

English Translation of a Report and Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY

FINANCIAL STATEMENTS

WITH

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Financial Statements

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Independent Auditors' Report Translated from Chinese

Independent Auditors' Report

To Unitech Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Unitech Electronics Co., Ltd. as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Unitech Electronics Co., Ltd. as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Unitech Electronics Co., Ltd. recognized NT\$1,869,396 thousand as operating revenues which mainly stemmed from the sale of automatic identification data capture products for the year ended December 31, 2023. Sale of automatic identification data capture products is the main operating activity of Unitech Electronics Co., Ltd. The revenue was recognized when Unitech Electronics Co., Ltd. has transferred the promised goods to its customers and satisfied its performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; and reviewing the significant returns and allowances in subsequent periods, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4(18) and Note 6(15) to the parent company only financial statements.

Inventory evaluation

The Company had net inventory of NT\$303,652 thousand, representing 14.03% of total assets as of December 31, 2023. Due to the rapid change of technology of automatic identification data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management's judgement, we therefore determined this matter as a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories; and testing the accuracy of inventory aging, etc. We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4(10), Note 5(2), and Note 6(7) to the parent company only financial statements.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Unitech Electronics Co., Ltd.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Unitech Electronics Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of Unitech Electronics Co., Ltd. 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 auditor's report. However, future events or conditions may cause Unitech Electronics 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 accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Unitech Electronics Co., Ltd. and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

March 11, 2024

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022	
Code	Description	Notes	Amount	%	Amount	%	Code	Description	Notes	Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	4, 6(1)	\$ 180,437	8.34	\$ 633,481	28.65	2120	Financial liabilities at fair value through					
1110	Financial assets at fair value through							profit or loss-current	4, 6(2)	\$ 208	0.01	\$ 1,211	0.05
	profit or loss-current	4, 6(2)	381	0.02	-	-	2130	Contract liabilities-current	4, 6(15)	30,190	1.39	12,752	0.57
1136	Financial assets measured at amortized cost-current	4, 6(4)	399,230	18.45	-	-	2150	Notes payable		3,375	0.16	9,648	0.44
1140	Contract assets-current	4, 6(15), 6(16)	12,015	0.55	1,804	0.08	2170	Trade payables	7	183,115	8.46	195,748	8.85
1150	Notes receivable, net	4, 6(5), 6(16)	18,387	0.85	32,696	1.48	2200	Other payables	7	108,721	5.02	125,947	5.70
1170	Trade receivables, net	4, 6(6), 6(16)	218,355	10.09	269,371	12.19	2230	Current tax liabilities	4, 6(21)	-	-	10,333	0.47
1180	Trade receivables from related parties, net	4, 6(6), 6(16), 7	122,257	5.65	74,817	3.39	2280	Lease liabilities-current	4, 6(17)	7,059	0.33	7,691	0.35
1200	Other receivables		12,856	0.59	2,521	0.11	2300	Other current liabilities		2,278	0.11	2,177	0.10
1220	Current tax assets	4, 5, 6(21)	1,275	0.06	9	-	21xx	Total current liabilities		334,946	15.48	365,507	16.53
130x	Inventories, net	4, 5, 6(7)	303,652	14.03	343,505	15.54		Non-current liabilities					
1410	Prepayments		67,630	3.12	36,905	1.67		Deferred tax liabilities	4, 5, 6(21)	35	-	1,609	0.07
11xx	Total current assets		1,336,475	61.75	1,395,109	63.11	2570	Lease liabilities-noncurrent	4, 6(17)	6,793	0.31	8,431	0.38
	Non-current assets						2640	Net defined benefit liabilities-noncurrent	4, 6(13)	12,710	0.59	15,161	0.69
1517	Financial assets at fair value through other						2645	Deposits received		1	-	1	-
	comprehensive income-noncurrent	4, 5, 6(3)	29,293	1.35	27,713	1.25	25xx	Total non-current liabilities		19,539	0.90	25,202	1.14
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	7,385	0.34	4,913	0.22	2xxx	Total liabilities		354,485	16.38	390,709	17.67
1550	Investments accounted for using the equity method	4, 6(8)	342,009	15.80	344,326	15.58		Equity					
1600	Property, plant and equipment	4, 6(9), 7, 8	351,783	16.25	360,483	16.30		Share capital					
1755	Right-of-use assets	4, 6(17)	13,619	0.63	15,927	0.72	3100	Common stock	6(14)	750,975	34.70	750,975	33.97
1780	Intangible assets	4, 6(10)	32,610	1.51	23,457	1.06	3110	Capital surplus	4, 6(14)	935,226	43.21	935,226	42.31
1840	Deferred tax assets	4, 5, 6(21)	7,368	0.34	7,440	0.34	3200	Retained earnings	6(14)				
1920	Refundable deposits		35,733	1.65	25,604	1.16	3300	Legal reserve		33,126	1.53	23,926	1.08
1900	Other non-current assets	4, 6(11)	8,075	0.37	5,751	0.26	3320	Special reserve		23,142	1.07	41,025	1.86
15xx	Total non-current assets		827,875	38.25	815,614	36.89	3350	Undistributed earnings		89,909	4.15	92,004	4.16
								Total retained earnings		146,177	6.75	156,955	7.10
								Other equity	4	(22,513)	(1.04)	(23,142)	(1.05)
1xxx	Total assets		\$ 2,164,350	100.00	\$ 2,210,723	100.00	3xxx	Total equity		1,809,865	83.62	1,820,014	82.33
							3x2x	Total liabilities and equity		\$ 2,164,350	100.00	\$ 2,210,723	100.00

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(15), 7	\$ 1,869,396	100.00	\$ 1,872,860	100.00
5000	Operating cost	6(7), 6(10), 6(18), 7	(1,416,140)	(75.75)	(1,383,794)	(73.89)
5900	Gross profit		453,256	24.25	489,066	26.11
5910	Unrealized intercompany profit		(16,501)	(0.88)	(24,203)	(1.29)
5920	Realized intercompany profit		24,203	1.29	17,632	0.94
	Gross profit, net		460,958	24.66	482,495	25.76
6000	Operating expenses					
6100	Selling expenses	6(10), 6(17), 6(18), 7	(204,709)	(10.95)	(195,032)	(10.41)
6200	Administrative expenses	6(10), 6(17), 6(18), 7	(74,875)	(4.01)	(80,416)	(4.29)
6300	Research and development expenses	6(10), 6(17), 6(18), 7	(150,186)	(8.03)	(137,756)	(7.36)
6450	Expected credit gains (losses)	4, 6(16)	698	0.04	(1,720)	(0.09)
	Total operating expenses		(429,072)	(22.95)	(414,924)	(22.15)
6900	Operating income		31,886	1.71	67,571	3.61
7000	Non-operating income and expenses	6(19), 7				
7100	Interest income		23,147	1.24	1,165	0.06
7010	Other income		1,107	0.06	398	0.02
7020	Other gains and losses		255	0.01	9,329	0.50
7050	Finance costs		(330)	(0.02)	(259)	(0.01)
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method		(9,225)	(0.49)	32,024	1.71
	Total non-operating income and expenses		14,954	0.80	42,657	2.28
7900	Income before income tax		46,840	2.51	110,228	5.89
7950	Income tax expense	4, 5, 6(21)	(6,228)	(0.34)	(18,897)	(1.01)
8200	Net income		40,612	2.17	91,331	4.88
8300	Other comprehensive income (loss)	6(20)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		(1,309)	(0.07)	842	0.05
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		1,580	0.08	(102)	(0.01)
8349	Income tax relating to those items that will not be reclassified to profit or loss		(54)	-	(148)	(0.01)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of foreign operations		(794)	(0.04)	22,455	1.20
8399	Income tax relating to those items that may be reclassified to profit or loss		159	0.01	(4,491)	(0.24)
	Other comprehensive income (loss), net of income tax		(418)	(0.02)	18,556	0.99
8500	Total comprehensive income		\$ 40,194	2.15	\$ 109,887	5.87
	Earnings per share (NT\$)					
9750	Basic earnings per share	4, 6(22)	\$ 0.54		\$ 1.22	
9850	Diluted Earnings Per Share	4, 6(22)	\$ 0.54		\$ 1.21	

