

**Unictron Technologies Corporation
and Subsidiaries
Consolidated Financial Statements With
Independent Auditors' Review Report
For the six Months Ended June 30, 2023 and 2022**

**Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan
(R.O.C)
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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Review Report	3
IV. Consolidated Balance Sheets	4
V. Consolidated Statements of Comprehensive Income	5
VI. Consolidated Statements of Changes in Equity	6
VII. Consolidated Statements of Cash Flows	7
VIII. Notes to Consolidated Financial Statements	
1. Company history	8
2. The date and procedure for the adoption of the financial statements	8
3. Application of newly issued and amended standards and interpretations	8
4. Summary of significant accounting policies	8~9
5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions	9
6. Description of significant accounting items	10~30
7. Related party transactions	30~32
8. Pledged assets	32
9. Significant contingent liabilities and unrecognized contractual commitments	32
10. Significant catastrophic losses	32
11. Significant subsequent events	32
12. Others	32~33
13. Notes disclosures	
(1) Relevant information on significant transactions	33~34
(2) Relevant information on re-investees	34
(3) Information on investment in Mainland China	34~35
(4) Information on major shareholders	35
14. Department information	35

Independent Auditors' Report

To the Board of Directors of Unictron Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Unictron Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2023 and 2022, the consolidated statement of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 ("IASs") 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 Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Unictron Technology Corporation and its subsidiaries as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2023 and 2022, the consolidated statement of changes in equity and 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.

The engagement partners on the reviews resulting in this independent auditors' report are Tzu-Chieh Tang and Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)

Aug 2, 2023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2023, December 31, 2022 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:							
1100	Cash and cash equivalents (note 6(1))	\$ 481,209	21	603,230	27	1,023,055	42
1110	Financial assets at fair value through profit or loss—current (note 6(2))	-	-	25	-	-	-
1120	Financial assets at fair value through other comprehensive income—current (note 6(3))	226,189	10	80,509	3	81,939	3
1136	Financial assets at amortized cost—current (notes 6(1)、(4) and 8)	216,100	10	216,100	10	1,100	-
1170	Notes and accounts receivable, net (notes 6(5) and (19))	306,026	14	259,099	11	290,039	12
1180	Accounts receivable from related parties (notes 6(5)、(19) and 7)	14,416	1	24,266	1	23,345	1
1310	Inventories (note 6(6))	329,914	15	372,885	17	354,111	15
1410	Prepayments and other current assets	<u>7,787</u>	<u>-</u>	<u>17,079</u>	<u>1</u>	<u>8,683</u>	<u>-</u>
	Total current assets	<u>1,581,641</u>	<u>71</u>	<u>1,573,193</u>	<u>70</u>	<u>1,782,272</u>	<u>73</u>
Non-current assets:							
1600	Property, plant and equipment (notes 6(7) and 7)	564,601	25	588,144	26	506,497	21
1755	Right-of-use assets (notes 6(8))	33,284	2	43,772	2	30,363	1
1760	Investment property, net (note 6(9))	-	-	-	-	27,431	1
1780	Intangible assets (note 6(10))	4,293	-	6,012	-	7,900	-
1840	Deferred income tax assets	21,763	1	18,680	1	15,746	1
1915	Prepayments for equipment	24,305	1	13,753	1	63,700	3
1920	Refundable deposits	<u>4,595</u>	<u>-</u>	<u>4,766</u>	<u>-</u>	<u>4,332</u>	<u>-</u>
	Total non-current assets	<u>652,841</u>	<u>29</u>	<u>675,127</u>	<u>30</u>	<u>655,969</u>	<u>27</u>
	Total assets	<u>\$ 2,234,482</u>	<u>100</u>	<u>2,248,320</u>	<u>100</u>	<u>2,438,241</u>	<u>100</u>

(Continued)

See accompanying notes to consolidated financial statements.

