PLANET TECHNOLOGY CORPORATION

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

AND INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT

NO.10711111CEA

To the Board of Directors of Planet Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Planet Technology Corporation and its subsidiaries ("the Group"), as of March 31, 2022 and 2021 and the consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 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.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Baker Tilly Clock & Co

Yung-Chi Lai , CPA

Hsin-Liang Wu ,CPA

April 28 , 2022

Notes to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31,2022 , DECEMBER 31,2021 AND MARCH 31,2021

(MARCH 31,2022 AND 2021 ARE UNAUDITED)

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	March 31,2022		December 31,2021		March 31,2021	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6	$ 1,482,563	78	$ 1,382,085	78	$ 1,357,313	78
Financial assets at fair value through profit or loss-current	7	10,764	1	10,758	1	10,745	1
Accounts receivable, net	8	103,847	6	106,436	6	81,547	5
Other receivables		7,245	—	7,365	—	6,647	—
Inventories	9	224,154	12	206,581	12	205,996	12
Prepayments		6,424	—	6,777	—	6,050	—
Other current assets		33	—	43	—	40	—
Total current assets		1,835,030	97	1,720,045	97	1,668,338	96
NONCURRENT ASSETS							
Property, plant and equipment	10	11,647	1	8,029	1	7,253	1
Right-of-use assets	11	26,232	2	30,891	2	44,871	3
Intangible assets	12	2,901	—	2,791	—	3,281	—
Deferred income tax assets	4	3,531	—	5,877	—	6,245	—
Prepayments for equipment		—	—	833	—	78	—
Refundable deposits		6,136	—	6,136	—	6,099	—
Total noncurrent assets		50,447	3	54,557	3	67,827	4
TOTAL		$ 1,885,477	100	$ 1,774,602	100	$ 1,736,165	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31,2022 , DECEMBER 31,2021 AND MARCH 31,2021

(MARCH 31,2022 AND 2021 ARE UNAUDITED)

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	March 31,2022		December 31,2021		March 31,2021	
		Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Contract liabilities-current	17	$ 48,673	2	$ 33,899	2	$ 26,813	1
Notes payable	13	59,023	3	60,330	3	43,371	3
Accounts payable	13	98,560	5	91,079	5	77,370	4
Other payables	14	70,822	4	67,554	4	59,642	3
Current tax liabilities	4	91,585	5	78,123	5	78,870	5
Lease liabilities-current	11	17,950	1	18,256	1	18,661	1
Receipts in advance		25	—	—	—	25	—
Other current liabilities		1,171	—	1,573	—	1,104	—
Total current liabilities		387,809	20	350,814	20	305,856	17
NONCURRENT LIABILITIES							
Deferred income tax liabilities	4	—	—	64	—	—	—
Lease liabilities-noncurrent	11	8,330	1	12,717	1	26,279	2
Net defined benefit liabilities	4	5,925	—	5,943	—	6,323	—
Total noncurrent liabilities		14,255	1	18,724	1	32,602	2
Total liabilities		402,064	21	369,538	21	338,458	19
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Capital stock	16	625,010	33	625,010	35	625,010	36
Ordinary share		625,010	33	625,010	35	625,010	36
Capital surplus	16	11,202	1	11,202	1	11,202	1
Retained earnings	16	847,201	45	768,852	43	761,495	44
Legal reserve		402,332	21	402,332	23	375,325	22
Unappropriated earnings	21	444,869	24	366,520	20	386,170	22
Total equity attributable to shareholders of the parent		1,483,413	79	1,405,064	79	1,397,707	81
Total equity		1,483,413	79	1,405,064	79	1,397,707	81
TOTAL		$ 1,885,477	100	$ 1,774,602	100	$ 1,736,165	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

Items	NOTES	For the Three Months Ended March 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUES	17	$ 361,609	100	$ 311,430	100
OPERATING COSTS	9	(222,699)	(62)	(187,081)	(60)
GROSS PROFIT		138,910	38	124,349	40
OPERATING EXPENSES					
Selling and marketing expenses		(18,168)	(5)	(16,763)	(6)
General and administrative expenses		(10,931)	(3)	(10,180)	(3)
Research and development expenses		(20,466)	(5)	(19,260)	(6)
Total operating expenses		(49,565)	(13)	(46,203)	(15)
INCOME FROM OPERATIONS		89,345	25	78,146	25
NON-OPERATING INCOME AND EXPENSES					
Interest income	18	1,551	—	1,304	—
Other income	19	1,013	—	2,292	1
Other gains and losses	20	2,298	1	(3,223)	(1)
Finance costs		(114)	—	(190)	—
Total non-operating income and expenses		4,748	1	183	—
INCOME BEFORE INCOME TAX		94,093	26	78,329	25
INCOME TAX EXPENSE	4,21	(15,744)	(4)	(14,512)	(4)
NET INCOME		78,349	22	63,817	21
TOTAL COMPREHENSIVE INCOME		$ 78,349	22	$ 63,817	21
NET INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 78,349	22	$ 63,817	21
Non-controlling interests		—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 78,349	22	$ 63,817	21
Non-controlling interests		—	—	—	—
EARNING PER SHARE(NT$)					
Basic earnings per share	22	$ 1.25		$ 1.02	
Diluted earnings per share	22	$ 1.25		$ 1.02	

