

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 NINE MONTHS ENDED  
SEPTEMBER 30, 2023 AND 2022**

Notice to Readers

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

# Consolidated Financial Statements

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English Translation of a Report Originally Issued in Chinese

**Review Report of Independent Accountants**

To Unitech Electronics Co., Ltd.

**Introduction**

We have reviewed the accompanying consolidated balance sheets of Unitech Electronics Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

**Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$139,894 thousand and NT\$117,400 thousand, constituting 5.77% and 4.72% of the consolidated total assets, and total liabilities of NT\$18,209 thousand and NT\$15,291 thousand, constituting 3.02% and 2.28% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; and total comprehensive income of NT\$142 thousand, NT\$(415) thousand, NT\$961 thousand and NT\$(236) thousand, constituting 0.49%, (1.03)%, 1.87% and (0.23)% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively. The information related to above subsidiaries disclosed in Note 13 was also not reviewed by independent accountants.

## Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries and the information disclosed in Note 13 been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Unitech Electronics Co., Ltd. and its subsidiaries as at September 30, 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods ended September 30, 2023 and 2022, and cash flows for the nine-month periods ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan

November 6, 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.

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Description	Notes	Amount	%	Amount	%	Amount	%
	<b>Current assets</b>							
1100	Cash and cash equivalents	4, 6(1)	\$ 360,933	14.88	\$ 868,790	34.74	\$ 541,896	21.78
1110	Financial assets at fair value through profit or loss-current	4, 6(2)	895	0.04	-	-	240,920	9.68
1136	Financial assets measured at amortized cost-current	4, 6(4)	426,587	17.59	7,071	0.28	7,175	0.29
1140	Contract assets-current	4, 6(16), 6(17)	6,065	0.25	1,804	0.07	9,700	0.39
1150	Notes receivable, net	4, 6(5), 6(17)	11,159	0.46	32,696	1.31	23,712	0.95
1170	Trade receivables, net	4, 6(6), 6(17), 7	465,706	19.20	474,186	18.96	498,175	20.02
1197	Finance lease receivable, net	4, 6(17), 6(18)	3,205	0.13	2,898	0.12	2,946	0.12
1200	Other receivables		19,306	0.80	2,652	0.11	7,677	0.31
1220	Current tax assets	4, 5, 6(22)	7,644	0.31	5,530	0.22	9,577	0.38
130x	Inventories, net	4, 6(7)	465,820	19.21	476,859	19.07	483,048	19.42
1410	Prepayments		65,808	2.71	48,322	1.93	66,138	2.66
11xx	Total current assets		<u>1,833,128</u>	<u>75.58</u>	<u>1,920,808</u>	<u>76.81</u>	<u>1,890,964</u>	<u>76.00</u>
	<b>Non-current assets</b>							
1517	Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	31,424	1.30	27,713	1.11	31,784	1.28
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	3,497	0.14	4,913	0.19	4,913	0.20
1600	Property, plant and equipment	4, 6(8), 7, 8	355,242	14.65	362,863	14.51	361,161	14.51
1755	Right-of-use assets	4, 6(18)	77,290	3.19	83,104	3.32	91,307	3.67
1780	Intangible assets	4, 6(9)	24,351	1.00	23,503	0.94	26,077	1.05
1840	Deferred tax assets	4, 5, 6(22)	35,587	1.47	31,505	1.26	35,360	1.42
1920	Refundable deposits		39,497	1.63	29,539	1.18	31,013	1.25
1900	Other non-current assets	4, 6(10)	16,090	0.66	5,751	0.23	3,149	0.13
194D	Long-term finance lease receivable, net	4, 6(17), 6(18)	9,311	0.38	11,169	0.45	12,314	0.49
15xx	Total non-current assets		<u>592,289</u>	<u>24.42</u>	<u>580,060</u>	<u>23.19</u>	<u>597,078</u>	<u>24.00</u>
1xxx	<b>Total assets</b>		<u>\$ 2,425,417</u>	<u>100.00</u>	<u>\$ 2,500,868</u>	<u>100.00</u>	<u>\$ 2,488,042</u>	<u>100.00</u>

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

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY			September 30, 2023		December 31, 2022		September 30, 2022	
Code	Description	Notes	Amount	%	Amount	%	Amount	%
	<b>Current liabilities</b>							
2120	Financial liabilities at fair value through profit or loss-current	4, 6(2)	\$ 14	-	\$ 1,211	0.05	\$ 1,195	0.05
2130	Contract liabilities-current	4, 6(16)	65,715	2.71	82,482	3.30	87,359	3.51
2150	Notes payable		3,355	0.14	9,648	0.38	8,474	0.34
2170	Trade payables	7	232,411	9.58	236,557	9.46	224,086	9.01
2200	Other payables	7	138,394	5.70	154,375	6.17	143,852	5.78
2230	Current tax liabilities	4, 6(22)	2,881	0.12	11,678	0.47	12,627	0.51
2250	Provisions-current	4, 6(12)	1,182	0.05	1,926	0.08	1,937	0.08
2280	Lease liabilities-current	4, 6(18)	29,761	1.23	28,007	1.12	29,550	1.19
2300	Other current liabilities	4, 6(13)	14,359	0.59	15,534	0.62	15,212	0.61
21xx	<b>Total current liabilities</b>		<b>488,072</b>	<b>20.12</b>	<b>541,418</b>	<b>21.65</b>	<b>524,292</b>	<b>21.08</b>
	<b>Non-current liabilities</b>							
2527	Contract liabilities-noncurrent	4, 6(16)	35,287	1.46	49,434	1.98	50,737	2.04
2570	Deferred tax liabilities	4, 5, 6(22)	4,133	0.17	1,609	0.06	334	0.01
2580	Lease liabilities-noncurrent	4, 6(18)	62,956	2.60	71,006	2.84	78,039	3.14
2640	Net defined benefit liabilities-noncurrent	4, 6(14)	11,671	0.48	15,161	0.61	17,924	0.72
2645	Deposits received		324	0.01	308	0.01	337	0.01
25xx	<b>Total non-current liabilities</b>		<b>114,371</b>	<b>4.72</b>	<b>137,518</b>	<b>5.50</b>	<b>147,371</b>	<b>5.92</b>
2xxx	<b>Total liabilities</b>		<b>602,443</b>	<b>24.84</b>	<b>678,936</b>	<b>27.15</b>	<b>671,663</b>	<b>27.00</b>
	<b>Equity attributable to owners of parent</b>							
31xx	<b>Share capital</b>							
3100	Common stock	6(15)	750,975	30.96	750,975	30.03	750,975	30.18
3200	Capital surplus	6(15)	935,226	38.56	935,226	37.40	935,226	37.59
3300	Retained earnings	6(15)						
3310	Legal reserve		33,126	1.37	23,926	0.96	23,926	0.96
3320	Special reserve		23,142	0.95	41,025	1.64	41,025	1.65
3350	Undistributed earnings		91,545	3.78	92,004	3.68	81,945	3.29
	<b>Total retained earnings</b>		<b>147,813</b>	<b>6.10</b>	<b>156,955</b>	<b>6.28</b>	<b>146,896</b>	<b>5.90</b>
3400	Other equity	4	(12,998)	(0.54)	(23,142)	(0.93)	(18,512)	(0.74)
	<b>Equity attributable to owners of the parent</b>		<b>1,821,016</b>	<b>75.08</b>	<b>1,820,014</b>	<b>72.78</b>	<b>1,814,585</b>	<b>72.93</b>
36xx	<b>Non-controlling interests</b>	4, 6(15)	1,958	0.08	1,918	0.07	1,794	0.07
3xxx	<b>Total equity</b>		<b>1,822,974</b>	<b>75.16</b>	<b>1,821,932</b>	<b>72.85</b>	<b>1,816,379</b>	<b>73.00</b>
3x2x	<b>Total liabilities and equity</b>		<b>\$ 2,425,417</b>	<b>100.00</b>	<b>\$ 2,500,868</b>	<b>100.00</b>	<b>\$ 2,488,042</b>	<b>100.00</b>

