

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

**UNITECH ELECTRONICS CO., LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
WITH  
REPORT OF INDEPENDENT ACCOUNTANTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

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.

## REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2022 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Unitech Electronics Co., Ltd.

Chairman: Yeh, Chia-Wen

March 22, 2023

English Translation of a Report Originally Issued in Chinese

**Independent Auditors' Report**

To the Board of Directors and Shareholders  
of Unitech Electronics Co., Ltd.

**Opinion**

We have audited the accompanying consolidated balance sheets of Unitech Electronics Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

**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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

The Group recognized NT\$2,350,259 thousand as operating revenue which mainly stemmed from the sale of automatic data capture products for the year ended December 31, 2022. Sale of automatic data capture products is the main operating activity of the Group. The revenue was recognized when the Group has transferred the promised goods to its customers and satisfied the 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(19) and Note 6(17) to the consolidated financial statements.

### Inventory evaluation

The Group had net inventory of NT\$476,859 thousand, representing 19.07% of total assets as of December 31, 2022. Due to the rapid change of technology of automatic 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(11), Note 5(2), and Note 6(7) to the consolidated financial statements.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 the Group. 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated 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.

## Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of Unitech Electronics Co. Ltd. as of and for the years ended December 31, 2022 and 2021.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

March 22, 2023

### 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. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY			December 31, 2022		December 31, 2021	
Code	Description	Notes	Amount	%	Amount	%	Code	Description	Notes	Amount	%	Amount	%
	<b>Current assets</b>							<b>Current liabilities</b>					
1100	Cash and cash equivalents	4, 6(1)	\$ 868,790	34.74	\$ 506,384	21.84	2120	Financial liabilities at fair value through profit or loss-current	4, 6(12)	\$ 1,211	0.05	\$ 65	-
1110	Financial assets at fair value through profit or loss-current	4, 6(2)	-	-	241,648	10.42	2130	Contract liabilities-current	4, 6(17)	82,482	3.30	58,021	2.50
1136	Financial assets measured at amortized cost-current	4, 6(4)	7,071	0.28	6,861	0.30	2150	Notes payable		9,648	0.38	2,737	0.12
1140	Contract assets-current	4, 6(17), 6(18)	1,804	0.07	6,254	0.27	2170	Trade payables	7	236,557	9.46	242,328	10.45
1150	Notes receivable, net	4, 6(5), 6(18)	32,696	1.31	18,457	0.80	2200	Other payables	7	154,375	6.17	133,333	5.75
1170	Trade receivables, net	4, 6(6), 6(18), 7	474,186	18.96	457,835	19.75	2230	Current tax liabilities	4, 5, 6(23)	11,678	0.47	5,101	0.22
1197	Finance lease receivable, net	4, 6(18), 6(19)	2,898	0.12	-	-	2250	Provisions-current	4, 6(13)	1,926	0.08	2,374	0.10
1200	Other receivables		2,652	0.11	2,481	0.11	2280	Lease liabilities-current	4, 6(19)	28,007	1.12	20,125	0.87
1220	Current tax assets	4, 5, 6(23)	5,530	0.22	4,975	0.21	2300	Other current liabilities	4, 6(14)	15,534	0.62	24,860	1.07
130x	Inventories, net	4, 5, 6(7)	476,859	19.07	442,084	19.07	21xx	Total current liabilities		541,418	21.65	488,944	21.08
1410	Prepayments		48,322	1.93	91,837	3.96		<b>Non-current liabilities</b>					
11xx	Total current assets		1,920,808	76.81	1,778,816	76.73	2527	Contract liabilities-noncurrent	4, 6(17)	49,434	1.98	48,729	2.10
	<b>Non-current assets</b>						2570	Deferred tax liabilities	4, 5, 6(23)	1,609	0.06	317	0.02
1517	Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	27,713	1.11	27,815	1.20	2580	Lease liabilities-noncurrent	4, 6(19)	71,006	2.84	16,772	0.73
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	4,913	0.19	5,358	0.23	2640	Net defined benefit liabilities-noncurrent	4, 6(15)	15,161	0.61	20,191	0.87
1600	Property, plant and equipment	4, 6(8), 7, 8	362,863	14.51	355,394	15.33	2645	Deposits received		308	0.01	20	-
1755	Right-of-use assets	4, 6(19)	83,104	3.32	36,806	1.59	25xx	Total non-current liabilities		137,518	5.50	86,029	3.72
1780	Intangible assets	4, 6(9)	23,503	0.94	32,396	1.40		<b>Total liabilities</b>		678,936	27.15	574,973	24.80
1840	Deferred tax assets	4, 5, 6(23)	31,505	1.26	41,956	1.81	31xx	<b>Equity attributable to owners of parent</b>					
1920	Refundable deposits		29,539	1.18	36,391	1.57	3100	Share capital					
1900	Other non-current assets	4, 6(10)	5,751	0.23	3,201	0.14	3110	Common stock	6(16)	750,975	30.03	750,975	32.40
194D	Long-term finance lease receivable, net	4, 6(18), 6(19)	11,169	0.45	-	-	3200	Capital surplus	4, 6(16), 6(25)	935,226	37.40	935,226	40.35
15xx	Total non-current assets		580,060	23.19	539,317	23.27	3300	Retained earnings	6(16)				
							3310	Legal reserve		23,926	0.96	18,862	0.81
							3320	Special reserve		41,025	1.64	26,606	1.15
							3350	Undistributed earnings		92,004	3.68	50,641	2.18
								Total retained earnings		156,955	6.28	96,109	4.14
							3400	Other equity	4	(23,142)	(0.93)	(41,025)	(1.77)
								Equity attributable to owners of the parent		1,820,014	72.78	1,741,285	75.12
							36xx	<b>Non-controlling interests</b>	4, 6(16)	1,918	0.07	1,875	0.08
							3xxx	Total equity		1,821,932	72.85	1,743,160	75.20
1xxx	<b>Total assets</b>		\$ 2,500,868	100.00	\$ 2,318,133	100.00	3x2x	<b>Total liabilities and equity</b>		\$ 2,500,868	100.00	\$ 2,318,133	100.00

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin



## UNITECH ELECTRONICS CO., LTD.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

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

Code	Description	Notes	2022		2021	
			Amount	%	Amount	%
4000	<b>Operating revenue</b>	4, 6(17), 7	\$ 2,350,259	100.00	\$ 2,356,165	100.00
5000	<b>Operating cost</b>	6(7), 6(9), 6(20), 7	(1,587,387)	(67.54)	(1,605,644)	(68.15)
5900	<b>Gross profit</b>		762,872	32.46	750,521	31.85
6000	<b>Operating expenses</b>					
6100	Selling expenses	6(9), 6(19), 6(20), 7	(437,279)	(18.60)	(415,761)	(17.64)
6200	Administrative expenses	6(9), 6(19), 6(20), 7	(80,416)	(3.42)	(97,111)	(4.12)
6300	Research and development expenses	6(9), 6(19), 6(20), 7	(137,650)	(5.86)	(150,778)	(6.40)
6450	Expected credit losses	4, 6(18)	(6,546)	(0.28)	(2,755)	(0.12)
	Total operating expenses		(661,891)	(28.16)	(666,405)	(28.28)
6900	<b>Operating income</b>		100,981	4.30	84,116	3.57
7000	<b>Non-operating income and expenses</b>	6(21), 7				
7100	Interest income		1,529	0.07	323	0.01
7010	Other income		4,677	0.20	1,382	0.06
7020	Other gains and losses		8,475	0.36	(5,155)	(0.22)
7050	Finance costs		(1,535)	(0.07)	(2,043)	(0.08)
	Total non-operating income and expenses		13,146	0.56	(5,493)	(0.23)
7900	<b>Income before income tax</b>		114,127	4.86	78,623	3.34
7950	<b>Income tax expense</b>	4, 5, 6(23)	(22,690)	(0.97)	(26,768)	(1.14)
8200	<b>Net income</b>		91,437	3.89	51,855	2.20
8300	<b>Other comprehensive income (loss)</b>	6(22)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		842	0.04	(1,004)	(0.04)
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		(102)	-	240	0.01
8349	Income tax relating to those items that will not be reclassified to profit or loss		(148)	(0.01)	153	0.01
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		22,392	0.95	(18,523)	(0.79)
8399	Income tax relating to those items that may be reclassified to profit or loss		(4,491)	(0.19)	3,652	0.15
	<b>Other comprehensive income (loss), net of income tax</b>		18,493	0.79	(15,482)	(0.66)
8500	<b>Total comprehensive income</b>		\$ 109,930	4.68	\$ 36,373	1.54
8600	<b>Net income attributable to:</b>					
8610	Owners of the parent company	4, 6(24)	\$ 91,331		\$ 51,444	
8620	Non-controlling interests		106		411	
			\$ 91,437		\$ 51,855	
8700	<b>Total comprehensive income attributable to:</b>					
8710	Owners of the parent		\$ 109,887		\$ 36,222	
8720	Non-controlling interests		43		151	
			\$ 109,930		\$ 36,373	
	<b>Earnings per share (NT\$)</b>					
9750	Basic earnings per share	4, 6(24)	\$ 1.22		\$ 1.03	
9850	Diluted Earnings Per Share	4, 6(24)	\$ 1.21		\$ 1.03	