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Items	Equity Attributable to Shareholders of the Parent					Non-controlling Interests	Total Equity
	Capital Stock	Capital Surplus	Retained Earnings		Total		
			Legal Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2021	$ 625,010	$ 11,202	$ 375,325	$ 322,353	$ 1,333,890	$ —	$ 1,333,890
Net income for the three months ended March 31,2021	—	—	—	63,817	63,817	—	63,817
BALANCE, MARCH 31, 2021	$ 625,010	$ 11,202	$ 375,325	$ 386,170	$ 1,397,707	$ —	$ 1,397,707
BALANCE, JANUARY 1, 2022	$ 625,010	$ 11,202	$ 402,332	$ 366,520	$ 1,405,064	$ —	$ 1,405,064
Net income for the three months ended March 31,2022	—	—	—	78,349	78,349	—	78,349
BALANCE, MARCH 31, 2022	$ 625,010	$ 11,202	$ 402,332	$ 444,869	$ 1,483,413	$ —	$ 1,483,413

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Items	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 94,093	$ 78,329
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	6,033	5,766
Amortization expense	373	382
Net gain on financial assets at fair value through profit or loss	(6)	(5)
Interest income	(1,551)	(1,304)
Interest expense	114	190
Gain on disposal of property, plant and equipment	(71)	(141)
Changes in operating assets and liabilities		
Notes receivable	—	46
Accounts receivable	2,589	8,754
Other receivables	210	(624)
Inventories	(17,573)	(12,857)
Prepayments	353	(207)
Other current assets	10	3
Contract liabilities	14,774	4,829
Notes payable	(1,307)	(2,517)
Accounts payable	7,481	(2,195)
Other payables	3,081	1,649
Receipts in advance	25	25
Other current liabilities	(402)	(259)
Net defined benefit liabilities	(18)	(12)
Cash generated from operations	108,208	79,852
Interest paid	(114)	(190)
Net cash generated by operating activities	108,094	79,662
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,820)	(328)
Payments for Intangible Assets	(483)	(437)
Proceeds from disposal of property, plant and equipment	86	161
Decrease (Increase) in prepayments for equipment	833	(69)
Interest received	1,461	1,289
Net cash generated by (used in) investing activities	(2,923)	616
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(4,693)	(4,617)
Net cash used in financing activities	(4,693)	(4,617)
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,478	75,661
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,382,085	1,281,652
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 1,482,563	$ 1,357,313

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

PLANET TECHNOLOGY CORPORATION AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

(Reviewed, Not Audited)

1. GENERAL

Planet Technology Corporation (collectively as "the Company") was established in January 1993 in accordance with the Company Act and other relevant laws and regulations. The Company is mainly engaged in the business of import and export of computers and peripheral equipment, internet equipment and software, as well as research and development, manufacturing and trading. The Company's shares were publicly issued since July 2001 under the approval of the Securities and Futures Bureau of the Financial Supervisory Commission. Besides, the company's shares were approved over-the-counter by the Securities and Futures Bureau of Financial Supervisory Commission on June 13, 2003 and shares were listed as a general stock on the Taipei Exchange on September 17, 2003.

The consolidated financial statements were included Planet Technology Corporation and its subsidiaries (collectively as "the Group").

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on April 28 , 2022.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

The IFRSs of new standards, interpretations and amendments endorsed by FSC effective from 2022 are as follow:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1：The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2：The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3：The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4：The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

The Group believes that the adoption of the above IFRSs won’t have any material impact on its consolidated financial statements.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group：

The IFRSs of new standards, interpretations and amendments endorsed by FSC effective from 2023 are as follow: None

(3) The IFRSs issued by IASB but not yet endorsed by FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2：The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3：The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4：Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

The Group is evaluating the impact of its initial adoption of the abovementioned standards and interpretations on its consolidated financial position and consolidated financial performance. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed.

(2) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss and defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(3) Basis of Consolidation

A. The basis of preparation and the basis for the consolidated financial statements:

The basis of preparation and the basis for the consolidated financial statements applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021.

Inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

B. The Subsidiaries in the consolidated financial statements:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location
Planet Technology Corporation.	PLANET INTERNATIONAL INC.	International trade business	Samoa

Name of Investee	Percentage of Ownership		
	March 31, 2022	December 31, 2021	March 31, 2021
PLANET INTERNATIONAL INC.	100%	100%	100%

The data of the subsidiaries included in the consolidated financial statements in the above table are prepared based on the financial statements reviewed by the certified public accountant during the same period.