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

English Translation of Financial Statements Originally Issued in Chinese  
UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the three months and nine months ended September 30, 2023 and 2022  
(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	Three Months Ended September 30				Nine Months Ended September 30			
			2023	%	2022	%	2023	%	2022	%
4000	<b>Operating revenue</b>	4, 6(16), 7	\$ 518,106	100.00	\$ 628,010	100.00	\$ 1,691,524	100.00	\$ 1,763,206	100.00
5000	<b>Operating cost</b>	6(7), 6(9), 6(19), 7	(337,481)	(65.14)	(435,492)	(69.34)	(1,153,768)	(68.21)	(1,194,332)	(67.74)
5900	<b>Gross profit</b>		180,625	34.86	192,518	30.66	537,756	31.79	568,874	32.26
6000	<b>Operating expenses</b>									
6100	Selling expenses	6(9), 6(18), 6(19), 7	(117,473)	(22.67)	(112,655)	(17.94)	(360,068)	(21.29)	(315,697)	(17.90)
6200	Administrative expenses	6(9), 6(18), 6(19), 7	(18,661)	(3.60)	(22,053)	(3.51)	(57,044)	(3.37)	(61,111)	(3.47)
6300	Research and development expenses	6(9), 6(18), 6(19), 7	(40,605)	(7.84)	(34,783)	(5.54)	(109,350)	(6.46)	(98,980)	(5.61)
6450	Expected credit gains (losses)	4, 6(17)	(141)	(0.03)	1,768	0.28	2,677	0.16	(2,883)	(0.16)
	Total operating expenses		(176,880)	(34.14)	(167,723)	(26.71)	(523,785)	(30.96)	(478,671)	(27.14)
6900	<b>Operating income</b>		3,745	0.72	24,795	3.95	13,971	0.83	90,203	5.12
7000	<b>Non-operating income and expenses</b>	6(20)								
7100	Interest income		6,099	1.18	183	0.03	17,492	1.03	377	0.02
7010	Other income		429	0.08	145	0.02	1,174	0.07	468	0.03
7020	Other gains and losses		14,645	2.83	6,734	1.07	18,424	1.09	10,015	0.57
7050	Finance costs		(560)	(0.11)	(558)	(0.09)	(1,639)	(0.10)	(953)	(0.06)
	Total non-operating income and expenses		20,613	3.98	6,504	1.03	35,451	2.09	9,907	0.56
7900	<b>Income before income tax</b>		24,358	4.70	31,299	4.98	49,422	2.92	100,110	5.68
7950	<b>Income tax expense</b>	4, 5, 6(22)	(5,108)	(0.98)	(4,788)	(0.76)	(8,039)	(0.47)	(18,082)	(1.03)
8200	<b>Net income</b>		19,250	3.72	26,511	4.22	41,383	2.45	82,028	4.65
8300	<b>Other comprehensive income (loss)</b>	6(21)								
8310	Items that will not be reclassified subsequently to profit or loss									
8316	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		3,307	0.64	2,140	0.34	3,711	0.22	3,969	0.22
8349	Income tax relating to those items that will not be reclassified to profit or loss		(662)	(0.13)	(427)	(0.07)	(742)	(0.04)	(793)	(0.04)
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences resulting from translating the financial statements of foreign operations		8,498	1.64	14,986	2.39	8,827	0.52	24,007	1.36
8399	Income tax relating to those items that may be reclassified to profit or loss		(1,698)	(0.33)	(2,994)	(0.48)	(1,794)	(0.11)	(4,834)	(0.27)
	<b>Other comprehensive income (loss), net of income tax</b>		9,445	1.82	13,705	2.18	10,002	0.59	22,349	1.27
8500	<b>Total comprehensive income</b>		\$ 28,695	5.54	\$ 40,216	6.40	\$ 51,385	3.04	\$ 104,377	5.92
8600	<b>Net income attributable to:</b>									
8610	Owners of the parent company	4, 6(23)	\$ 19,212		\$ 26,496		\$ 41,201		\$ 81,945	
8620	Non-controlling interests		38		15		182		83	
			\$ 19,250		\$ 26,511		\$ 41,383		\$ 82,028	
8700	<b>Total comprehensive income attributable to:</b>									
8710	Owners of the parent		\$ 28,647		\$ 40,185		\$ 51,345		\$ 104,458	
8720	Non-controlling interests		48		31		40		(81)	
			\$ 28,695		\$ 40,216		\$ 51,385		\$ 104,377	
	<b>Earnings per share (NT\$)</b>									
9750	Basic earnings per share	4, 6(23)	\$ 0.26		\$ 0.35		\$ 0.55		\$ 1.09	
9850	Diluted Earnings Per Share	4, 6(23)	\$ 0.26		\$ 0.35		\$ 0.55		\$ 1.09	

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 nine months ended September 30, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Equity attributable to owners of parent									Non-controlling interests	Total equity
		Share capital		Retained earnings			Other equity		Equity attributable to owners of parent			
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income				
3110	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX			
A1	Balance as of January 1, 2022	\$ 750,975	\$ 935,226	\$ 18,862	\$ 26,606	\$ 50,641	\$ (38,903)	\$ (2,122)	\$ 1,741,285	\$ 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 nine months ended September 30, 2022	-	-	-	-	81,945	-	-	81,945	83	82,028	
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	19,337	3,176	22,513	(164)	22,349	
D5	Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	81,945	19,337	3,176	104,458	(81)	104,377	
Z1	Balance as of September 30, 2022	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 81,945	\$ (19,566)	\$ 1,054	\$ 1,814,585	\$ 1,794	\$ 1,816,379	
A1	Balance as of January 1, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014	\$ 1,918	\$ 1,821,932	
	Appropriation and distribution of 2022 earnings:											
B1	Legal reserve	-	-	9,200	-	(9,200)	-	-	-	-	-	
B5	Cash dividends	-	-	-	-	(50,343)	-	-	(50,343)	-	(50,343)	
B17	Reversal of special reserve	-	-	-	(17,883)	17,883	-	-	-	-	-	
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	41,201	-	-	41,201	182	41,383	
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	7,175	2,969	10,144	(142)	10,002	
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	41,201	7,175	2,969	51,345	40	51,385	
Z1	Balance as of September 30, 2023	\$ 750,975	\$ 935,226	\$ 33,126	\$ 23,142	\$ 91,545	\$ (13,764)	\$ 766	\$ 1,821,016	\$ 1,958	\$ 1,822,974	