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

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Share capital		Retained earnings			Other equity		Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	
		3110	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2022	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	\$ 1,741,285
	Appropriation and distribution of 2021 earnings:								
B1	Legal reserve	-	-	5,064	-	(5,064)	-	-	-
B3	Recognition of special reserve	-	-	-	14,419	(14,419)	-	-	-
B5	Cash dividends	-	-	-	-	(31,158)	-	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887
Z1	Balance as of December 31, 2022	<u>\$ 750,975</u>	<u>\$ 935,226</u>	<u>\$ 23,926</u>	<u>\$ 41,025</u>	<u>\$ 92,004</u>	<u>\$ (20,939)</u>	<u>\$ (2,203)</u>	<u>\$ 1,820,014</u>
A1	Balance as of January 1, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014
	Appropriation and distribution of 2022 earnings:								
B1	Legal reserve	-	-	9,200	-	(9,200)	-	-	-
B5	Cash dividends	-	-	-	-	(50,343)	-	-	(50,343)
B17	Reversal of special reserve	-	-	-	(17,883)	17,883	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	40,612	-	-	40,612
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(1,047)	(635)	1,264	(418)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	39,565	(635)	1,264	40,194
Z1	Balance as of December 31, 2023	<u>\$ 750,975</u>	<u>\$ 935,226</u>	<u>\$ 33,126</u>	<u>\$ 23,142</u>	<u>\$ 89,909</u>	<u>\$ (21,574)</u>	<u>\$ (939)</u>	<u>\$ 1,809,865</u>

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENT OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Description		2023	2022	Description		2023	2022
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities :			BBBB	Cash flows from investing activities :		
A10000	Net income before income tax	\$ 46,840	\$ 110,228	B00040	Acquisition of financial assets at amortized cost	(404,972)	-
A20000	Adjustments for:			B00060	Proceeds from redemption of financial assets measured at amortized cost	3,270	445
A20010	Profit or loss item which did not affect cash flows:			B00100	Acquisition of financial assets at fair value through profit or loss	-	(60,000)
A20100	Depreciation	38,223	37,190	B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	301,296
A20200	Amortization	16,180	18,668	B02700	Acquisition of property, plant and equipment	(20,154)	(30,900)
A20300	Expected credit (gains) losses	(698)	1,720	B02800	Proceeds from disposal of property, plant and equipment	1,535	-
A20400	(Gains) losses on financial assets and liabilities at fair value through profit or loss	(1,384)	1,498	B03700	Increase in refundable deposits	(19,093)	(22,765)
A20900	Interest expense	330	259	B03800	Decrease in refundable deposits	8,964	16,887
A21200	Interest income	(23,147)	(1,165)	B04500	Acquisition of intangible assets	(20,424)	(9,581)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using the equity method	9,225	(32,024)	B07100	Increase in prepayments for equipment	(9,110)	(5,691)
A22500	Gains on disposal of property, plant and equipment	(89)	-	BBBB	Net cash (used in) provided by investing activities	(459,984)	189,691
A23900	Unrealized intercompany profit	16,501	24,203	CCCC	Cash flows from financing activities :		
A24000	Realized intercompany profit	(24,203)	(17,632)	C04020	Cash payment for the principal portion of the lease liabilities	(8,900)	(9,986)
A30000	Changes in operating assets and liabilities:			C04500	Cash dividends	(50,343)	(31,158)
A31125	(Increase) decrease in contract assets	(10,217)	4,960	CCCC	Net cash used in financing activities	(59,243)	(41,144)
A31130	Decrease (increase) in notes receivable, net	14,345	(14,274)	EEEE	Net (decrease) increase in cash and cash equivalents	(453,044)	285,898
A31150	Decrease (increase) in trade receivables, net	51,684	(25,641)	E00100	Cash and cash equivalents at the beginning of the year	633,481	347,583
A31160	(Increase) decrease in trade receivables from related parties, net	(47,440)	12,629	E00200	Cash and cash equivalents at the end of the year	\$ 180,437	\$ 633,481
A31180	Decrease (increase) in other receivables	247	(176)				
A31200	Decrease (increase) in inventories	39,853	(12,670)				
A31230	(Increase) decrease in prepayments	(30,725)	49,086				
A32125	Increase in contract liabilities	17,438	6,839				
A32130	(Decrease) increase in notes payable	(6,273)	6,911				
A32150	Decrease in trade payables	(12,633)	(48,799)				
A32180	(Decrease) increase in other payables	(17,226)	16,467				
A32230	Increase (decrease) in other current liabilities	101	(48)				
A32240	Decrease in net defined benefit liabilities	(3,760)	(4,188)				
A33000	Cash generated from operating activities	73,172	134,041				
A33100	Interest received	12,565	1,165				
A33300	Interest paid	(330)	(259)				
A33500	Income tax (paid) refunded	(19,224)	2,404				
AAAA	Net cash provided by operating activities	66,183	137,351				

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

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer Co., Ltd. carved out its automatic identification data division, with the business value of \$900,000 thousand, and established Unitech Electronics Co., Ltd. (“the Company”). The Company issued 40,000 thousand shares of common stock, with a par value of NT\$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic identification data capture product and related businesses.

The Company’s shares had been listed and traded in the Taipei Exchange (TPEX) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company’s registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company’s parent company, which is also the ultimate controller of the group to which the Company belongs to.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on March 11, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

According to Article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is accounted as equity transactions, no gains or losses are recognized. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

- A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. the Company holds the asset primarily for the purpose of trading.
- C. the Company expects to realize the asset within twelve months after the reporting period.
- D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. the Company expects to settle the liability in its normal operating cycle.
- B. the Company holds the liability primarily for the purpose of trading.
- C. the liability is due to be settled within twelve months after the reporting period.
- D. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with contract periods within three months).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. the Company's business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost, and other receivables, etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. for accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. for lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the asset have expired.
- b. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if:

- a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability, or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventory

Inventory is initially stated at acquisition cost. Cost is measured using the standard cost method. Standard costing considers the normal level of raw materials, labor, efficiency and equipment production capacity, and the Company regularly reviews and adjusts standard costing according to the current situation.

Inventory is subsequently valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

According to Article 21 of the Regulations, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” and change in value will be adjusted to comply with the Regulations. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference, according to IFRS10 Consolidated Financial Statements and the different IFRSs adopted from different reporting entity’s perspectives, of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under “investments accounted for using the equity method”, or “share of profit of subsidiaries, associates, and joint venture accounted for using the equity method”, “share of other comprehensive income of subsidiaries, associates, and joint venture accounted for using the equity method.”

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

<u>Item</u>	<u>Economic lives</u>
Buildings and facilities	2~55 years
Machinery equipment	3~10 years
Tooling equipment	2~10 years
Transportation equipment	5 years
Office equipment	5~6 years
Leasehold improvement	3~5 years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use assets and lease liabilities for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liabilities on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liabilities;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Software

The Company's intangible assets are software measured on initial recognition at cost. The cost of the software is amortized on a straight-line basis over the estimated useful life (3~10 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Software</u>
Economic lives	Finite
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(18) Revenue recognition

The Company's revenue arising from contracts with customers primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is automatic identification data capture products and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experiences, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized for the expected volume discounts during the period the contract specifies.

The Company provides its customers with a warranty for its products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. Part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities which are transferred to revenue after the performance obligations are satisfied. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Rendering of services

Revenue from the rendering of services primarily comes from maintenance and warranty services. Such services are separately priced, negotiated and provided based on contract period. Where the warranty service has not been provided and the customer has paid the consideration in advance, these amounts are recognized as contract liabilities. As the Company provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventory to net realizable value.

