PLANET TECHNOLOGY CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
AND INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT

NO.10711122CEA

To PLANET Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Planet Technology Corporation and its subsidiaries ("the Group") as of June 30, 2023 and 2022 and the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2023 and 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” 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

August 7 , 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

JUNE 30,2023 , DECEMBER 31,2022 AND JUNE 30,2022

(Expressed in thousands of New Taiwan Dollars)

ASSETS	NOTES	June 30,2023 (Reviewed)		December 31,2022 (Audited)		June 30,2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6	$ 1,769,184	80	$ 1,567,809	78	$ 1,551,220	78
Current financial assets at fair value through profit or loss	7	10,871	1	10,811	1	10,773	1
Accounts receivable, net	8	102,573	5	109,390	5	113,354	6
Other receivables		8,322	—	9,490	1	9,546	1
Inventories	9	268,355	12	250,257	13	243,366	12
Prepayments		11,807	1	8,412	—	7,503	—
Other current assets		23	—	47	—	21	—
Total current assets		2,171,135	99	1,956,216	98	1,935,783	98
NON-CURRENT ASSETS							
Property, plant and equipment	10	12,761	1	10,255	1	10,974	1
Right-of-use assets	11	7,721	—	17,139	1	21,572	1
Intangible assets	12	2,339	—	2,327	—	2,611	—
Deferred tax assets	4	2,483	—	2,606	—	3,202	—
Prepayments for business facilities		230	—	64	—	—	—
Guarantee deposits paid		6,308	—	6,308	—	6,146	—
Total non-current assets		31,842	1	38,699	2	44,505	2
TOTAL ASSETS		$ 2,202,977	100	$ 1,994,915	100	$ 1,980,288	100

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2023 , DECEMBER 31, 2022 AND JUNE 30, 2022

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	June 30,2023 (Reviewed)		December 31,2022 (Audited)		June 30,2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Current contract liabilities	17	$ 35,298	1	$ 53,648	3	$ 46,397	2
Notes payable	13	79,633	4	71,367	4	64,160	3
Accounts payable	13	102,385	5	106,841	5	116,051	6
Other payables	14	503,360	23	84,507	4	377,424	19
Current tax liabilities	4	60,793	3	104,547	5	47,930	3
Current lease liabilities	11	5,572	—	14,366	1	17,643	1
Receipts in advance		25	—	—	—	16	—
Other current liabilities		1,361	—	2,091	—	1,149	—
Total current liabilities		788,427	36	437,367	22	670,770	34
NON-CURRENT LIABILITIES							
Deferred tax liabilities	4	126	—	87	—	19	—
Non-current lease liabilities	11	1,816	—	2,640	—	3,924	—
Non-current net defined benefit liability	4	3,729	—	3,775	—	5,925	—
Total non-current liabilities		5,671	—	6,502	—	9,868	—
Total liabilities		794,098	36	443,869	22	680,638	34
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT							
Share capital	16	625,010	28	625,010	31	625,010	32
Ordinary share		625,010	28	625,010	31	625,010	32
Capital surplus	16	11,202	1	11,202	1	11,202	1
Retained earnings	16	772,667	35	914,834	46	663,438	33
Legal reserve		478,424	22	434,450	22	434,450	22
Unappropriated retained earnings	21	294,243	13	480,384	24	228,988	11
Total equity attributable to owners of parent		1,408,879	64	1,551,046	78	1,299,650	66
Total equity		1,408,879	64	1,551,046	78	1,299,650	66
TOTAL LIABILITIES AND EQUITY		$ 2,202,977	100	$ 1,994,915	100	$ 1,980,288	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 AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Reviewed, Not Audited)