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



English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Nine Months Ended September 30		Code	Description	Nine Months Ended September 30	
		2023	2022			2023	2022
AAAA	<b>Cash flows from operating activities :</b>			BBBB	<b>Cash flows from investing activities :</b>		
A10000	Net income before income tax	\$ 49,422	\$ 100,110	B00040	Acquisition of financial assets at amortized cost	(418,100)	-
A20000	Adjustments for:			B00060	Proceeds from redemption of financial assets measured at amortized cost	-	131
A20010	Profit or loss item which did not affect cash flows:			B02700	Acquisition of property, plant and equipment	(13,551)	(23,723)
A20100	Depreciation	45,230	42,456	B02800	Proceeds from disposal of property, plant and equipment	190	-
A20200	Amortization	12,486	14,540	B03700	Increase in refundable deposits	(19,226)	(9,970)
A20300	Expected credit (gains) losses	(2,677)	2,883	B03800	Decrease in refundable deposits	9,249	15,348
A20400	(Gains) losses on financial assets and liabilities at fair value through profit or loss	(2,092)	1,858	B04500	Acquisition of intangible assets	(8,483)	(7,854)
A20900	Interest expense	1,639	953	B06100	Decrease in long-term lease receivables	2,172	1,154
A21200	Interest income	(17,492)	(377)	B07100	Increase in prepayments for equipment	(16,602)	(3,089)
A22500	(Gains) losses on disposal of property, plant and equipment	(88)	10	BBBB	Net cash used in investing activities	(464,351)	(28,003)
A29900	(Gains) losses on lease modifications	(40)	446				
A30000	Changes in operating assets and liabilities:			CCCC	<b>Cash flows from financing activities :</b>		
A31125	Increase in contract assets	(4,270)	(3,012)	C03000	Increase in deposits received	-	317
A31130	Decrease (increase) in notes receivable, net	21,591	(5,268)	C04020	Cash payment for the principal portion of the lease liabilities	(23,967)	(22,416)
A31150	Decrease (increase) in trade receivables, net	11,037	(44,121)	C04500	Cash dividends	(50,343)	(31,158)
A31180	Increase in other receivables	(11,519)	(5,196)	CCCC	Net cash used in financing activities	(74,310)	(53,257)
A31200	Decrease (increase) in inventories, net	11,039	(40,964)				
A31230	(Increase) decrease in prepayments	(17,486)	25,699	DDDD	Effect of changes in exchange rate on cash and cash equivalents	9,093	24,495
A32125	(Decrease) increase in contract liabilities	(30,914)	31,346	EEEE	Net (decrease) increase in cash and cash equivalents	(507,857)	35,512
A32130	(Decrease) increase in notes payable	(6,293)	5,737	E00100	Cash and cash equivalents at the beginning of the period	868,790	506,384
A32150	Decrease in trade payables	(4,146)	(18,242)	E00200	Cash and cash equivalents at the end of the period	\$ 360,933	\$ 541,896
A32180	(Decrease) increase in other payables	(15,981)	10,519				
A32200	Decrease in provisions-current	(744)	(437)				
A32230	Decrease in other current liabilities	(1,175)	(9,648)				
A32240	Decrease in net defined benefit liabilities	(3,490)	(2,267)				
A33000	Cash generated from operating activities	34,037	107,025				
A33100	Interest received	12,357	377				
A33300	Interest paid	(1,639)	(953)				
A33500	Income tax paid	(23,044)	(14,172)				
AAAA	Net cash provided by operating activities	21,711	92,277				

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

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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 value of NT\$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic identification data capture products 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 nine months ended September 30, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on November 6, 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

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

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

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

- (a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

- (b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

- (c) Non-current Liabilities with Covenants – Amendments to IAS 1

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

- (d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

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

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

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

#### 4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine months ended September 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 “Interim Financial Reporting” as endorsed and became effective by FSC.

(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 statements

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

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.

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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. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor Company	Subsidiary	Main businesses	Percentage of ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Unitech America Ventures Inc. ("UAV")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Europe Ventures Inc. ("UEV")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Japan Holding Inc. ("UJH")	Investment business such as financial trust holding	100.00%	100.00%	100.00%

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Investor Company	Subsidiary	Main businesses	Percentage of ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Unitech Asia Ventures Inc. (“UCV”)	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Japan Co., Ltd. (“UTJ”)	Trading of automatic identification data capture products	10.86%	10.86%	10.86%
UAV	Unitech America Holding Inc. (“UAH”)	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UAH	Unitech America Inc. (“UTA”)	Trading of automatic identification data capture products	100.00%	100.00%	100.00%
UEV	Unitech Europe Holding Inc. (“UEH”)	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UEH	Unique Technology Europe B.V. (“UTI”)	Trading of automatic identification data capture products	100.00%	100.00%	100.00%
UJH	Unitech Japan Co., Ltd. (“UTJ”)	Trading of automatic identification data capture products	85.57%	85.57%	85.57%
UCV	Unitech Industries Holding Inc. (“UIH”)	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UIH	Xiamen Unitech Co., Ltd. (“UTC”)	Trading of automatic identification data capture products	100.00%	100.00%	100.00%

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of September 30, 2023 and 2022, the related assets of the subsidiaries which were not reviewed by auditors amounted to NT\$139,894 thousand and NT\$117,400 thousand, and the related liabilities amounted to NT\$18,209 thousand and NT\$15,291 thousand. The comprehensive income of these subsidiaries amounted to NT\$142 thousand, NT\$(415) thousand, NT\$961 thousand and NT\$(236) thousand for the three month and nine months periods ended September 30, 2023 and 2022, respectively.

Note: The subsidiaries that have not been reviewed by auditors included UJH, UCV, UTJ, UIH and UTC.



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(4) Explanation of other significant accounting policies

Except for the following accounting policies, the same accounting policies have been followed in the consolidated financial statements for the nine months ended September 30, 2023 and 2022 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022. For the summary of other significant accounting policies, please refer to the consolidated financial statements Note 4 for the year ended December 31, 2022.

A. Income taxes

According to the temporary exception provided in the Amendments to IAS 12 "International Tax Reform-Pillar Two Model Rules," the deferred tax assets and liabilities related to Pillar Two income tax is not be recognized, and their related information is not disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

B. Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the nine months ended September 30, 2023 and 2022 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022. Please refer to the consolidated financial statements Note 5 for the year ended December 31, 2022.

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## 6. Contents of Significant Accounts

### (1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash			
Cash on hand	\$ 541	\$ 729	\$ 722
Checking and savings accounts	360,392	868,061	515,732
Time deposits	-	-	25,392
Total	<u>\$ 360,933</u>	<u>\$ 868,790</u>	<u>\$ 541,896</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial Assets</u>			
Financial assets mandatorily measured at fair value through profit or loss			
Funds	\$ -	\$ -	\$ 240,714
Forward exchange contracts	895	-	206
Total	<u>\$ 895</u>	<u>\$ -</u>	<u>\$ 240,920</u>
<u>Financial Liabilities</u>			
Held for trading financial liabilities			
Forward exchange contracts	<u>\$ 14</u>	<u>\$ 1,211</u>	<u>\$ 1,195</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.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instrument investments measured at fair value through other comprehensive income Preferred stocks	\$ 31,424	\$ 27,713	\$ 31,784

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

(4) Financial assets measured at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits-current	\$ 426,587	\$ 7,071	\$ 7,175
Time deposits-noncurrent	3,497	4,913	4,913
Total	\$ 430,084	\$ 11,984	\$ 12,088

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.

(5) Notes receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivables from operating activities	\$ 11,186	\$ 32,777	\$ 23,771
Less: loss allowance	(27)	(81)	(59)
Total	\$ 11,159	\$ 32,696	\$ 23,712

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance and Note 12(4) for more details on credit risk.