Unictron Technologies Corporation and Subsidiaries**Consolidated Balance Sheets (continued)****June 30, 2023, December 31, 2022 and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings (Note 6(11))	\$ 9,144	-	86,720	4	-	-
2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	3,673	-	633	-	3,124	-
2170	Notes and accounts payable	101,440	5	115,773	5	152,430	6
2180	Accounts payable - related parties (Note 7)	13	-	10	-	-	-
2219	Other payables (Note 6(20))	209,642	9	263,673	12	258,071	10
2220	Other payables - related parties (Note 7)	3,953	-	3,302	-	1,718	-
2216	Dividends payable (Note 6(17))	234,377	10	-	-	263,314	11
2230	Current income tax liabilities	21,526	1	22,110	1	46,078	2
2250	Provision for liabilities - current (Note 6(13))	891	-	1,277	-	1,606	-
2280	Lease liabilities-current (Note 6(12))	13,547	1	16,712	1	16,663	1
2282	Lease liabilities - related parties - current (Notes 6(12) and 7)	4,653	-	4,625	-	-	-
2300	Other current liabilities (Note 6(19))	12,760	1	16,669	1	15,669	1
	Total current liabilities	<u>615,619</u>	<u>27</u>	<u>531,504</u>	<u>24</u>	<u>758,673</u>	<u>31</u>
Non-current liabilities:							
2580	Lease liabilities non-current (Note 6(12))	181	-	5,137	-	12,863	1
2582	Lease liabilities - related parties - non-current (Notes 6(12) and 7)	14,300	1	16,633	1	-	-
2570	Deferred income tax liabilities	1,473	-	1,164	-	2,048	-
2640	Net defined benefit liabilities - non-current	3,533	-	3,862	-	5,421	-
2645	Deposits received	-	-	-	-	1,130	-
	Total non-current liabilities	<u>19,487</u>	<u>1</u>	<u>26,796</u>	<u>1</u>	<u>21,462</u>	<u>1</u>
	Total liabilities	<u>635,106</u>	<u>28</u>	<u>558,300</u>	<u>25</u>	<u>780,135</u>	<u>32</u>
Equity (Notes 6(17))							
3110	Common stock	478,753	22	478,753	21	478,753	20
3200	Capital surplus	690,174	31	690,174	31	690,174	28
	Retained earnings:						
3310	Legal reserve	145,073	7	117,973	5	117,973	5
3320	Special reserve	10,001	-	1,236	-	1,236	-
3350	Unappropriated earnings	321,150	14	497,809	22	378,575	15
		<u>476,224</u>	<u>21</u>	<u>617,018</u>	<u>27</u>	<u>497,784</u>	<u>20</u>
	Other equity:						
3410	Exchange differences on translation of foreign operations	(1,076)	-	(886)	-	(920)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	41,226	2	(9,114)	-	(7,685)	-
	Total other equity	<u>40,150</u>	<u>2</u>	<u>(10,000)</u>	<u>-</u>	<u>(8,605)</u>	<u>-</u>
3500	Treasury stock	(85,925)	(4)	(85,925)	(4)	-	-
	Total equity	<u>1,599,376</u>	<u>72</u>	<u>1,690,020</u>	<u>75</u>	<u>1,658,106</u>	<u>68</u>
	Total liabilities and equity	<u>\$ 2,234,482</u>	<u>100</u>	<u>2,248,320</u>	<u>100</u>	<u>2,438,241</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		Three Months Ended June 30				Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue (Notes 6(19) and 7)	\$ 361,574	100	388,562	100	671,710	100	828,359	100
5000	Operating costs (Notes 6(6), (7), (8), (10), (12), (15), (20), 7 and 12)	(233,618)	(65)	(226,623)	(58)	(433,559)	(65)	(488,683)	(59)
	Gross profit	127,956	35	161,939	42	238,151	35	339,676	41
	Operating expenses (Notes 6(5), (7), (8), (10), (12), (15), (20), 7 and 12):								
6100	Marketing expenses	(14,664)	(4)	(19,304)	(5)	(24,062)	(4)	(42,412)	(5)
6200	Administrative expenses	(28,846)	(8)	(30,281)	(8)	(50,159)	(7)	(59,446)	(7)
6300	Research and development expenses	(31,687)	(8)	(36,603)	(9)	(60,793)	(9)	(71,857)	(9)
6450	Expected credit gain (loss)	(316)	-	637	-	(224)	-	1,332	-
6000	Total operating expenses	(75,513)	(20)	(85,551)	(22)	(135,238)	(20)	(172,383)	(21)
	Operating income	52,443	15	76,388	20	102,913	15	167,293	20
	Non-operating income and expenses (Notes 6(9), (12), (21), 7 and 12):								
7100	Interest income	2,184	-	644	-	3,233	-	910	-
7010	Other income	787	-	1,910	1	1,128	-	3,079	1
7020	Other gains and losses	217	-	4,972	1	(1,831)	-	10,484	1
7050	Finance costs	(1,098)	-	(118)	-	(1,931)	-	(295)	-
	Total non-operating income and expenses	2,090	-	7,408	2	599	-	14,178	2
	Income before income tax	54,533	15	83,796	22	103,512	15	181,471	22
7950	Less: Income tax expenses (Note 6(16))	(2,582)	(1)	(10,176)	(3)	(9,929)	(1)	(29,711)	(4)
	Net income	51,951	14	73,620	19	93,583	14	151,760	18
	Other comprehensive income (Note 6(17)):								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	40,187	11	(7,858)	(2)	50,340	7	(7,685)	(1)
8349	Income taxes related to items that may not be reclassified	-	-	-	-	-	-	-	-
		40,187	11	(7,858)	(2)	50,340	7	(7,685)	(1)
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of foreign operations	(258)	-	(112)	-	(190)	-	316	-
8399	Income taxes related to items that may be reclassified	-	-	-	-	-	-	-	-
		(258)	-	(112)	-	(190)	-	316	-
	Other comprehensive income of the period	39,929	11	(7,970)	(2)	50,150	7	(7,369)	(1)
	Total comprehensive income of the period	\$ 91,880	25	65,650	17	143,733	21	144,391	17
	Earnings per share (Unit: NT\$, Note 6(18))								
9750	Basic earnings per share	\$ 1.11		1.54		2.00		3.17	
9850	Diluted earnings per share	\$ 1.11		1.53		1.98		3.13	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributed to owners of parent									
	Retained earnings						Other equity items		Treasury stock	Total equity
							Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriate d earnings	Total			Total	
Balance of January 1, 2022	\$ 478,753	690,174	88,824	1,341	519,173	609,338	(1,236)	-	(1,236)	-
Net income of the period	-	-	-	-	151,760	151,760	-	-	-	151,760
Other comprehensive income of the period	-	-	-	-	-	-	316	(7,685)	(7,369)	(7,369)
Total comprehensive income of the period	-	-	-	-	151,760	151,760	316	(7,685)	(7,369)	144,391
Appropriation and distribution of earnings:										
Legal reserve	-	-	29,149	-	(29,149)	-	-	-	-	-
Special reserve	-	-	-	(105)	105	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(263,314)	(263,314)	-	-	-	(263,314)
Balance of June 30, 2022	\$ 478,753	690,174	117,973	1,236	378,575	497,784	(920)	(7,685)	(8,605)	-
Balance of January 1, 2023	\$ 478,753	690,174	177,973	1,236	497,809	617,018	(886)	(9,114)	(10,000)	(85,925)
Net income of the period	-	-	-	-	93,583	93,583	-	-	-	93,583
Other comprehensive income of the period	-	-	-	-	-	-	(190)	50,340	50,150	50,150
Total comprehensive income of the period	-	-	-	-	93,583	93,583	(190)	50,340	50,150	143,733
Appropriation and distribution of earnings:										
Legal reserve	-	-	27,100	-	(27,100)	-	-	-	-	-
Special reserve	-	-	-	8,765	(8,765)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(234,377)	(234,377)	-	-	-	(234,377)
Balance of June 30, 2023	\$ 478,753	690,174	145,073	10,001	321,150	476,224	(1,076)	41,226	40,150	(85,925)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 103,512	181,471
Adjustments for:		
Income and expenses items		
Depreciation expenses	61,469	43,829
Amortization expenses	1,847	1,931
Expected credit impairment loss (reversal gain)	224	(1,332)
Interest expenses	1,931	295
Interest income	(3,233)	(910)
Loss (gain) on disposal of property, plant and equipment	61	(61)
Total income and expenses items	62,299	43,752
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets at fair value through profit or loss	25	565
Notes and accounts receivable	(47,151)	62,565
Accounts receivable - related parties	9,850	(3,025)
Inventories	42,971	(45,472)
Prepayments and other current assets	9,296	3,533
Total net changes in assets related to operating activities	14,991	18,166
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	3,040	3,101
Notes and accounts payable	(14,333)	(36,465)
Accounts payable - related parties	3	-
Other payables	(47,392)	(7,298)
Other payables - related parties	651	1,516
Provision for liabilities	(386)	(129)
Other current liabilities	(3,909)	668
Net defined benefit liabilities	(329)	(355)
Total net changes in liabilities related to operating activities	(62,655)	(38,962)
Total net changes in assets and liabilities related to operating activities	(47,664)	(20,796)
Total adjustments	14,635	22,956
Cash inflows from operations	118,147	204,427
Interest received	3,229	856
Interest paid	(2,110)	(322)
Income taxes paid	(13,262)	(48,566)
Net cash inflows from operating activities	106,004	156,395

