as stated in the latest financial statements as of December 31, 2022).

Note 5: The maximum amount of endorsement/guarantee by a subsidiary to a sub-subsidiary that the subsidiary directly or indirectly holds 100% of the voting shares is 100% of the net worth as stated in the latest audited or reviewed financial statements of the sub-subsidiary, which was calculated to be \$1,575,295 thousand (\$1,575,295 thousand × 100% of the net worth as stated in the latest financial statements as of December 31, 2022).

SYMTEK AUTOMATION ASIA CO., LTD.
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

TABLE 2

(In Thousands of New Taiwan Dollars/ Thousands of Shares)

Holding Company	Marketable Securities Type/Name and Issuer (Note)	Relationship with the Holding Company	Line Item	At the End of Period				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Symtek Automation Asia Co., Ltd.	<u>Equity investment</u>							
	New Smart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	515	\$ 16,995	2.34%	\$ 8,630	
	Ever Radiant Inc.	None	"	560	-	6.77%	-	
	SynPower Co., Ltd.	None	"	2,992	106,626	9.96%	110,813	
	Gtalent Co., Ltd.	None	"	100	1,000	6.25%	1,000	
	Less: Valuation adjustment of financial assets at fair value through other comprehensive income				(<u>4,178</u>)		<u>-</u>	
					<u>\$ 120,443</u>		<u>\$ 120,443</u>	

Note 1: Marketable securities referred to in this table are marketable securities derived from stocks that fall within the scope of IFRS 9, "Financial Instruments".

Note 2: Refer to Tables 5 and 6 for information about subsidiaries and associates.

SYMTEK AUTOMATION ASIA CO., LTD.
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR 2022

TABLE 3

(In Thousands of New Taiwan Dollars)

Company that acquires the property	Asset	Date of occurrence	Transaction amount	Payment	Counterparty	Relationship	The previous transfer information if the counterparty is a related party				Reference for price determination	Purpose of acquisition and use	Other contractual matters
							Owner	Relationship with the issuer	Date of transfer	Amount			
Symtek Automation Asia Co., Ltd.	Land in Dajiang Section, Zhongli District, Taoyuan City	October 12, 2021 (Note)	\$ 962,347	Paid \$962,347 thousand as of December 31, 2021	Zhang, Xiu- Xiang	Non-related party	-	-	-	\$ -	Real estate appraisal report	Acquired for operating use	-

Note: This is the date of the board of directors’ resolution.

SYMTEK AUTOMATION ASIA CO., LTD.

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

YEAR 2022

TABLE 4

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

Company Name	Related Party	Nature of 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	
Symtek Automation China Co., Ltd.	Dongguan Protek Machinery Co., Ltd.	Other related parties - Key management companies	Sales	\$ 214,451	9.05%	Monthly payments in 6-10 installments	No significant difference	No significant difference	\$ 93,939	13.24%	—

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION ON INVESTEEES
YEAR 2022

TABLE 5

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Profit or Loss of the Investee	Investment Profit or Loss Recognized	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Amount			
Symtek Automation Asia Co., Ltd.	Symtek Automation Ltd.	British Virgin Islands	Investment	\$ 298,447	\$ 298,447	26,272	100%	\$ 1,572,182	\$ 244,544	\$ 244,084 (Note 1)	Subsidiary

Note 1: The amount of \$244,544 thousand was recognized as the net income of the investee based on the equity in the investee, after adjusting the realized gain or loss of \$2,628 thousand and the unrealized gain or loss of \$(3,088) thousand from the downstream transactions.

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR 2022

TABLE 6

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Profit (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Profit or Loss Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outward	Inward							
Symtek Automation China Co., Ltd.	Equipment manufacturing and sales	\$ 818,750 (RMB 180,000,000)	(2) (Note 5)	\$ 298,447	\$ -	\$ -	\$ 298,447	\$ 244,544	100%	\$ 244,084 (Note 3)	\$ 1,572,182	\$ -	-
Symtek Technology Jiangsu Co., Ltd.	Equipment manufacturing and sales	120,713 (RMB 27,000,000)	(3) (Note 6)	-	-	-	-	(9,815)	60% (Note 7)	(9,154) (Note 4)	65,539	-	-

Accumulated Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$298,447 (HK\$39,800,000 and RMB 30,000,000)	\$793,440 (HK\$48,000,000 and RMB135,137,000)	\$2,187,865

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:

- (1) Direct investment in Mainland China.
- (2) Reinvesting in China through a third-party company (please specify the third-party investment company).
- (3) Other methods.