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(6) Trade receivables and trade receivables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables	\$ 474,161	\$ 485,190	\$ 505,153
Less: loss allowance	(8,501)	(11,058)	(7,644)
Subtotal	465,660	474,132	497,509
Trade receivables from related parties	46	54	666
Less: loss allowance	-	-	-
Subtotal	46	54	666
Total	\$ 465,706	\$ 474,186	\$ 498,175

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\$474,207 thousand, NT\$485,244 thousand and NT\$505,819 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Please refer to Note 6(17) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

Certain of 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 NT\$4,744 thousand, NT\$4,011 thousand and NT\$2,934 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

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:

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September 30, 2023

Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 13,880	\$ 13,880	0.975%~1.475%

December 31, 2022

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

September 30, 2022

Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 6,855	\$ 6,855	0.975%~1.475%

(7) Inventories

A. Inventories, net including:

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 81,938	\$ 40,263	\$ 36,077
Work in process	38,833	45,804	49,260
Semi-finished goods	99,193	88,819	89,980
Finished goods	180,301	201,762	209,072
Merchandise inventories	65,555	100,211	98,659
Net amount	\$ 465,820	\$ 476,859	\$ 483,048

B. The cost of inventories recognized in expenses amounted to NT\$337,481 thousand and NT\$435,492 thousand for the three months ended September 30, 2023 and 2022, respectively, including the written-down of inventories of NT\$864 thousand, mainly as result that inventory costs may not be recovered, and the gain from price recovery of inventories of NT\$17 thousand, mainly as a result of inventory consumption. The cost of inventories recognized in expenses amounted to NT\$1,153,768 thousand and NT\$1,194,332 thousand for the nine months ended September 30, 2023 and 2022, respectively, including the written-down of inventories of NT\$5,900 thousand and NT\$271 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

	September 30, 2023		December 31, 2022		September 30, 2022			
Owner-occupied property, plant and equipment	\$ 355,242		\$ 362,863		\$ 361,161			
	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost :								
As of January 1, 2023	\$ 220,863	\$ 112,616	\$ 77,880	\$ 218,598	\$ 2,876	\$ 11,313	\$ 12,668	\$ 656,814
Additions	-	-	3,353	7,284	-	725	2,189	13,551
Disposals and retirements	-	-	(212)	(13,836)	-	(65)	-	(14,113)
Transfers	-	-	-	1,413	-	-	-	1,413
Exchange differences	-	-	167	-	-	161	14	342
As of September 30, 2023	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 81,188</u>	<u>\$ 213,459</u>	<u>\$ 2,876</u>	<u>\$ 12,134</u>	<u>\$ 14,871</u>	<u>\$ 658,007</u>
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	6,864	8,560	-	399	2,388	23,723
Disposals and retirements	-	-	(1,095)	-	-	(32)	(439)	(1,566)
Transfers	-	1,667	-	1,103	-	-	-	2,770
Exchange differences	-	-	(11)	-	-	191	169	349
As of September 30, 2022	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 76,372</u>	<u>\$ 243,467</u>	<u>\$ 2,876</u>	<u>\$ 11,266</u>	<u>\$ 12,639</u>	<u>\$ 680,099</u>
Depreciation and impairment:								
As of January 1, 2023	\$ -	\$ 46,163	\$ 64,828	\$ 163,014	\$ 2,242	\$ 10,209	\$ 7,495	\$ 293,951
Depreciation	-	1,933	3,101	15,509	203	354	1,374	22,474
Disposals and retirements	-	-	(111)	(13,836)	-	(64)	-	(14,011)
Exchange differences	-	-	165	-	-	130	56	351
As of September 30, 2023	<u>\$ -</u>	<u>\$ 48,096</u>	<u>\$ 67,983</u>	<u>\$ 164,687</u>	<u>\$ 2,445</u>	<u>\$ 10,629</u>	<u>\$ 8,925</u>	<u>\$ 302,765</u>
As of January 1, 2022	\$ -	\$ 43,769	\$ 63,398	\$ 174,295	\$ 1,844	\$ 9,550	\$ 6,573	\$ 299,429
Depreciation	-	1,733	2,232	15,251	330	413	816	20,775
Disposals and retirements	-	-	(1,095)	-	-	(22)	(439)	(1,556)
Exchange differences	-	-	(10)	-	-	146	154	290
As of September 30, 2022	<u>\$ -</u>	<u>\$ 45,502</u>	<u>\$ 64,525</u>	<u>\$ 189,546</u>	<u>\$ 2,174</u>	<u>\$ 10,087</u>	<u>\$ 7,104</u>	<u>\$ 318,938</u>

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	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Net carrying amount as of :								
September 30, 2023	\$ 220,863	\$ 64,520	\$ 13,205	\$ 48,772	\$ 431	\$ 1,505	\$ 5,946	\$ 355,242
December 31, 2022	\$ 220,863	\$ 66,453	\$ 13,052	\$ 55,584	\$ 634	\$ 1,104	\$ 5,173	\$ 362,863
September 30, 2022	\$ 220,863	\$ 67,114	\$ 11,847	\$ 53,921	\$ 702	\$ 1,179	\$ 5,535	\$ 361,161

Please refer to Note 8 for more details on property, plant and equipment under pledge as of September 30, 2023, December 31, 2022, and September 30, 2022.

No interest was capitalized for the nine months ended September 30, 2023 and 2022.

(9) Intangible assets

	<u>Software</u>
Cost:	
As of January 1, 2023	\$ 207,870
Additions	8,483
Transfers	4,850
Exchange differences	179
As of September 30, 2023	<u>\$ 221,382</u>
As of January 1, 2022	\$ 253,990
Additions	7,854
Disposals and retirements	(108)
Transfers	371
Exchange differences	(20)
As of September 30, 2022	<u>\$ 262,087</u>
Accumulated amortization and impairment:	
As of January 1, 2023	\$ 184,367
Amortization	12,486
Exchange differences	178
As of September 30, 2023	<u>\$ 197,031</u>

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	Software
Accumulated amortization and impairment:	
As of January 1, 2022	\$ 221,594
Amortization	14,540
Disposals and retirements	(108)
Exchange differences	(16)
As of September 30, 2022	\$ 236,010
Net carrying amount as of:	
September 30, 2023	\$ 24,351
December 31, 2022	\$ 23,503
September 30, 2022	\$ 26,077

The amortization expenses of intangible assets are as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Operating costs	89	\$ 82	\$ 254	\$ 247
Selling expenses	80	\$ 136	\$ 233	\$ 478
Administrative expenses	328	\$ 262	\$ 943	\$ 829
Research and development expenses	3,863	\$ 4,263	\$ 11,056	\$ 12,986

(10) Other non-current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments for equipment	\$ 16,090	\$ 5,751	\$ 3,149

(11) Short-term borrowings

The Group's unused short-term lines of credits amounted to NT\$480,592 thousand, NT\$467,006 thousand and NT\$486,218 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, 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) Provisions

	Warranties
As of January 1, 2023	\$ 1,926
Unused provision reversed	(821)
Exchange differences	77
As of September 30, 2023	\$ 1,182
Current – September 30, 2023	\$ 1,182
Current – December 31, 2022	\$ 1,926
Current – September 30, 2022	\$ 1,937

Warranties

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

(13) Other current liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Refund liabilities	\$ 11,723	\$ 12,730	\$ 11,145
Other current liabilities	2,636	2,804	4,067
Total	\$ 14,359	\$ 15,534	\$ 15,212

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three months ended September 30, 2023 and 2022 were NT\$4,932 thousand and NT\$4,648 thousand, respectively. Expenses under the defined contribution plan for the nine months ended September 30, 2023 and 2022 were NT\$14,362 thousand and NT\$13,818 thousand, respectively.

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Defined benefit plan

Expenses under the defined benefit plan for the three months ended September 30, 2023 and 2022 were NT\$53 thousand and NT\$(13) thousand, respectively. Expenses under the defined benefit plan for the nine months ended September 30, 2023 and 2022 were NT\$159 thousand and NT\$124 thousand, respectively.

(15) Equity

A. Common stock

The Company's authorized capital as of September 30, 2023, December 31, 2022 and September 30, 2022 was NT\$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of September 30, 2023, December 31, 2022 and September 30, 2022 was NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.

B. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$ 932,723	\$ 932,723	\$ 932,723
Expired stock options	2,503	2,503	2,503
Total	<u>\$ 935,226</u>	<u>\$ 935,226</u>	<u>\$ 935,226</u>

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

C. Retained earnings and dividend policy

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

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

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

The Company's appropriation of dividends authorizes the Board of Directors to resolve (by a majority vote in a meeting attended by over two thirds of the Directors) and distribute all or part of the appropriation of dividends in cash and report such resolution to the shareholders' meeting; if through the issuance of new shares, according to the Company Act, it will be distributed after the Company submits to the shareholder's meeting for approval by a resolution.