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

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Equity attributable to owners of parent								Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings			Other equity		Equity attributable to owners of parent		
		Common stock		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	31XX	36XX	3XXX
A1	Balance as of January 1, 2021	\$ 470,975	\$ 604,986	\$ 17,222	\$ 19,056	\$ 16,398	\$ (24,292)	\$ (2,314)	\$ 1,102,031	\$ 1,724	\$ 1,103,755
	Appropriation and distribution of 2020 earnings:										
B1	Legal reserve	-	-	1,640	-	(1,640)	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	7,550	(7,550)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(7,208)	-	-	(7,208)	-	(7,208)
D1	Net income for the year ended December 31, 2021	-	-	-	-	51,444	-	-	51,444	411	51,855
D3	Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(803)	(14,611)	192	(15,222)	(260)	(15,482)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	50,641	(14,611)	192	36,222	151	36,373
E1	Issuance of common stock for cash	280,000	308,000	-	-	-	-	-	588,000	-	588,000
N1	Share-based payment transactions	-	22,240	-	-	-	-	-	22,240	-	22,240
Z1	Balance as of December 31, 2021	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	\$ 1,741,285	\$ 1,875	\$ 1,743,160
A1	Balance as of January 1, 2022	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	\$ 1,741,285	\$ 1,875	\$ 1,743,160
	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)	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331	106	91,437
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556	(63)	18,493
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887	43	109,930
Z1	Balance as of December 31, 2022	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014	\$ 1,918	\$ 1,821,932

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

## UNITECH ELECTRONICS CO., LTD.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

Description		2022	2021	Description		2022	2021
		Amount	Amount			Amount	Amount
AAAA	<b>Cash flows from operating activities :</b>			BBBB	<b>Cash flows from investing activities :</b>		
A10000	Net income before income tax	\$ 114,127	\$ 78,623	B00060	Proceeds from redemption of financial assets measured at amortized cost	235	3,340
A20000	Adjustments for:			B00100	Acquisition of financial assets at fair value through profit or loss	(60,000)	(240,000)
A20010	Profit or loss item which did not affect cash flows:			B00200	Proceeds from disposal of financial assets at fair value through profit or loss	301,296	-
A20100	Depreciation	57,665	51,933	B02700	Acquisition of property, plant and equipment	(32,578)	(28,132)
A20200	Amortization	18,845	21,203	B02800	Proceeds from disposal of property, plant and equipment	-	277
A20300	Expected credit losses	6,546	2,755	B03700	Increase in refundable deposits	(24,586)	(45,294)
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,498	(2,968)	B03800	Decrease in refundable deposits	32,613	32,926
A20900	Interest expense	1,535	2,043	B04500	Acquisition of intangible assets	(9,581)	(15,013)
A21200	Interest income	(1,529)	(323)	B06100	Decrease in long-term lease receivables	1,861	-
A21900	Share-based payment expenses	-	22,240	B07100	Increase in prepayments for equipment	(5,691)	(3,177)
A22500	Losses on disposal of property, plant and equipment	15	35	BBBB	Net cash provided by (used in) investing activities	203,569	(295,073)
A29900	Lease modifications losses (gains)	446	(20)	CCCC	<b>Cash flows from financing activities :</b>		
A30000	Changes in operating assets and liabilities:			C00100	Increase in short-term borrowings	-	965,000
A31125	Decrease (increase) in contract assets	4,960	(648)	C00200	Decrease in short-term borrowings	-	(1,030,000)
A31130	Increase in notes receivable, net	(14,274)	(5,254)	C00300	Increase in deposits received	307	-
A31150	Increase in trade receivables, net	(23,069)	(5,394)	C03100	Decrease in deposits received	(18)	(2)
A31180	Increase in other receivables	(171)	(1,983)	C04020	Cash payment for the principal portion of the lease liabilities	(30,252)	(25,332)
A31200	Increase in inventories, net	(34,775)	(75,489)	C04500	Cash dividends	(31,158)	(7,208)
A31230	Decrease (increase) in prepayments	43,515	(63,958)	C04600	Issuance of common stock for cash	-	588,000
A32125	Increase in contract liabilities	25,166	31,067	CCCC	Net cash (used in) provided by financing activities	(61,121)	490,458
A32130	Increase in notes payable	6,911	1,259	DDDD	Effect of changes in exchange rate on cash and cash equivalents	20,808	(18,352)
A32150	(Decrease) increase in trade payables	(5,771)	10,175	EEEE	Net increase in cash and cash equivalents	362,406	269,079
A32180	Increase in other payables	21,042	27,506	E00100	Cash and cash equivalents at the beginning of the year	506,384	237,305
A32200	(Decrease) increase in provisions-current	(448)	1,748	E00200	Cash and cash equivalents at the end of the year	\$ 868,790	\$ 506,384
A32230	(Decrease) increase in other current liabilities	(9,326)	5,452				
A32240	Decrease in net defined benefit liabilities	(4,188)	(3,673)				
A33000	Cash generated from operating activities	208,720	96,329				
A33100	Interest received	1,529	323				
A33300	Interest paid	(1,535)	(2,076)				
A33500	Income tax paid	(9,564)	(2,530)				
AAAA	Net cash provided by operating activities	199,150	92,046				

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

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## **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 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 consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors on March 22, 2023.

## **3. Newly Issued or Revised Standards and Interpretations**

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

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The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.



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C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences

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, 2023. The aforementioned standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- 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 (Amendment)

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The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” (IFRS 10) and IAS 28 “Investments in Associates and Joint Ventures” (IAS 28), 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 a 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 “Business Combinations” (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.

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IFRS 17 was issued in May 2017 and it was 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. 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.

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

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

E. 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.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Group.

#### **4. Summary of Significant Accounting Policies**

##### (1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC (“TIFRS”).

##### (2) Basis of Preparation

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

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

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When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee;
- B. rights arising from other contractual arrangements;
- C. the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.