C. Subsidiaries excluded from consolidated financial statement: None.

(4) Other Significant Accounting Policies

Except for the following, the summary of significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2021.

A. Retirement 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 for significant market fluctuations and for significant plan amendments, settlements, or other significant one-off events for current period.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income taxes 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management must make relevant judgments, estimations, and assumptions based on historical experience and other relevant factors because the relevant information isn't easy to obtain. Actual results may differ from these estimates.

The Group has considered the economic implications of COVID-19 on critical accounting estimates. Management will review continually the estimates and underlying assumptions. Revisions to accounting estimates are recognized in current the period if the revisions affect only that period. If the revisions affect both current and future periods, then revisions are recongized in two periods.

There were no significant changes. Please refer to Note 5 of the consolidated financial statements for the years ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 171	$ 192	$ 198
Cash in bank	1,482,392	1,381,893	1,357,115
Total	$ 1,482,563	$ 1,382,085	$ 1,357,313

7. CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily measured at fair value			
Non-derivative financial assets-Funds	$ 10,764	$ 10,758	$ 10,745

8. ACCOUNTS RECEIVABLE- NET

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	$ 103,943	$ 106,532	$ 81,643
Loss allowance	(96)	(96)	(96)
Net	$ 103,847	$ 106,436	$ 81,547

(1) In principle, the payment term granted to customers is due 30 days from the invoice date, and some customers have a monthly settlement for a period of 45 to 60 days.

In order to minimize credit risk, the management of the Group has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group has applied the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for all accounts receivable. The evaluation of the lifetime expected credit loss is made by considering past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions. GDP forecasts and the outlook of the industry are also considered.

(2) Aging analysis of accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Neither past due nor impaired	$ 103,847	$ 106,436	$ 81,547
Past due but not impaired			
Less than 30 days	—	—	—
31 to 180 days	—	—	—
over 181 days	—	—	—
Subtotal	—	—	—
Total	$ 103,847	$ 106,436	$ 81,547

(3) Movements of the loss allowance for accounts receivable were as follows:

	For the Three Months Ended March 31	
	2022	2021
Balance on January 1	$ 96	$ 96
Provision	—	—
Amount written off	—	—
Balance on March 31	$ 96	$ 96

The Group's recognized impairment loss of the receivables is judged on a group basis, and there is no individual judgment on the impairment loss of any individual receivable.

9. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 68,642	$ 63,858	$ 49,721
Work in process	66,780	47,044	52,883
Finished goods	88,379	95,679	103,392
Merchandise in transit	353	—	—
Total	$ 224,154	$ 206,581	$ 205,996

(1) The allowance for inventory devaluation (including idle products) was $3,679 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021.

(2) The cost of inventories recognized as cost of sales for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
The cost of goods sold	$ 222,699	$ 187,081
Gain on physical inventory	—	—
Total	$ 222,699	$ 187,081

10. PROPERTY, PLANT AND EQUIPMENT

Item	For the Three Months Ended March 31, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Machinery and equipment	$ 19,218	$ 2,848	$ —	$ 22,066
Furniture and fixtures	5,852	619	(22)	6,449
Other facilities	14,838	1,540	(88)	16,290
Subtotal	39,908	5,007	(110)	44,805
Accumulated depreciation and impairment				
Machinery and equipment	16,621	313	—	16,934
Furniture and fixtures	4,167	193	(22)	4,338
Other facilities	11,091	868	(73)	11,886
Subtotal	$ 31,879	$ 1,374	$ (95)	$ 33,158
Net	$ 8,029			$ 11,647

Item	For the Three Months Ended March 31, 2021			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Machinery and equipment	$ 18,460	$ 4	$ —	$ 18,464
Furniture and fixtures	5,176	141	(15)	5,302
Other facilities	11,878	636	(161)	12,353
Subtotal	35,514	781	(176)	36,119
Accumulated depreciation and impairment				
Machinery and equipment	15,317	334	—	15,651
Furniture and fixtures	3,496	178	(15)	3,659
Other facilities	9,103	594	(141)	9,556
Subtotal	$ 27,916	$ 1,106	$ (156)	$ 28,866
Net	$ 7,598			$ 7,253

11. Lease Agreement

(1) Right-of-use assets

Item	For the three months ended March 31, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Buildings	$ 67,786	$ —	$ —	$ 67,786
Transportation equipment	4,443	—	—	4,443
Subtotal	72,229	—	—	72,229
Accumulated depreciation and impairment				
Buildings	37,759	4,289	—	42,048
Transportation equipment	3,579	370	—	3,949
Subtotal	$ 41,338	$ 4,659	$ —	$ 45,997
Net	$ 30,891			$ 26,232

Item	For the three months ended March 31, 2021			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Buildings	$ 67,786	$ —	$ —	$ 67,786
Transportation equipment	4,443	—	—	4,443
Subtotal	72,229	—	—	72,229
Accumulated depreciation and impairment				
Buildings	20,600	4,290	—	24,890
Transportation equipment	2,098	370	—	2,468
Subtotal	$ 22,698	$ 4,660	$ —	$ 27,358
Net	$ 49,531			$ 44,871

(2) Lease liabilities

	March 31, 2022	March 31, 2021
Current	$ 17,950	$ 18,661
Non-current	$ 8,330	$ 26,279

Discount rate for lease liabilities was 1.6%~1.7%.