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.

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The appropriation of earnings for 2022 and 2021 was resolved by the stockholders' meeting held on June 16, 2023 and June 8, 2022. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
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	<u>\$ 41,660</u>	<u>\$ 50,641</u>		

Please refer to Note 6(19) for more details on employees' compensation and the remuneration to directors.

D. Non-controlling interests

	Nine months ended September 30	
	2023	2022
Beginning balance	\$ 1,918	\$ 1,875
Net income attributable to non-controlling interests	182	83
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of foreign operations	(142)	(164)
Total	<u>\$ 1,958</u>	<u>\$ 1,794</u>

(16) Operating revenue

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sale of goods	\$ 495,194	\$ 604,944	\$ 1,620,950	\$ 1,700,521
Rendering of services	22,912	23,066	70,574	62,685
Total	<u>\$ 518,106</u>	<u>\$ 628,010</u>	<u>\$ 1,691,524</u>	<u>\$ 1,763,206</u>

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Analysis of revenue from contracts with customers for the three months and the nine months ended September 30, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sale of goods	\$ 495,194	\$ 604,944	\$ 1,620,950	\$ 1,700,521
Rendering of services	22,912	23,066	70,574	62,685
Total	<u>\$ 518,106</u>	<u>\$ 628,010</u>	<u>\$ 1,691,524</u>	<u>\$ 1,763,206</u>
Revenue recognition point:				
At a point in time	\$ 498,215	\$ 609,005	\$ 1,627,690	\$ 1,707,540
Satisfies the performance obligation over time	19,891	19,005	63,834	55,666
Total	<u>\$ 518,106</u>	<u>\$ 628,010</u>	<u>\$ 1,691,524</u>	<u>\$ 1,763,206</u>

B. Contract balances

a. Contract assets – current

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Sales of goods	<u>\$ 6,065</u>	<u>\$ 1,804</u>	<u>\$ 9,700</u>	<u>\$ 6,254</u>

The significant changes in the Group's balances of contract assets for the nine months ended September 30, 2023 and 2022 are as follows:

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	Nine months ended September 30	
	2023	2022
The opening balance transferred to trade receivables	\$ (1,804)	\$ (6,254)
Change in the progress of completion	6,074	9,266
(Recognition) reversal of impairment	(9)	434

b. Contract liabilities – current and noncurrent

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract liabilities	\$ 101,002	\$ 131,916	\$ 138,096	\$ 106,750
Current	\$ 65,715	\$ 82,482	\$ 87,359	\$ 58,021
Noncurrent	\$ 35,287	\$ 49,434	\$ 50,737	\$ 48,729
	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Sales of goods	\$ 13,725	\$ 28,745	\$ 36,132	\$ 15,988
Rendering of services	87,277	103,171	101,964	90,762
Total	\$ 101,002	\$ 131,916	\$ 138,096	\$ 106,750

The significant changes in the Group's balances of contract liabilities for the nine months ended September 30, 2023 and 2022 are as follows:

	Nine months ended September 30	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$ (55,752)	\$ (39,101)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	24,838	70,447

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

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(17) Expected credit (gains) losses

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Operating expenses-				
Expected credit losses				
(gains)				
Contract assets	\$ (25)	\$ 56	\$ 9	\$ (434)
Notes receivable	2	(3)	(54)	13
Trade receivables	164	(1,821)	(2,632)	3,304
Total	<u>\$ 141</u>	<u>\$ (1,768)</u>	<u>\$ (2,677)</u>	<u>\$ 2,883</u>

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 September 30, 2023, December 31, 2022 and September 30, 2022 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Finance lease receivable	\$ 3,479	\$ 3,214	\$ 3,291
Less: unearned finance income	(274)	(316)	(345)
Subtotal	<u>3,205</u>	<u>2,898</u>	<u>2,946</u>
Long-term finance lease receivable	9,627	11,658	12,895
Less: unearned finance income	(316)	(489)	(581)
Subtotal	<u>9,311</u>	<u>11,169</u>	<u>12,314</u>
Total	<u>\$ 12,516</u>	<u>\$ 14,067</u>	<u>\$ 15,260</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Gross carrying amount	\$ 6,074	\$ 1,804	\$ 9,776
Expected credit loss rates	0%~2%	0%	0%~10%
Loss allowance	(9)	-	(76)
Total	<u>\$ 6,065</u>	<u>\$ 1,804</u>	<u>\$ 9,700</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Gross carrying amount	\$ 11,186	\$ 32,777	\$ 23,771
Expected credit loss rates	0%~0.25%	0%~0.25%	0%~0.25%
Loss allowance	(27)	(81)	(59)
Total	<u>\$ 11,159</u>	<u>\$ 32,696</u>	<u>\$ 23,712</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 September 30, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	
Gross carrying amount	\$ 396,780	\$ 50,224	\$ 10,543	\$ 3,693	\$ 12,272	\$ 695	\$ 474,207
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	773	527	370	6,136	695	8,501
Total	<u>\$ 396,780</u>	<u>\$ 49,451</u>	<u>\$ 10,016</u>	<u>\$ 3,323</u>	<u>\$ 6,136</u>	<u>\$ -</u>	<u>\$ 465,706</u>



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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
<b>Total</b>	<b>\$ 402,640</b>	<b>\$ 50,179</b>	<b>\$ 11,334</b>	<b>\$ 3,037</b>	<b>\$ 6,996</b>	<b>\$ -</b>	<b>\$ 474,186</b>

As of September 30, 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	\$ 416,443	\$ 55,064	\$ 14,981	\$ 9,020	\$ 9,676	\$ 635	\$ 505,819
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	618	651	902	4,838	635	7,644
<b>Total</b>	<b>\$ 416,443</b>	<b>\$ 54,446</b>	<b>\$ 14,330</b>	<b>\$ 8,118</b>	<b>\$ 4,838</b>	<b>\$ -</b>	<b>\$ 498,175</b>

The movements in the provision for impairment of contract assets, notes receivable and trade receivables for the nine months ended September 30, 2023 and 2022 are as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2023	\$ -	\$ 81	\$ 11,058
Allowance (reversal) for the current period	9	(54)	(2,632)
Exchange differences	-	-	75
<b>As of September 30, 2023</b>	<b>\$ 9</b>	<b>\$ 27</b>	<b>\$ 8,501</b>

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	Contract assets	Notes receivable	Trade receivables
As of January 1, 2022	\$ 510	\$ 46	\$ 3,863
Allowance (reversal) for the current period	(434)	13	3,304
Exchange differences	-	-	477
As of September 30, 2022	<u>\$ 76</u>	<u>\$ 59</u>	<u>\$ 7,644</u>

(18) 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:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings and facilities	\$ 72,591	\$ 78,172	\$ 85,717
Transportation equipment	4,699	4,916	5,530
Other equipment	-	16	60
Total	<u>\$ 77,290</u>	<u>\$ 83,104</u>	<u>\$ 91,307</u>

During the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets of the Group amounted to NT\$12,999 thousand and NT\$89,459 thousand, respectively.