Note 2: For the column of “Investment Profit or Loss Recognized “:

- (1) If the investment is under preparation and no investment profit or loss is available, please specify.
- (2) Investment profit or loss is recognized on the following three bases, which should be specified:
 - A. Financial statements audited by an international accounting firm with which the R.O.C. accounting firm has a cooperative relationship.
 - B. Financial statements audited by a certified public accountant of the parent company in Taiwan.
 - C. Others.

Note 3: The investment profit or loss was recognized based on Note 2, (2) B., which was based on the investee’s financial statements audited by the parent company’s accountants in Taiwan, and the net income of the investee was recognized in proportion to the equity in the investee’s net income of \$244,544 thousand, after adjusting for the realized gain or loss of \$2,628 thousand and the unrealized gain or loss of \$(3,088) thousand on the downstream transactions.

Note 4: The recognition basis for investment gains or losses is based on Note 2, item (2) B. Investment gains or losses are recognized based on the financial statements of the invested company during the same period as audited by the Taiwan parent company’s accountant, and recognized according to the equity ratio. The net loss of the invested company was \$9,154 thousand.

Note 5: The investment company in the third region is Symtek Automation Ltd.

Note 6: A company reinvested by the subsidiary Symtek Automation China Co., Ltd.

Note 7: In September 2022, Symtek China did not subscribe for the cash-increased shares of Symtek Jiangsu according to its shareholding proportion, resulting in a decrease in its shareholding proportion from 100% to 60%.

SYMTEK AUTOMATION ASIA CO., LTD.
DETAILS OF SIGNIFICANT TRANSACTIONS WITH INVESTEEES IN MAINLAND CHINA
YEAR 2022

TABLE 7

(In Thousands of New Taiwan Dollars)

1. Purchase										
Investee Company	Third Jurisdiction Business	Trading Conditions			Purchase		Notes and Accounts Payable			
		Price	Payment Terms	Compared with General Trading	Amount	%	Amount	%		
				Equivalent						
Symtek Automation China Co., Ltd.	—	Under normal trading conditions	Within 3 months of delivery		\$ 5,769	0.27%	\$ 574	0.06%		-
2. Sale										
Investee Company	Third Jurisdiction Business	Trading Conditions			Sale				Notes and Accounts Payable	
		Price	Payment Terms	Compared with General Trading	Amount	%	Gross Profit on Sales	Unrealized Gross Profit on Sales	Amount	%
				Equivalent						
Symtek Automation China Co., Ltd.	—	Under normal trading conditions	Within 4 months of delivery		\$ 48,402	1.42%	\$ 14,259	\$ 3,088	\$ 13,779	2.37%

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

TABLE 8

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
Royal Max Holdings Limited	4,161,270	5.82%
Gudeng Precision Industrial Co., Ltd.	4,000,000	5.59%

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

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

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

<u>ITEMS</u>	<u>REFERENCE</u>
Statements of assets, liabilities, and equity items:	
Statement of cash	Table 1
Statement of notes receivable	Table 2
Statement of trade receivables	Table 3
Statement of inventories	Table 4
Statement of other current assets	Note 15
Statement of financial assets measured at fair value through other comprehensive income - non-current	Table 5
Statement of changes in investments accounted for using the equity method	Table 6
Statement of changes in property, plant and equipment	Note 12
Statement of changes in right-of-use assets	Table 7
Statement of changes in accumulated depreciation of right-of-use assets	Table 8
Statement of deferred tax assets	Note 25
Statement of other non-current assets	Note 15
Statement of short-term borrowings	Table 9
Statement of trade payables	Table 10
Statement of other payables	Note 19
Statement of other current liabilities	Note 19
Statement of contract liabilities	Table 11
Statement of long-term borrowings	Table 12
Statement of deferred tax liabilities	Note 25
Statements of profit or loss items:	
Statement of operating revenue	Table 13
Statement of operating costs	Table 14
Statement of selling expenses	Table 15
Statement of administrative expenses	Table 15
Statement of research and development expenses	Table 15
Statement of finance costs	Note 24
Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function	Table 16