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30,	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(95,340)	(89,623)
Acquisition of property, plant and equipment	(43,926)	(83,634)
Price for disposal of property, plant and equipment	-	1,067
Decrease (increase) in refundable deposits	171	(155)
Acquisition of intangible assets	(135)	(1,750)
Acquisition of investment property	-	(137)
Net cash outflows from investing activities	(139,230)	(174,232)
Cash flows from financing activities:		
Decrease in short-term borrowings	(77,576)	(72,881)
Principal repayment of leases	(11,013)	(8,035)
Net cash outflows from financing activities	(88,589)	(80,916)
Effect of changes in exchange rates	(206)	288
Decrease in cash and cash equivalents of the period	(122,021)	(98,465)
Balance of cash and cash equivalents at beginning of period	603,230	1,121,520
Balance of cash and cash equivalents at end of period	\$ 481,209	1,023,055

See accompanying notes to consolidated financial statements.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-SiHsin-Chu 30648 Taiwan (R.O.C). The principal business of the Company and its subsidiaries (hereinafter referred to as the "Group") is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

2. The date and procedure for the adoption of the financial statements

The consolidated financial reports were approved and issued by the Board of Directors on August 2, 2023.

3. Application of newly issued and amended standards and interpretations

- (1) The impact of the International Financial Reporting Standards ("IFRS") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

- (2) Newly issued and amended standards and interpretations not recognized by the FSC

The Group expects that the following newly issued and amended standards, which have not been recognized by the FSC, will not have a significant impact on the consolidated financial reports.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Investment in Assets between an Investor and its Affiliate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Terms"
- Amendments to IFRS 16, "Sale and Leaseback Transactions"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"

4. Summary of significant accounting policies

- (1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") 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 by the FSC with effective dates.

Except as described below, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2022, and have been applied consistently to all periods in the consolidated financial statements. Refer to note 4 of the consolidated financial statements for the year ended December 31, 2022 for the details.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

<u>Name of investor companies</u>	<u>Name of subsidiaries</u>	<u>Business nature</u>	<u>Percentage of shareholding</u>			<u>Description</u>
			<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	
The Company	Unicom Technologies, Inc. (UTI)	Investment holdings	100.00%	100.00%	100.00%	
UTI	WirelessCom Technologies (Shenzhen) Co., Ltd. (WirelessCom)	Design and marketing of antenna and modules for wireless communication	100.00%	100.00%	100.00%	

2. Subsidiaries not included in the consolidated financial statements: None.

(3) Employee 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 prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the period is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate, and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future period affected.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2022.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

6. Description of significant accounting items

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from the consolidated financial statements for the year ended December 31, 2022. For the related information please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and working capital	\$ 506	627	686
Demand deposits and checking deposits	303,323	425,413	642,699
Time deposits with original maturities of less than three months	177,380	177,190	379,670
	<u>\$ 481,209</u>	<u>603,230</u>	<u>1,023,055</u>

On June 30, 2023, December 31, 2022 and June 30, 2022, bank time deposits (excluding pledged time deposits) with original maturities of more than three months were NT\$215,000 thousand, NT\$215,000 thousand and NT\$0 thousand, respectively, which were reported under financial assets at amortized cost - current.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ -	25	-
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial liabilities at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ 3,673	633	3,124

Please refer to 6(21) for the details of amounts recognized at fair value through profit or loss.

The Group entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Group's outstanding derivative financial instruments at the reporting date is as follows:

June 30, 2023		
Contract amount (in thousands)	Currency	Maturity period
US\$ 7,242	Buy NT\$ / Sell US\$	July 5, 2023~December 5, 2023
December 31, 2022		
Contract amount (in thousands)	Currency	Maturity period
US\$ 3,886	Buy NT\$ / Sell US\$	January 5, 2023~March 10, 2023
June 30, 2022		
Contract amount (in thousands)	Currency	Maturity period
US\$ 6,687	Buy NT\$ / Sell US\$	July 5, 2022~ October 5, 2022

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity instruments at fair value through other comprehensive income:			
Domestic listed company shares	\$ <u>226,189</u>	<u>80,509</u>	<u>81,939</u>

The above investments in equity instruments are strategic investments and are not held for trading purposes. Therefore, they are designated as at fair value through other comprehensive income.