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The consolidated entities are listed as follows:

Investor Company	Subsidiary	Main businesses	Percentage of ownership	
			December 31, 2022	December 31, 2021
The Company	Unitech America Ventures Inc. (“UAV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Europe Ventures Inc. (“UEV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Holding Inc. (“UJH”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Asia Ventures Inc. (“UCV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Co., Ltd. (“UTJ”)	Trading of auto data capture products	10.86%	10.86%
UAV	Unitech America Holding Inc. (“UAH”)	Investment business such as financial trust holding	100.00%	100.00%
UAH	Unitech America Inc. (“UTA”)	Trading of auto data capture products in the Americas	100.00%	100.00%
UEV	Unitech Europe Holding Inc. (“UEH”)	Investment business such as financial trust holding	100.00%	100.00%
UEH	Unique Technology Europe B.V.(“UTI”)	Trading of auto data capture products in Europe	100.00%	100.00%
UJH	Unitech Japan Co., Ltd. (“UTJ”)	Trading of auto data capture products in Japan	85.57%	85.57%
UCV	Unitech Industries Holding Inc. (“UIH”)	Investment business such as financial trust holding	100.00%	100.00%
UIH	Xiamen Unitech Co., Ltd. (“UTC”)	Trading of auto data capture products in mainland China	100.00%	100.00%

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in NT\$, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated 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 at 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.

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(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ 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 considered 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 re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement 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.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. the Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. the Group holds the asset primarily for the purpose of trading.
- C. the Group 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.

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All other assets are classified as non-current.

A liability is classified as current when:

- A. the Group expects to settle the liability in its normal operating cycle.
- B. the Group 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 Group 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.

(7) 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).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group 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:

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- a. the Group'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 Group 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 Group 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 Group 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 Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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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 Group 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 represents 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 Group 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 does not reduce the carrying amount in the balance sheet.

The Group 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;

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- 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 Group 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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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 Group 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

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- 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.

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(9) Derivative instruments

The Group 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 and 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.

(10) 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 Group.

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.

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The Group 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.

(11) 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 Group 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.

(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 Group 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	3~7 years
Leasehold improvement	3~16 years

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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, and such changes are treated as changes in accounting estimates.

(13) Leases

The Group 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 Group assesses whether it, 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.



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Group as a lessee

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

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

At the commencement date, the Group 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.

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

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group 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 Group 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.

#### Group as a lessor

At inception of a contract, the Group 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 Group 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 Group allocates the consideration in the contract applying IFRS 15.

The Group 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.

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If the Group is an intermediate lessor, it shall manage the head lease and sublease transactions separately and use the right-of-use assets generated from the head lease to assess the classification of the sublease transactions, rather than by reference to the underlying asset.

(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.

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Software

The Group'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 Group's intangible assets is as follows:

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

(15) Impairment of non-financial assets

The Group 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 Group 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 Group 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.

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(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(17) 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 Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

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. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

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.

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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.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group 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 Group'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.

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

(19) Revenue recognition

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

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The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group 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 Group 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 Group 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 Group 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 Group 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 Group provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

(20) 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.



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Where the Group 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.

(21) 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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- B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- 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 Group 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.

## **5. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Group's consolidated 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 Group 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 Group 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 inventories to net realizable value.

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(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 Group 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(23) for more details on unrecognized deferred tax assets as of December 31, 2022.

**6. Contents of Significant Accounts**

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
	<u>                    </u>	<u>                    </u>
Cash		
Cash on hand	\$          729	\$          1,165
Checking and savings accounts	868,061	505,219
Total	<u>\$      868,790</u>	<u>\$      506,384</u>

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Funds	\$ -	\$ 240,008
Forward exchange contracts	-	1,640
Total	<u>\$ -</u>	<u>\$ 241,648</u>

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, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	<u>\$ 27,713</u>	<u>\$ 27,815</u>

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

(4) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposits-current	\$ 7,071	\$ 6,861
Time deposits-noncurrent	4,913	5,358
Total	<u>\$ 11,984</u>	<u>\$ 12,219</u>

The Group 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.

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(5) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 32,777	\$ 18,503
Less: loss allowance	(81)	(46)
Total	<u>\$ 32,696</u>	<u>\$ 18,457</u>

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) 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, 2022	December 31, 2021
Trade receivables	\$ 485,190	\$ 461,660
Less: loss allowance	(11,058)	(3,863)
Subtotal	<u>474,132</u>	<u>457,797</u>
Trade receivables from related parties	54	38
Less: loss allowance	-	-
Subtotal	<u>54</u>	<u>38</u>
Total	<u>\$ 474,186</u>	<u>\$ 457,835</u>

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\$485,244 thousand and NT\$461,198 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(18) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

The Group's trade receivables are expected to be sold to banks without recourse. The financial assets at fair value through profit or loss were \$4,011 thousand and \$4,470 thousand as of December 31, 2022 and 2021, respectively.

The information of the Group's trade receivables transferred is as follows:

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Transferred financial assets that were derecognized in their entirety

The Group entered into trade receivables factoring agreements without recourse with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset and the Group does not bear the credit risk that the accounts receivable are not paid when due (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction-related information is as follows:

December 31, 2022			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 8,032	\$ 8,032	0.975%~1.475%

  

December 31, 2021			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 8,977	\$ 8,977	0.975%~1.475%

(7) Inventories

A. Inventories, net including:

	December 31, 2022	December 31, 2021
Raw materials	\$ 40,263	\$ 45,783
Work in process	45,804	34,443
Semi-finished goods	88,819	100,935
Finished goods	201,762	183,098
Merchandise inventories	100,211	77,825
Net amount	\$ 476,859	\$ 442,084

B. The cost of inventories recognized in expenses amounted to NT\$1,587,387 thousand and NT\$1,605,644 thousand for the years ended December 31, 2022 and 2021, respectively, including the reversal of write-down of inventories of NT\$4,350 thousand, mainly as a result of inventory consumption, and the written-down of inventories of NT\$2,731 thousand, mainly as result that inventory costs may not be recovered.

C. Inventories were not pledged.

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(8) Property, plant and equipment

					December 31, 2022		December 31, 2021	
Owner-occupied property, plant and equipment					\$ 362,863		\$ 355,394	
	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost :								
As of January 1, 2022	\$ 220,863	\$ 105,437	\$ 70,614	\$ 233,804	\$ 2,876	\$ 10,708	\$ 10,521	\$ 654,823
Additions	-	5,512	8,992	15,251	-	435	2,388	32,578
Disposals and retirements	-	-	(1,925)	(31,560)	-	(115)	(439)	(34,039)
Transfers	-	1,667	-	1,103	-	-	-	2,770
Exchange differences	-	-	199	-	-	285	198	682
As of December 31, 2022	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 77,880</u>	<u>\$ 218,598</u>	<u>\$ 2,876</u>	<u>\$ 11,313</u>	<u>\$ 12,668</u>	<u>\$ 656,814</u>
Cost:								
As of January 1, 2021	\$ 220,863	\$ 103,961	\$ 73,833	\$ 293,661	\$ 4,104	\$ 14,500	\$ 17,778	\$ 728,700
Additions	-	1,476	4,033	21,210	520	289	604	28,132
Disposals and retirements	-	-	(1,801)	(85,841)	(1,748)	(9,065)	(7,831)	(106,286)
Transfers	-	-	(4,833)	4,774	-	5,433	-	5,374
Exchange differences	-	-	(618)	-	-	(449)	(30)	(1,097)
As of December 31, 2021	<u>\$ 220,863</u>	<u>\$ 105,437</u>	<u>\$ 70,614</u>	<u>\$ 233,804</u>	<u>\$ 2,876</u>	<u>\$ 10,708</u>	<u>\$ 10,521</u>	<u>\$ 654,823</u>
Depreciation and impairment:								
As of January 1, 2022	\$ -	\$ 43,769	\$ 63,398	\$ 174,295	\$ 1,844	\$ 9,550	\$ 6,573	\$ 299,429
Depreciation	-	2,394	3,160	20,279	398	539	1,243	28,013
Disposals and retirements	-	-	(1,925)	(31,560)	-	(100)	(439)	(34,024)
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	-	195	-	-	220	118	533
As of December 31, 2022	<u>\$ -</u>	<u>\$ 46,163</u>	<u>\$ 64,828</u>	<u>\$ 163,014</u>	<u>\$ 2,242</u>	<u>\$ 10,209</u>	<u>\$ 7,495</u>	<u>\$ 293,951</u>
As of January 1, 2021	\$ -	\$ 41,833	\$ 68,205	\$ 240,513	\$ 2,591	\$ 13,323	\$ 13,110	\$ 379,575
Depreciation	-	1,936	2,685	19,623	724	474	1,325	26,767
Disposals and retirements	-	-	(1,801)	(85,841)	(1,471)	(9,030)	(7,831)	(105,974)
Transfers	-	-	(4,890)	-	-	4,890	-	-
Exchange differences	-	-	(801)	-	-	(107)	(31)	(939)
As of December 31, 2021	<u>\$ -</u>	<u>\$ 43,769</u>	<u>\$ 63,398</u>	<u>\$ 174,295</u>	<u>\$ 1,844</u>	<u>\$ 9,550</u>	<u>\$ 6,573</u>	<u>\$ 299,429</u>
Net carrying amount as of :								
December 31, 2022	<u>\$ 220,863</u>	<u>\$ 66,453</u>	<u>\$ 13,052</u>	<u>\$ 55,584</u>	<u>\$ 634</u>	<u>\$ 1,104</u>	<u>\$ 5,173</u>	<u>\$ 362,863</u>
December 31, 2021	<u>\$ 220,863</u>	<u>\$ 61,668</u>	<u>\$ 7,216</u>	<u>\$ 59,509</u>	<u>\$ 1,032</u>	<u>\$ 1,158</u>	<u>\$ 3,948</u>	<u>\$ 355,394</u>



