

**PLANET TECHNOLOGY CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
AND INDEPENDENT AUDITORS' REVIEW REPORT**

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INDEPENDENT AUDITORS' REVIEW REPORT**NO.10711121CEA**

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, 2023 and 2022 and the consolidated statements of comprehensive income for the three months ended March 31, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standards on Review Engagements No. 2410 “Review of Interim 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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” 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

May 9 , 2023

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 31,2023 , DECEMBER 31,2022 AND MARCH 31,2022
(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	March 31,2023 (Reviewed)		December 31,2022 (Audited)		March 31,2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6	\$ 1,673,905	79	\$ 1,567,809	78	\$ 1,482,563	78
Current financial assets at fair value through profit or loss	7	10,840	1	10,811	1	10,764	1
Accounts receivable, net	8	108,436	5	109,390	5	103,847	6
Other receivables		9,356	—	9,490	1	7,245	—
Inventories	9	260,907	12	250,257	13	224,154	12
Prepayments		12,062	1	8,412	—	6,424	—
Other current assets		35	—	47	—	33	—
Total current assets		2,075,541	98	1,956,216	98	1,835,030	97
NON-CURRENT ASSETS							
Property, plant and equipment	10	13,675	1	10,255	1	11,647	1
Right-of-use assets	11	12,430	1	17,139	1	26,232	2
Intangible assets	12	2,066	—	2,327	—	2,901	—
Deferred tax assets	4	2,238	—	2,606	—	3,531	—
Prepayments for business facilities		365	—	64	—	—	—
Guarantee deposits paid		6,308	—	6,308	—	6,136	—
Total non-current assets		37,082	2	38,699	2	50,447	3
TOTAL ASSETS		\$ 2,112,623	100	\$ 1,994,915	100	\$ 1,885,477	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31,2023 , DECEMBER 31,2022 AND MARCH 31,2022
(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	March 31,2023 (Reviewed)		December 31,2022 (Audited)		March 31,2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Current contract liabilities	17	\$ 47,008	2	\$ 53,648	3	\$ 48,673	2
Notes payable	13	57,228	3	71,367	4	59,023	3
Accounts payable	13	120,786	6	106,841	5	98,560	5
Other payables	14	76,869	4	84,507	4	70,822	4
Current tax liabilities	4	129,458	6	104,547	5	91,585	5
Current lease liabilities	11	9,978	—	14,366	1	17,950	1
Receipts in advance		38	—	—	—	25	—
Other current liabilities		1,209	—	2,091	—	1,171	—
Total current liabilities		442,574	21	437,367	22	387,809	20
NON-CURRENT LIABILITIES							
Deferred tax liabilities	4	82	—	87	—	—	—
Non-current lease liabilities	11	2,229	—	2,640	—	8,330	1
Non-current net defined benefit liability	4	3,729	—	3,775	—	5,925	—
Total non-current liabilities		6,040	—	6,502	—	14,255	1
Total liabilities		448,614	21	443,869	22	402,064	21
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT							
Share capital	16	625,010	29	625,010	31	625,010	33
Ordinary share		625,010	29	625,010	31	625,010	33
Capital surplus	16	11,202	1	11,202	1	11,202	1
Retained earnings	16	1,027,797	49	914,834	46	847,201	45
Legal reserve		434,450	21	434,450	22	402,332	21
Unappropriated retained earnings	21	593,347	28	480,384	24	444,869	24
Total equity attributable to owners of parent		1,664,009	79	1,551,046	78	1,483,413	79
Total equity		1,664,009	79	1,551,046	78	1,483,413	79
TOTAL LIABILITIES AND EQUITY		\$ 2,112,623	100	\$ 1,994,915	100	\$ 1,885,477	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, 2023 AND 2022

(Reviewed, Not Audited)