For the six months ended June 30, 2023 and 2022, no strategic investments were disposed and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(4) Financial assets measured at amortized cost - current

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with original maturities of over three months	\$ 215,000	215,000	-
Pledged time deposits (Note 8)	1,100	1,100	1,100
	\$ <u>216,100</u>	<u>216,100</u>	<u>1,100</u>

The Group assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

(5) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable	\$ 309,093	262,016	292,456
Accounts receivable - related parties	14,416	24,266	23,345
	323,509	286,282	315,801
Less: Allowance for losses	(3,067)	(2,917)	(2,417)
	\$ <u>320,442</u>	<u>283,365</u>	<u>313,384</u>

The Group uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The analysis of expected credit losses on notes and accounts receivable (including related parties) are as follows:

**Notes to consolidated financial reports of Unictron Technologies Corporation and
Subsidiaries (continued)**

	June 30, 2023		
	Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	\$ 311,270	0.15%	456
Less than 30 days past due	6,908	5.41%	373
31 to 60 days past due	1,684	12.49%	210
61-90 days past due	1,982	25.57%	507
91-120 days past due	624	76.84%	480
Over 121 days past due	1,041	100.00%	1,041
	<u>\$ 323,509</u>		<u>3,067</u>

	December 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	\$ 270,399	0.10%	273
Less than 30 days past due	9,228	4.26%	393
31 to 60 days past due	4,541	9.38%	426
61-90 days past due	45	25.69%	12
91-120 days past due	898	71.51%	642
Over 121 days past due	1,171	100.00%	1,171
	<u>\$ 286,282</u>		<u>2,917</u>

	June 30, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	\$ 301,535	0.10%	294
Less than 30 days past due	10,784	3.59%	387
31 to 60 days past due	699	10.56%	74
61-90 days past due	1,293	20.13%	260
91-120 days past due	163	46.20%	75
Over 121 days past due	1,327	100.00%	1,327
	<u>\$ 315,801</u>		<u>2,417</u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

	For the six months ended June 30,	
	2023	2022
Opening balance	\$ 2,917	3,719
Recognition (reversal) on impairment loss	224	(1,332)
Amounts written off as uncollectible during the year	(28)	-
Foreign currency translation gains (losses)	(46)	30
Closing balance	<u>\$ 3,067</u>	<u>2,417</u>

(6) Inventories

1. Details of inventories as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 106,271	121,589	118,725
Work in process	139,985	135,470	127,250
Finished products	68,127	85,154	72,194
Goods	15,531	30,672	35,942
	<u>\$ 329,914</u>	<u>372,885</u>	<u>354,111</u>

2. Details of operating costs recognized in the current period is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cost of inventories sold	\$ 228,425	223,038	419,852	482,154
Inventory falling price loss	5,193	3,585	13,707	6,529
	<u>\$ 233,618</u>	<u>226,623</u>	<u>433,559</u>	<u>488,683</u>

The above inventory falling price loss is recognized as an inventory falling price loss due to the offset of inventories to net realizable value, which are recognized in operating costs.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(7) Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

		Land	Building and construction	Machinery equipment	Transportati on equipment	Office equipment	Other equipment	Total
Costs:								
Balance of January 1, 2023	\$	259,080	110,459	303,908	7,932	12,402	155,643	849,424
Additions during the period	-	-	725	14,959	-	260	7,217	23,161
Disposal during the period	-	-	-	(2,401)	-	(245)	-	(2,646)
Reclassified from prepaid equipment	-	-	-	3,703	-	-	50	3,753
Effect of changes in exchange rates	-	-	-	(125)	-	(4)	-	(129)
Balance of June 30, 2023	\$	259,080	111,184	320,044	7,932	12,413	162,910	873,563
Balance of January 1, 2022	\$	259,080	108,915	218,110	9,657	10,397	83,313	689,472
Additions during the period	-	-	709	13,133	-	752	12,417	27,011
Disposal during the period	-	-	-	-	(1,725)	(186)	-	(1,911)
Reclassified from prepaid equipment	-	-	251	9,382	-	-	-	9,633
Effect of changes in exchange rates	-	-	-	98	-	4	-	102
Balance of June 30, 2022	\$	259,080	109,875	240,723	7,932	10,967	95,730	724,307
Accumulated depreciation:								
Balance of January 1, 2023	\$	-	33,673	156,397	6,304	6,824	58,082	261,280
Depreciation during the period	-	-	1,947	29,381	407	1,427	17,211	50,373
Disposal during the period	-	-	-	(2,401)	-	(184)	-	(2,585)
Effect of changes in exchange rates	-	-	-	(103)	-	(3)	-	(106)
Balance of June 30, 2023	\$	-	35,620	183,274	6,711	8,064	75,293	308,962
Balance of January 1, 2022	\$	-	29,515	106,827	6,058	4,478	36,366	183,244
Depreciation during the period	-	-	2,227	22,956	518	1,242	8,459	35,402
Disposal during the period	-	-	-	-	(719)	(186)	-	(905)
Effect of changes in exchange rates	-	-	-	67	-	2	-	69
Balance of June 30, 2022	\$	-	31,742	129,850	5,857	5,536	44,825	217,810
Carrying amounts:								
June 30, 2023	\$	259,080	75,564	136,770	1,221	4,349	87,617	564,601
January 1, 2023	\$	259,080	76,786	147,511	1,628	5,578	97,561	588,144
June 30, 2022	\$	259,080	78,133	110,873	2,075	5,431	50,905	506,497