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

Items	NOTES	For the Three Months Ended June 30				For the Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	17	$ 501,150	100	$ 433,998	100	$ 936,917	100	$ 795,607	100
OPERATING COSTS	9	(274,686)	(55)	(253,744)	(59)	(523,413)	(56)	(476,443)	(60)
GROSS PROFIT		226,464	45	180,254	41	413,504	44	319,164	40
OPERATING EXPENSES									
Selling expenses		(22,368)	(4)	(17,605)	(4)	(42,140)	(5)	(35,773)	(5)
Administrative expenses		(15,238)	(3)	(12,443)	(3)	(29,400)	(3)	(23,374)	(3)
Research and development expenses		(24,880)	(5)	(21,775)	(5)	(48,765)	(5)	(42,241)	(5)
Total operating expenses		(62,486)	(12)	(51,823)	(12)	(120,305)	(13)	(101,388)	(13)
NET OPERATING INCOME		163,978	33	128,431	29	293,199	31	217,776	27
NON-OPERATING INCOME AND EXPENSES									
Interest income	18	5,335	1	2,553	1	9,592	1	4,104	1
Other income	19	1,706	—	2,153	—	4,855	1	3,166	—
Other gains and losses	20	1,456	—	2,826	1	3,130	—	5,124	1
Finance costs		(41)	—	(94)	—	(102)	—	(208)	—
Total non-operating income and expenses		8,456	1	7,438	2	17,475	2	12,186	2
PROFIT BEFORE TAX		172,434	34	135,869	31	310,674	33	229,962	29
TAX EXPENSE	4,21	(27,558)	(5)	(25,877)	(6)	(52,835)	(6)	(41,621)	(5)
PROFIT		144,876	29	109,992	25	257,839	27	188,341	24
TOTAL COMPREHENSIVE INCOME		$ 144,876	29	$ 109,992	25	$ 257,839	27	$ 188,341	24
PROFIT ATTRIBUTABLE TO：									
Owners of parent		$ 144,876	29	$ 109,992	25	$ 257,839	27	$ 188,341	24
Non-controlling interests		—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO：									
Owners of parent		$ 144,876	29	$ 109,992	25	$ 257,839	27	$ 188,341	24
Non-controlling interests		—	—	—	—	—	—	—	—
EARNINGS PER SHARE (NT$)									
Basic earnings per share	22	$ 2.32		$ 1.76		$ 4.13		$ 3.01	
Diluted earnings per share	22	$ 2.31		$ 1.75		$ 4.11		$ 3.00	

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 SIX MONTHS ENDED JUNE 30, 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
Appropriations of prior year's earnings							
Legal reserve	–	–	32,118	(32,118)	–	–	–
Cash dividends	–	–	–	(293,755)	(293,755)	–	(293,755)
Proift	–	–	–	188,341	188,341	–	188,341
Other comprehensive income	–	–	–	–	–	–	–
BALANCE, JUNE 30, 2022	$ 625,010	$ 11,202	$ 434,450	$ 228,988	$ 1,299,650	$ –	$ 1,299,650
BALANCE, JANUARY 1, 2023	$ 625,010	$ 11,202	$ 434,450	$ 480,384	$ 1,551,046	$ –	$ 1,551,046
Appropriations of prior year's earnings							
Legal reserve	–	–	43,974	(43,974)	–	–	–
Cash dividends	–	–	–	(400,006)	(400,006)	–	(400,006)
Proift	–	–	–	257,839	257,839	–	257,839
Other comprehensive income	–	–	–	–	–	–	–
BALANCE, JUNE 30, 2023	$ 625,010	$ 11,202	$ 478,424	$ 294,243	$ 1,408,879	$ –	$ 1,408,879

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Reviewed, Not Audited)

(Expressed in thousands of New Taiwan Dollars)