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(b) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liability	\$ 92,717	\$ 99,013	\$ 107,589
Current	\$ 29,761	\$ 28,007	\$ 29,550
Non-current	\$ 62,956	\$ 71,006	\$ 78,039

Please refer to Note 6(20)D for the interest on lease liabilities recognized during the nine months ended September 30, 2023 and 2022, and refer to Note 12(5) for the maturity analysis for lease liabilities as of September 30, 2023 and 2022.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Buildings and facilities	\$ 6,685	\$ 6,580	\$ 19,937	\$ 17,886
Transportation equipment	659	1,226	2,803	3,667
Other equipment	-	44	16	128
Total	\$ 7,344	\$ 7,850	\$ 22,756	\$ 21,681

c. Income and costs relating to leasing activities

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
The expense relating to short-term leases	\$ 1,074	\$ 828	\$ 2,820	\$ 1,436
Income from subleasing right-of-use assets	81	94	247	125
Lease modifications gains (losses)	40	8	40	(446)

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d. Cash outflow relating to leasing activities

During the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases amounted to NT\$28,426 thousand and NT\$24,805 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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Lease income for finance leases			
Finance income on the net investment in the lease	\$ 247	\$ 217	\$ 125
Not later than one year	\$ 3,479	\$ 3,214	\$ 3,291
Later than one year but not later than two years	3,618	3,344	3,423
Later than two years but not later than three years	3,763	3,477	3,560
Later than three years but not later than four years	2,246	3,616	3,703
Later than four years but not later than five years	-	1,221	2,209
Total undiscounted lease payments	13,106	14,872	16,186
Less: Unearned finance income to finance leases	(590)	(805)	(926)
Less: loss allowance	-	-	-
Net investment in the lease (Finance lease receivables)	\$ 12,516	\$ 14,067	\$ 15,260
Current	\$ 3,205	\$ 2,898	\$ 2,946
Non-current	\$ 9,311	\$ 11,169	\$ 12,314

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(19) Employment costs

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

	Three months ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 9,876	\$ 98,340	\$ 108,216	\$ 9,132	\$ 93,464	\$ 102,596
Labor and health insurance	997	9,642	10,639	892	8,571	9,463
Pension	458	4,527	4,985	460	4,175	4,635
Others (Note)	354	2,944	3,298	456	3,187	3,643
Depreciation	5,236	9,611	14,847	5,244	9,889	15,133
Amortization	89	4,271	4,360	82	4,661	4,743

	Nine months ended September 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 28,556	\$ 299,366	\$ 327,922	\$ 27,101	\$ 271,475	\$ 298,576
Labor and health insurance	3,049	30,216	33,265	2,734	28,033	30,767
Pension	1,386	13,135	14,521	1,305	12,637	13,942
Others (Note)	1,381	10,016	11,397	1,259	9,315	10,574
Depreciation	15,906	29,324	45,230	15,246	27,210	42,456
Amortization	254	12,232	12,486	247	14,293	14,540

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

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

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the nine months ended September 30, 2023. The amounts of employees' compensation and remuneration to directors accrued for the three months ended September 30, 2023 were NT\$1,380 thousand and NT\$551 thousand, respectively. The amounts of employees' compensation and remuneration to directors accrued for the nine months ended September 30, 2023 were NT\$2,644 thousand and NT\$1,057 thousand, respectively. The aforementioned employees' compensation and remuneration to directors 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.

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the nine months ended September 30, 2022. The amount of employees' compensation and remuneration to directors accrued for the three months ended September 30, 2022 were NT\$1,717 thousand and NT\$687 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the nine months ended September 30, 2022 were NT\$5,342 thousand and NT\$2,137 thousand, respectively.

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

A resolution was approved in a meeting of the Board of Directors held on March 18, 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 2021.

(20) Non-operating income and expenses

A. Interest income

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Financial assets measured at amortized cost	\$ 6,019	\$ 89	\$ 17,246	\$ 252
Interest income from financial leases	80	94	246	125
Total	<u>\$ 6,099</u>	<u>\$ 183</u>	<u>\$ 17,492</u>	<u>\$ 377</u>

B. Other income

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Rental income	\$ 173	\$ 69	\$ 487	\$ 210
Others	256	76	687	258
Total	<u>\$ 429</u>	<u>\$ 145</u>	<u>\$ 1,174</u>	<u>\$ 468</u>

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C. Other gains and losses

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ (1)	\$ -	\$ 88	\$ (10)
Foreign exchange gains	14,344	6,832	17,450	7,383
Gains on financial assets at fair value through profit or loss	316	101	1,209	3,587
Gains (losses) on lease modifications	40	8	40	(446)
Other losses-others	(54)	(207)	(363)	(499)
<b>Total</b>	<b>\$ 14,645</b>	<b>\$ 6,734</b>	<b>\$ 18,424</b>	<b>\$ 10,015</b>

D. Finance costs

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Interest expenses on lease liabilities	\$ 560	\$ 558	\$ 1,639	\$ 953

(21) Components of other comprehensive income

For the three months ended September 30, 2023

	Reclassification	Other	Income tax (expense) income	Other
	adjustments during the period	comprehensive income, before tax		comprehensive income, net of tax
Arising during the period	during the period	income, before tax	(expense) income	comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:				



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	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Unrealized gains (losses)					
from equity instrument					
investments measured at					
fair value through other					
comprehensive income	\$ 3,307	\$ -	\$ 3,307	\$ (662)	\$ 2,645
Items that may be reclassified					
subsequently to profit or loss:					
Exchange differences					
resulting from translating					
the financial statements of					
foreign operations	8,498	-	8,498	(1,698)	6,800
Total other comprehensive					
income	<u>\$ 11,805</u>	<u>\$ -</u>	<u>\$ 11,805</u>	<u>\$ (2,360)</u>	<u>\$ 9,445</u>

For the three months ended September 30, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be					
reclassified subsequently to					
profit or loss:					
Unrealized gains (losses)					
from equity instrument					
investments measured at					
fair value through other					
comprehensive income	\$ 2,140	\$ -	\$ 2,140	\$ (427)	\$ 1,713
Items that may be reclassified					
subsequently to profit or loss:					
Exchange differences					
resulting from translating					
the financial statements of					
foreign operations	14,986	-	14,986	(2,994)	11,992
Total other comprehensive					
income	<u>\$ 17,126</u>	<u>\$ -</u>	<u>\$ 17,126</u>	<u>\$ (3,421)</u>	<u>\$ 13,705</u>

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For the nine months ended September 30, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 3,711	\$ -	\$ 3,711	\$ (742)	\$ 2,969
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	8,827	-	8,827	(1,794)	7,033
Total other comprehensive income	\$ 12,538	\$ -	\$ 12,538	\$ (2,536)	\$ 10,002

For the nine months ended September 30, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 3,969	\$ -	\$ 3,969	\$ (793)	\$ 3,176
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	24,007	-	24,007	(4,834)	19,173
Total other comprehensive income	\$ 27,976	\$ -	\$ 27,976	\$ (5,627)	\$ 22,349

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(22) Income tax

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

Income tax expense recognized in profit or loss

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Current income tax expense:				
Current income tax payable	\$ 3,842	\$ 5,892	\$ 10,854	\$ 14,296
Adjustments in respect of current income tax of prior periods	222	41	222	41
Deferred tax expense (income):				
Relating to origination and reversal of temporary differences	1,044	(1,145)	(3,037)	3,745
Total income tax expense	<u>\$ 5,108</u>	<u>\$ 4,788</u>	<u>\$ 8,039</u>	<u>\$ 18,082</u>

Income tax recognized in other comprehensive income

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Deferred tax expense:				
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	\$ 662	\$ 427	\$ 742	\$ 793

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	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Exchange differences resulting from translating the financial statements of foreign operations	1,698	2,994	1,794	4,834
Income tax relating to components of other comprehensive income	\$ 2,360	\$ 3,421	\$ 2,536	\$ 5,627

B. The assessment of income tax returns

As of September 30, 2023, the assessment of the income tax returns of the Group is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiaries-UTA	Filed up to 2022
Subsidiaries-UTI	Assessed and approved up to 2021
Subsidiaries-UTJ	Filed up to 2022
Subsidiaries-UTC	Filed up to 2022