**Notes to consolidated financial reports of Unictron Technologies Corporation and
Subsidiaries (continued)**

(8) Right-of-use asset

	Building and construction
Costs of right-to-use assets:	
Balance of January 1, 2023	\$ 100,706
Additions	627
Effect of changes in exchange rates	(195)
Balance of June 30, 2023	<u>\$ 101,138</u>
Balance of January 1, 2022	\$ 73,989
Additions	2,356
Effect of changes in exchange rates	157
Balance of June 30, 2022	<u>\$ 76,502</u>
Accumulated depreciation of right-of-use assets:	
Balance of January 1, 2023	\$ 56,934
Depreciation	11,096
Effect of changes in exchange rates	(176)
Balance of June 30, 2023	<u>\$ 67,854</u>
Balance of January 1, 2022	\$ 37,860
Depreciation	8,215
Effect of changes in exchange rates	64
Balance of June 30, 2022	<u>\$ 46,139</u>
Carrying amounts:	
June 30, 2023	<u>\$ 33,284</u>
January 1, 2023	<u>\$ 43,772</u>
June 30, 2022	<u>\$ 30,363</u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(9) Investment property

	Land	Building and construction	Total
Costs:			
Balance of January 1, 2023 (That is Balance of June 30, 2023)	\$ -	-	-
Balance of January 1, 2022	\$ 17,740	17,426	35,166
Acquisition during the period	-	137	137
Balance of June 30, 2022	<u>\$ 17,740</u>	<u>17,563</u>	<u>35,303</u>
Accumulated depreciation and impairment loss:			
Balance of January 1, 2023 (That is Balance of June 30, 2023)	\$ -	-	-
Balance of January 1, 2022	\$ -	7,660	7,660
Depreciation during the period	-	212	212
Balance of June 30, 2022	<u>\$ -</u>	<u>7,872</u>	<u>7,872</u>
Carrying amounts:			
June 30, 2023	\$ -	-	-
January 1, 2023	\$ -	-	-
June 30, 2022	<u>\$ 17,740</u>	<u>9,691</u>	<u>27,431</u>
Fair value:			
June 30, 2023		\$ -	
January 1, 2023		\$ -	
June 30, 2022		<u>\$ 75,619</u>	

In October 2022, the Group sold investment properties to non-related parties for a total consideration of NT\$64,070 thousand (before tax), and the gain on disposal was NT\$36,821 thousand. As of December 31, 2022, the transfer procedures have been completed and the related payments have been received.

Investment properties refer to offices leased to others.

The fair value of investment properties is determined by the Group's management with reference to market evidence of similar property transaction prices in the same region. The input value used in the fair value valuation technique is classified as Level 3.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(10) Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

	<u>Software purchased</u>
Costs:	
Balance of January 1, 2023	\$ 25,319
Acquisition during the period	135
Effect of changes in exchange rates	(42)
Balance of June 30, 2023	<u><u>\$ 25,412</u></u>
Balance of January 1, 2022	\$ 23,457
Acquisition during the period	1,750
Effect of changes in exchange rates	34
Balance of June 30, 2022	<u><u>\$ 25,241</u></u>
Accumulated amortization:	
Balance of January 1, 2023	\$ 19,307
Amortization during the period	1,847
Effect of changes in exchange rates	(35)
Balance of June 30, 2023	<u><u>\$ 21,119</u></u>
Balance of January 1, 2022	\$ 15,396
Amortization during the period	1,931
Effect of changes in exchange rates	14
Balance of June 30, 2022	<u><u>\$ 17,341</u></u>
Carrying amounts:	
Balance of June 30, 2023	<u><u>\$ 4,293</u></u>
Balance of January 1, 2022	<u><u>\$ 6,012</u></u>
Balance of June 30, 2022	<u><u>\$ 7,900</u></u>

Amortization expenses of intangible assets are reported in the consolidated statement of comprehensive income as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating costs	\$ 191	191	382	382
Operating expenses	734	688	1,465	1,549
	<u><u>\$ 925</u></u>	<u><u>879</u></u>	<u><u>1,847</u></u>	<u><u>1,931</u></u>

(11) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings	<u><u>\$ 9,144</u></u>	<u><u>86,720</u></u>	<u><u>-</u></u>
Unused balance	<u><u>\$ 910,856</u></u>	<u><u>833,280</u></u>	<u><u>920,000</u></u>
Interest rate range	<u><u>5.87%~5.95%</u></u>	<u><u>5.55%~6.18%</u></u>	<u><u>-</u></u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(12) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current:			
Related parties	\$ 4,653	4,625	-
Non-related parties	\$ 13,547	16,712	16,663
Non-current:			
Related parties	\$ 14,300	16,633	-
Non-related parties	\$ 181	5,137	12,863

For maturity analysis, please refer to Note 6(22) financial instruments.

The amounts recognized in profit or loss are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expenses on lease liabilities	\$ 116	110	249	227
Short-term lease payments	\$ 886	600	1,703	1,190

The amounts recognized in the statement of cash flows are as follows:

	For the six months ended June 30,	
	2023	2022
Total cash outflows from leases	\$ 12,965	9,452

1. Leases of building and construction

The Group leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

2. Other leases

Some of the office equipment leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(13) Provision for liabilities - current

Provision for warranty liabilities:

	June 30, 2023	December 31, 2022	June 30, 2022
Provision for warranty	\$ 891	1,277	1,606

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

(14) Operating leases - lessor

There was no significant new operating lease contract for the six months ended June 30, 2023 and 2022. For the relevant information, please refer to note 6(14) of the consolidated financial statements for the year ended December 31, 2022.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(15) Employee benefits

1. Defined benefit plans

Subsequent to December 31, 2022, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Group according to the pension cost valued by actuary as of December 31, 2022 and 2021.

Expenses recognized in profit or loss:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	\$ 9	5	17	10
Operating expenses	2	3	5	5
	\$ 11	8	22	15

2. Defined contribution plans

Expenses recognized in profit or loss:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating costs	\$ 2,115	2,553	4,434	5,112
Operating expenses	1,426	1,500	2,918	3,047
	\$ 3,541	4,053	7,352	8,159

(16) Income taxes

Income tax expense for the period is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate.