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF CASH

DECEMBER 31, 2022

TABLE 1

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

NAME	SUMMARY	TOTAL
Cash on hand		\$ 147
Bank deposits		
Cheques and demand deposits		471,550
Foreign currency demand deposits	HKD1,000@3.938, USD1,086,000@30.71, EUR155,000@32.72, RMB1000@4.408 and JPY22,849,000@0.232	<u>43,732</u>
		<u>\$ 515,429</u>

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2022

TABLE 2

(In Thousands of New Taiwan Dollars)

NAME	AMOUNT
Company A	\$ 5,813
Company B	727
Other (Note)	218
Less: Allowance for loss	-
Non-related party	<u>\$ 6,758</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF TRADE RECEIVABLES

DECEMBER 31, 2022

TABLE 3

(In Thousands of New Taiwan Dollars)

NAME	AMOUNT
Non-related party	
Company A	\$ 111,114
Company B	104,009
Company C	78,731
Company D	42,724
Company E	34,667
Company F	34,426
Company G	28,451
Other (Note)	<u>127,276</u>
	561,398
Less: Allowance for loss	(<u>16,970</u>)
	<u>\$ 544,428</u>
Related party	
Symtek Automation China Co., Ltd.	<u>\$ 13,779</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2022

TABLE 4

(In Thousands of New Taiwan Dollars)

ITEM	COST	NET REALIZABLE VALUE
Raw material	\$ 141,154	\$ 130,917
Work in progress	1,391,600	1,799,654
Finished product	<u>10,183</u>	<u>12,887</u>
	1,542,937	<u>\$ 1,943,458</u>
Less: Allowance for inventory write-down	(<u>119,000</u>)	
	<u>\$ 1,423,937</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
YEAR 2022

TABLE 5

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Name	Beginning of the period		Increase		Decrease		End of the period		Accumulated impairment	Provision of guarantees or pledges	Note
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value			
Investments in equity instruments											
New Smart Technology Co., Ltd.	1,015	\$ 30,860	-	\$ -	500	\$ 22,230	515	\$ 8,630	N/A	None	Note 1
Ever Radiant Inc.	560	-	-	-	-	-	560	-	N/A	None	—
SynPower Co., Ltd.	2,992	105,159	-	5,654	-	-	2,992	110,813	N/A	None	Note 2
Gtalent Co., Ltd.	100	<u>1,000</u>	-	<u>-</u>	-	<u>-</u>	100	<u>1,000</u>	N/A	None	—
		<u>\$137,019</u>		<u>\$ 5,654</u>		<u>\$ 22,230</u>		<u>\$120,443</u>			

Note 1: The decrease for this period is due to unrealized losses of \$7,230 thousand measured at fair value and the sale of financial assets of \$15,000 thousand.

Note 2: The increase for this period is due to unrealized gains of \$5,654 thousand measured at fair value.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR 2022

TABLE 6

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

Investee	Opening balance		Increase (decrease)		Change in shareholding	Investment income recognized during the year	Realized gross profit on sales	Unrealized gross profit on sales recognized during the year	Translation adjustment	Closing balance			
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount						Number of shares (in thousands)	Shareholding ratio (%)	Amount	Guarantees or pledges
Symtek Automation Ltd.	26,272	<u>\$ 1,307,889</u>	-	<u>\$ -</u>	<u>\$ 3,192</u>	<u>\$ 244,544</u>	<u>\$ 2,628</u>	<u>(\$ 3,088)</u>	<u>\$ 17,017</u>	26,272	100	<u>\$ 1,572,182</u>	None

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
YEAR 2022

TABLE 7

(In Thousands of New Taiwan Dollars)