Items	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 310,674	$ 229,962
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	12,312	12,245
Amortization expense	624	750
Expected credit losses	—	12
Net gain on financial assets at fair value through rofit or loss	(60)	(15)
Interest income	(9,592)	(4,104)
Interest expense	102	208
Gain on disposal of property, plant and equipment	(149)	(165)
Changes in operating assets and liabilities		
Accounts receivable	6,817	(6,930)
Other receivables	1,338	(1,998)
Inventories	(18,098)	(36,785)
Prepayments	(3,395)	(726)
Other current assets	24	22
Contract liabilities	(18,350)	12,498
Notes payable	8,266	3,830
Accounts payable	(4,456)	24,972
Other payables	18,896	16,279
Receipts in advance	25	16
Other current liabilities	(730)	(424)
Net defined benefit liabilities	(46)	(18)
Cash inflow generated from operations	304,202	249,629
Interest paid	(102)	(208)
Income taxes paid	(96,427)	(69,184)
Net cash flows from operating activities	207,673	180,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,455)	(6,082)
Acquisition of Intangible Assets	(636)	(570)
Proceeds from disposal of property, plant and equipment	155	212
Decrease (Increase) in prepayments for business facilities	(166)	833
Increase in refundable deposits	—	(10)
Interest received	9,422	3,921
Net cash flows from (used in) investing activities	3,320	(1,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(9,618)	(9,406)
Net cash used in financing activities	(9,618)	(9,406)
NET INCREASE IN CASH AND CASH EQUIVALENTS	201,375	169,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,567,809	1,382,085
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,769,184	$ 1,551,220

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

PLANET TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 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 issue on August 7, 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) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group</u>

The IFRSs of new standards, interpretations and amendments endorsed by FSC effective from 2024 are as follow: None

(3) <u>The IFRSs issued by IASB but not yet endorsed by FSC</u>

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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 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. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

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

	Percentage of Ownership		
Name of Investee	June 30, 2023	December 31, 2022	June 30, 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 espense 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

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 183	$ 182	$ 192
Cash in bank	1,769,001	1,567,627	1,551,028
Total	$ 1,769,184	$ 1,567,809	$ 1,551,220

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily measured at fair value			
Non-derivative financial assets-Funds	$ 10,871	$ 10,811	$ 10,773

8. ACCOUNTS RECEIVABLE- NET

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 102,681	$ 109,498	$ 113,462
Loss allowance	(108)	(108)	(108)
Net	$ 102,573	$ 109,390	$ 113,354

(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

	June 30, 2023	December 31, 2022	June 30, 2022
Neither past due nor impaired	$ 102,573	$ 109,390	$ 113,283
Past due but not impaired			
within 30 days	—	—	71
31 to 180 days	—	—	—
over 181 days	—	—	—
Subtotal	—	—	71
Total	$ 102,573	$ 109,390	$ 113,354

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

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	$ 108	$ 96
Provision	—	12
Amount written off	—	—
Balance on June 30	$ 108	$ 108

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

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	$ 59,879	$ 72,118	$ 74,251
Work in process	69,980	49,307	61,934
Finished goods	136,462	128,832	105,146
Goods in transit	2,034	—	2,035
Total	$ 268,355	$ 250,257	$ 243,366

(1) The allowance for inventory devaluation (including idle products) was $3,679 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022.

(2) The cost of inventories recognized as cost of sales for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30	
	2023	2022
The cost of goods sold	$ 274,718	$ 253,744
Gain on physical inventory	(32)	—
Operating costs	$ 274,686	$ 253,744

	For the Six Months Ended June 30	
	2023	2022
The cost of goods sold	$ 523,445	$ 476,443
Gain on physical inventory	(32)	—
Operating costs	$ 523,413	$ 476,443

10. PROPERTY, PLANT AND EQUIPMENT

Item	For the Six Months Ended June 30, 2023 Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Machinery and equipment	$ 22,104	$ 2,581	$ (50)	$ 24,635
Furniture and fixtures	7,300	2,159	(54)	9,405
Other facilities	17,521	666	(171)	18,016
Subtotal	46,925	5,406	(275)	52,056
Accumulated depreciation and impairment				
Machinery and equipment	18,159	874	(50)	18,983
Furniture and fixtures	4,984	528	(54)	5,458
Other facilities	13,527	1,492	(165)	14,854
Subtotal	36,670	$ 2,894	$ (269)	39,295
Net	$ 10,255			$ 12,761