1. The components of income tax expense were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current income tax expense	\$ 2,582	10,176	9,929	29,711

2. There was no income tax expense recognized directly in equity or other comprehensive income for the six months ended June 30, 2023 and 2022.

3. The Company's income tax return for the years through 2020 has been examined and approved by the R.O.C income tax authorities.

(17) Capital and other equity

1. Common stock

On June 30, 2023, December 31, 2022 and June 30, 2022, the Company's total authorized capital was NT\$800,000 thousand with a par value of NT\$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued.

A reconciliation of the number of outstanding shares of the Company is as follows:

(Unit: thousand shares)

	Ordinary shares	
	For the six months ended June 30,	
	2023	2022
Number of shares at the end of June 30		
(Number of shares at the beginning of January 1)	\$ 46,875	47,875

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

2. Capital surplus

The balance of the Company's Capital surplus is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Premium on issuance of shares	\$ 666,183	666,183	666,183
Difference between actual acquisition of price and carrying amount of equity of subsidiaries	23,991	23,991	23,991
	<u>\$ 690,174</u>	<u>690,174</u>	<u>690,174</u>

Under the Company Act, Capital surplus must be used to cover losses before new shares or cash can be issued based on the realized Capital surplus in proportion to the shareholders' original shares. The realized Capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of Capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

(3) Earnings distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

On March 3, 2023 and March 7, 2022, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2022 and 2021 as follows:

	2022		2021	
	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:				
Cash dividends distributed to shareholders from				
Unappropriated earnings	\$ 5.00	<u>234,377</u>	5.50	<u>263,314</u>

The above information is available on the website MOPS.

4. Treasury stock

During the period from July to August 2022, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT\$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of June 30, 2023 and December 31, 2022, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized Capital surplus.

5. Other equity (net amount after tax)

	Exchange differences on translation of foreign operations	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Total
January 1, 2023	\$ (886)	(9,114)	(10,000)
Exchange differences arising from the translation of net assets of foreign operating institutions	(190)	-	(190)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	50,340	50,340
June 30, 2023	<u>\$ (1,076)</u>	<u>41,226</u>	<u>40,150</u>
January 1, 2022	\$ (1,236)	-	(1,236)
Exchange differences arising from the translation of net assets of foreign operating institutions	316	-	316
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	(7,685)	(7,685)
June 30, 2022	<u>\$ (920)</u>	<u>(7,685)</u>	<u>(8,605)</u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(18) Earnings per share

1. Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	\$ 51,951	73,620	93,583	151,760
Weighted-average number of ordinary shares outstanding (in thousands)	46,875	47,875	46,875	47,875
Basic earnings per share (NT\$)	\$ 1.11	1.54	2.00	3.17

2. Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	\$ 51,951	73,620	93,583	151,760
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	46,875	47,875	46,875	47,875
Effect of dilutive potential ordinary shares (in thousands):				
Effect of employee compensation	134	372	365	540
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	47,009	48,247	47,240	48,415
Diluted earnings per share (NT\$)	\$ 1.11	1.53	1.98	3.13

(19) Revenue from customer contracts

1. Breakdown of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Major regional markets:				
Taiwan	\$ 126,202	176,245	244,373	340,329
Mainland China	93,110	68,305	173,677	167,834
The U.S.	91,544	87,414	160,592	217,282
Others	50,718	56,598	93,068	102,914
	\$ 361,574	388,562	671,710	828,359
Major products and services:				
Electronic ceramic components	\$ 232,470	236,544	426,263	517,167
Module and system products	101,402	109,705	188,206	222,365
Other electronic parts and components	27,702	42,313	57,241	88,827
	\$ 361,574	388,562	671,710	828,359

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

2. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable (including related parties)	\$ 323,509	286,282	315,801
Less: Allowance for losses	(3,067)	(2,917)	(2,417)
	<u>\$ 320,442</u>	<u>283,365</u>	<u>313,384</u>
	June 30, 2023	December 31, 2022	June 30, 2022
Contractual liabilities (included in other current liabilities)	<u>\$ 7,242</u>	<u>7,783</u>	<u>7,133</u>

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

The change in contract liabilities is mainly due to the difference between the point at which the Group transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The amounts of revenue recognized for the six months ended June 30, 2023 and 2022 that were included in the balances of contract liabilities on January 1, 2023 and 2022, were NT\$5,035 thousand and NT\$3,555 thousand, respectively.

(20) Employees' and directors' remuneration

Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The recipients of stock or cash distribution for employees' remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting certain conditions.

For the three months ended June 30, 2023, 2022 and for the six months ended June 30, 2023 and 2022, the Company estimated its remuneration to employees amounting to NT\$6,110 thousand, NT\$14,919 thousand, NT\$11,598 thousand and NT\$32,309 thousand, respectively; the remuneration to directors amounting to NT\$458 thousand, NT\$746 thousand, NT\$870 thousand and NT\$1,616 thousand, respectively., which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the estimated amounts of employee compensation were NT\$55,612 thousand and NT\$62,220 thousand, respectively; the estimated amounts of director compensation were NT\$2,781 thousand and NT\$3,111 thousand, respectively, which were the same as the amount resolved by the Board of Directors and were all paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(21) Non-operating income and expenses

1. Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 2,184	644	3,233	910

2. Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Rental income	\$ -	543	-	1,086
Subsidy income	443	495	510	932
Other income-others	344	872	618	1,061
	<u>\$ 787</u>	<u>1,910</u>	<u>1,128</u>	<u>3,079</u>

3. Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net foreign currency exchange gains	\$ 3,710	3,697	1,864	14,301
Net gain (loss) on financial instruments at fair value through profit or loss	(3,431)	1,383	(3,065)	(3,666)
Gain (loss) on disposal of property, plant and equipment(Note 7)	(61)	-	(61)	61
Others	(1)	(108)	(569)	(212)
	<u>\$ 217</u>	<u>4,972</u>	<u>(1,831)</u>	<u>10,484</u>

4. Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expenses on bank loans	\$ (982)	(8)	(1,682)	(68)
Interest expenses on lease liabilities	(116)	(110)	(249)	(227)
	<u>\$ (1,098)</u>	<u>(118)</u>	<u>(1,931)</u>	<u>(295)</u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(22) Financial instruments

Except as described below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For other relevant information, please refer to note 6(23) and (24) of the consolidated financial statements for the year ended December 31, 2022.