ITEM	OPENING BALANCE	INCREASE	DECREASE	CLOSING BALANCE	NOTE
Lands	\$ -	\$ 8,176	\$ -	\$ 8,176	
Buildings	-	33,008	-	33,008	
Transportation equipment	<u>9,256</u>	<u>-</u>	<u>-</u>	<u>9,256</u>	
	<u>\$ 9,256</u>	<u>\$ 41,184</u>	<u>\$ -</u>	<u>\$ 50,440</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE
ASSETS
YEAR 2022

TABLE 8

(In Thousands of New Taiwan Dollars)

ITEM	OPENING BALANCE	INCREASE	DECREASE	CLOSING BALANCE	NOTE
Lands	\$ -	\$ 1,692	\$ -	\$ 1,692	
Buildings	-	10,082	-	10,082	
Transportation equipment	<u>2,971</u>	<u>3,523</u>	<u>-</u>	<u>6,494</u>	
	<u>\$ 2,971</u>	<u>\$ 15,297</u>	<u>\$ -</u>	<u>\$ 18,268</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022

TABLE 9

(In Thousands of New Taiwan Dollars)

<u>Bank</u>	<u>Type</u>	<u>Closing balance</u>	<u>Contract term</u>	<u>Interest rate (%)</u>	<u>Financing amount</u>	<u>Collateral or guarantee</u>
Taipei Fubon Bank	Credit loan	<u>\$160,000</u>	111/6/27-112/6/27	1.91%	<u>\$ 200,000</u>	None

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2022

TABLE 10

(In Thousands of New Taiwan Dollars)

NAME	SUMMARY	AMOUNT
Non-related party		
Company A	Loan	\$ 121,144
Company B	"	52,791
Other (Note)	"	<u>779,847</u>
		<u>\$ 953,782</u>
Related party		
Symtek Automation China Co., Ltd.	"	<u>\$ 574</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2022

TABLE 11

(In Thousands of New Taiwan Dollars)

NAME	AMOUNT
Non-related party	
Company A	\$ 122,675
Company B	48,499
Company C	24,400
Company D	18,633
Company E	16,160
Other (Note)	<u>12,428</u>
	<u>\$ 242,795</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022

TABLE 12

(In Thousands of New Taiwan Dollars)

Bank	Summary	Contract term	Repayment method	Annual interest rate (%)	Due within one year	Due after one year	Total	Collateral or guarantee
Hua Nan Commercial Bank	Bank guaranteed loans	2009.08-2024.08	Principal repayment in equated monthly installments	1.830%	\$ 2,667	\$ 1,777	\$ 4,444	See Note 31
Hua Nan Commercial Bank	Bank guaranteed loans	2019.02-2039.02	Principal repayment in equated monthly installments	1.790%	1,135	17,207	18,342	See Note 31
Hua Nan Commercial Bank	Bank guaranteed loans	2022.07-2024.07	Repay principal in full upon maturity.	1.690%	-	617,000	617,000	See Note 31
Hua Nan Commercial Bank	Bank guaranteed loans	2022.07-2024.07	Repay principal in full upon maturity.	1.740%	-	53,000	53,000	See Note 31
O-Bank	Bank guaranteed loans	2019.04-2026.03	Starting from March of 2020, the first installment payment began to be amortized. The principal will be amortized in 73 installments over 6 years, with one installment per month and interest paid monthly.	1.454%	<u>16,438</u>	<u>36,987</u>	<u>53,425</u>	None
					<u>\$ 20,240</u>	<u>\$ 725,971</u>	<u>\$ 746,211</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF OPERATING REVENUE
YEAR 2022

TABLE 13 (In Thousands of New Taiwan Dollars)

ITEM	SUMMARY	AMOUNT
Printed circuit boards and parts (EBU)	1,389 pcs	\$ 2,101,656
Optical machines and parts (PBU)	28 pcs	334,262
Semiconductor machines and parts (SBU)	291 pcs	978,674
Less: Sales discounts and returns		(<u>103</u>)
		<u>\$ 3,414,489</u>

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF OPERATING COSTS

YEAR 2022

TABLE 14

(In Thousands of New Taiwan Dollars)