(23) Earnings per share

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

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

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	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
<b>A. Basic earnings per share</b>				
Profit attributable to ordinary equity holders of the parent	\$ 19,212	\$ 26,496	\$ 41,201	\$ 81,945
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098	75,098	75,098
Basic earnings per share (NT\$)	\$ 0.26	\$ 0.35	\$ 0.55	\$ 1.09
<b>B. Diluted earnings per share</b>				
Profit attributable to ordinary equity holders of the parent	\$ 19,212	\$ 26,496	\$ 41,201	\$ 81,945
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098	75,098	75,098
Effect of dilution:				
Employee compensation (in thousands)	95	240	151	286
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,193	75,338	75,249	75,384
Diluted earnings per share (NT\$)	\$ 0.26	\$ 0.35	\$ 0.55	\$ 1.09

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

## 7. Related Party Transactions

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

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Artlux Corporation	Substantive related parties
Artlux Inc.	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

### Significant transactions with the related parties

#### (1) Sales

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 264	\$ 241	\$ 735	\$ 1,075
Substantive related parties	44	20	261	1,921
Total	<u>\$ 308</u>	<u>\$ 261</u>	<u>\$ 996</u>	<u>\$ 2,996</u>

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.

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(2) Purchases

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ (142)	\$ 783	\$ 3,766	\$ 5,244
Other related party	295	696	1,499	1,719
Total	<u>\$ 153</u>	<u>\$ 1,479</u>	<u>\$ 5,265</u>	<u>\$ 6,963</u>

Payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 60-90 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.

(3) Trade receivables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Substantive related parties	\$ 46	\$ -	\$ 622
Parent company	-	54	44
Total	<u>\$ 46</u>	<u>\$ 54</u>	<u>\$ 666</u>

(4) Trade payables to related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	\$ 156	\$ 25	\$ 46
Other related party	270	45	17
Total	<u>\$ 426</u>	<u>\$ 70</u>	<u>\$ 63</u>

(5) Other payables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Parent company	<u>\$ 1,412</u>	<u>\$ 682</u>	<u>\$ 606</u>

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(6) Manufacturing expenses

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 24	\$ 25	\$ 49	\$ 159

(7) Operating expenses

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 2,081	\$ 2,582	\$ 6,446	\$ 7,670
Other related party	-	-	47	-
Substantive related parties	-	-	-	49
Total	\$ 2,081	\$ 2,582	\$ 6,493	\$ 7,719

(8) Rental expenses

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 374	\$ 364	\$ 1,115	\$ 973

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.

(9) Rental income

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 117	-	\$ 293	-

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



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(10) Property transaction

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Parent company	\$ 50	\$ 68	\$ 306	\$ 121
Other related party	-	108	58	162
<b>Total</b>	<b>\$ 50</b>	<b>\$ 176</b>	<b>\$ 364</b>	<b>\$ 283</b>

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

(11) Key management personnel compensation

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 8,853	\$ 7,860	\$ 27,733	\$ 25,711
Post-employment benefits	196	188	581	568
<b>Total</b>	<b>\$ 9,049</b>	<b>\$ 8,048</b>	<b>\$ 28,314</b>	<b>\$ 26,279</b>

## 8. Assets Pledged as Collateral

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

	Carrying Amount			
	September 30,	December 31,	September 30,	
	2023	2022	2022	
Financial assets measured at amortized cost-noncurrent	\$ 1,812	\$ 3,249	\$ 3,249	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,685	1,664	1,664	Performance guarantee
Property, plant and equipment-land and building	277,205	278,382	278,774	Loan pledge
<b>Total</b>	<b>\$ 280,702</b>	<b>\$ 283,295</b>	<b>\$ 283,687</b>	

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## 9. Significant Contingencies and Unrecognized Contractual Commitments

- (1) As of September 30, 2023, the Group issued the letters of guarantee through financial institutions in the amount of NT\$3,000 thousand for customs duty and performance guarantee.
- (2) As of September 30, 2023, the Group issued promissory notes in the amount of NT\$3,528 thousand for performance guarantee.

## 10. Losses Due to Major Disasters

None.

## 11. Significant Subsequent Events

None.

## 12. Others

- (1) Categories of financial instruments

### Financial assets

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss (Note 1)	\$ 5,639	\$ 4,011	\$ 243,854
Financial assets at fair value through other comprehensive income	31,424	27,713	31,784
Financial assets measured at amortized cost (Note 2)	1,333,916	1,429,174	1,126,115
<b>Total</b>	<b>\$ 1,370,979</b>	<b>\$ 1,460,898</b>	<b>\$ 1,401,753</b>

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Financial liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities at fair value through profit or loss:			
Held for trading	\$ 14	\$ 1,211	\$ 1,195
Financial liabilities at amortized cost:			
Trade payables (including related parties)	235,766	246,205	232,560
Other payables (including related parties)	138,394	154,375	143,852
Lease liabilities (including noncurrent)	92,717	99,013	107,589
Deposits received	324	308	337
Total	<u>\$ 467,215</u>	<u>\$ 501,112</u>	<u>\$ 485,533</u>

Note:

A. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$4,744 thousand, NT\$4,011 thousand and NT\$2,934 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Please refer to Note 6(6) for further explanation.

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.

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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.

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 nine months ended September 30, 2023 and 2022 would decrease/increase by NT\$3,363 thousand and NT\$467 thousand, respectively.

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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.

A change of 1% in the price of the funds could increase/decrease the Group's investment of funds for the nine months ended September 30, 2023 and 2022 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.

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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.

Non-derivative financial liabilities

	Less than		Later than 5		Total
	1 year	1 to 3 years	4 to 5 years	years	
As of September 30, 2023					
Trade payables	\$ 235,766	\$ -	\$ -	\$ -	\$ 235,766
Other payables	138,394	-	-	-	138,394
Lease liabilities	31,620	64,135	919	-	96,674
Deposits received	-	324	-	-	324

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	Less than		Later than 5		
	1 year	1 to 3 years	4 to 5 years	years	Total
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
Deposits received	-	308	-	-	308
As of September 30, 2022					
Trade payables	\$ 232,560	\$ -	\$ -	\$ -	\$ 232,560
Other payables	143,852	-	-	-	143,852
Lease liabilities	31,650	66,292	15,074	-	113,016
Deposits received	-	337	-	-	337

Derivative financial liabilities

	Less than		Later than 5		
	1 year	1 to 3 years	4 to 5 years	years	Total
As of September 30, 2023					
Inflow	\$ 3,619	\$ -	\$ -	\$ -	\$ 3,619
Outflow	(3,633)	-	-	-	(3,633)
Net	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14)</u>
As of December 31, 2022					
Inflow	\$ 37,569	\$ -	\$ -	\$ -	\$ 37,569
Outflow	(38,780)	-	-	-	(38,780)
Net	<u>\$ (1,211)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,211)</u>
As of September 30, 2022					
Inflow	\$ 53,565	\$ -	\$ -	\$ -	\$ 53,565
Outflow	(54,760)	-	-	-	(54,760)
Net	<u>\$ (1,195)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,195)</u>

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 the nine months ended September 30, 2023:

	Lease liabilities	Deposits received	Total
As of January 1, 2023	\$ 99,013	\$ 308	\$ 99,321
Cash flows			
Outflow	(23,967)	-	(23,967)
Non-cash flows	17,671	16	17,687
As of September 30, 2023	<u>\$ 92,717</u>	<u>\$ 324</u>	<u>\$ 93,041</u>

Reconciliation of liabilities for the nine months ended September 30, 2022:

	Lease liabilities	Deposits received	Total
As of January 1, 2022	\$ 36,897	\$ 20	\$ 36,917
Cash flows			
Inflow	-	317	317
Outflow	(22,416)	-	(22,416)
Non-cash flows	93,108	-	93,108
As of September 30, 2022	<u>\$ 107,589</u>	<u>\$ 337</u>	<u>\$ 107,926</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.