(3) Material lease-in activities and terms

The Group leases buildings and transportations equipement for the use of offices and business, the leasing period is from 2017 to 2023 and from 2019 to 2022. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(4) Other lease information

	For the three months ended March 31,2022	For the three months ended March 31,2021
Expenses relating to short-term leases	$ 2	$ 2
Expenses relating to low-value asset leases	$ 29	$ 29
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ —	$ —
Total cash outflow for leases	$ (4,724)	$ (4,648)

(A) The Group applies the recognition exemption to leases of safe deposit boxes qualifying as short-term leases and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

(B) The amount of lease commitments for short-term leases and low-value asset leases which the recognition exemption are applied as of March 31, 2022 and 2021 is $201 thousand and $315 thousand, respectively.

12. INTANGIBLE ASSETS

Item	For the Three Months Ended March 31, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Trademarks	$ 315	$ 105	$ —	$ 420
Patents	1,583	67	—	1,650
Computer software	11,559	311	—	11,870
Subtotal	13,457	483	—	13,940
Accumulated amortization and impairment				
Trademarks	24	10	—	34
Patents	670	56	—	726
Computer software	9,972	307	—	10,279
Subtotal	10,666	$ 373	$ —	11,039
Net	$ 2,791			$ 2,901

Item	For the Three Months Ended March 31, 2021			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Trademarks	$ 80	$ —	$ —	$ 80
Patents	1,231	119	—	1,350
Computer software	10,978	318	(32)	11,264
Subtotal	12,289	437	(32)	12,694
Accumulated amortization and impairment				
Trademarks	6	2	—	8
Patents	491	42	—	533
Computer software	8,566	338	(32)	8,872
Subtotal	9,063	$ 382	$ (32)	9,413
Net	$ 3,226			$ 3,281

13. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable	$ 59,023	$ 60,330	$ 43,371
Accounts payable	98,560	91,079	77,370
Total	$ 157,583	$ 151,409	$ 120,741
Current	$ 157,583	$ 151,409	$ 120,741

(1) The average credit purchase period of payables is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(2) For the disclosure of the Group's payables exposing currency and liquidity risks and other payables, please refer to Note 25.

14. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Salary and wages payable	$ 12,401	$ 18,148	$ 10,411
Employee Bonus payable	31,572	25,469	26,378
Directors' remuneration payable	7,893	6,367	6,595
Advertising payable	3,211	3,937	2,342
Export fee payable	3,403	3,941	2,653
Other accrued expenses	8,737	6,087	8,138
Payable for annual leave	3,605	3,605	3,125
Total	$ 70,822	$ 67,554	$ 59,642
Current	$ 70,822	$ 67,554	$ 59,642

15. RETIRED BENEFIT PLANS

(1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act ("the Act") is deemed a defined contribution plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT$1,386 thousand and NT$1,296 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021, respectively.

(2) Defined benefit plans

The Company has a defined benefit plan under the Labor Standards Law, which provides benefits based on an employee's length of service and average monthly salaries of the last six months prior to retirement. The Company contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

Relevant pension costs for defined benefit plans which were determined by the pension cost rates of actuarial valuation as of December 31, 2021 and 2020 were as follows：

	For the Three Months Ended March 31	
	2022	2021
Operating costs	$ 16	$ 19
Selling and marketing expenses	21	25
General and administrative expenses	13	14
Research and development expenses	37	41
Total	$ 87	$ 99

16. EQUITY

(1) Capital stock

	March 31, 2022	December 31, 2021	March 31, 2021
Shares authorized	$ 1,000,000	$ 1,000,000	$ 1,000,000
Shares issued	$ 625,010	$ 625,010	$ 625,010

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	$ 11,022	$ 11,022	$ 11,022
Other	180	180	180
Total	$ 11,202	$ 11,202	$ 11,202

Under the relevant laws, the capital surplus can only be used to offset a deficit. However, the capital surplus from donations and the excess of the issuance price over par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and treasury stock transactions) may be capitalized or shall be distributed by cash, on a certain percentage of the Company’s paid-in capital every year. Also, the capital surplus from long-term investments, employee share options and share options may not be used for any purpose.