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(22) for more details on unrecognized deferred tax assets as of December 31, 2023.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash		
Cash on hand	\$ 412	\$ 580
Checking and savings accounts	180,025	632,901
Total	<u>\$ 180,437</u>	<u>\$ 633,481</u>

(2) Financial assets and liabilities at fair value through profit or loss-current

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Forward exchange contracts	\$ 381	\$ -
<u>Financial liabilities</u>		
Held for trading:		
Forward exchange contracts	\$ 208	\$ 1,211

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

(3) Financial assets at fair value through other comprehensive income-noncurrent

	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	\$ 29,293	\$ 27,713

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits-current	\$ 399,230	\$ -
Time deposits-noncurrent	7,385	4,913
Total	\$ 406,615	\$ 4,913

The Company classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(5) Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 18,432	\$ 32,777
Less: loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12(4) for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	December 31, 2023	December 31, 2022
Trade receivables	\$ 222,724	\$ 274,408
Less: loss allowance	(4,369)	(5,037)
Subtotal	218,355	269,371
Trade receivables from related parties	122,257	74,817
Less: loss allowance	-	-
Subtotal	122,257	74,817
Total	\$ 340,612	\$ 344,188

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT\$344,981 thousand and NT\$349,225 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(16) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

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(7) Inventories

A. Inventories, net including:

	December 31, 2023	December 31, 2022
Raw materials	\$ 40,337	\$ 40,263
Work in process	37,926	45,804
Semi-finished goods	89,462	88,819
Finished goods	80,918	96,952
Merchandise inventories	55,009	71,667
Net amount	<u>\$ 303,652</u>	<u>\$ 343,505</u>

B. The cost of inventories recognized in expenses amounted to NT\$1,416,140 thousand and NT\$1,383,794 thousand for the years ended December 31, 2023 and 2022, respectively, including the reversal of write-down of inventories of NT\$237 thousand and NT\$4,579 thousand, respectively, mainly as a result of inventory consumption.

C. Inventories were not pledged.

(8) Investments accounted for using the equity method

Investee Company	December 31, 2023		December 31, 2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries				
Unitech America Ventures Inc. (UAV)	\$ 193,320	100.00%	\$ 207,822	100.00%
Unitech Europe Ventures Inc. (UEV)	78,358	100.00%	65,877	100.00%
Unitech Japan Holding Inc. (UJH)	46,678	100.00%	43,566	100.00%
Unitech Asia Ventures Inc. (UCV)	17,442	100.00%	21,229	100.00%
Unitech Japan Co., Ltd. (UTJ)	6,211	10.86%	5,832	10.86%
Subtotal	<u>\$ 342,009</u>		<u>\$ 344,326</u>	

Investments in subsidiaries were reported as “Investments accounted for using the equity method” in parent company only financial statements with necessary valuation adjustments.

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(9) Property, plant and equipment

	December 31, 2023		December 31, 2022					
Owner-occupied property, plant and equipment	<u>\$ 351,783</u>		<u>\$ 360,483</u>					
	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost :								
As of January 1, 2023	\$ 220,863	\$ 112,616	\$ 73,242	\$ 218,598	\$ 2,876	\$ 4,620	\$ 10,181	\$ 642,996
Additions	-	997	3,999	13,157	-	202	1,799	20,154
Disposals and retirements	-	(5,068)	(1,902)	(25,457)	-	(305)	(1,391)	(34,123)
Transfers	-	-	-	1,877	-	-	-	1,877
As of December 31, 2023	<u>\$ 220,863</u>	<u>\$ 108,545</u>	<u>\$ 75,339</u>	<u>\$ 208,175</u>	<u>\$ 2,876</u>	<u>\$ 4,517</u>	<u>\$ 10,589</u>	<u>\$ 630,904</u>
Cost:								
As of January 1, 2022	\$ 220,863	\$ 105,437	\$ 66,175	\$ 233,803	\$ 2,876	\$ 4,620	\$ 9,475	\$ 643,249
Additions	-	5,512	8,992	15,251	-	-	1,145	30,900
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
Transfers	-	1,667	-	1,103	-	-	-	2,770
As of December 31, 2022	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 73,242</u>	<u>\$ 218,598</u>	<u>\$ 2,876</u>	<u>\$ 4,620</u>	<u>\$ 10,181</u>	<u>\$ 642,996</u>
Depreciation and impairment:								
As of January 1, 2023	\$ -	\$ 46,163	\$ 60,267	\$ 163,014	\$ 2,242	\$ 4,583	\$ 6,244	\$ 282,513
Depreciation	-	2,573	4,185	20,466	270	19	1,772	29,285
Disposals and retirements	-	(5,068)	(1,802)	(24,112)	-	(304)	(1,391)	(32,677)
As of December 31, 2023	<u>\$ -</u>	<u>\$ 43,668</u>	<u>\$ 62,650</u>	<u>\$ 159,368</u>	<u>\$ 2,512</u>	<u>\$ 4,298</u>	<u>\$ 6,625</u>	<u>\$ 279,121</u>
As of January 1, 2022	\$ -	\$ 43,770	\$ 59,301	\$ 174,295	\$ 1,844	\$ 4,572	\$ 5,527	\$ 289,309
Depreciation	-	2,393	2,891	20,278	398	11	1,156	27,127
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
As of December 31, 2022	<u>\$ -</u>	<u>\$ 46,163</u>	<u>\$ 60,267</u>	<u>\$ 163,014</u>	<u>\$ 2,242</u>	<u>\$ 4,583</u>	<u>\$ 6,244</u>	<u>\$ 282,513</u>
Net carrying amount as of :								
December 31, 2023	<u>\$ 220,863</u>	<u>\$ 64,877</u>	<u>\$ 12,689</u>	<u>\$ 48,807</u>	<u>\$ 364</u>	<u>\$ 219</u>	<u>\$ 3,964</u>	<u>\$ 351,783</u>
December 31, 2022	<u>\$ 220,863</u>	<u>\$ 66,453</u>	<u>\$ 12,975</u>	<u>\$ 55,584</u>	<u>\$ 634</u>	<u>\$ 37</u>	<u>\$ 3,937</u>	<u>\$ 360,483</u>

Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2023 and 2022.

No interest was capitalized for the years end December 31, 2023 and 2022.

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(10) Intangible assets

	Software	
Cost:		
As of January 1, 2023	\$	202,590
Additions		20,424
Disposals and retirements		(624)
Transfer		4,909
As of December 31, 2023	\$	227,299
As of January 1, 2022	\$	248,823
Additions		9,581
Disposals and retirements		(56,185)
Transfer		371
As of December 31, 2022	\$	202,590
Accumulated amortization and impairment:		
As of January 1, 2023	\$	179,133
Amortization		16,180
Disposals and retirements		(624)
As of December 31, 2023	\$	194,689
As of January 1, 2022	\$	216,650
Amortization		18,668
Disposals and retirements		(56,185)
As of December 31, 2022	\$	179,133
Net carrying amount as of:		
December 31, 2023	\$	32,610
December 31, 2022	\$	23,457

The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$ 345	\$ 330
Selling expenses	\$ 274	\$ 421
Administrative expenses	\$ 1,280	\$ 1,076
Research and development expenses	\$ 14,281	\$ 16,841

(11) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 8,075	\$ 5,751

(12) Short-term borrowings

The Company's unused short-term lines of credits amounted to NT\$482,109 thousand and NT\$467,006 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Company.

(13) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$13,750 thousand and NT\$13,075 thousand, respectively.

Defined benefit plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company would make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$1,367 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The weighted average duration of the defined benefits obligation was 17 years and 16 years as of December 31, 2023 and 2022, respectively.

Pension costs recognized in profit or loss are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Net interest expense on the net defined benefit liabilities (assets)	\$ 212	\$ 165

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	<u>December 31,</u>	<u>December 31,</u>	<u>January 1,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Defined benefit obligation	\$ 14,909	\$ 15,959	\$ 22,607
Plan assets at fair value	(2,199)	(798)	(2,416)
Net defined benefit liabilities	\$ 12,710	\$ 15,161	\$ 20,191

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of January 1, 2022	\$ 22,607	\$ (2,416)	\$ 20,191
Interest expense (income)	185	(20)	165
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	172	-	172
Actuarial gains and losses arising from changes in financial assumptions	(1,603)	-	(1,603)
Experience adjustments	735	-	735
Remeasurements of the defined benefit assets	-	(146)	(146)
Subtotal	(696)	(146)	(842)
Payment of benefit obligation	(6,137)	6,137	-
Contributions by employer	-	(4,353)	(4,353)
As of December 31, 2022	15,959	(798)	15,161
Interest expense (income)	223	(11)	212
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,075	-	1,075
Experience adjustments	256	-	256
Remeasurements of the defined benefit assets	-	(22)	(22)
Subtotal	1,331	(22)	1,309
Payment of benefit obligation	(2,604)	2,604	-
Contributions by employer	-	(3,972)	(3,972)
As of December 31, 2023	\$ 14,909	\$ (2,199)	\$ 12,710

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.35%	1.40%
Expected rate of salary increases	1.20%	0.80%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	\$ -	\$ (1,183)	\$ -	\$ (1,219)
Discount rate decreases by 0.5%	1,295	-	1,340	-
Expected rate of salary increases by 0.5%	1,290	-	1,341	-
Expected rate of salary decreases by 0.5%	-	(1,190)	-	(1,232)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(14) Equity

A. Common stock

The Company's authorized capital as of December 31, 2023 and 2022 was NT\$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of December 31, 2023 and 2022 was NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.

B. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 932,723	\$ 932,723
Expired stock options	2,503	2,503
Total	\$ 935,226	\$ 935,226

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. the remaining portion, if applicable, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholders' meeting for approval.

The distributable dividends and bonuses in whole or in part are paid in cash after a resolution was adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 30% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT\$3, the full stock dividends will be paid.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriation of earnings for 2022 was resolved by the stockholders' meeting held on June 16, 2023, while the appropriation of earnings for 2023 was proposed by the Board of Directors' meeting on March 11, 2024. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 3,957	\$ 9,200		
Special reserve	(629)	(17,883)		
Common stock-cash dividends	25,974	50,343	\$ 0.35	\$ 0.67
Total	\$ 29,302	\$ 41,660		

Please refer to Note 6(18) for more details on employees' compensations and the remuneration to directors.

(15) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 1,846,308	\$ 1,856,794
Rendering of services	23,088	16,066
Total	\$ 1,869,396	\$ 1,872,860

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 1,846,308	\$ 1,856,794
Rendering of services	23,088	16,066
Total	\$ 1,869,396	\$ 1,872,860
Revenue recognition point:		
At a point in time	\$ 1,847,728	\$ 1,857,666
Satisfies the performance obligation over time	21,668	15,194
Total	\$ 1,869,396	\$ 1,872,860

B. Contract balances

a. Contract assets – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ 12,015	\$ 1,804	\$ 6,254

The significant changes in the Company's balances of contract assets for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to trade receivables	\$ (1,804)	\$ (6,254)
Change in the progress of completion	12,021	1,294
(Recognition) reversal of impairment	(6)	510

b. Contract liabilities – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ 30,190	\$ 12,752	\$ 5,913

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$ (9,254)	\$ (2,525)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	26,692	9,364

C. Assets recognized from costs to fulfill a contract with customer: None.

(16) Expected credit losses (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses-Expected credit losses (gains)		
Contract assets	\$ 6	\$ (510)
Notes receivable	(36)	35
Trade receivables	(668)	2,195
Total	\$ (698)	\$ 1,720

Please refer to Note 12(4) for more details on credit risk.

The Company measures the loss allowance of its contract assets and receivables (including notes receivable, trade receivables and trade receivables from related parties) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

- A. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 12,021	\$ 1,804
Expected credit loss rates	0%~2%	0%
Loss allowance	(6)	-
Total	\$ 12,015	\$ 1,804

- B. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	December 31, 2023	December 31, 2022
Gross carrying amount	\$ 18,432	\$ 32,777
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(45)	(81)
Total	\$ 18,387	\$ 32,696

C. The Company considers the grouping of trade receivables by counterparties credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	
Gross carrying amount	\$ 322,473	\$ 11,810	\$ 2,732	\$ 739	\$ 6,610	\$ 617	\$ 344,981
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	236	137	74	3,305	617	4,369
Total	\$ 322,473	\$ 11,574	\$ 2,595	\$ 665	\$ 3,305	\$ -	\$ 340,612

As of December 31, 2022

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 Days	
Gross carrying amount	\$ 313,891	\$ 19,027	\$ 6,835	\$ 1,258	\$ 8,100	\$ 114	\$ 349,225
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	405	342	126	4,050	114	5,037
Total	\$ 313,891	\$ 18,622	\$ 6,493	\$ 1,132	\$ 4,050	\$ -	\$ 344,188

The movement in the provision for impairment of contract assets, note receivables and trade receivables for the years ended December 31, 2023 and 2022 is as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2023	\$ -	\$ 81	\$ 5,037
Addition (reversal) for the current period	6	(36)	(668)
As of December 31, 2023	\$ 6	\$ 45	\$ 4,369
As of January 1, 2022	\$ 510	\$ 46	\$ 2,842
Addition (reversal) for the current period	(510)	35	2,195
As of December 31, 2022	\$ -	\$ 81	\$ 5,037

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(17) Leases

A. The Company as lessee

The Company leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings and facilities	\$ 13,619	\$ 14,710
Transportation equipment	-	1,217
Total	<u>\$ 13,619</u>	<u>\$ 15,927</u>

During the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Company amounted to NT\$6,829 thousand and NT\$3,444 thousand, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liability	\$ 13,852	\$ 16,122
Current	<u>\$ 7,059</u>	<u>\$ 7,691</u>
Noncurrent	<u>\$ 6,793</u>	<u>\$ 8,431</u>

Please refer to Note 6(19)D for the interest expenses on lease liabilities recognized during the years ended December 31, 2023 and 2022, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and facilities	\$ 7,920	\$ 7,142
Transportation equipment	1,018	2,921
Total	\$ 8,938	\$ 10,063

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$ 1,873	\$ 1,849

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to NT\$11,043 thousand and NT\$12,094 thousand, respectively.

(18) Employment costs

Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 38,447	\$ 243,678	\$ 282,125	\$ 36,005	\$ 233,679	\$ 269,684
Labor and health insurance	4,109	22,588	26,697	3,635	20,839	24,474
Pension	1,849	12,113	13,962	1,756	11,484	13,240
Remuneration to directors	-	7,814	7,814	-	9,843	9,843
Others (Note)	1,767	6,559	8,326	1,622	6,488	8,110
Depreciation	21,100	17,123	38,223	20,281	16,909	37,190
Amortization	345	15,835	16,180	330	18,338	18,668

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

The average number of employees of the Company was 344 and 329 for the years ended December 31, 2023 and 2022, respectively, including 10 and 7 non-employee directors for the years ended December 31, 2023 and 2022.

Average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT\$991 thousand and NT\$980 thousand, respectively. Average salaries for the years ended December 31, 2023 and 2022 were NT\$845 thousand and NT\$838 thousand, respectively, and the average salaries changed by 1% year over year.

The Company's salary and remuneration policy is as follow:

A. Directors

Remuneration to directors includes board meeting attendance traveling fee, the Remuneration to directors for profit distribution are in accordance with the Company's Articles of Incorporation approved by the stockholders' meeting and are highly related to the Company's operating performance; the chairman and the independent directors receive a reasonable fixed monthly remuneration.

B. Chief executive officer and vice presidents

The Company's chief executive officer's and vice presidents' remuneration include fixed monthly salaries, performance bonus, and employees' compensation. The salaries referenced the salary level of similar positions in the industry market from the labor market salary survey report obtained by the Company and consider the responsibilities of the position. Performance bonus and employees' compensation are related to the Company's operating performance that are set at a fixed ratio of the Company's profit for the year.

C. Employees

The Company's employee compensation refers to the peer level of the industry and is evaluated based on employees' professional competence and personal performance assessment.

According to the Company's Article of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2023 and 2022. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2023 were NT\$2,518 thousand and NT\$1,007 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2022 were NT\$5,926 thousand and NT\$2,370 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were accrued on the basis of profit of current year and were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year.