ITEM	AMOUNT
Direct raw materials	
Raw material at the beginning of the year	\$ 90,427
Current feedstock	2,106,589
Raw material at the end of the year	(141,154)
Direct materials	2,055,862
Direct labor	211,631
Manufacturing costs	609,640
Total manufacturing costs	2,877,133
Inventory of work in process at the beginning of the year	747,865
Inventory of work in process at the end of the year	(1,391,600)
Cost of finished goods	2,233,398
Inventory of finished goods at the beginning of the year	14,018
Inventory of finished goods at the end of the year	(10,183)
Cost of production and sales	2,237,233
Inventory write-down	81,000
Total operating costs	<u>\$ 2,318,233</u>

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF OPERATING EXPENSES
YEAR 2022

TABLE 15

(In Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	R&D expenses	Expected gain on reversal of impaired credit loss	Total
Salary expenses	\$ 47,993	\$ 162,041	\$ 201,048	\$ -	\$ 411,082
Insurance premiums	3,405	5,028	14,892	-	23,325
Amortization expenses	-	14,451	4,664	-	19,115
Commissioned research expenses	-	-	16,310	-	16,310
Consumables	269	-	15,371	-	15,640
Labor costs	-	10,383	1,840	-	12,223
Advertising expenses	7,485	181	2	-	7,668
Commission expenses	6,620	-	-	-	6,620
Expected gain on reversal of impaired credit loss	-	-	-	(16,580)	(16,580)
Other (Note)	<u>19,236</u>	<u>25,263</u>	<u>25,315</u>	<u>-</u>	<u>69,814</u>
Total	<u>\$ 85,008</u>	<u>\$ 217,347</u>	<u>\$ 279,442</u>	<u>(\$ 16,580)</u>	<u>\$ 565,217</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND
AMORTIZATION EXPENSES BY FUNCTION

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

TABLE 16

(In Thousands of New Taiwan Dollars)

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit costs						
Salary	\$ 211,631	\$ 399,382	\$ 611,013	\$ 168,896	\$ 386,380	\$ 555,276
Labor and health insurance	20,845	22,026	42,871	14,852	20,290	35,142
Pension	8,033	8,491	16,524	6,103	8,392	14,495
Remuneration of directors	-	11,700	11,700	-	16,000	16,000
Other employee benefit	<u>19,540</u>	<u>4,600</u>	<u>24,140</u>	<u>14,256</u>	<u>3,334</u>	<u>17,590</u>
	<u>\$ 260,049</u>	<u>\$ 446,199</u>	<u>\$ 706,248</u>	<u>\$ 204,107</u>	<u>\$ 434,396</u>	<u>\$ 638,503</u>
Depreciation expenses	<u>\$ 21,339</u>	<u>\$ 8,475</u>	<u>\$ 29,814</u>	<u>\$ 12,357</u>	<u>\$ 6,043</u>	<u>\$ 18,400</u>
Amortization expenses	<u>\$ 449</u>	<u>\$ 19,115</u>	<u>\$ 19,564</u>	<u>\$ 417</u>	<u>\$ 15,593</u>	<u>\$ 16,010</u>

- The number of employees in the current and previous years was 638 and 518, respectively, of which the number of directors who were not also employees was 8 and 6, respectively, which were calculated on the same basis as the employee benefit expenses.
- The average employee benefit expense for the year was \$1,102 thousand.
The average employee benefit expense for the previous year was \$1,216 thousand.
 - The average salary expense for the year was \$970 thousand.
The average salary expense of the previous year was \$1,085 thousand.
 - The average salary and wages of employees increased by 11%.
 - Remuneration of supervisors for the year: The Company has no supervisors.
 - The Company's salary and compensation policy: Employees' salaries are based on the current year's company results and personal performance; year-end bonuses are based on three months of salary and the actual amount is adjusted according to the company's current year's operating conditions; performance bonuses are based on 10% of the pre-tax net income before allocating compensation of employees and remuneration of directors for the current year; managers' salaries are evaluated according to the current year's performance achievement rate, in addition to referring to all employees.