(3) Retained earnings and dividend policy

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated amount of the legal reserve has reached the total issued capital of the Company. The remaining balance is to be set aside or reverse or rotation as special reserve if necessary. According to the dividend policy, bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders' meeting. In accordance with the provisions of Article 240, Item 5 of the Company Act, the company may explicitly stipulate to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting.

B. The Company adopts the residual dividend policy in order to meet the growth characteristics of the industry and the capital needs of the Company's long-term financial planning and operation expansion. That is, the surplus distribution is handled according to Article 20 of the Articles of Association. The shareholder dividends are based on the principle of balanced distribution between stock and cash dividends. The board of directors proposes to set aside from the distributable surplus the dividends to be

distributed, with the amount of the distribution no less than 30% of the distributable surplus in the current year, and distributed according to the Company's Articles of Incorporation. Stock dividends have the priority in order to retain the required funds, and the remaining surplus is to be distributed in the form of cash dividends; however, the proportion of cash dividends shall not be less than 10% of the total dividends. In accordance with Article 241 of the Company Act, Company distributes its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

C. According to the Company Act, the appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

D. 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 items (including exchange differences on translating foreign operations, unrealized gain or loss on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of a cash flow hedge, but excluding treasury stock). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

E. The appropriations of 2021 and 2020 earnings have been approved by the Company's Board of Directors in its meeting held on April 15, 2022 and by the Company's shareholders in its meeting held on Augest 5, 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends per Share(NT$)	
	2021	2020	2021	2020
Legal reserve	$ 32,118	$ 27,007		
Cash dividends	293,755	250,004	4.7	4
Total	$ 325,873	$ 277,011		

The appropriations of earnings for 2021 are expected to be presented for approval in the shareholders' meeting which will be held on May 27, 2022.

17. OPERATING REVENUES

	For the Three Months Ended March 31	
	2022	2021
Net revenue from sales of goods	$ 361,609	$ 311,430

(1) Breakdown of revenue from contracts with customers

	For the Three Months Ended March 31	
	2022	2021
Europe	$ 157,874	$ 146,370
America	97,538	73,365
Asia	61,875	50,869
Others	44,322	40,826
Total	$ 361,609	$ 311,430

(2)Contract liabilities

	For the Three Months Ended March 31	
	2022	2021
Contract liabilities-current	$ 48,673	$ 26,813

For the three months ended March 31, 2022 and 2021, the company recognized NT$20,311 thousand and NT$10,523 thousand in revenue from the beginning balance of contract liability, respectively.

18. INTEREST INCOME

	For the Three Months Ended March 31	
	2022	2021
Interest income from bank deposits	$ 1,551	$ 1,304

19. OTHER INCOME

	For the Three Months Ended March 31	
	2022	2021
Rent income	$ 21	$ 21
Other gains	992	2,271
Total	$ 1,013	$ 2,292

20. OTHER GAINS AND LOSSES

	For the Three Months Ended March 31	
	2022	2021
Gains on disposal of property, plant and equipment	$ 71	$ 141
Gains on financial assets at fair value through profit or losses	6	5
Foreign exchange gains (losses)	2,221	(3,369)
Total	$ 2,298	$ (3,223)

21. INCOME TAX

(1) Income tax recognized in profit or loss

A. Income tax expense consisted of the following:

	For the Three Months Ended March 31	
	2022	2021
Tax expenses	$ 18,776	$ 15,724
Net change in deferred income tax	2,282	(61)
Investment tax credits	(1,165)	(1,151)
Income tax expense recognized in profit or loss	$ 19,893	$ 14,512

B. Income tax expense consisted of the following:

	For the Three Months Ended March 31	
	2022	2021
Tax expenses	$ 19,893	$ 14,512
Adjustments for prior year's income tax	(4,149)	—
Income tax expense recognized in profit or loss	$ 15,744	$ 14,512

(2) Income tax expense (benefit) recognized in other comprehensive income: None.

(3) Unappropriated retained earnings:

	March 31, 2022	December 31,2021	March 31, 2021
1998 to 2009	$ 32,002	$ 32,002	$ 32,002
after 2010	412,867	334,518	354,168
Total	$ 444,869	$ 366,520	$ 386,170

(4) Income tax assessments

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

22. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2022	2021
Basic EPS(NT$)	$ 1.25	$ 1.02
Diluted EPS(NT$)	$ 1.25	$ 1.02

EPS is computed as follows:

(1) Basic earnings per share

Used to calculate the basic earnings per share and the weighted average number of ordinary shares as follow:

	For the Three Months Ended March 31	
	2022	2021
Profit attributable to ordinary shareholders of the parent (in thousand)	$ 78,349	$ 63,817
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS(NT$)	$ 1.25	$ 1.02

(2) Diluted earnings per share

Used to calculate the diluted earnings per share and the weighted average number of ordinary shares (thousand shares) as follow:

	For the Three Months Ended March 31	
	2022	2021
Profit attributable to ordinary shareholders of the parent (in thousand)	$ 78,349	$ 63,817
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Effect of potentially dilutive ordinary shares- Employees' remuneration (in thousand shares)	296	345
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,797	62,846
Diluted EPS(NT$)	$ 1.25	$ 1.02

Due to the employee remuneration may be paid in the form of company shares, it is assumed that the employee's remuneration will be issued by means of shares when calculating the earnings per share. When the potential ordinary shares have a dilution effect, they are included in the weighted average number of outstanding shares to calculate the diluted earnings per share. When the shareholders' meeting decides the number of shares in the employee's remuneration for the previous year by calculating the basic earnings per share, the number of shares will be included in the weighted average number of outstanding shares in the resolution of the shareholder's meeting. Moreover, since the capital increase from employee remuneration is no longer a free share allotment, no retroactive adjustment is required for the calculation of the basic and diluted earnings per share.

23. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the three months ended March 31, 2022 and 2021:

	For the Three Months Ended March 31, 2022			For the Three Months Ended March 31, 2021		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	$ 7,468	$ 33,037	$ 40,505	$ 6,997	$ 31,035	$ 38,032
Payroll expense	6,232	28,324	34,556	5,877	26,806	32,683
Insurance expense	667	2,527	3,194	572	2,155	2,727
Pension	273	1,200	1,473	260	1,135	1,395
Others	296	986	1,282	288	939	1,227
Depreciation	1,387	4,646	6,033	1,224	4,542	5,766
Amortization	—	373	373	—	382	382

According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period. 6% is applied to employees' compensation, and 1.5% is applied to director's and supervisor's remuneration that were expensed under operating costs or operating expenses during the three months ended March 31, 2022 and 2021.

The estimated amounts are as follows:

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	$ 6,103	$ 5,081
Remuneration to directors	1,526	1,270

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. If the board of directors decides to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting, with the ex-dividend impact considered.

The 2021 and 2020 employees' compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on February 24, 2022 and March 11, 2021 as follows.

	For the Year Ended December 31	
	2021	2020
Employees' compensation	$ 25,469	$ 21,298
Remuneration to directors	6,367	5,324

There is no difference between the 2021 and 2020 employees' compensation and director's and supervisor's remuneration and the Company's 2021 and 2020 recognized fee estimates.

The information about appropriations of the Company's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

24. CAPITAL MANAGEMENT

The Group plans its working capital required for the future in accordance with the characteristics currently existing in its industry and its future development status while it also considers the changes in the external environment, so as to ensure its sustainable operations. In so doing, the Group will be able to concurrently protect the interests of its shareholders and other related parties, maintain the optimal capital structure, and elevate the stockholder value. As a whole, the Group adopts a prudent risk management strategy. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or return capital to shareholders.

25. FINANCIAL INSTRUMENTS

(1) Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 10,764	$ 10,758	$ 10,745
Amortized cost			
Cash and cash equivalents	1,482,563	1,382,085	1,357,313
Notes and accounts receivable	103,847	106,436	81,547
Other receivables	7,245	7,365	6,647
Refundable deposits	6,136	6,136	6,099
Total	$ 1,610,555	$ 1,512,780	$ 1,462,351
Financial liabilities			
Amortized cost			
Notes and accounts payable	$ 157,583	$ 151,409	$ 120,741
Other payables	70,822	67,554	59,642
Lease liabilities	26,280	30,973	44,940
Total	$ 254,685	$ 249,936	$ 225,323

(2) Fair value of financial instruments

A. Fair value of financial instruments that are not measured at fair value

Among the financial assets and financial liabilities that are not measured at fair value, the management of the Group considers that there is no significant difference between the carrying amounts and the fair values.

B. Fair value as recognized in the balance sheet

According to IFRS 13, the Group's fair values of the assets or liabilities are estimated based on the fair values assessed by major market participants. Considering the fair value assumptions of market participants, the observable fair value measurements can be divided into the following three levels:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) For the assets and liabilities recognized in the financial statements on a repetitive basis, the classification is re-evaluated at the end of each reporting period to determine whether there is a transfer between the levels of the fair value hierarchy.

(e) The Group has no financial assets or liabilities that are measured at fair value on a non-repetitive basis. The financial assets and liabilities measured at fair value on a repetitive basis are presented below:

	March 31,2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	$ 10,764	$ —	$ —	$ 10,764
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	$ —	$ —	$ —	$ —

	December 31,2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	$ 10,758	$ —	$ —	$ 10,758
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	$ —	$ —	$ —	$ —

	March 31,2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Funds	$ 10,745	$ —	$ —	$ 10,745
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	$ —	$ —	$ —	$ —

For the three months ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

There were no purchases and disposals for assets on Level 3 for the three months ended March 31, 2022 and 2021, respectively.

C. Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

Monetary funds are closed-end funds with standard terms and conditions; investors may request the fund management companies for redemption at any time, and the fair values are based on the net values of the funds.

D. Financial assets and liabilities which are not measured at fair value, but the fair values need to be disclosed: None.

(3) Financial risk management objectives

The Group's objectives of financial risk management are to manage its exposure to currency risk, interest rate risk, credit risk and liquidity risk related to the operating activities. To reduce the related financial risks, the Group engages in identifying, assessing and avoiding the market uncertainties with the objective to reduce the potentially adverse effects on its financial performance by the market change.

The Group's major financial activities are reviewed by the board of directors in accordance with the related regulations and internal control system. During the financial plan execution period, the Group must comply with the financial operation procedures that provide guiding principles for overall financial risk management and segregation of duties.

(4) Market risk

The Group is exposed to the market risks arising from changes in foreign currency rates and interest rates, and not utilizes derivative financial instruments to reduce the related risks.

A. Foreign currency risk

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk. The Group did not engage in any hedging.

The Group's sensitivity analysis to foreign currency risk mainly focuses on the net foreign currency assets and liabilities monetary items at the end of the reporting period.

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2022			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 3,988	28.625	$ 112,449	$ 1,124
EUR	192	31.92	6,131	61
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	1,934	28.625	54,640	546
Non-monetary items	—	—	—	—

	December 31, 2021			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 4,577	27.68	$ 126,875	$ 1,269
EUR	185	31.32	5,802	58
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	2,006	27.68	55,798	558
Non-monetary items	—	—	—	—

	March 31, 2021			
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 3,646	28.535	$ 103,111	$ 1,031
EUR	179	33.48	5,981	60
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	1,545	28.535	43,340	433
Non-monetary items	—	—	—	—

B. Interest rate risk

Interest rate risk refers the risk caused by the change in the fair value of financial instruments as a result of change of the market interest rate. The interest rate risk of the Group is mainly from the floating-rate time deposit investment. As the current market interest rate is already low, it is expected that there is no significant interest rate risk, and therefore the Group is not engaged in any hedging.

Regarding the sensitivity analysis of the interest rate risk, the calculation is made according to the amount of changes in fair value of fixed income investment at the end of the report period, If the interest rate increased or decreased by 0.25%, the Group's profit or loss for the three months March 31, 2022 and 2021 would increase or decrease NT$911 thousand and NT$825 thousand respectively.

C. Other price risk

The Group is exposed to equity instrument price risk arising from financial assets at fair value through profit or loss, mandatorily measured at fair value. Except for investments made through venture capital funds, all other major equity investments are to be approved by the board of directors of the Group in advance.

The sensitivity analysis for the equity instruments is based on the change in fair value as of the reporting date. Assuming a hypothetical increase or decrease of 5% in prices of the equity instrument at the end of the reporting period for the three months ended March 31, 2022 and 2021, the income would have increased /decreased by NT$538 thousand and NT$537 thousand, respectively.

(5) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivable, and from financing activities of fixed-income deposits investments. Credit risk is managed separately for business related and financial related exposures.

A. Business related credit risk

In order to maintain quality of accounts receivable, the Group has set up operation related credit risk management procedure.

The individual customer risk assessment covers the factors of an individual customer's financial status and credit rating agency's ratings, the Group's internal credit ratings and historical transaction records and current economic status, etc. which may affect customer's solvency capacity. In addition, the Group will also use some credit enhancement instruments, such as advance sales receipts and accounts receivable insurance, etc, at an appropriate time to reduce the credit risk of some specific customers. The management of the Group has delegated a person responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's top ten customers accounted for 53.64%, 51.11% and 49.08% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

B. Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's financial department. The Group's transaction counterparts and contract performance parties are the financial institutions with good credit, and the Group has diversified its risk by dealing with multiple financial institutions, so there shall be no significant credit risk caused by too much concentration on some financial institutions and no significant doubt about contract performance. As such, the Group shall have no material credit risk.

(6) Liquidity risk management

The Group's goal in managing liquidity risk is to control capital expenditures and working capital.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	March 31, 2022			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
Notes and accounts payable	$ 157,583	$ —	$ —	$ 157,583
Other payables	70,822	—	—	70,822
Lease liabilities	18,218	8,356	—	26,574
Subtotal	246,623	8,356	—	254,979
Derivative financial liabilities	—	—	—	—
Total	$ 246,623	$ 8,356	$ —	$ 254,979

	December 31, 2021			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
Notes and accounts payable	$ 151,403	$ 6	$ —	$ 151,409
Other payables	67,554	—	—	67,554
Lease liabilities	18,597	12,784	—	31,381
Subtotal	237,554	12,790	—	250,344
Derivative financial liabilities	—	—	—	—
Total	$ 237,554	$ 12,790	$ —	$ 250,344

	March 31, 2021			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
Notes and accounts payable	$ 120,741	$ —	$ —	$ 120,741
Other payables	59,642	—	—	59,642
Lease liabilities	19,229	26,574	—	45,803
Subtotal	199,612	26,574	—	226,186
Derivative financial liabilities	—	—	—	—
Total	$ 199,612	$ 26,574	$ —	$ 226,186

26. RELATED PARTY TRANSACTIONS

The transaction amount and balance between the Company and its subsidiaries (the related persons of the Company) have been eliminated in the preparation of the consolidated financial statements and are not disclosed in this note.