A resolution was approved in a meeting of the Board of Directors held on March 11, 2024 to distribute NT\$2,518 thousand and NT\$1,007 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT\$5,926 thousand and NT\$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$ 23,147	\$ 1,165

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 560	\$ 279
Others	547	119
Total	\$ 1,107	\$ 398

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 89	\$ -
Foreign exchange (losses) gains	(868)	8,394
Gains on financial assets at fair value through profit or loss	1,238	1,593
Other losses-others	(204)	(658)
Total	\$ 255	\$ 9,329

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on lease liabilities	\$ 270	\$ 259
Interest expenses on borrowings from bank	60	-
Total	\$ 330	\$ 259

(20) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$ (1,309)	\$ -	\$ (1,309)	\$ 262	\$ (1,047)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,580	-	1,580	(316)	1,264
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(794)	-	(794)	159	(635)
Total other comprehensive income	\$ (523)	\$ -	\$ (523)	\$ 105	\$ (418)

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$ 842	\$ -	\$ 842	\$ (169)	\$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	21	(81)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	22,455	-	22,455	(4,491)	17,964
Total other comprehensive income	<u>\$ 23,195</u>	<u>\$ -</u>	<u>\$ 23,195</u>	<u>\$ (4,639)</u>	<u>\$ 18,556</u>

(21) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current income tax payable	\$ 7,403	\$ 10,429
Adjustments in respect of current income tax of prior periods	222	-
Deferred tax expense:		
Relating to origination and reversal of temporary differences	(1,397)	7,784
Relating to origination and reversal of tax loss and tax credit	-	684
Total income tax expense	<u>\$ 6,228</u>	<u>\$ 18,897</u>

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Income tax recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$ (262)	\$ 169
Unrealised (losses) gains from equity instrument investments measured at fair value through other comprehensive income	316	(21)
Exchange differences resulting from translating the financial statements of foreign operations	(159)	4,491
Income tax relating to components of other comprehensive income	<u>\$ (105)</u>	<u>\$ 4,639</u>

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	\$ 46,840	\$ 110,228
Tax at the Company's statutory income tax rate	\$ 9,368	\$ 22,046
Income tax for undistributed earnings	1,351	-
Tax effect of revenues exempt from taxation	-	(259)
Investment tax credits	(3,173)	(4,469)
Tax effect of deferred tax assets/liabilities	-	265
Adjustments in respect of current income tax of prior periods	222	-
Others	(1,540)	1,314
Income tax expense (income) recognized in profit or loss	<u>\$ 6,228</u>	<u>\$ 18,897</u>

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C. Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 1,234	\$ (47)	\$ -	\$ 1,187
Valuation of financial assets/ liabilities at fair value through profit or loss	242	(277)	-	(35)
Unrealized exchange (losses) gain	(218)	667	-	449
Net defined benefit liabilities-noncurrent	2,528	(752)	262	2,038
Accrued employee benefits	1,464	85	-	1,549
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	551	-	(316)	235
Exchange differences resulting from translating the financial statements of foreign operations	1,164	-	159	1,323
Investments accounted for using the equity method	(1,391)	1,845	-	454
Bad debts expense	257	(124)	-	133
Deferred tax (expense) income		<u>\$ 1,397</u>	<u>\$ 105</u>	
Net deferred tax assets (liabilities)	<u>\$ 5,831</u>			<u>\$ 7,333</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$ 7,440</u>			<u>\$ 7,368</u>
Deferred tax liabilities	<u>\$ (1,609)</u>			<u>\$ (35)</u>

For the years ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 2,150	\$ (916)	\$ -	\$ 1,234
Valuation of financial assets/ liabilities at fair value through profit or loss	(316)	558	-	242
Unrealized exchange (losses) gain	137	(355)	-	(218)
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	2,528
Accrued employee benefits	1,550	(86)	-	1,464
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	551
Exchange differences resulting from translating the financial statements of foreign operations	5,655	-	(4,491)	1,164
Investments accounted for using the equity method	5,014	(6,405)	-	(1,391)
Bad debts expense	-	257	-	257
Unused tax credits	684	(684)	-	-
Deferred tax (expense) income		<u>\$ (8,468)</u>	<u>\$ (4,639)</u>	
Net deferred tax assets (liabilities)	<u>\$ 18,938</u>			<u>\$ 5,831</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$ 19,255</u>			<u>\$ 7,440</u>
Deferred tax liabilities	<u>\$ (317)</u>			<u>\$ (1,609)</u>

D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, there were no unrecognized deferred tax assets.

E. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Company's income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant tax liabilities have not been recognized. The Company has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT\$43,627 thousand and NT\$50,363 thousand, respectively.

F. The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the year ended December 31	
	2023	2022
A. Basic earnings per share		
Profit for the year	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Basic earnings per share (NT\$)	\$ 0.54	\$ 1.22
B. Diluted earnings per share		
Profit for the year	\$ 40,612	\$ 91,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Effect of dilution:		
Employee compensation (in thousands)	125	298
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,223	75,396
Diluted earnings per share (NT\$)	\$ 0.54	\$ 1.21

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

Name and nature of relationship of the related parties

Name of the related parties	Relationship with the Company
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Unitech America Inc. (UTA)	Subsidiaries
Unique Technology Europe B.V. (UTI)	Subsidiaries
Unitech Japan Co., Ltd. (UTJ)	Subsidiaries
Xiamen Unitech Co., Ltd. (UTC)	Subsidiaries
Artilux Corporation	Substantive related parties
Artilux Inc.	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2023	2022
Subsidiaries		
UTA	\$ 239,684	\$ 291,313
UTI	214,340	225,323
Other subsidiaries	150,005	121,059
Parent company	981	1,507
Substantive related parties	264	1,975
Total	\$ 605,274	\$ 641,177

General payment term:

Domestic: Month-end 30-120 days

Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

- A. The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.
- B. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.
- C. The selling price of the subsidiaries UTI, UTJ, and UTC is based on related party transaction, the payment term is month-end 90 days.

(2) Purchases

	For the years ended December 31,	
	2023	2022
Subsidiaries	\$ 40,283	\$ 58,766
Parent company	4,799	5,833
Other related party	2,091	2,816
Substantive related parties	456	-
Total	\$ 47,629	\$ 67,415

General payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 60-90 days

The purchase price of the parent company and the subsidiaries UTA, UTI, UTJ, UTC, other related party and substantive related parties is based on related party transaction, the payment term is immediate payment to month-end 30 days.

(3) Trade receivables from related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
UTI	\$ 37,748	\$ 19,239
UTA	35,899	21,503
UTJ	25,940	19,285
UTC	22,621	14,736
Parent company	49	54
Total	\$ 122,257	\$ 74,817

(4) Trade payables to related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
UTC	\$ 7,209	\$ 6,770
Other subsidiaries	72	-
Substantive related parties	93	-
Other related party	-	45
Parent company	-	25
Total	\$ 7,374	\$ 6,840

(5) Prepaid expenses from related parties

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 61	\$ 61

(6) Other payables from related parties

	December 31, 2023	December 31, 2022
Parent company	\$ 699	\$ 682
Subsidiaries	85	84
Total	\$ 784	\$ 766

(7) Manufacturing expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 187	\$ 297

(8) Operating expenses from related parties

	For the years ended December 31,	
	2023	2022
Parent company	\$ 8,698	\$ 9,304
Subsidiaries	1,037	696
Other related party	47	-
Substantive related parties	-	49
Total	<u>\$ 9,782</u>	<u>\$ 10,049</u>

(9) Rental expenses

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ 1,509</u>	<u>\$ 1,485</u>

The Company leases warehouse and parking space from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis.

(10) Rental income

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ 293</u>	<u>\$ -</u>

The Company rents office to the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is collected on a monthly basis.

(11) Other revenue

	For the years ended December 31,	
	2023	2022
Parent company	<u>\$ -</u>	<u>\$ 1</u>

(12) Property transaction

	For the years ended December 31,	
	2023	2022
Parent company	\$ 306	\$ 235
Other related party	58	162
Total	<u>\$ 364</u>	<u>\$ 397</u>

The Company entrusted the related parties to purchase machinery and equipment on behalf of the Company.

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(13) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 20,437	\$ 22,442
Post-employment benefits	443	540
Total	\$ 20,880	\$ 22,982

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

Items	Carrying Amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost-noncurrent	\$ 5,700	\$ 3,249	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,685	1,664	Performance guarantee
Property, plant and equipment-land and building	276,813	278,382	Loan pledge
Total	\$ 284,198	\$ 283,295	

9. Significant Contingencies and Unrecognized Contractual Commitments

- (1) As of December 31, 2023, the Company issued the letters of guarantee through financial institutions in the amount of NT\$3,000 thousand for customs duty and performance guarantee.
- (2) As of December 31, 2023, the Company issued promissory notes in the amount of NT\$7,452 thousand for performance guarantee.
- (3) As of December 31, 2023, the Company's unused letters of credit amounted to NT\$3,095 thousand.