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

Items	NOTES	For the Three Months Ended March 31			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUE	17	\$ 435,767	100	\$ 361,609	100
OPERATING COSTS	9	(248,727)	(57)	(222,699)	(62)
GROSS PROFIT		187,040	43	138,910	38
OPERATING EXPENSES					
Selling expenses		(19,772)	(5)	(18,168)	(5)
Administrative expenses		(14,162)	(3)	(10,931)	(3)
Research and development expenses		(23,885)	(5)	(20,466)	(5)
Total operating expenses		(57,819)	(13)	(49,565)	(13)
NET OPERATING INCOME		129,221	30	89,345	25
NON-OPERATING INCOME AND EXPENSES					
Interest income	18	4,257	1	1,551	—
Other income	19	3,149	1	1,013	—
Other gains and losses	20	1,674	—	2,298	1
Finance costs		(61)	—	(114)	—
Total non-operating income and expenses		9,019	2	4,748	1
PROFIT BEFORE TAX		138,240	32	94,093	26
TAX EXPENSE	4,21	(25,277)	(6)	(15,744)	(4)
PROFIT		112,963	26	78,349	22
TOTAL COMPREHENSIVE INCOME		\$ 112,963	26	\$ 78,349	22
PROFIT ATTRIBUTABLE TO :					
Owners of parent		\$ 112,963	26	\$ 78,349	22
Non-controlling interests		—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Owners of parent		\$ 112,963	26	\$ 78,349	22
Non-controlling interests		—	—	—	—
EARNINGS PER SHARE (in dollars)					
Basic earnings per share	22	\$ 1.81		\$ 1.25	
Diluted earnings per share	22	\$ 1.80		\$ 1.25	

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, 2023 AND 2022

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

Items	Equity Attributable to Owners of the Parent					Non-controlling Interests	Total Equity
	Capital Stock	Capital Surplus	Retained Earnings		Total		
			Legal Reserve	Unappropriated Retained Earnings			
BALANCE, JANUARY 1, 2022	\$ 625,010	\$ 11,202	\$ 402,332	\$ 366,520	\$ 1,405,064	\$ —	\$ 1,405,064
Profit	—	—	—	78,349	78,349	—	78,349
BALANCE, MARCH 31, 2022	\$ 625,010	\$ 11,202	\$ 402,332	\$ 444,869	\$ 1,483,413	\$ —	\$ 1,483,413
BALANCE, JANUARY 1, 2023	\$ 625,010	\$ 11,202	\$ 434,450	\$ 480,384	\$ 1,551,046	\$ —	\$ 1,551,046
Profit	—	—	—	112,963	112,963	—	112,963
BALANCE, MARCH 31, 2023	\$ 625,010	\$ 11,202	\$ 434,450	\$ 593,347	\$ 1,664,009	\$ —	\$ 1,664,009

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, 2023 AND 2022

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

Items	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 138,240	\$ 94,093
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	6,111	6,033
Amortization expense	319	373
Net gain on financial assets at fair value through profit or loss	(29)	(6)
Interest income	(4,257)	(1,551)
Interest expense	61	114
Gain on disposal of property, plant and equipment	(119)	(71)
Changes in operating assets and liabilities		
Accounts receivable	954	2,589
Other receivables	235	210
Inventories	(10,650)	(17,573)
Prepayments	(3,650)	353
Other current assets	12	10
Contract liabilities	(6,640)	14,774
Notes payable	(14,139)	(1,307)
Accounts payable	13,945	7,481
Other payables	(9,611)	3,081
Receipts in advance	38	25
Other current liabilities	(882)	(402)
Net defined benefit liabilities	(46)	(18)
Cash inflow generated from operations	109,892	108,208
Interest paid	(61)	(114)
Income taxes paid	(3)	—
Net cash flows from operating activities	109,828	108,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,850)	(4,820)
Acquisition of Intangible Assets	(58)	(483)
Proceeds from disposal of property, plant and equipment	120	86
Decrease (Increase) in prepayments for business facilities	(301)	833
Interest received	4,156	1,461
Net cash flows from (used in) investing activities	1,067	(2,923)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(4,799)	(4,693)
Net cash used in financing activities	(4,799)	(4,693)
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,096	100,478
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,567,809	1,382,085
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,673,905	\$ 1,482,563

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(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 approved by the Board of Directors and authorized for issued on May 9, 2023.

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 2023 are as follow:

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

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 2024 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
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
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
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

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, 2022.