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Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2022 and 2021.

No interest was capitalized for the years end December 31, 2022 and 2021.

(9) Intangible assets

		Software
Cost:		
As of January 1, 2022	\$	253,990
Additions		9,581
Disposals		(56,293)
Transfers		371
Exchange differences		221
As of December 31, 2022	\$	207,870
As of January 1, 2021	\$	251,921
Additions		15,013
Disposals		(12,626)
Transfers		288
Exchange differences		(606)
As of December 31, 2021	\$	253,990
Accumulated amortization and impairment:		
As of January 1, 2022	\$	221,594
Amortization		18,845
Disposals		(56,293)
Exchange differences		221
As of December 31, 2022	\$	184,367
As of January 1, 2021	\$	213,583
Amortization		21,203
Disposals		(12,626)
Exchange differences		(566)
As of December 31, 2021	\$	221,594

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Net carrying amount as of:		<u>Software</u>
December 31, 2022	\$	<u>23,503</u>
December 31, 2021	\$	<u>32,396</u>

The amortization expenses of intangible assets are as follows:

	<u>For the years ended</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 330	\$ 162
Selling expenses	\$ 598	\$ 1,003
Administrative expenses	\$ 1,076	\$ 1,131
Research and development expenses	\$ 16,841	\$ 18,907

(10) Other non-current assets

	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Prepayments for equipment	\$ 5,751	\$ 3,201

(11) Short-term borrowings

The Group's unused short-term lines of credits amounted to NT\$467,006 thousand and NT\$477,952 thousand as of December 31, 2022 and 2021, respectively.

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

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(12) Financial liabilities at fair value through profit or loss-current

	December 31, 2022	December 31, 2021
Held for trading financial assets		
Forward exchange contracts	\$ 1,211	\$ 65

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

(13) Provisions

	<u>Warranties</u>
As of January 1, 2022	\$ 2,374
Arising during the period	537
Unused provision reversed	(1,123)
Exchange differences	138
As of December 1, 2022	<u>\$ 1,926</u>
Current—December 31, 2022	<u>\$ 1,926</u>
Current—December 31, 2021	<u>\$ 2,374</u>

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(14) Other current liabilities

	December 31, 2022	December 31, 2021
Refund liabilities	\$ 12,730	\$ 10,663
Deferred government grants	-	11,345
Other current liabilities	2,804	2,852
Total	<u>15,534</u>	<u>\$ 24,860</u>

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(15) 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. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$18,869 thousand and NT\$18,633 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.

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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\$2,027 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The weighted average duration of the defined benefits obligation was 16 years and 17 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31	
	2022	2021
Net interest expense on the net defined benefit liabilities (assets)	\$ 165	\$ 98

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

	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	\$ 15,959	\$ 22,607	\$ 24,955
Plan assets at fair value	(798)	(2,416)	(2,095)
Net defined benefit liabilities	\$ 15,161	\$ 20,191	\$ 22,860

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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, 2021	\$ 24,955	\$ (2,095)	\$ 22,860
Interest expense (income)	107	(9)	98
Remeasurements of defined benefit liabilities / asset:			
Experience adjustments	1,034	-	1,034
Remeasurements of the defined benefit assets	-	(30)	(30)
Subtotal	1,034	(30)	1,004
Payment of benefit obligation	(3,489)	3,489	-
Contributions by employer	-	(3,771)	(3,771)
As of December 31, 2021	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

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

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.82%
Expected rate of salary increases	0.80%	0.82%

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Sensitivity analysis for significant assumptions is shown below:

	For the years ended			
	December 31			
	2022		2021	
	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%	\$ -	\$ (1,219)	\$ -	\$ (1,771)
Discount rate decreases by 0.5%	1,340	-	1,965	-
Expected rate of salary increases by 0.5%	1,341	-	1,955	-
Expected rate of salary decreases by 0.5%	-	(1,232)	-	(1,780)

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.

## (16) Equity

### A. Common stock

The Company's authorized capital as of December 31, 2022 and 2021 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, 2022 and 2021 was NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand shares, with a par value of NT\$10 each share, amounting to NT\$280,000 thousand. The issuance price was NT\$21 per share and the issuance date was November 24, 2021. The related registration processes have been completed.

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B. Capital surplus

	December 31, 2022	December 31, 2021
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.

Please refer to Note 6(24) for more details on share-based payment.

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 distribution of the remaining portion, if applicable, the Group shall distribute it 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 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 50% 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.



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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 reserve 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 2021 was resolved by the stockholders' meeting held on June 8, 2022, while the appropriation of earnings for 2022 was proposed by the Board of Directors' meeting on March 22, 2023. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 9,200	\$ 5,064		
Special reserve	(17,883)	14,419		
Common stock-cash dividends	50,343	31,158	\$ 0.67	\$ 0.41
Total	\$ 41,660	\$ 50,641		

Please refer to Note 6(20) for more details on employees' compensations and the remuneration to directors.