1. Liquidity risk

Liquidity risk is the risk that the Group is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Group manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. On June 30, 2023, December 31, 2022 and June 30, 2022, the Group had unused borrowing facilities of NT\$910,856 thousand, NT\$833,280 thousand and NT\$920,000 thousand, respectively.

The following table illustrates the maturity analysis of the Group's financial liabilities with contractual repayment terms, which are based on the earliest possible date on which the Group could be required to make repayment and undiscounted cash flows.

		Contractual cash flow	Within one year	1 to 2 years	More than 2 years
June 30, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$	9,373	9,373	-	-
Notes and accounts payable and other payables (including related parties)		315,048	315,048	-	-
Dividends payable		234,377	234,377	-	-
Lease liabilities (including current and non-current) (including related parties)		33,236	18,489	5,003	9,744
Derivative financial instruments					
Forward foreign exchange contracts:					
Outflows		223,907	223,907	-	-
Inflows		(220,234)	(220,234)	-	-
		3,673	3,673	-	-
		\$ 595,707	580,960	5,003	9,744

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

	Contractual cash flow	Within one year	1 to 2 years	More than 2 years
December 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 87,943	87,943	-	-
Notes and accounts payable and other payables (including related parties)	382,758	382,758	-	-
Lease liabilities (including current and non-current) (including related parties)	43,906	21,759	9,946	12,201
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	99,703	99,703	-	-
Inflows	(99,070)	(99,070)	-	-
	633	633	-	-
	\$ 515,240	493,093	9,946	12,201

June 30, 2022

Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	\$ 412,219	412,219	-	-
Dividends payable	263,314	263,314	-	-
Lease liabilities (including current and non-current)	29,904	16,961	12,851	92
Deposits received	1,130	351	779	-
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	198,602	198,602	-	-
Inflows	(195,478)	(195,478)	-	-
	3,124	3,124	-	-
	\$ 709,691	695,969	13,630	92

The Group does not anticipate that the timing of the cash flows for the maturity analysis will be significantly earlier or that the actual amounts will be significantly different.

2. Exchange rate risk

(1) Exposure to exchange rate risk

The Group's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other payables (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation. The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date (including monetary items eliminated in the consolidated financial statements that are not denominated in functional currency) and the related sensitivity analysis are as follows:

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

June 30, 2023						
	Foreign currency	Exchange rate	NT\$	Change in exchange rate	Impact of profit or loss (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	10,387	31.100	323,036	1%	3,230
RMB		6,074	4.2897	26,056	1%	261
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		574	31.100	17,851	1%	179
RMB		229	4.2897	982	1%	10
December 31, 2022						
	Foreign currency	Exchange rate	NT\$	Change in exchange rate	Impact of profit or loss (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	9,793	30.730	300,939	1%	3,009
RMB		5,391	4.4057	23,751	1%	238
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		2,894	30.730	88,933	1%	889
RMB		524	4.4057	2,309	1%	23
June 30, 2022						
	Foreign currency	Exchange rate	NT\$	Change in exchange rate	Impact of profit or loss (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	10,078	29.720	299,518	1%	2,995
RMB		10,174	4.4391	45,163	1%	452
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		303	29.720	9,005	1%	90
RMB		44	4.4391	195	1%	2

(2) Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

	June 30, 2023		June 30, 2022	
	Unrealized exchange profits (losses)	Exchange rate	Unrealized exchange profits (losses)	Exchange rate
<u>Financial assets</u>				
USD:NTD	\$	4,429	31.100	4,902
RMB:NTD		(582)	4.2897	(311)
<u>Financial liabilities</u>				
USD:NTD		(438)	31.100	(116)
RMB:NTD		33	4.2897	1

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

3. Types of financial instruments

(1) Financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss:			
Mandatory financial assets at fair value through profit or loss - current:	\$ -	25	-
Financial assets at fair value through other comprehensive income-current	226,189	80,509	81,939
Financial assets measured at amortized cost:			
Cash and cash equivalents	481,209	603,230	1,023,055
Notes and accounts receivable (including related parties)	320,442	283,365	313,384
Financial assets measured at amortized cost - current	216,100	216,100	1,100
Refundable deposits	4,595	4,766	4,332
Subtotal	1,022,346	1,107,461	1,341,871
Total	<u>\$ 1,248,535</u>	<u>1,187,995</u>	<u>1,423,810</u>

(2) Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities at fair value through profit or loss	\$ 3,673	633	3,124
Financial liabilities measured at amortized cost:			
Short-term borrowings	9,144	86,720	-
Notes and accounts payable and other payables (including related parties)	315,048	382,758	412,219
Dividends payable	234,377	-	263,314
Lease liabilities (including current and non-current) (including related parties)	32,681	43,107	29,526
Deposits received	-	-	1,130
Subtotal	591,250	512,585	706,189
Total	<u>\$ 594,923</u>	<u>513,218</u>	<u>709,313</u>

4. Information on fair value

(1) Financial instruments not measured at fair value

The Group's management believes that the carrying amounts of the Group's financial assets and financial liabilities classified as measured at amortized cost in the consolidated financial reports approximate their fair values.

(2) Financial instruments measured at fair value

Financial instruments held by the Group at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

- B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.
- C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

	June 30, 2023				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	\$ 226,189	226,189	-	-	226,189
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 3,673	-	3,673	-	3,673

	December 31, 2022				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 25	-	25	-	25
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	\$ 80,509	80,509	-	-	80,509
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 633	-	633	-	633

	June 30, 2022				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	\$ 81,939	81,939	-	-	81,939
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 3,124	-	3,124	-	3,124

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

5. Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Group. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

6. Transfer between fair value hierarchy

for the six months ended June 30, 2023 and 2022, there was no transfer of financial assets and liabilities to the fair value hierarchy.