The transaction details of the Company and other related parties are disclosed as follows:

(1)Planet Technology Corporation is the ultimate controller of the consolidated company.

(2) Compensation of key management personnel

The compensation to directors and other key management personnel compensation comprised:

	For the Three Months Ended March 31	
	2022	2021
Short-term benefits	$ 3,271	$ 2,959
Post-employment benefits	28	29
Total	$ 3,299	$ 2,988

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the standard level of the industry.

27. PLEDGED ASSETS: None.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS: None.

29. SIGNIFICANT DISASTER LOSS: None.

30. SUBSEQUENT EVENTS: None.

31. OTHER:

Non-cash transactions.

Investing activities with partial cash payments：

	For the Three Months Ended March 31	
	2022	2021
Purchase of property, plant and equipment	$ 5,007	$ 781
Add：Beginning balance of payable for equipment	232	60
Less：Transfer from prepaid equipment at the beginning of the period	—	—
Ending balance of payable for equipment	(419)	(513)
Cash paid during the period	$ 4,820	$ 328

32. ADDITIONAL DISCLOSURES

When preparing the consolidated financial statements, the major transactions between the parent and subsidiary companies and their balances have been fully eliminated.

(1) Information on significant transactions:

(A) Financing provided to others: None;

(B) Endorsements/guarantees provided: None;

(C) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please see Table 1 attached;

(D) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

(E) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

(F) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

(G) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None;

(H) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

(I) Information about the derivative instruments transaction: None;

(J)Other: Intercompany relationships and significant intercompany transactions: None.

(2) Information on investees:

(A)Names, locations, and related information of investee companies: Please see Table 2 attached;

(B) Significant transactions information: None.

(3) Information on investment in Mainland China: None.

(4) Information of major shareholders: list of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please see Table 3 attached.

TABLE 1

MARKETABLE SECURITIES HELD

Amount in Thousands of New Taiwan Dollars

Held Company Name	Marketable Securities Type and Name		Relationship with the Company	Financial Statement Account	March 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Planet Technology Corporation	Money market fund	Fuh Hwa Money Fund	—	Finacial assets at fair value through profit or loss-current	218,437.60	$ 3,183	—	$ 3,183	Note
	〃	Yuanta Wan Tai Money Market Fund	—	〃	210,029.60	3,211	—	3,211	〃
	〃	Eastspring Investments Well Pool Money Market Fund	—	〃	317,883.00	4,370	—	4,370	〃
	Stock	ESSENCE TECHNOLOGY SOLUTION INC.	—	Finacial assets at fair value through profit or loss-non-current	42,000.00	—	1.56	—	

Note: The market price is the net value as of March 31, 2022.

TABLE 2

INFORMATION ON INVESTEES

Amount in Thousands of New Taiwan Dollars, United States Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment		Balance as of March 31, 2022			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Planet Technology Corporation	PLANET INTERNATIONAL INC.	Samoa	International trade business	US$ 100,000	US$ 100,000	100,000	100%	$ 3,029	$ 101	$ 101	Notes

Notes：

1. The investment income (loss) is recognized based on the investee's financial statements that were reviewed and attested by parent company's CPA for the three months ended March 31, 2022.

2. Merged for reversal when preparing the consolidated report.

TABLE 3

Information of major shareholders

Shares / Shareholders	Total Shares owned	Ownership Percentage
Puyan Investment Co., Ltd	16,856,237	26.97%
CHEN, CHING-KANG	4,211,978	6.74%

33. SEGMENT INFORMATION

(1) The Group focuses on the research, development, manufacturing and sales of network equipment and peripheral equipment, and operates in only a single industry; besides, the Group's operational decision-making system assesses performance and allocates resources as a whole, and it is identified that the Group has only a single department which needs to be reported.

Items	For the Three Months Ended March 31, 2022		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	$ 361,609	$ —	$ 361,609
Revenue from other departments within the company	—	—	—
Segment profit (Income before income tax)	94,093	—	94,093
Segment assets	1,885,477	—	1,885,477

Items	For the Three Months Ended March 31, 2021		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	$ 311,430	$ —	$ 311,430
Revenue from other departments within the company	—	—	—
Segment profit (Income before income tax)	78,329	—	78,329
Segment assets	1,736,165	—	1,736,165