D. Non-controlling interests

	For the years ended	
	December 31	
	2022	2021
Beginning balance	\$ 1,875	\$ 1,724
Net income attributable to non-controlling interests	106	411
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of foreign operations	(63)	(260)
Total	\$ 1,918	\$ 1,875

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(17) Operating revenue

	For the years ended December 31	
	2022	2021
	Revenue from contracts with customers	
Sale of goods	\$ 2,269,104	\$ 2,288,444
Rendering of services	81,155	67,721
Total	\$ 2,350,259	\$ 2,356,165

Analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 is as follows:

A. Disaggregation of revenue

	For the years ended December 31	
	2022	2021
	Revenue from contracts with customers	
Sale of goods	\$ 2,269,104	\$ 2,288,444
Rendering of services	81,155	67,721
Total	\$ 2,350,259	\$ 2,356,165
Revenue recognition point:		
At a point in time	\$ 2,277,485	\$ 2,298,190
Satisfies the performance obligation over time	72,774	57,975
Total	\$ 2,350,259	\$ 2,356,165

B. Contract balances

a. Contract assets – current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	\$ 1,804	\$ 6,254	\$ 6,115

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The significant changes in the Group's balances of contract assets for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
The opening balance transferred to trade receivables	\$ (6,254)	\$ (6,115)
Change in the progress of completion	1,294	6,763
Reversal (recognition) of impairment	510	(509)

b. Contract liabilities – current and noncurrent

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	\$ 131,916	\$ 106,750	\$ 75,683
Current	\$ 82,482	\$ 58,021	\$ 49,303
Noncurrent	\$ 49,434	\$ 48,729	\$ 26,380

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	\$ 28,745	\$ 15,988	\$ 14,436
Rendering of services	103,171	90,762	61,247
Total	\$ 131,916	106,750	\$ 75,683

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
Revenue recognized during the period that was included in the beginning balance	\$ (49,841)	\$ (36,662)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	75,007	67,729

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

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(18) Expected credit losses (gains)

	For the years ended December 31	
	2022	2021
Operating expenses-Expected credit losses (gains)		
Contract assets	\$ (510)	\$ 509
Notes receivable	35	13
Trade receivables	7,021	2,233
Total	\$ 6,546	\$ 2,755

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

The Group measures the loss allowance of its contract assets, receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivable at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of December 31, 2022 and 2021 are as follows:

A. Finance lease receivables were not overdue and the expected credit loss rate was 0%. Details of carrying amounts are as follows:

	December 31, 2022	December 31, 2021
Finance lease receivable	\$ 3,214	\$ -
Less: unearned finance income	(316)	-
Subtotal	2,898	-
Long-term finance lease receivable	11,658	-
Less: unearned finance income	(489)	-
Subtotal	11,169	-
Total	\$ 14,067	\$ -

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

	December 31, 2022	December 31, 2021
Gross carrying amount	\$ 1,804	\$ 6,764
Expected credit loss rates	0%	0%~50%
Loss allowance	-	(510)
Total	\$ 1,804	\$ 6,254

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

	December 31, 2022	December 31, 2021
Gross carrying amount	\$ 32,777	\$ 18,503
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(81)	(46)
Total	<u>\$ 32,696</u>	<u>\$ 18,457</u>

D. The Group 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, 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	\$ 402,640	\$ 50,751	\$ 11,928	\$ 3,375	\$ 13,992	\$ 2,558	\$ 485,244
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	572	594	338	6,996	2,558	11,058
Total	<u>\$ 402,640</u>	<u>\$ 50,179</u>	<u>\$ 11,334</u>	<u>\$ 3,037</u>	<u>\$ 6,996</u>	<u>\$ -</u>	<u>\$ 474,186</u>

As of December 31, 2021

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 Days	
Gross carrying amount	\$ 388,029	\$ 59,616	\$ 7,003	\$ 2,568	\$ 4,135	\$ 347	\$ 461,698
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	852	353	257	2,054	347	3,863
Total	<u>\$ 388,029</u>	<u>\$ 58,764</u>	<u>\$ 6,650</u>	<u>\$ 2,311</u>	<u>\$ 2,081</u>	<u>\$ -</u>	<u>\$ 457,835</u>

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The movements in the provision for impairment of contract assets, notes receivable and trade receivables for the years ended December 31, 2022 and 2021 are as follows:

	<u>Contract assets</u>	<u>Notes receivable</u>	<u>Trade receivables</u>
As of January 1, 2022	\$ 510	\$ 46	\$ 3,863
Allowance for the current period	-	35	7,021
Reversal for the current period	(510)	-	-
Written off	-	-	(129)
Exchange differences	-	-	303
As of December 31, 2022	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ 11,058</u>
As of January 1, 2021	\$ 1	\$ 33	\$ 1,733
Allowance for the current period	509	13	2,233
Written off	-	-	(38)
Exchange differences	-	-	(65)
As of December 31, 2021	<u>\$ 510</u>	<u>\$ 46</u>	<u>\$ 3,863</u>

(19) Leases

A. The Group as lessee

The Group 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 Group are as follows:

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a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings and facilities	\$ 78,172	\$ 29,032
Transportation equipment	4,916	7,598
Other equipment	16	176
Total	<u>\$ 83,104</u>	<u>\$ 36,806</u>

During the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Group amounted to NT\$90,046 thousand and NT\$13,905 thousand, respectively.

(b) Lease liabilities

	December 31, 2022	December 31, 2021
Lease liability	<u>\$ 99,013</u>	<u>\$ 36,897</u>
Current	<u>\$ 28,007</u>	<u>\$ 20,125</u>
Noncurrent	<u>\$ 71,006</u>	<u>\$ 16,772</u>

Please refer to Note 6(21)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings and facilities	\$ 24,526	\$ 22,134
Transportation equipment	4,952	2,865
Other equipment	174	167
Total	<u>\$ 29,652</u>	<u>\$ 25,166</u>

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c. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expense relating to short-term leases	\$ 2,038	\$ 2,643
Income from subleasing right-of-use assets	217	-
Lease modifications gains (losses)	(446)	20

d. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases amounted to NT\$33,825 thousand and NT\$28,857 thousand, respectively.

B. The Group as lessor

The Group subleased a portion of the leased office under a finance lease with a lease term of 5 years. Information on profit or loss in relation to the lease contract is as follows:

The undiscounted lease payments to be received for the remaining years as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Lease income for finance leases		
Finance income on the net investment in the lease	\$ 217	\$ -
	December 31, 2022	December 31, 2021
Not later than one year	\$ 3,214	\$ -
Later than one year but not later than two years	3,344	-
Later than two years but not later than three years	3,477	-
Later than three years but not later than four years	3,616	-
Later than four years but not later than five years	1,221	-
Total undiscounted lease payments	14,872	-
Less: Unearned finance income to finance leases	(805)	-
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	\$ 14,067	\$ -
Current	\$ 2,898	\$ -
Non-current	\$ 11,169	\$ -



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

	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 36,005	\$ 370,063	\$ 406,068	\$ 34,011	\$ 375,738	\$ 409,749
Labor and health insurance	3,635	37,449	41,084	3,497	36,756	40,253
Pension	1,756	17,278	19,034	1,714	17,017	18,731
Others (Note)	1,622	12,617	14,239	1,319	10,562	11,881
Depreciation	20,281	37,384	57,665	19,191	32,742	51,933
Amortization	330	18,515	18,845	162	21,041	21,203

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

According to the Company's Article of Incorporation, no lower than 5~15% 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.

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The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2022 and 2021. 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 amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2021 were NT\$3,436 thousand and NT\$1,374 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 in profit or loss of the subsequent year.

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 2023.

A resolution was approved in a meeting of the Board of Directors held on March 3, 2022 to distribute NT\$3,436 thousand and NT\$1,374 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(21) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2022	2021
Financial assets measured at amortized cost	\$ 1,312	\$ 323
Interest income from financial leases	217	-
Total	\$ 1,529	\$ 323

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B. Other income

	For the years ended	
	December 31	
	2022	2021
Rental income	\$ 279	\$ 321
Government grants	-	724
Others	4,398	337
Total	\$ 4,677	\$ 1,382

C. Other gains and losses

	For the years ended	
	December 31	
	2022	2021
Losses on disposal of property, plant and equipment	\$ (15)	\$ (35)
Foreign exchange gains (losses)	8,001	(16,168)
Gains on financial assets at fair value through profit or loss	1,593	11,731
Other losses-others	(658)	(703)
Lease modifications (losses) gains	(446)	20
Total	\$ 8,475	\$ (5,155)

D. Finance costs

	For the years ended	
	December 31	
	2022	2021
Interest expenses on lease liabilities	\$ 1,535	\$ 882
Interest expenses on borrowings from bank	-	1,161
Total	\$ 1,535	\$ 2,043