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, 2023	December 31, 2022	March 31, 2022
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, 2022.

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 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.

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 the current period if the revisions affect only that period. If the revisions affect both current and future periods, then revisions are recognized in two periods.

There were no significant changes. Please refer to Note 5 of the consolidated financial statements for the years ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 133	\$ 182	\$ 171
Cash in bank	1,673,772	1,567,627	1,482,392
Total	<u>\$ 1,673,905</u>	<u>\$ 1,567,809</u>	<u>\$ 1,482,563</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily measured at fair value			
Non-derivative financial assets-Funds	\$ 10,840	\$ 10,811	\$ 10,764

8. ACCOUNTS RECEIVABLE- NET

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ 108,544	\$ 109,498	\$ 103,943
Loss allowance	(108)	(108)	(96)
Net	<u>\$ 108,436</u>	<u>\$ 109,390</u>	<u>\$ 103,847</u>

(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, 2023	December 31, 2022	March 31, 2022
Neither past due nor impaired	\$ 108,432	\$ 109,390	\$ 103,847
Past due but not impaired			
within 30 days	4	—	—
31 to 180 days	—	—	—
over 181 days	—	—	—
Subtotal	4	—	—
Total	\$ 108,436	\$ 109,390	\$ 103,847

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

	For the Three Months Ended March 31	
	2023	2022
Balance on January 1	\$ 108	\$ 96
Provision	—	—
Amount written off	—	—
Balance on March 31	\$ 108	\$ 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, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 73,037	\$ 72,118	\$ 68,642
Work in process	67,925	49,307	66,780
Finished goods	119,945	128,832	88,379
Goods in transit	—	—	353
Total	\$ 260,907	\$ 250,257	\$ 224,154

(1) The allowance for inventory devaluation (including idle products) was \$3,679 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022.

(2) The cost of inventories recognized as cost of sales for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
The cost of goods sold	\$ 248,727	\$ 222,699
Gain on physical inventory	—	—
Operating costs	\$ 248,727	\$ 222,699

10. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2023			
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Machinery and equipment	\$ 22,104	\$ 2,086	\$ (2)	\$ 24,188
Furniture and fixtures	7,300	2,111	(35)	9,376
Other facilities	17,521	626	(126)	18,021
Subtotal	46,925	4,823	(163)	51,585
<u>Accumulated depreciation and impairment</u>				
Machinery and equipment	18,159	408	(2)	18,565
Furniture and fixtures	4,984	220	(35)	5,169
Other facilities	13,527	774	(125)	14,176
Subtotal	\$ 36,670	\$ 1,402	\$ (162)	\$ 37,910
Net	\$ 10,255			\$ 13,675

For the Three Months Ended March 31, 2022				
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
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
<u>Accumulated depreciation and impairment</u>				
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

11. Lease Agreement

(1) Right-of-use assets

For the three months ended March 31, 2023				
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 67,820	\$ —	\$ —	\$ 67,820
Transportation equipment	4,929	—	—	4,929
Subtotal	72,749	—	—	72,749
<u>Accumulated depreciation and impairment</u>				
Buildings	54,925	4,299	—	59,224
Transportation equipment	685	410	—	1,095
Subtotal	\$ 55,610	\$ 4,709	\$ —	\$ 60,319
Net	\$ 17,139			\$ 12,430

For the three months ended March 31, 2022				
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Buildings	\$ 67,786	\$ —	\$ —	\$ 67,786
Transportation equipment	4,443	—	—	4,443
Subtotal	72,229	—	—	72,229
<u>Accumulated depreciation and impairment</u>				
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

(2) Lease liabilities

	March 31, 2023	March 31, 2022
Current	\$ 9,978	\$ 17,950
Non-current	\$ 2,229	\$ 8,330

Discount rate for lease liabilities was 1.6%~2.1%.

(3) Material lease-in activities and terms

The Group leases buildings and transportations equipment for the use of offices and business, the leasing period is from 2017 to 2023 and from 2022 to 2025. 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, 2023	For the three months ended March 31, 2022
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	\$ (4,830)	\$ (4,724)

(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, 2023 and 2022 is \$86 thousand and \$201 thousand, respectively.