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- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the 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 September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

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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:

Items	Contract amount	Maturity period
As of September 30, 2023		
Forward exchange contracts	Sell EUR 864 thousand	From October 11, 2023 to October 20, 2023
Forward exchange contracts	Sell JPY 53,700 thousand	From October 11, 2023 to November 17, 2023
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 September 30, 2022		
Forward exchange contracts	Sell EUR 1,357 thousand	From October 19, 2022 to December 30, 2022
Forward exchange contracts	Sell JPY 65,000 thousand	From October 3, 2022 to December 30, 2022
Forward exchange contracts	Buy USD 453 thousand	From October 5, 2022 to November 10, 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.

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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.

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 September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 895	\$ -	\$ 895
Financial assets at fair value through other comprehensive income				
Preferred stock	-	-	31,424	31,424
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	14	-	14

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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 profit or loss				
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 September 30, 2022

	<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	\$ 240,714	\$ -	\$ -	\$ 240,714
Forward exchange contracts	-	206	-	206
Financial assets at fair value through other comprehensive income				
Preferred stock	-	-	31,784	31,784
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,195	-	1,195

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Transfers between Level 1 and Level 2 during the period

During the nine months ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

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

	Assets
	At fair value through other comprehensive income
As of January 1, 2023	\$ 27,713
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	3,711
As of September 30, 2023	\$ 31,424
	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”)	3,969
As of September 30, 2022	\$ 31,784

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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	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	18.04%	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\$(1,535)/NT\$1,535 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through other comprehensive income					
Preferred 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 September 30, 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	23.47%	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\$(1,660)/NT\$1,600 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 September 30, 2023		
	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$ 13,979	32.26	\$ 450,978
EUR	54	33.92	1,815
 <u>Financial liabilities</u>			
Monetary items:			
USD	3,555	32.26	114,675
	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

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	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial liabilities</u>			
Monetary items:			
USD	2,071	30.70	63,579
CNY	240	4.409	1,058

As of September 30, 2022

	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$ 4,241	31.74	\$ 134,606
EUR	646	31.25	20,202
JPY	912	0.2203	201
CNY	55	4.474	244

Financial liabilities

Monetary items:

USD	2,769	31.74	87,887
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As 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 were NT\$14,344 thousand and NT\$6,832 thousand for the three months ended September 30, 2023 and 2022, respectively. The foreign exchange gains were NT\$17,450 thousand and NT\$7,383 thousand for the nine months ended September 30, 2023 and 2022, respectively.

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



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(11) Capital management

The primary objective of the 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 nine months ended September 30, 2023: None.

B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2023: None.

C. Securities held as of September 30, 2023: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2023: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2023: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2023: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine months ended September 30, 2023: Please refer to Attachment 2.

H. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock as of September 30, 2023: None.

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- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 12(8)
- J. Other : Intercompany relationships and significant intercompany transactions :  
Please refer to Attachment 3.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.

B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:

a. The amount and percentage of sales and the balance and percentage of the related receivables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The sales amounted to NT\$29,832 thousand representing 2.09% of the net sales. (Note)

(b) The receivables amounted to NT\$27,138 thousand representing 5.57% 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\$24,695 thousand representing 2.46% of the net purchases. (Note)

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- (b) The payables amounted to NT\$7,553 thousand representing 3.16% of the total payables. (Note)

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

- c. The amount of property transactions and the amount of the resultant gains or losses: None.
- d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

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

#### **14. Segment Information**

- (1) The Group principally engaged in the development, manufacture and sale of automatic identification data capture products 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.

Attachment 1

Securities held as of September 30, 2023 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of September 30, 2023				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artlux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	\$ 31,424	1.13%	\$ 31,424	-

Related party transactions for purchases and sales amounts exceeding NT\$100 million or 20% of 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	\$ 161,731	11.34%	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.	\$45,480	9.34%	-
The company	Unique Technology Europe B.V. ("UTE")	Investments accounted for using the equity method	Sales	169,265	11.87%	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-	50,605	10.39%	-

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

## Attachment 3

Intercompany relationships and significant intercompany transactions (both have been write off in the consolidated financial statements) (Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	\$ 161,731	30 days after invoice date	9.56%
"	"	"	"	Trade receivables	45,480	"	1.88%
"	"	"	"	Operating cost	4,352	Month-end 30 days	0.26%
"	"	"	"	Trade payables	3,015	"	0.12%
"	"	UTI	1	Operating revenue	169,265	Month-end 90 days	10.01%
"	"	"	"	Trade receivables	50,605	"	2.09%
"	"	UTJ	1	Operating revenue	81,021	Month-end 90 days	4.79%
"	"	"	"	Trade receivables	28,575	"	1.18%
"	"	"	"	Operating cost	1,066	Month-end 30 days	0.06%
"	"	UTC	1	Operating revenue	29,832	Month-end 90 days	1.76%
"	"	"	"	Trade receivables	27,138	"	1.12%
"	"	"	"	Operating cost	24,695	Month-end 30 days	1.46%
"	"	"	"	Trade payables	7,553	"	0.31%

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 September 30, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“ UAV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	\$ 200,543	\$ (17,935)	\$ (18,076)	
	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 %	77,538	8,224	7,963	
	Unitech Japan Holding Inc. (“ UJH ”)	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 %	44,478	4,348	4,362	
	Unitech Japan Co., Ltd. (“ UTJ ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of automatic identification data capture products	TWD 5,384	TWD 5,384	152	10.86 %	5,953	5,081	552	
	Unitech Asia Ventures Inc. (“ UCV ”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	17,882	(4,120)	(4,375)	

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 of September 30, 2023” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2) The “Net profit (loss) of the investee for this period” column should fill in amount of net profit (loss) of the investee for this period.
- (3) The “Investment income (loss) recognized by the Company for the nine months ended September 30, 2023” column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

## NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE 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 September 30, 2023			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. ("UAV")	Unitech America Holding Inc. ("UAH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	USD 6,214,426	USD (584,396)	USD (592,304)	
Unitech America Holding Inc. ("UAH")	Unitech America Inc. ("UTA")	6182 Katella Ave Cypress, CA 90630, USA	Trading of automatic identification data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	USD 6,214,426	USD (584,396)	USD (592,304)	
Unitech Europe Ventures Inc. ("UEV")	Unitech Europe Holding Inc. ("UEH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	EUR 2,287,126	EUR 245,459	EUR 235,183	
Unitech Europe Holding Inc. ("UEH")	Unique Technology Europe B.V. ("UTE")	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of automatic identification data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	EUR 2,287,126	EUR 245,459	EUR 235,183	
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 automatic identification data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	JPY 205,672,998	JPY 22,563,747	JPY 19,544,960	
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 %	CNY 4,044,030	CNY (942,827)	CNY (1,000,659)	

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 of at September 30, 2023" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the nine months ended September 30, 2023" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.



## Information on investments in Mainland China

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

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses (Note 5)	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of automatic identification data capture products	USD 3,419,200	(Note 2) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ (4,120)	100.00%	\$ (4,375) CNY (1,000,672) (Note 2 (2)C)	\$ 17,827 CNY 4,031,433 (Note 2 (2)C)	\$ 31,038 USD 977,409

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 114,850 USD (3,560,132)	\$ 146,381 USD (4,537,541)	\$ 1,092,610

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 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: Financial statements were not reviewed by accountants.

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

Attachment 6

Information on major shareholders

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

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

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