10. Losses Due to Major Disasters

None.

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11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 381	\$ -
Financial assets at fair value through other comprehensive income	29,293	27,713
Financial assets measured at amortized cost (Note)	994,228	1,042,823
Total	<u>\$ 1,023,902</u>	<u>\$ 1,070,536</u>

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading	\$ 208	\$ 1,211
Financial liabilities at amortized cost:		
Trade payables (including related parties)	186,490	205,396
Other payables (including related parties)	108,721	125,947
Lease liabilities (including noncurrent)	13,852	16,122
Deposits received	1	1
Total	<u>\$ 309,272</u>	<u>\$ 348,677</u>

Note: Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables and refundable deposits.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk exposures.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$3,972 thousand and increase/decrease NT\$1,409 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposit at variable interest rates. Therefore, the Company expects no fair value and cash flow risks due to significant interest rate fluctuations.

Other risk

The Company's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss.

The Company is exposed to credit risk from operating activities (primarily for contract assets, notes receivable, and trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than			Later than 5		Total
	1 year	1 to 3 years	4 to 5 years	years		
As of December 31, 2023						
Trade payables	\$ 186,490	\$ -	\$ -	\$ -	\$ -	\$ 186,490
Other payables	108,721	-	-	-	-	108,721
Lease liability	7,256	6,652	303	-	-	14,211
Deposits received	-	1	-	-	-	1
As of December 31, 2022						
Trade payables	\$ 205,396	\$ -	\$ -	\$ -	\$ -	\$ 205,396
Other payables	125,947	-	-	-	-	125,947
Lease liability	7,860	8,538	-	-	-	16,398
Deposits received	-	1	-	-	-	1

Derivative financial liabilities

	Less than			Later than 5		Total
	1 year	1 to 3 years	4 to 5 years	years		
As of December 31, 2023						
Inflow	\$ 11,643	\$ -	\$ -	\$ -	\$ -	\$ 11,643
Outflow	(11,851)	-	-	-	-	(11,851)
Net	\$ (208)	\$ -	\$ -	\$ -	\$ -	\$ (208)
As of December 31, 2022						
Inflow	\$ 37,569	\$ -	\$ -	\$ -	\$ -	\$ 37,569
Outflow	(38,780)	-	-	-	-	(38,780)
Net	\$ (1,211)	\$ -	\$ -	\$ -	\$ -	\$ (1,211)

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2023:

	Lease liability	Deposits received	Total
As of January 1, 2023	\$ 16,122	\$ 1	\$ 16,123
Cash flows			
Outflow	(8,900)	-	(8,900)
Non-cash flows	6,630	-	6,630
As of December 31, 2023	\$ 13,852	\$ 1	\$ 13,853

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liability	Deposits received	Total
As of January 1, 2022	\$ 22,664	\$ 1	\$ 22,665
Cash flows			
Outflow	(9,986)	-	(9,986)
Non-cash flows	3,444	-	3,444
As of December 31, 2022	\$ 16,122	\$ 1	\$ 16,123

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

- c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the underlying investment's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.
- d. Fair value of debt instruments without market quotations, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 are as follows:

Forward exchange contracts

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

<u>Items</u>	<u>Contract amount</u>	<u>Maturity period</u>
As of December 31, 2023		
Forward exchange contracts	Sell EUR 768 thousand	From January 8, 2024 to February 23, 2024
Forward exchange contracts	Sell JPY 117,900 thousand	From January 8, 2024 to March 15, 2024
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3, 2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3, 2023 to March 31, 2023

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 381	\$ -	\$ 381
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	29,293	29,293
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	208	-	208

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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Preferred stock	\$ -	\$ -	\$ 27,713	\$ 27,713
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2023	\$ 27,713
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	1,580
As of December 31, 2023	\$ 29,293

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	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2022	\$ 27,815
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	(102)
As of December 31, 2022	\$ 27,713

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	19.48%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company’s equity by NT(\$1,512)/NT\$1,512 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	22.09%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company’s equity by NT(\$1,423)/NT\$1,423 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

		As of December 31, 2023		
		Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$	15,795	30.71	\$ 485,061
EUR		1,077	34.01	36,615
JPY		152,827	0.2175	33,240
CNY		31	4.329	135
AUD		33	21.00	684
Non-monetary items:				
USD	\$	6,299	30.71	\$ 193,320
EUR		2,304	34.01	78,358
JPY		214,598	0.2175	52,889
CNY		4,031	4.329	17,442
<u>Financial liabilities</u>				
Monetary items:				
USD	\$	2,860	30.71	\$ 87,820
EUR		2	34.01	63
JPY		38	0.2175	8

As of December 31, 2022				
Foreign currencies				
	(thousand)	Foreign exchange rate		NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$ 6,725	30.70	\$	206,457
EUR	622	32.74		20,359
JPY	82,918	0.2326		19,287
CNY	50	4.409		218
Non-monetary items:				
USD	\$ 6,769	30.70	\$	207,822
EUR	2,011	32.74		65,877
JPY	212,148	0.2326		49,398
CNY	4,813	4.409		21,229
<u>Financial liabilities</u>				
Monetary items:				
USD	\$ 2,134	30.70	\$	65,511
CNY	240	4.409		1,058

As there are several types of foreign currency transactions within the Company, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (losses) gains were NT\$(868) thousand and NT\$8,394 thousand for the years ended December 31, 2023, and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

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(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other Disclosure

(1) Information related to significant transactions

- A. Financing provided to others for the year ended December 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 2.
- H. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2023: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 12(8).
- J. Other: Intercompany relationships and significant intercompany transactions : Please refer to Attachment 3.

(2) Information on investees

Names, locations, main business activities, original investment amount, shareholding at the end of the period, net income or loss for the period, and recognized investment income or loss of investees over which the Company has direct or indirect significant influence or control (excluding information on investment in Mainland China): Please refer to Attachment 4 and Attachment 4-1.

(3) Information on investments in Mainland China

- A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.
- B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:
 - a. The amount and percentage of sales and the balance and percentage of the

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related receivables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The sales amounted to NT\$43,250 thousand representing 2.31% of the net sales.

(b) The receivables amounted to NT\$22,621 thousand representing 6.30% of the total receivables.

b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The purchases amounted to NT\$34,763 thousand representing 2.75% of the net purchases.

(b) The payables amounted to NT\$7,209 thousand representing 3.87% of the total payables.

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 6.

Attachment 1

Securities held as of December 31, 2023 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2023				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artlux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	\$ 29,293	1.09%	\$ 29,293	-

Related party transactions for purchases and sales amounts exceeding NT\$100 million or 20 percent of the capital stock (Eliminated when preparing the consolidated financial statements)

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/Sales (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)(Note)	
The Company	Unitech America Inc. (" UTA ")	Investments accounted for using the equity method	Sales	\$ 239,684	12.82%	30 days after Invoice date	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.	\$ 35,899	10.00 %	-
The Company	Unique Technology Europe B.V. (" UTI ")	Investments accounted for using the equity method	Sales	214,340	11.47%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTI is based on related party transaction, the payment term is month- end 90 days.	37,748	10.51 %	-
The Company	Unitech Japan Co., Ltd. (" UTJ ")	Investments accounted for using the equity method	Sales	106,755	5.71%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTJ is based on related party transaction, the payment term is month- end 90 days.	25,940	7.23 %	-

Note: The above ratios are calculated based on the purchases/sales company's individual financial statements.