12. INTANGIBLE ASSETS

For the Three Months Ended March 31, 2023				
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Trademarks	\$ 679	\$ —	\$ —	\$ 679
Patents	1,734	22	—	1,756
Computer software	11,494	36	(33)	11,497
Subtotal	13,907	58	(33)	13,932
<u>Accumulated amortization and impairment</u>				
Trademarks	76	19	—	95
Patents	904	58	—	962
Computer software	10,600	242	(33)	10,809
Subtotal	11,580	\$ 319	\$ (33)	11,866
Net	\$ 2,327			\$ 2,066

For the Three Months Ended March 31, 2022				
Item	Balance, Beginning of year	Additions	Disposals	Balance, End of year
<u>Cost</u>				
Trademarks	\$ 315	\$ 105	\$ —	\$ 420
Patents	1,583	67	—	1,650
Computer software	11,559	311	—	11,870
Subtotal	13,457	483	—	13,940
<u>Accumulated amortization and impairment</u>				
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

13. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Notes payable	\$ 57,228	\$ 71,367	\$ 59,023
Accounts payable	120,786	106,841	98,560
Total	\$ 178,014	\$ 178,208	\$ 157,583
Current	\$ 178,014	\$ 178,208	\$ 157,583

(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, 2023	December 31, 2022	March 31, 2022
Salary and wages payable	\$ 4,350	\$ 23,887	\$ 11,015
Employee Bonus payable	43,785	34,820	31,572
Compensation due to directors	10,946	8,705	7,893
Advertising payable	604	4,047	3,211
Export fee payable	3,124	3,767	3,403
Other accrued expenses	11,621	6,842	10,123
Payable for annual leave	2,439	2,439	3,605
Total	\$ 76,869	\$ 84,507	\$ 70,822
Current	\$ 76,869	\$ 84,507	\$ 70,822

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 \$1,466 thousand and \$1,386 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 2023 and 2022, 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, 2022 and 2021 were as follows :

	For the Three Months Ended March 31	
	2023	2022
Operating costs	\$ 18	\$ 16
Selling expenses	20	21
Administrative expenses	15	13
Research and development expenses	39	37
Total	\$ 92	\$ 87

16. EQUITY

(1) Capital stock

	March 31, 2023	December 31, 2022	March 31, 2022
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, 2023	December 31, 2022	March 31, 2022
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 2022 and 2021 earnings have been approved by the Company's Board of Directors in its meeting held on April 12, 2023 and by the Company's shareholders in its meeting held on May 27, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends per Share(NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 43,974	\$ 32,118		
Cash dividends	400,006	293,755	6.4	4.7
Total	\$ 443,980	\$ 325,873		

The appropriations of earnings for 2022 are expected to be presented for approval in the shareholders' meeting which will be held on May 24, 2023.

17. OPERATING REVENUE

	For the Three Months Ended March 31	
	2023	2022
Net revenue from sales of goods	\$ 435,767	\$ 361,609

(1) Breakdown of revenue from contracts with customers

	For the Three Months Ended March 31	
	2023	2022
Europe	\$ 208,840	\$ 157,874
America	97,813	97,538
Asia	75,131	61,875
Others	53,983	44,322
Total	\$ 435,767	\$ 361,609

(2) Contract liabilities

	For the Three Months Ended March 31	
	2023	2022
Contract liabilities-current	\$ 47,008	\$ 48,673

For the three months ended March 31, 2023 and 2022, the company recognized \$37,394 thousand and \$20,311 thousand in revenue from the beginning balance of contract liability, respectively.