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(22) Components of other comprehensive income

For the year ended December 31, 2022

	Reclassification adjustments	Other comprehensive income, before tax	Income tax expense (income)	Other comprehensive income, net of tax
Arising during the period	during the period	income, before tax	expense (income)	income, net of tax
Items that will not to be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	\$ 842	\$ -	\$ (169)	\$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	21	(81)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	22,392	-	(4,491)	17,901
Total other comprehensive income	\$ 23,132	\$ -	\$ (4,639)	\$ 18,493

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For the year ended December 31, 2021

	Reclassification adjustments	Other comprehensive	Income tax	Other comprehensive
Arising during the period	during the period	income, before tax	expenses (income)	income, net of tax
Items that will not to be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	\$ (1,004)	-	\$ (1,004)	\$ 201
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	240	-	240	(48)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences resulting from translating the financial statements of foreign operations	(18,523)	-	(18,523)	3,652
Total other comprehensive income	<u>\$ (19,287)</u>	<u>-</u>	<u>\$ (19,287)</u>	<u>\$ 3,805</u>
				<u>\$ (15,482)</u>

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(23) Income tax

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

Income tax expense recognized in profit or loss

	For the years ended	
	December 31	
	2022	2021
Current income tax expense:		
Current income tax payable	\$ 13,539	\$ 6,916
Adjustments in respect of current income tax of prior periods	-	446
Deferred tax expense:		
Relating to origination and reversal of temporary differences	3,048	27,351
Relating to origination and reversal of tax loss and tax credit	6,103	(7,945)
Total income tax expense	<u>\$ 22,690</u>	<u>\$ 26,768</u>

Income tax recognized in other comprehensive income

	For the years ended	
	December 31	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$ 169	\$ (201)
Unrealised (losses) gains from equity instrument investments measured at fair value through other comprehensive income	(21)	48
Exchange differences resulting from translating the financial statements of foreign operations	4,491	(3,652)
Income tax relating to components of other comprehensive income	<u>\$ 4,639</u>	<u>\$ (3,805)</u>

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

	For the years ended	
	December 31	
	2022	2021
Accounting profit before tax from continuing operations	\$ 114,127	\$ 78,623
Tax at parent company statutory income tax rate	\$ 22,825	\$ 15,725
Tax effect of revenues exempt from taxation	(2,910)	(2,531)
Tax effect of expenses not deductible for tax purposes	68	49
Tax effect of deferred tax assets/liabilities	5,078	8,988
Tax effect of statutory rate difference in foreign jurisdiction	537	4,723
Adjustments in respect of current income tax of prior periods	-	446
Investment tax credits	(4,469)	-
Others	1,561	(632)
Income tax expense (income) recognized in profit or loss	<u>\$ 22,690</u>	<u>\$ 26,768</u>

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

For the years ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation	\$ 436	\$ 32	\$ -	\$ 47	\$ 515
Unrealized allowance for inventory obsolescence	2,207	(750)	-	6	1,463
Valuation of financial assets/ liabilities at fair value through profit or loss	(316)	558	-	-	242
Unrealized exchange gain	137	(355)	-	-	(218)
Accrued employee benefits	2,048	(4)	-	55	2,099
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	-	551
Unrealized profit on intercompany sales	4,060	1,511	-	-	5,571
Bad debts expense	208	1,618	-	18	1,844
Provision for warranties	132	(15)	-	15	132
Refund liabilities	-	1,920	-	(5)	1,915
U.S. state tax	37	57	-	4	98
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	-	2,528
Deferred revenue	3,382	(378)	-	371	3,375
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)
Unused tax credits	14,575	(6,103)	-	1,536	10,008
Deferred tax income (expense)		<u>\$ (9,151)</u>	<u>\$ (4,639)</u>	<u>\$ 2,047</u>	
Net deferred tax assets/(liabilities)	<u>\$ 41,639</u>				<u>\$ 29,896</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$ 41,956</u>				<u>\$ 31,505</u>
Deferred tax liabilities	<u>\$ (317)</u>				<u>\$ (1,609)</u>



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For the years ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation	\$ 17	\$ 417	\$ -	\$ 2	\$ 436
Unrealized inventory valuation loss	1,926	284	-	(3)	2,207
Valuation of financial assets/ liabilities at fair value through profit or loss	277	(593)	-	-	(316)
Unrealized exchange gains or losses	(306)	443	-	-	137
Accrued employee benefits	2,013	58	-	(23)	2,048
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	578	-	(48)	-	530
Unrealized profit on intercompany sales	4,896	(836)	-	-	4,060
Bad debts expense	189	24	-	(5)	208
Provision for warranties	173	(36)	-	(5)	132
Cost of inventories	10	(10)	-	-	-
U.S. state tax	(616)	633	-	20	37
Net defined benefit liabilities-noncurrent	4,068	(735)	201	-	3,534
Deferred revenue	5,883	(2,325)	-	(176)	3,382
Exchange differences resulting from translating the financial statements of foreign operations	2,003	-	3,652	-	5,655
Investments accounted for using the equity method	13,799	(8,785)	-	-	5,014
Unused tax credits	23,141	(7,945)	-	(621)	14,575
Deferred tax income (expense)		<u>\$ (19,406)</u>	<u>\$ 3,805</u>	<u>\$ (811)</u>	
Net deferred tax assets/(liabilities)	<u>\$ 58,051</u>				<u>\$ 41,639</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$ 58,357</u>				<u>\$ 41,956</u>
Deferred tax liabilities	<u>\$ (306)</u>				<u>\$ (317)</u>

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D. The following table contains information of the unused tax losses of the Group:

Year	Tax losses	Unused tax credits as of		Expiration year
		December 31, 2022	December 31, 2021	
2018	\$ 31,914	\$ 4,202	\$ 6,773	2038
2019	25,451	5,806	5,233	2039
2020	17,697	-	684	2030
2021	7,901	-	1,885	2041
		<u>\$ 10,008</u>	<u>\$ 14,575</u>	

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, there were no unrecognized deferred tax assets.

F. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Group's income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant tax liabilities have not been recognized. The Group has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT\$50,363 thousand and NT\$39,339 thousand, respectively.

G. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Group is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020
Subsidiaries-UTA	Filed up to 2021
Subsidiaries-UTI	Assessed and approved up to 2020
Subsidiaries-UTJ	Filed up to 2021
Subsidiaries-UTC	Filed up to 2021

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(24) 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 entity 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 years ended December 31	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 91,331	\$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Basic earnings per share (NT\$)	\$ 1.22	\$ 1.03
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 91,331	\$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Effect of dilution:		
Employee compensation (in thousands)	298	162
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,396	50,175
Diluted earnings per share (NT\$)	\$ 1.21	\$ 1.03

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.

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(25) Share-based payment plans

Certain employees of the Group are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand shares for cash capital increase, with a par value of NT\$10 and the issue price of NT\$21 per share, amounting to NT\$280,000 thousand. Certain portion of the new shares were reserved for employees to subscribe under the Company Act and was treated as stock options granted to employees. The fair value of the stock options on the date of grant was estimated using the Black-Scholes option valuation model. The weighted-average information of each parameter of the valuation model and the fair value of the stock options are listed as follows:

	<u>For the year ended December 31, 2021</u>
Share price on the grant date	\$ 27.05
Exercise price	21
Expected dividend yield	0.00%
Expected volatility	13.87%
Risk free interest rate	0.22%
Expected life	0.068 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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The relevant information of the aforementioned employee stock option plan is as follows:

	For the years ended December 31, 2021	
	Outstanding units (in thousands)	Weighted average exercise price (NT\$)
Outstanding at beginning of period	-	\$ -
Granted	3,676	21
Exercised	(3,397)	21
Expired	(279)	21
Outstanding at end of period	-	-
Exercisable at end of period	-	-
Weighted-average fair value of options granted during the period (NT\$)	\$ 6.05	

Share-based compensation expenses recognized are as follows:

	For the years ended December 31	
	2022	2021
Employee Stock Option	\$ -	\$ 22,240

## 7. Related Party Transactions

### Name and nature of relationship of the related parties

Name of the related parties	Relationship with the Group
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Artilux Corporation	Substantive related parties
Artilux Inc.	Substantive related parties
Hi-Jet Incorporation	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties
GMI (Shanghai) International Trading Co., Ltd.	Substantive related parties

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Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2022	2021
Substantive related parties	\$ 2,062	\$ 44
Parent company	1,507	8,033
Total	\$ 3,569	\$ 8,077

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.