Item	For the Six Months Ended June 30, 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	1,297	(24)	7,125
Other facilities	14,838	1,773	(214)	16,397
Subtotal	39,908	5,918	(238)	45,588
Accumulated depreciation and impairment				
Machinery and equipment	16,621	767	—	17,388
Furniture and fixtures	4,167	425	(24)	4,568
Other facilities	11,091	1,734	(167)	12,658
Subtotal	31,879	$ 2,926	$ (191)	34,614
Net	$ 8,029			$ 10,974

11. Lease Agreement

(1) Right-of-use assets

Item	For the Six Months Ended June 30, 2023 Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Buildings	$ 67,820	$ —	$ —	$ 67,820
Transportation equipment	4,929	—	—	4,929
Subtotal	72,749	—	—	72,749
Accumulated depreciation and impairment				
Buildings	54,925	8,597	—	63,522
Transportation equipment	685	821	—	1,506
Subtotal	55,610	$ 9,418	$ —	65,028
Net	$ 17,139			$ 7,721

Item	For the Six Months Ended June 30, 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	8,579	—	46,338
Transportation equipment	3,579	740	—	4,319
Subtotal	41,338	$ 9,319	$ —	50,657
Net	$ 30,891			$ 21,572

(2) Lease liabilities

	June 30, 2023	June 30, 2022
Current	$ 5,572	$ 17,643
Non-current	$ 1,816	$ 3,924

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 June 30,2023	For the three months ended June 30,2022
Expenses relating to short-term leases	$ 2	$ 2
Expenses relating to low-value asset leases	$ 28	$ 28
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ —	$ —
Total cash outflow for leases	$ (4,849)	$ (4,743)

	For the Six Months Ended June 30,2023	For the Six Months Ended June 30,2022
Expenses relating to short-term leases	$ 4	$ 4
Expenses relating to low-value asset leases	$ 57	$ 57
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ —	$ —
Total cash outflow for leases	$ (9,679)	$ (9,467)

(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 June 30, 2023 and 2022 is $64 thousand and $178 thousand, respectively.

12. INTANGIBLE ASSETS

Item	For the Six Months Ended June 30, 2023			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Trademarks	$ 679	$ –	$ –	$ 679
Patents	1,734	44	–	1,778
Computer software	11,494	592	(32)	12,054
Subtotal	13,907	636	(32)	14,511
Accumulated amortization and impairment				
Trademarks	76	38	–	114
Patents	904	115	–	1,019
Computer software	10,600	471	(32)	11,039
Subtotal	11,580	$ 624	$ (32)	12,172
Net	$ 2,327			$ 2,339

Item	For the Six Months Ended June 30, 2022			
	Balance, Beginning of year	Additions	Disposals	Balance, End of year
Cost				
Trademarks	$ 315	$ 155	$ –	$ 470
Patents	1,583	105	–	1,688
Computer software	11,559	310	(345)	11,524
Subtotal	13,457	570	(345)	13,682
Accumulated amortization and impairment				
Trademarks	24	21	–	45
Patents	670	116	–	786
Computer software	9,972	613	(345)	10,240
Subtotal	10,666	$ 750	$ (345)	11,071
Net	$ 2,791			$ 2,611

13. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
Notes payable	$ 79,633	$ 71,367	$ 64,160
Accounts payable	102,385	106,841	116,051
Total	$ 182,018	$ 178,208	$ 180,211
Current	$ 182,018	$ 178,208	$ 180,211

(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 and lease liabilities, please refer to Note 25.

14. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Salary and wages payable	$ 16,825	$ 23,887	$ 14,456
Employee Bonus payable	54,972	34,820	40,386
Compensation due to directors	13,743	8,705	10,096
Dividends payable	400,006	－	293,755
Advertising payable	1,942	4,047	1,872
Export fee payable	2,418	3,767	3,995
Other accrued expenses	11,015	6,842	9,259
Payable for annual leave	2,439	2,439	3,605
Total	$ 503,360	$ 84,507	$ 377,424
Current	$ 503,360	$ 84,507	$ 377,424

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 $ 1,494 thousand, $1,365 thousand, $2,960 thousand and $2,751 thousand in the consolidated statements of comprehensive income for the three months and six months ended June 30, 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 June 30	
	2023	2022
Operating costs	$ 19	$ 17
Selling expenses	19	21
Administrative expenses	14	13
Research and development expenses	39	37
Total	$ 91	$ 88