18. INTEREST INCOME

	For the Three Months Ended March 31	
	2023	2022
Interest income from bank deposits	\$ 4,257	\$ 1,551

19. OTHER INCOME

	For the Three Months Ended March 31	
	2023	2022
Rent income	\$ 22	\$ 21
Other income, others	3,127	992
Total	\$ 3,149	\$ 1,013

20. OTHER GAINS AND LOSSES

	For the Three Months Ended March 31	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 119	\$ 71
Gains on financial assets at fair value through profit or losses	29	6
Foreign exchange gains	1,526	2,221
Total	\$ 1,674	\$ 2,298

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	
	2023	2022
Tax expenses	\$ 27,648	\$ 18,776
Net change in deferred income tax	(365)	2,282
Investment tax credits	(2,006)	(1,165)
Income tax expense recognized in profit or loss	\$ 25,277	\$ 19,893

B. Income tax expense consisted of the following:

	For the Three Months Ended March 31	
	2023	2022
Tax expenses	\$ 25,277	\$ 19,893
Adjustments for prior year's income tax	—	(4,149)
Income tax expense recognized in profit or loss	\$ 25,277	\$ 15,744

(2) Income tax expense (benefit) recognized in other comprehensive income:

None.

(3) Unappropriated retained earnings:

	March 31, 2023	December 31, 2022	March 31, 2022
1998 to 2009	\$ 32,002	\$ 32,002	\$ 32,002
after 2010	561,345	448,382	412,867
Total	\$ 593,347	\$ 480,384	\$ 444,869

(4) Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2023	2022
Basic EPS(NT\$)	\$ 1.81	\$ 1.25
Diluted EPS(NT\$)	\$ 1.80	\$ 1.25

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	
	2023	2022
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 112,963	\$ 78,349
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS(NT\$)	\$ 1.81	\$ 1.25

(2) Diluted earnings per share

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

	For the Three Months Ended March 31	
	2023	2022
Profit attributable to ordinary shareholders of the parent (in thousand)	\$ 112,963	\$ 78,349
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)	313	296
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,814	62,797
Diluted EPS(NT\$)	\$ 1.80	\$ 1.25

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, 2023 and 2022:

	For the Three Months Ended March 31, 2023			For the Three Months Ended March 31, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	\$ 8,972	\$ 39,044	\$ 48,016	\$ 7,468	\$ 33,037	\$ 40,505
Payroll expense	7,558	34,219	41,777	6,232	28,324	34,556
Insurance expense	756	2,571	3,327	667	2,527	3,194
Pension	314	1,244	1,558	273	1,200	1,473
Others	344	1,010	1,354	296	986	1,282
Depreciation	1,471	4,640	6,111	1,387	4,646	6,033
Amortization	—	319	319	—	373	373

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 and directors of each period. 6% is applied to employees' compensation, and 1.5% is applied to director's remuneration that were expensed under operating costs or operating expenses during the three months ended March 31, 2023 and 2022.

The estimated amounts are as follows:

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	\$ 8,965	\$ 6,103
Remuneration to directors	2,241	1,526

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 2022 and 2021 employees' compensation and director's remuneration were respectively resolved in the board meeting on February 23, 2023 and February 24, 2022 as follows.

	For the Year Ended December 31	
	2022	2021
Employees' compensation	\$ 34,820	\$ 25,469
Remuneration to directors	8,705	6,367

There is no difference between the 2022 and 2021 employees' compensation and director's remuneration and the Company's 2022 and 2021 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, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 10,840	\$ 10,811	\$ 10,764
Amortized cost			
Cash and cash equivalents	1,673,905	1,567,809	1,482,563
Accounts receivable	108,436	109,390	103,847
Other receivables	9,356	9,490	7,245
Guarantee deposits paid	6,308	6,308	6,136
Total	<u>\$ 1,808,845</u>	<u>\$ 1,703,808</u>	<u>\$ 1,610,555</u>
<u>Financial liabilities</u>			
Amortized cost			
Notes and accounts payable	\$ 178,014	\$ 178,208	\$ 157,583
Other payables	76,869	84,507	70,822
Lease liabilities	12,207	17,006	26,280
Total	<u>\$ 267,090</u>	<u>\$ 279,721</u>	<u>\$ 254,685</u>

(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 31,2023			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Funds		\$ 10,840	\$ —	\$ —	\$ 10,840
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities		\$ —	\$ —	\$ —	\$ —
		December 31,2022			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Funds		\$ 10,811	\$ —	\$ —	\$ 10,811
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities		\$ —	\$ —	\$ —	\$ —
		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		\$ —	\$ —	\$ —	\$ —