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.

(2) Purchases

	For the years ended December 31	
	2022	2021
Parent company	\$ 5,833	\$ 3,994
Other related party	2,816	2,773
Total	\$ 8,649	\$ 6,767

Payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 30-60 days

The purchase price of the parent company and other related party are based on related party transaction, the payment term are month-end 30 days.

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(3) Trade receivables from related parties

	December 31, 2022	December 31, 2021
Parent company	\$ 54	\$ 38

(4) Trade payables to related parties

	December 31, 2022	December 31, 2021
Other related party	\$ 45	\$ -
Parent company	25	-
Total	\$ 70	\$ -

(5) Other payables from related parties

	December 31, 2022	December 31, 2021
Parent company	\$ 682	\$ 736

(6) Manufacturing expenses

	For the years ended December 31	
	2022	2021
Parent company	\$ 297	\$ 282

(7) Operating expenses

	For the years ended December 31	
	2022	2021
Parent company	\$ 10,789	\$ 11,247
Substantive related party	49	452
Other related party	-	60
Total	\$ 10,838	\$ 11,759

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The Company leases warehouse from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis. The Company recognized the rental expenses in the amount of NT\$1,485 thousand and NT\$1,451 thousand for the years ended December 31, 2022 and 2021, respectively.

(8) Other revenue

	For the years ended	
	December 31	
	2022	2021
Parent company	\$ 1	\$ 5
	1	5

(9) Property transaction

	For the years ended	
	December 31	
	2022	2021
Parent company	\$ 235	\$ 867
Other related party	162	-
Total	\$ 397	\$ 867
	397	867

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

(10) Key management personnel compensation

	For the years ended	
	December 31	
	2022	2021
Short-term employee benefits	\$ 35,646	\$ 34,578
Post-employment benefits	540	1,214
Total	\$ 36,186	\$ 35,792
	36,186	35,792



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## 8. Assets Pledged as Collateral

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

Assets Pledged as Collateral	Carrying Amount		Purpose of pledge
	December 31, 2022	December 31, 2021	
Financial assets measured at amortized cost-noncurrent	\$ 3,249	\$ 3,710	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,664	1,648	Performance guarantee
Property, plant and equipment-land and building	278,382	279,951	Pledge Loan
Total	<u>\$ 283,295</u>	<u>\$ 285,309</u>	

## 9. Significant Contingencies and Unrecognized Contractual Commitments

- (1) As of December 31, 2022, the Group issued the letters of guarantee through financial institutions in the amount of NT\$2,500 thousand for customs duty and performance guarantee.
- (2) As of December 31, 2022, the Group issued promissory notes in the amount of NT\$4,964 thousand for performance guarantee.
- (3) As of December 31, 2022, the Group's unused letters of credit amounted to NT\$7,640 thousand.

## 10. Losses Due to Major Disasters

None.

## 11. Significant Subsequent Events

None.

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**12. Others**

(1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	\$ 4,011	\$ 246,118
Financial assets at fair value through other comprehensive income	27,713	27,815
Financial assets measured at amortized cost (Note 2)	1,429,174	1,028,132
Total	<u>\$ 1,460,898</u>	<u>\$ 1,302,065</u>

Financial liabilities

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Held for trading	\$ 1,211	\$ 65
Financial liabilities at amortized cost:		
Trade payables (including related parties)	246,205	245,065
Other payables (including related parties)	154,375	133,333
Lease liabilities (including noncurrent)	99,013	36,897
Deposits received	308	20
Total	<u>\$ 501,112</u>	<u>\$ 415,380</u>

Note:

- A. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$4,011 thousand and NT\$4,470 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(6) for further explanation.

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B. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables, finance lease receivable (including long-term) and refundable deposits.

(2) Financial risk management objectives and policies

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

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

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The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group 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 Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group'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, 2022 and 2021 would decrease/increase by NT\$1,072 thousand and increase/decrease NT\$796 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposit at variable interest rates. Therefore, the Group expects no fair value and cash flow risks due to significant interest rate fluctuations.

Other risk

The Group's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group'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 Group'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 Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves certain equity investments according to level of authority.

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A change of 1% in the price of the funds could increase/decrease the Group's investment of funds for the years ended December 31, 2022 and 2021 by NT\$0 and NT\$2,400 thousand, respectively.

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 a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group'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 Group'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 Group's treasury in accordance with the Group's policy. The Group 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 Group'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 Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes 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.

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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, 2022						
Trade payables	\$ 246,205	\$ -	\$ -	\$ -	\$ -	\$ 246,205
Other payables	154,375	-	-	-	-	154,375
Lease liabilities	30,000	63,600	10,246	-	-	103,846
Refundable deposits	-	308	-	-	-	308
As of December 31, 2021						
Trade payables	245,065	-	-	-	-	245,065
Other payables	133,333	-	-	-	-	133,333
Lease liabilities	20,539	17,072	-	-	-	37,611
Refundable received	-	20	-	-	-	20

Derivative financial liabilities

	Less than			Later than 5		Total
	1 year	1 to 3 years	4 to 5 years	years		
As of December 31, 2022						
Inflow	\$ 37,569	\$ -	\$ -	\$ -	\$ -	\$ 37,569
Outflow	(38,780)	-	-	-	-	(38,780)
Net	\$ (1,211)	\$ -	\$ -	\$ -	\$ -	\$ (1,211)
As of December 31, 2021						
Inflow	\$ 29,054	\$ -	\$ -	\$ -	\$ -	\$ 29,054
Outflow	(29,119)	-	-	-	-	(29,119)
Net	\$ (65)	\$ -	\$ -	\$ -	\$ -	\$ (65)

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

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liabilities	Deposits received	Total
As of January 1, 2022	\$ 36,897	\$ 20	\$ 36,917
Cash flows			
Inflow	-	307	307
Outflow	(30,252)	(18)	(30,270)
Non-cash flows	92,368	(1)	92,367
As of December 31, 2022	<u>\$ 99,013</u>	<u>\$ 308</u>	<u>\$ 99,321</u>

Reconciliation of liabilities for year ended December 31, 2021:

	Short-term borrowing	Lease liabilities	Deposits received	Total
As of January 1, 2021	\$ 65,000	\$ 51,029	\$ 22	\$ 116,051
Cash flows				
Inflow	965,000	-	-	965,000
Outflow	(1,030,000)	(25,332)	-	(1,055,332)
Non-cash flows	-	11,200	(2)	11,198
As of December 31, 2021	<u>\$ -</u>	<u>\$ 36,897</u>	<u>\$ 20</u>	<u>\$ 36,917</u>

(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 Group 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.