	For the Six Months Ended June 30	
	2023	2022
Operating costs	$ 37	$ 33
Selling expenses	39	42
Administrative expenses	29	26
Research and development expenses	78	74
Total	$ 183	$ 175

16. EQUITY

(1) Capital stock

	June 30, 2023	December 31, 2022	June 30, 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

	June 30, 2023	December 31, 2022	June 30, 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 shareholders in its meeting held on May 24, 2023 and 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		

17. <u>OPERATING REVENUES</u>

	For the Three Months Ended June 30	
	2023	2022
Net revenue from sales of goods	$ 501,150	$ 433,998

	For the Six Months Ended June 30	
	2023	2022
Net revenue from sales of goods	$ 936,917	$ 795,607

(1)Breakdown of revenue from contracts with customers

	For the Three Months Ended June 30	
	2023	2022
Europe	$ 244,021	$ 191,399
America	116,698	110,807
Asia	89,709	85,792
Others	50,722	46,000
Total	$ 501,150	$ 433,998

	For the Six Months Ended June 30	
	2023	2022
Europe	$ 452,861	$ 349,273
America	214,511	208,345
Asia	164,840	147,667
Others	104,705	90,322
Total	$ 936,917	$ 795,607

(2) Contract liabilities

	June 30, 2023	June 30, 2022
Contract liabilities-current	$ 35,298	$ 46,397

For the six months ended June 30, 2023 and 2022, the company recognized $42,476 thousand and $25,202 thousand in revenue from the beginning balance of contract liability, respectively.

18. INTEREST INCOME

	For the Three Months Ended June 30	
	2023	2022
Interest income from bank deposits	$ 5,335	$ 2,553

	For the Six Months Ended June 30	
	2023	2022
Interest income from bank deposits	$ 9,592	$ 4,104

19. OTHER INCOME

	For the Three Months Ended June 30	
	2023	2022
Rent income	$ 21	$ 22
Other income, others	1,685	2,131
Total	$ 1,706	$ 2,153

	For the Six Months Ended June 30	
	2023	2022
Rent income	$ 43	$ 43
Other income, others	4,812	3,123
Total	$ 4,855	$ 3,166

20. OTHER GAINS AND LOSSES

	For the Three Months Ended June 30	
	2023	2022
Gains on disposal of property, plant and equipment	$ 30	$ 94
Foreign exchange gains	1,395	2,723
Gains on financial assets at fair value through profit or losses	31	9
Total	$ 1,456	$ 2,826

	For the Six Months Ended June 30	
	2023	2022
Gains on disposal of property, plant and equipment	$ 149	$ 165
Foreign exchange gains	2,921	4,944
Gains on financial assets at fair value through profit or losses	60	15
Total	$ 3,130	$ 5,124

21. INCOME TAX

(1) Income tax recognized in profit or loss

A. Income tax expense consisted of the following:

	For the Three Months Ended June 30	
	2023	2022
Tax expenses	$ 33,933	$ 26,800
Net change in deferred income tax	526	348
Investment tax credits	(2,126)	(1,271)
Adjustments for prior year's income tax	(4,775)	—
Income tax expense recognized in profit or loss	$ 27,558	$ 25,877

	For the Six Months Ended June 30	
	2023	2022
Tax expenses	$ 61,581	$ 45,576
Net change in deferred income tax	161	2,630
Investment tax credits	(4,132)	(2,436)
Adjustments for prior year's income tax	(4,775)	(4,149)
Income tax expense recognized in profit or loss	$ 52,835	$ 41,621

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

(3) Unappropriated retained earnings:

	June 30, 2023		December 31, 2022		June 30, 2022	
1998 to 2009	$	32,002	$	32,002	$	32,002
after 2010		262,241		448,382		196,986
Total	$	294,243	$	480,384	$	228,988

(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 June 30			
	2023		2022	
Basic EPS(NT$)	$	2.32	$	1.76
Diluted EPS(NT$)	$	2.31	$	1.75