For the three months ended March 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023				
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,520	30.45	\$ 137,709	\$ 1,377
EUR	245	33.15	8,109	81
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,255	30.45	68,663	687
<u>Non-monetary items</u>	—	—	—	—
December 31, 2022				
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 3,999	30.71	\$ 122,962	\$ 1,230
EUR	200	32.72	6,536	65
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,201	30.71	68,497	685
<u>Non-monetary items</u>	—	—	—	—
March 31, 2022				
	Foreign currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 3,988	28.625	\$ 112,449	\$ 1,124
EUR	192	31.92	6,131	61
<u>Non-monetary items</u>	—	—	—	—
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	1,934	28.625	54,640	546
<u>Non-monetary items</u>	—	—	—	—

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 ended March 31, 2023 and 2022 would increase or decrease \$1,025 thousand and \$911 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, 2023 and 2022, the income would have increased /decreased by \$542 thousand and \$538 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, 2023, December 31, 2022 and March 31, 2022, the Group's top ten customers accounted for 41.76%, 38.29% and 53.64% 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, 2023				
	Less Than 1 year	1-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>				
Notes and accounts payable	\$ 178,008	\$ —	\$ 6	\$ 178,014
Other payables	76,869	—	—	76,869
Lease liabilities	10,067	2,258	—	12,325
Subtotal	264,944	2,258	6	267,208
<u>Derivative financial liabilities</u>	—	—	—	—
Total	\$ 264,944	\$ 2,258	\$ 6	\$ 267,208

December 31, 2022				
	Less Than 1 year	1-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>				
Notes and accounts payable	\$ 178,202	\$ —	\$ 6	\$ 178,208
Other payables	84,507	—	—	84,507
Lease liabilities	14,503	2,682	—	17,185
Subtotal	277,212	2,682	6	279,900
<u>Derivative financial liabilities</u>	—	—	—	—
Total	\$ 277,212	\$ 2,682	\$ 6	\$ 279,900

March 31, 2022				
	Less Than 1 year	1-5 year	Over 5 year	Total
<u>Non-derivative financial liabilities</u>				
Notes and accounts payable	\$ 157,577	\$ —	\$ 6	\$ 157,583
Other payables	70,822	—	—	70,822
Lease liabilities	18,218	8,356	—	26,574
Subtotal	246,617	8,356	6	254,979
<u>Derivative financial liabilities</u>	—	—	—	—
Total	\$ 246,617	\$ 8,356	\$ 6	\$ 254,979

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	
	2023	2022
Short-term benefits	\$ 4,896	\$ 3,271
Post-employment benefits	30	28
Total	\$ 4,926	\$ 3,299

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	
	2023	2022
Purchase of property, plant and equipment	\$ 4,823	\$ 5,007
Add : Beginning balance of payable for equipment	199	232
Less : Transfer from prepaid equipment at the beginning of the period	—	—
Ending balance of payable for equipment	(2,172)	(419)
Cash paid during the period	\$ 2,850	\$ 4,820

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, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Planet Technology Corporation	Money market fund Fuh Hwa Money Fund	—	Current financial assets at fair value through profit or loss	218,437.60	\$ 3,203	—	\$ 3,203	Note 1
	" Yuanta Wan Tai Money Market Fund	—	"	210,029.60	3,237	—	3,237	"
	" Eastspring Investments Well Pool Money Market Fund	—	"	317,883.00	4,400	—	4,400	"
	Stock ESSENCE TECHNOLOGY SOLUTION INC.	—	Non-current financial assets at fair value through profit or loss	42,000.00	—	1.56	—	

Note: The market price is the net value of March 31, 2023.

TABLE 2

INFORMATION ON INVESTEEES

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, 2023			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				March 31, 2023	December 31, 2022	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%	\$ 3,247	\$ 1	\$ 1	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, 2023.
2. Merged for reversal when preparing the consolidated report.

TABLE 3

Information of major shareholders

Shareholders \ Shares	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, 2023		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	\$ 435,767	\$ —	\$ 435,767
Revenue from other departments within the company	—	—	—
Segment profit (Income before income tax)	138,240	—	138,240
Segment assets	2,112,623	—	2,112,623

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