Attachment 3

Intercompany relationships and significant intercompany transactions (all have been written off in the consolidated financial statements)

(Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	\$ 239,684	30 dadys after invoice date	10.69%
"	"	"	"	Trade receivables	35,899	"	1.51%
"	"	"	"	Operating cost	4,418	Month-end 30 days	0.20%
"	"	UTI	1	Operating revenue	214,340	Month-end 90 days	9.56%
"	"	"	"	Trade receivables	37,748	"	1.59%
"	"	UTJ	1	Operating revenue	106,755	Month-end 90 days	4.76%
"	"	"	"	Trade receivables	25,940	"	1.09%
"	"	UTC	1	Operating revenue	43,250	Month-end 90 days	1.93%
"	"	"	"	Trade receivables	22,621	"	0.95%
"	"	"	"	Operating cost	34,763	Month-end 30 days	1.55%
"	"	"	"	Trade payables	7,209	"	0.30%

Note 1: The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

- (1) The parent company is coded 0.
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to sub-subsidiaries.
- (3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“ UAV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	\$ 193,320	\$ (18,014)	\$ (18,892)	
	Unitech Europe Ventures Inc. (“ UEV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	78,358	8,156	7,675	
	Unitech Industries Holding Inc. (“ UIH ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	46,678	6,098	6,056	
	Unitech Japan Co., Ltd. (“ UTJ ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	TWD 5,384	TWD 5,384	152	10.86 %	6,211	7,127	774	
	Unitech Asia Ventures Inc. (“ UCV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	17,442	(4,482)	(4,838)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of “ Investee Company”, “ Location”, “ Main business”, “ Original investment amount”, and “Shares held as at December 31, 2023” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the “footnote” column.
- (2) The “Net profit (loss) of the investee for this period” column should fill in amount of net profit (loss) of the investee for this period.
- (3) The “Investment income (loss) recognized by the Company for the year ended December 31, 2023” column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Names, locations and related information of investee (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. ("UAV")	Unitech America Holding Inc. ("UAH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech America Holding Inc. ("UAH")	Unitech America Inc. ("UTA")	6182 Katella Ave Cypress, CA 90630, USA	Trading of auto identification data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	USD 6,298,604	USD (582,140)	USD (611,825)	
Unitech Europe Ventures Inc. ("UEV")	Unitech Europe Holding Inc. ("UEH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Europe Holding Inc. ("UEH")	Unique Technology Europe B.V. ("UTI")	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto identification data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	EUR 2,304,351	EUR 243,742	EUR 227,152	
Unitech Japan Holding Inc. ("UJH")	Unitech Japan Co., Ltd. ("UTJ")	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto identification data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	JPY 214,598,269	JPY 32,066,965	JPY 27,412,589	
Unitech Asia Ventures Inc. ("UCV")	Unitech Industries Holding Inc. ("UIH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00 %	USD 4,030,623	USD (1,025,215)	USD (1,106,042)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at December 31, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the year ended December 31, 2023" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data capture products	USD 3,419,200	(Note 1 (2)) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ (4,482)	100.00%	\$ (4,838) CNY (1,106,062) (Note 2 (2)B)	\$ 17,387 CNY 4,018,018 (Note 2 (2)B)	\$ 31,038 USD 977,409

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 109,332	\$ 139,348	\$ 1,086,942
USD (3,560,132)	USD (4,537,541)	

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
- (3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) The basis of recognition of investment income is classified into following three types, which should be marked out.
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
 - C. Others: financial statements were not audited by accountants.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

Attachment 6

Information on major shareholders

Name of major shareholder information	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.	30,039,000	40.00%
G.M.I. Technology Inc.	9,559,000	12.72%

Note 1: The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.

Note 2: If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

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UNITECH ELECTRONICS CO., LTD.

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note	
Cash on hand		\$ 412		
Cash in bank			Foreign exchange rate as of December 31, 2023	
Checking and savings		164,737		
Foreign currency deposits	JPY 33,561,957.00	7,300		JPY 1=NTD 0.2175
	USD 177,806.13	5,460		USD 1=NTD 30.71
	AUD 24,121.42	506		AUD 1=NTD 21.00
	EUR 59,442.27	2,022	EUR 1=NTD 34.01	
Subtotal		180,025		
Total		\$ 180,437		

UNITECH ELECTRONICS CO., LTD.

2. Statement of Financial Assets (Liabilities) at Fair Value Through Profit or Loss - Current

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Financial Instruments	Description	Units	Par Value	Amount	Interest Rate (%)	Acquisition Cost	Fair Value		Note
							Unit Price (NTD)	Total Amount	
Financial assets at fair value through profit or loss									
Forward exchange contracts		-	\$ -	\$ -	-	\$ -	\$ -	\$ 381	
Financial liabilities at fair value through profit or loss									
Forward exchange contracts		-	\$ -	\$ -	-	\$ -	\$ -	\$ (208)	

UNITECH ELECTRONICS CO., LTD.

3. Statement of Financial Assets Measured at Amortized Cost - Current

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Time deposit	USD deposits	<u>\$ 399,230</u>	

UNITECH ELECTRONICS CO., LTD.

4. Statement of Contract Assets - Current

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
A company		\$ 3,984	
B company		1,982	
C company		1,890	
D company		1,316	
E company		1,184	
F company		864	
G company		636	
Others		165	The amount of individual item in others does not exceed 5% of the contract assets.
Subtotal		12,021	
Less: Allowance for doubtful debts		(6)	
Net Amount		<u>\$ 12,015</u>	

UNITECH ELECTRONICS CO., LTD.

5. Statement of Notes Receivable, Net

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
H company		\$ 6,060	The amount of individual item in others does not exceed 5% of the notes receivable.
I company		1,917	
J company		1,160	
Others		9,295	
Subtotal		18,432	
Less: Allowance for doubtful debts		(45)	
Net Amount		<u>\$ 18,387</u>	

UNITECH ELECTRONICS CO., LTD.

6. Statement of Trade Receivables, Net

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
K company		\$ 15,384	The amount of individual item in others does not exceed 5% of the trade receivables.
L company		13,351	
Others		193,989	
Subtotal		222,724	
Less: allowance for doubtful debts		(4,369)	
Net amount		218,355	
<u>Related parties</u>			
UTI		37,748	
UTA		35,899	
UTJ		25,940	
UTC		22,621	
Unitech Computer Co., Ltd.		49	
Subtotal		122,257	
Less: allowance for doubtful debts		-	
Net amount		122,257	
Total		\$ 340,612	

UNITECH ELECTRONICS CO., LTD.

7. Statement of Other Receivables

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties</u>			
M company		\$ 1,386	The amount of individual item in others does not exceed 5% of the other receivables.
N company		878	
Interest receivable		10,582	
Others		10	
Total		<u>\$ 12,856</u>	

UNITECH ELECTRONICS CO., LTD.

8. Statement of Inventories

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount		Note
		Cost	Market price	
Raw materials		\$ 43,244	\$ 40,337	(1) Please refer to Note 4 for more detail about net realizable value.
Work in process		37,926	37,926	
Semi-finished goods		91,675	89,462	(2) Full allowance has been recognized for inventories that are obsolete.
Finished goods		82,155	129,907	
Merchandise inventories		55,083	77,811	(3) Inventories were not pledged.
Total		310,083	\$ 375,443	
Less: allowance for inventory valuation losses		(6,431)		
Net amount		\$ 303,652		

UNITECH ELECTRONICS CO., LTD.

9. Statement of Prepayments

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Items	Description	Amount	Note
<u>Non-related parties</u>			
Prepayment to suppliers		\$ 57,954	
Prepaid expenses	Prepaid rent and prepaid insurance, etc.	9,615	
Subtotal		<u>67,569</u>	
<u>Related parties</u>			
UTA		49	
UTJ		12	
Subtotal		<u>61</u>	
Total		<u>\$ 67,630</u>	

UNITECH ELECTRONICS CO., LTD.

10. Statement of Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Noncurrent

For the year ended December 31, 2023

(In shares / Amounts in Thousands of New Taiwan Dollars)

Name of Securities	Beginning balance		Acquisition		Disposal		Unrealized (losses) gains from financial assets measured at fair value through other comprehensive income	Ending balance		Accumulated impairment	Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Preferred stock Artlux Corporation Series A-1 Preferred Stocks	769,231	<u>\$ 27,713</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 1,580</u>	769,231	<u>\$ 29,293</u>	Not applicable	None	-

UNITECH ELECTRONICS CO., LTD.

11. Statement of Financial Assets Measured at Amortized Cost - Noncurrent

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Time deposits	Pledged deposits	\$ <u>7,385</u>	Pledged deposits were for warranty guarantees and performance guarantees of sales projects. Please refer to Note 8.

UNITECH ELECTRONICS CO., LTD.

12. Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(In shares / Amounts in Thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Acquisition		Disposal		Investment income (loss)	Exchange differences resulting from translating the financial statements of foreign operations	Realized (unrealized) intercompany profit (Note 2)	Ending Balance			Market value or net assets value (Note 1)		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	%	Amount	Unit price	Total amount	
Unitech America Ventures Inc. (UAV)	10,000	\$ 207,822	-	\$ -	-	\$ -	\$ (18,892)	\$ 207	\$ 4,183	10,000	100.00%	\$ 193,320	\$ 19,332	\$ 193,320	None
Unitech Europe Ventures Inc. (UEV)	10,000	65,877	-	-	-	-	7,675	2,882	1,924	10,000	100.00%	78,358	7,836	78,358	None
Unitech Japan Holding Inc. (UJH)	10,000	43,566	-	-	-	-	6,056	(3,114)	170	10,000	100.00%	46,678	4,668	46,678	None
Unitech Japan Co., Ltd. (UTJ)	152	5,832	-	-	-	-	774	(395)	-	152	10.86%	6,211	40,862	6,211	None
Unitech Asia Ventures Inc. (UCV)	16,056.83	21,229	-	-	-	-	(4,838)	(374)	1,425	16,056.83	100.00%	17,442	1,086	17,442	None
Total		<u>\$ 344,326</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (9,225)</u>	<u>\$ (794)</u>	<u>\$ 7,702</u>			<u>\$ 342,009</u>			

Note 1: Market value or net assets value are evaluated based on the entity net worth.

Note 2: With adjustments to conform to article 21 of the Regulations.

UNITECH ELECTRONICS CO., LTD.

13. Statement of Changes in Cost and Accumulated Depreciation of Right-of-use Assets

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Acquisition	Disposal	Ending Balance	Note
Cost					
Buildings and facilities	\$ 43,679	\$ 6,829	\$ -	\$ 50,508	
Transportation equipment	6,598	-	(199)	6,399	
Other equipment	539	-	-	539	
Total Cost	<u>\$ 50,816</u>	<u>\$ 6,829</u>	<u>\$ (199)</u>	<u>\$ 57,446</u>	
Accumulated depreciation					
Buildings and facilities	\$ 28,969	\$ 7,920	\$ -	\$ 36,889	
Transportation equipment	5,381	1,018	-	6,399	
Other equipment	539	-	-	539	
Total Accumulated Depreciation	<u>\$ 34,889</u>	<u>\$ 8,938</u>	<u>\$ -</u>	<u>\$ 43,827</u>	
Carrying amount, net	<u>\$ 15,927</u>			<u>\$ 13,619</u>	

UNITECH ELECTRONICS CO., LTD.

14. Statement of Refundable Deposits and Other Non-current Assets

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits			
Rental deposit		\$ 1,717	
Lease deposit		462	
Project deposit	Taipei Post Office, Chunghwa Post Co., Ltd.	21,669	The amount of individual item in others does not exceed 5% of the refundable deposits.
Project deposit	Taiwan Water Corporation	2,351	
Others		9,534	
Total		<u>\$ 35,733</u>	
Other non-current assets			
Prepayment for equipment		<u>\$ 8,075</u>	

UNITECH ELECTRONICS CO., LTD.

15. Statement of Contract Liabilities

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other current liabilities			
Advances from customers		<u>\$ 30,190</u>	

UNITECH ELECTRONICS CO., LTD.

16. Statement of Notes Payable

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
<u>Non-related parties</u>			
O company		\$ 1,733	The amount of individual item in others does not exceed 5% of the notes payable.
P company		1,094	
Q company		410	
Others		138	
Total		<u>\$ 3,375</u>	

UNITECH ELECTRONICS CO., LTD.

17. Statement of Trade Payables

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
<u>Non-related parties</u>			
M company		\$ 20,211	
R company		16,315	
S company		13,697	
T company		11,405	
Others		114,113	The amount of individual item in others does not exceed 5% of the trade payables.
Subtotal		175,741	
<u>Related parties</u>			
UTC		7,209	
Others		165	The amount of individual item in others does not exceed 5% of the trade payables to related parties.
Subtotal		7,374	
Total		\$ 183,115	

UNITECH ELECTRONICS CO., LTD.

18. Statement of Other Payables

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount
<u>Non-related parties</u>		
Accrued payroll and bonuses		\$ 59,884
Accrued insurance premium		4,500
Others	Mainly pension, tooling cost, employee benefits, etc.	43,553
Subtotal		<u>\$ 107,937</u>
<u>Related parties</u>		
Unitech Computer Co., Ltd.		699
Others	The amount of individual item in others does not exceed 5% of the other payables to related parties.	85
Subtotal		<u>784</u>
Total		<u><u>\$ 108,721</u></u>

UNITECH ELECTRONICS CO., LTD.

19. Statement of Lease Liabilities

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending balance	Note
Buildings and facilities	Office lease	2020/11/01 - 2028/04/30	1% - 2.925%	\$ <u>13,852</u>	

UNITECH ELECTRONICS CO., LTD.

20. Statement of Other Current Liabilities

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Receipts under custody	Temporary receipts of labor and health insurance	\$ <u>2,278</u>	

UNITECH ELECTRONICS CO., LTD.

21. Statement of Deposits Received

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

item name	Description	Amount	Note
<u>Non-related parties</u> Performance deposits		<u>\$ 1</u>	

UNITECH ELECTRONICS CO., LTD.

22. Statement of Operating Revenue

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Units (Die)	Amount	Note
Auto data capture products	185,970 (Note)	\$ 1,847,962	
Less: Sales return		(1,281)	
Sales discounts and allowances		(373)	
Net Sales		1,846,308	
Service revenue		23,088	
Net operating revenue		<u>\$ 1,869,396</u>	
Note: The sales volume is mainly calculated by the mainframe.			

UNITECH ELECTRONICS CO., LTD.

23. Statement of Operating Cost

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount	Note
Raw materials, beginning of year	\$ 43,077	
Add: raw materials purchased	673,239	
Add: transferred from semi-finished goods	372,059	
Add: raw materials sold	2,842	
Add: scrapped raw materials	536	
Less: loss on physical inventory of raw materials	759	
Less: raw materials, end of year	(43,244)	
Direct materials used	1,049,268	
Direct labor	10,113	
Manufacturing expenses	99,820	
Manufacturing costs	1,159,201	
Add: work in process, beginning of year	45,804	
Less: work in process, end of year	(37,926)	
Add: semi-finished goods, beginning of year	90,004	
Less: semi-finished goods, end of year	(91,675)	
Less: semi-finished goods transferred to raw materials	(372,059)	
Add: finished goods, beginning of year	99,543	
Less: finished goods, end of year	(82,155)	
Manufacturing cost-cost of finished goods	810,737	
Merchandise inventories, beginning of year	71,745	
Add: merchandise inventories purchased	588,978	
Less: merchandise inventories, end of year	(55,083)	
Total cost of goods sold	1,416,377	
Reversal of allowance for inventory market price decline and obsolete inventory	(237)	
Total Operating Costs	\$ 1,416,140	

UNITECH ELECTRONICS CO., LTD.

24. Statement of Manufacturing Expenses

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expense		\$ 28,289	The amount of individual item in others does not exceed 5% of the account balance.
Processing fee		25,290	
Depreciation		21,100	
Others		25,141	
Total		<u>\$ 99,820</u>	

UNITECH ELECTRONICS CO., LTD.

25. Statement of Selling Expenses

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expense		\$ 148,551	The amount of individual item in others does not exceed 5% of the account balance.
Insurance expense		14,503	
Travel expense		11,308	
Others		30,347	
Total		<u>\$ 204,709</u>	

UNITECH ELECTRONICS CO., LTD.

26. Statement of Administrative Expenses

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expense		\$ 38,594	The amount of individual item in others does not exceed 5% of the account balance.
Depreciation		7,707	
Others		28,574	
Total		<u>\$ 74,875</u>	

UNITECH ELECTRONICS CO., LTD.

27. Statement of Research and Development Expenses

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll expense		\$ 68,646	The amount of individual item in others does not exceed 5% of the account balance.
Research experiment expense		54,666	
Amortization		14,281	
Others		12,593	
Total		<u>\$ 150,186</u>	