	For the Six Months Ended June 30			
	2023		2022	
Basic EPS(NT$)	$	4.13	$	3.01
Diluted EPS(NT$)	$	4.11	$	3.00

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 June 30			
	2023		2022	
Profit attributable to ordinary shareholders of the parent (in thousand)	$	144,876	$	109,992
Weighted average number of ordinary shares outstanding (in thousand shares)		62,501		62,501
Basic EPS(NT$)	$	2.32	$	1.76

	For the Six Months Ended June 30	
	2023	2022
Profit attributable to ordinary shareholders of the parent (in thousand)	$ 257,839	$ 188,341
Weighted average number of ordinary shares outstanding (in thousand shares)	62,501	62,501
Basic EPS(NT$)	$ 4.13	$ 3.01

(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 June 30	
	2023	2022
Profit attributable to ordinary shareholders of the parent (in thousand)	$ 144,876	$ 109,992
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)	155	200
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,656	62,701
Diluted EPS(NT$)	$ 2.31	$ 1.75

	For the Six Months Ended June 30	
	2023	2022
Profit attributable to ordinary shareholders of the parent (in thousand)	$ 257,839	$ 188,341
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)	271	306
Weighted average number of dilutive ordinary shares outstanding (in thousand shares)	62,772	62,807
Diluted EPS(NT$)	$ 4.11	$ 3.00

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 and six months ended June 30, 2023 and 2022:

	For the Three Months Ended June 30, 2023			For the Three Months Ended June 30, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	$ 8,807	$ 42,097	$ 50,904	$ 7,597	$ 35,977	$ 43,574
Payroll expense	7,426	37,132	44,558	6,446	31,692	38,138
Insurance expense	677	2,353	3,030	569	2,116	2,685
Pension	316	1,269	1,585	276	1,177	1,453
Others	388	1,343	1,731	306	992	1,298
Depreciation	1,480	4,721	6,201	1,375	4,837	6,212
Amortization	—	305	305	—	377	377

	For the Six Months Ended June 30, 2023			For the Six Months Ended June 30, 2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits	$ 17,779	$ 81,141	$ 98,920	$ 15,065	$ 69,014	$ 84,079
Payroll expense	14,984	71,351	86,335	12,678	60,016	72,694
Insurance expense	1,433	4,924	6,357	1,236	4,643	5,879
Pension	630	2,513	3,143	549	2,377	2,926
Others	732	2,353	3,085	602	1,978	2,580
Depreciation	2,951	9,361	12,312	2,762	9,483	12,245
Amortization	—	624	624	—	750	750

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 recognized under operating costs or operating expenses during the three months and six months ended June 30, 2023 and 2022.

The estimated amounts are as follows:

	For the Three Months Ended June 30	
	2023	2022
Employees’ compensation	$ 11,187	$ 8,813
Remuneration to directors	2,797	2,203

	For the Six Months Ended June 30	
	2023	2022
Employees’ compensation	$ 20,152	$ 14,916
Remuneration to directors	5,038	3,729

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

	June 30, 2023	December 31, 2022	June 30, 2022
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	$ 10,871	$ 10,811	$ 10,773
Amortized cost			
Cash and cash equivalents	1,769,184	1,567,809	1,551,220
Accounts receivable	102,573	109,390	113,354
Other receivables	8,322	9,490	9,546
Guarantee deposits paid	6,308	6,308	6,146
Total	$ 1,897,258	$ 1,703,808	$ 1,691,039
Financial liabilities			
Amortized cost			
Notes and accounts payable	$ 182,018	$ 178,208	$ 180,211
Other payables	503,360	84,507	377,424
Lease liabilities	7,388	17,006	21,567
Total	$ 692,766	$ 279,721	$ 579,202

(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:

	June 30,2023							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Funds	$	10,871	$	—	$	—	$	10,871
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	$	—	$	—	$	—	$	—

	June 30,2022							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Funds	$	10,773	$	—	$	—	$	10,773
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	$	—	$	—	$	—	$	—