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- 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 subject'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, finance lease receivable, 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 Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and 2021 are as follows:

Forward exchange contracts

The Group 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 outstanding forward exchange contracts:



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Items	Contract amount ('000)	Maturity period
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
As of December 31, 2021		
Forward exchange contracts	Sell EUR 1,617 thousand	From January 3, 2022 to April 19, 2022
Forward exchange contracts	Sell JPY 121,000 thousand	From January 3, 2022 to March 31, 2022
Forward exchange contracts	Buy USD 974 thousand	From January 3, 2022 to January 25, 2022

The Group 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 Group 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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

As of December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$ 240,008	\$ -	\$ -	\$ 240,008
Forward exchange contracts	-	1,640	-	1,640
Financial assets at fair value through other comprehensive income				
Preferred stock	-	-	27,815	27,815
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	65	-	65

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Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, 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 year is as follows:

	Assets
	At fair value through other comprehensive income
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
	Assets
	At fair value through other comprehensive income
As of January 1, 2021	\$ 27,575
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	240
As of December 31, 2021	\$ 27,815

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:

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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 stock	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 Group's equity by NT(\$1,423)/NT\$1,423 thousand

As of December 31, 2021

	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 stock	Income approach	Discount for lack of marketability	30.00%	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 Group's equity by NT(\$1,589)/NT\$1,589 thousand

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

The Group'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 Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group'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, 2022		
		Foreign currencies		
		(thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$	5,564	30.70	\$ 170,827
EUR		155	32.74	5,069
CNY		50	4.409	218
 <u>Financial liabilities</u>				
Monetary items:				
USD		2,071	30.70	63,579
CNY		240	4.409	1,058

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As of December 31, 2021				
Foreign currencies				
(thousand)		Foreign exchange rate		NT\$ (thousand)
<u>Financial assets</u>				
Monetary items:				
USD	\$	4,965	27.67	\$ 137,393
EUR		552	31.33	17,309
JPY		1,347	0.2406	324
CNY		55	4.35	237
 <u>Financial liabilities</u>				
Monetary items:				
USD		7,843	27.67	217,019

Because there are several types of foreign currency transactions within the Group, 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 gains (losses) were NT\$8,001 thousand and NT\$(16,168) thousand for the years ended December 31, 2022 and 2021, respectively.

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

(11) Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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, 2022: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
- C. Securities held as of December 31, 2022: Please refer to Attachment 2.
- 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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to Attachment 3.
- 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, 2022: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(12), and 12(8)
- J. Other : Intercompany relationships and significant intercompany transactions : Please refer to Attachment 4.

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(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 5 and Attachment 5-1.

(3) Information on investments in Mainland China

A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses 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 6.

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

(a) The sales amounted to NT\$36,943 thousand representing 1.97% of the net sales. (Note)

(b) The receivables amounted to NT\$14,736 thousand representing 3.91% of the total receivables. (Note)

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\$53,410 thousand representing 4.21% of the net purchases. (Note)

(b) The payables amounted to NT\$6,770 thousand representing 3.30% of the total payables. (Note)

Note: The aforementioned ratios were calculated based on the individual financial statements of Unitech Electronics Co., Ltd.



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- 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 7.

#### 14. Segment information

(1) The Group principally engaged in the development, manufacture and sale of automatic data capture product and related businesses. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Group is aggregated into a single segment.

(2) Geographical information

##### A. Revenue from external customers

	For the years ended	
	December 31	
	2022	2021
Asia	\$ 1,389,937	\$ 1,274,338
America	548,822	576,667
Europe	408,777	502,546
Oceania	2,723	2,614
Total	\$ 2,350,259	\$ 2,356,165

Revenue is classified by customers' countries.

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B. Non-current assets :

	December 31, 2022	December 31, 2021
Taiwan	\$ 405,618	\$ 411,860
United States	47,753	4,962
Netherlands	14,570	5,182
Japan	5,213	2,310
China	2,067	3,483
Total	<u>\$ 475,221</u>	<u>\$ 427,797</u>

(3) Major customers

Customers accounting for 10% (or above) of net sales are as follows:

	For the years ended December 31	
	2022	2021
Customer A	(Note)	\$ 265,774

Note: The sales from individual customer were less than 10% of consolidated operating revenue.

## Attachment 1

## Endorsement/Guarantee provided to others

(Amounts in Thousands of New Taiwan Dollars)

NO. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relationship (Note 2)										
0	The Company	Unitech America Inc.	(Note 2)	\$ 182,001	\$ 153,500 (Note 4)	\$ -	\$ -	\$ -	\$ -	\$ 546,004	Y	N	N

Note 1: Description of the numbers field is as follows:

- (1) For the Company, fill in 0.
- (2) The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

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

Note 3: The limit of endorsement for and single entity is 10% of the Company's net worth; the total maximum endorsement limit of endorsement is 30% of the Company's net worth.

Note 4: Before expiration of the endorsement/guarantee, the Company's Board of Directors approved to extend the the Company's endorsement/guarantee of UTA. The maximum endorsement/guarantee balance for the period in amount of USD 5,000,000 was based on the original endorsement/guarantee amount plus the extended endorsement/guarantee amount, which were converted into New Taiwan Dollars at the exchange rate at reporting date.

Attachment 2

Securities held as of December 31, 2022 (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, 2022				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	\$ 27,713	1.18%	\$ 27,713	-

Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock

(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	\$ 291,313	15.55%	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.	\$ 21,503	5.71 %	-
The Company	Unique Technology Europe B.V. ( " UTI " )	Investments accounted for using the equity method	Sales	225,323	12.03%	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.	19,239	5.10 %	-

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

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

(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	\$ 291,313	30 days after invoice date	12.39%
"	"	"	"	Trade receivables	21,503	"	0.86%
"	"	"	"	Operating cost	4,898	Month-end 30 days	0.21%
"	"	UTI	1	Operating revenue	225,323	Month-end 90 days	9.59%
"	"	"	"	Trade receivables	19,239	"	0.77%
"	"	UTJ	1	Operating revenue	84,116	Month-end 90 days	3.58%
"	"	"	"	Trade receivables	19,285	"	0.77%
"	"	UTC	1	Operating revenue	36,943	Month-end 90 days	1.57%
"	"	"	"	Trade receivables	14,736	"	0.59%
"	"	"	"	Operating cost	53,410	Month-end 90 days	2.27%
"	"	"	"	Trade payables	6,770	"	0.27%

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, 2022			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 %	\$ 207,822	\$ 17,860	\$ 18,554	
	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 %	65,877	12,214	13,137	
	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 %	43,566	2,531	2,346	
	Unitech Japan Co., Ltd. (" UTJ "	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto data capture products	TWD 5,384	TWD 5,384	152	10.86 %	5,832	2,958	321	
	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 %	21,229	(2,413)	(2,334)	

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, 2022" 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) recognised by the Company for the year ended December 31, 2022" column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised 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 recognised 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, 2022			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 %	\$ 6,769,071	\$ 616,330	\$ 632,709	
Unitech America Holding Inc. (“UAH”)	Unitech America Inc. (“UTA”)	6182 Katella Ave Cypress, CA 90630, USA	Trading of auto data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	6,769,071	616,330	632,709	
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 %	2,010,838	393,028	420,649	
Unitech Europe Holding Inc. (“UEH”)	Unique Technology Europe B.V. (“UTI”)	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	2,010,838	393,028	420,649	
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 data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	187,075,395	12,696,762	10,339,427	
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 %	4,813,359	(544,836)	(527,746)	

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, 2022” 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) recognised by the Company for the year ended December 31, 2022” column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised 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 recognised by regulations.



## Attachment 6

## 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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses (Note 5)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data capture products	USD 3,419,200	(Note 2) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ (2,413)	100.00%	\$ (2,334) CNY (527,771) (Note 2 (2)A)	\$ 21,173 CNY 4,800,774 (Note 2 (2)A)	\$ 31,038 CNY 977,409

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 109,296	\$ 139,303	
USD 3,560,132	USD 4,537,541	\$ 1,092,008

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. Financial statements audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.
  - B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
  - C. Others.

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

## Attachment 7

### 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%
Jiayun Investment Co., Ltd.	4,817,017	6.41%

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.