For the six months ended June 30, 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 six months ended June 30, 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:

	June 30, 2023			
	Foreign Currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 3,505	31.14	$ 107,629	$ 1,076
EUR	242	33.81	8,177	82
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	2,030	31.14	62,392	624
Non-monetary items	—	—	—	—

	December 31, 2022			
	Foreign Currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 3,999	30.71	$ 122,962	$ 1,230
EUR	200	32.72	6,536	65
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	2,201	30.71	68,497	685
Non-monetary items	—	—	—	—

	June 30, 2022			
	Foreign Currencies	Exchange Rate	Book Value (NTD)	Sensitivity analysis (Variance 1%) Effect on profit or loss
Financial assets				
Monetary items				
USD	$ 4,582	29.72	$ 135,500	$ 1,355
EUR	181	31.05	5,634	56
Non-monetary items	—	—	—	—
Financial liabilities				
Monetary items				
USD	2,778	29.72	82,082	821
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 six months ended June 30, 2023 and 2022 would increase or decrease $2,161 thousand and $1,902 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 six months ended June 30, 2023 and 2022, the income would have increased /decreased by $544 thousand and $539 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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group's top ten customers accounted for 50.38%, 38.29% and 47.73% 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.

	June 30, 2023			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
Notes and accounts payable	$ 182,012	$ —	$ 6	$ 182,018
Other payables	503,360	—	—	503,360
Lease liabilities	5,630	1,835	—	7,465
Subtotal	691,002	1,835	6	692,843
Derivative financial liabilities	—	—	—	—
Total	$ 691,002	$ 1,835	$ 6	$ 692,843

	December 31, 2022			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
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
Derivative financial liabilities	—	—	—	—
Total	$ 277,212	$ 2,682	$ 6	$ 279,900

	June 30, 2022			
	Less Than 1 year	1-5 year	Over 5 year	Total
Non-derivative financial liabilities				
Notes and accounts payable	$ 180,205	$ —	$ 6	$ 180,211
Other payables	377,424	—	—	377,424
Lease liabilities	17,838	3,928	—	21,766
Subtotal	575,467	3,928	6	579,401
Derivative financial liabilities	—	—	—	—
Total	$ 575,467	$ 3,928	$ 6	$ 579,401

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 June 30	
	2023	2022
Short-term benefits	$ 5,492	$ 3,959
Post-employment benefits	30	28
Total	$ 5,522	$ 3,987

	For the Six Months Ended June 30	
	2023	2022
Short-term benefits	$ 10,388	$ 7,230
Post-employment benefits	60	56
Total	$ 10,448	$ 7,286

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 Six Months Ended June 30	
	2023	2022
Purchase of property, plant and equipment	$ 5,406	$ 5,918
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	(150)	(68)
Cash paid during the period	$ 5,455	$ 6,082

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	Marketable Securities Name	Relationship with the Company	Financial Statement Account	June 30, 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	$ 3,212	—	$ 3,212	Note
	〃	Yuanta Wan Tai Money Market Fund	—	〃	210,029.60	3,247	—	3,247	〃
	〃	Eastspring Investments Well Pool Money Market Fund	—	〃	317,883.00	4,412	—	4,412	〃
	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 June 30, 2023.

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 June 30, 2023			Net Income (Losses) of the Investee	Shares of Profits/Losses of Investee	Notes
				June 30, 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％	$ 3,356	$ 110	$ 110	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 six months ended June 30, 2023.

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 Six Months Ended June 30, 2023		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	$ 936,917	$ —	$ 936,917
Revenue from other departments within the company	—	—	—
Segment profit (Income before income tax)	310,674	—	310,674
Segment assets	2,202,977	—	2,202,977

Items	For the Six Months Ended June 30, 2022		
	Single Operating Department	Adjustment and Elimination	Total
Net revenue from external customers	$ 795,607	$ —	$ 795,607
Revenue from other departments within the company	—	—	—
Segment profit (Income before income tax)	229,962	—	229,962
Segment assets	1,980,288	—	1,980,288