(23) Financial risk management

Both the goals and policies of the Group's financial risk management were not materially different from those disclosed in note 6(24) of the consolidated financial statements for the year ended December 31, 2022.

(24) Capital Management

There is no significant change in the goals and policies of Group's capital management from note 6 (25) of the consolidated financial statements for the year ended December 31, 2022.

(25) Investment and fund-raising activities for non-cash transactions

1. For the Group's acquisition of right-of-use asset through leases, please refer to Note 6(8) for details.

2. The reconciliation of liabilities from financing activities is as follows:

	January 1, 2023	Cash flow	Changes in non-cash		June 30, 2023
			Increase in lease liabilities	Change in exchange rate	
Short-term borrowings	\$ 86,720	(77,576)	-	-	9,144
Lease liabilities (including related parties)	43,107	(11,013)	627	(40)	32,681
Total liabilities from financing activities	<u>\$ 129,827</u>	<u>(88,589)</u>	<u>627</u>	<u>(40)</u>	<u>41,825</u>

	January 1, 2022	Cash flow	Changes in non-cash		June 30, 2022
			Increase in lease liabilities	Change in exchange rate	
Short-term borrowings	\$ 72,881	(72,881)	-	-	-
Lease liabilities	35,105	(8,035)	2,356	100	29,526
Deposits received	1,130	-	-	-	1,130
Total liabilities from financing activities	<u>\$ 109,116</u>	<u>(80,916)</u>	<u>2,356</u>	<u>100</u>	<u>30,656</u>

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

3. Investing activities with only partial cash payments:

	For the six months ended June 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 23,161	27,011
Add: Payable for equipment at the beginning of the period	15,851	21,128
Less: Payable for equipment at the end of the period	(9,391)	(10,023)
Add: Prepayments for equipment at the beginning of the period	24,305	63,700
Less: Prepayments for equipment at the beginning of the period	(13,753)	(27,815)
Add: Reclassified from prepaid equipment	3,753	9,633
Cash paid during the period	<u>\$ 43,926</u>	<u>83,634</u>

7. Related party transactions

(1) Names and relationships of related parties

The related parties with whom the Group had transactions during the period covered by the consolidated financial reports are as follows:

Name of related parties	Relationship with the Group
Darfon Electronics Corp (Darfon)	The Group's parent company
Suzhou Darfon Electronics Corp (DFS)	A subsidiary of Darfon
Chongqing Darfon Electronics Corp (DFQ)	A subsidiary of Darfon
Darad Innovation Co., Ltd. (Darad)	A subsidiary of Darfon
Qisda Corporation (Qisda)	An individual who has significant influence on Darfon
Hitron Technologies (Hitron)	A subsidiary of Qisda
Hitron Technologies (Vietnam) (Hitron Vietnam)	A subsidiary of Qisda
Alpha Technical Services Inc. (Alpha Technical)	A subsidiary of Qisda
Alpha Networks Inc. (Alpha Networks)	A subsidiary of Qisda
DFI Inc. (DFI)	A subsidiary of Qisda
Global Investment Holdings (Global Investment)	(Note)

(Note) The Chairman of the Board of Directors of the company is related to the Company's key management as spouses; since March 2022, the company is no longer a related party of the Group due to the resignation of the above key management personnel of the Company.

(2) Significant transactions with related parties

1. Net revenue

The significant amounts of sales to related parties are as follows:

	For the three months ended		For the six months ended	
	June 30,	June 30,	June 30,	June 30,
	2023	2022	2023	2022
Parent company	\$ 29	24	151	34
Other related parties	8,997	16,058	20,369	31,794
	<u>\$ 9,026</u>	<u>16,082</u>	<u>20,520</u>	<u>31,828</u>

The terms of the Group's sales to related parties are not significantly different from those of general sales. The credit period is 90 to 120 days on a monthly basis.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

2. Purchase

The amounts of the Group's purchases from related parties are as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Parent company	\$ 10	-	13	19

The prices of the Group's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

3. Leases

The Group leases its plant from its parent company Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. In July 2022, the Group entered into a lease agreement with Darfon and recognized a right-to-use asset and a lease liability of NT\$23,551 thousand.

The Group recognized interest expense of NT\$122 thousand and NT\$0 thousand for the six months ended June 30, 2023 and 2022, and had a lease liability of NT\$18,953 thousand, NT\$21,258 thousand and NT\$0 thousand on June 30, 2023, December 31, 2022 and June 30, 2022.

4. Amounts due from related parties

The Group's receivables from related parties are summarized as follows:

Item	Type of related parties	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Parent company	\$ 158	8	25
- related parties				
Accounts receivable	Other related parties	14,258	24,258	23,320
- related parties		<u>\$ 14,416</u>	<u>24,266</u>	<u>23,345</u>

5. Amounts due to related parties

The Group's payables to related parties are summarized as follows:

Item	Type of related parties	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable - related parties	Parent company	\$ 13	10	-
Other payables - related parties	Parent company	3,953	3,302	1,718
		<u>\$ 3,966</u>	<u>3,312</u>	<u>1,718</u>

6. Property transactions

In January 2022, the Group sold transportation equipment to other related parties for NT\$1,067 thousand (before tax), resulting in a gain on disposal of NT\$61 thousand (before tax), which was recorded as non-operating income and expenses - other gains and losses. The related amount had been received as of June 30, 2022.

In December 2022, the Group purchased machinery equipment from its parent company Darfon for NT\$900 thousand (before tax). The related amount had been received as of June 30, 2023.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

7. Others

The Group incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

		For the three months ended June 30,		For the six months ended June 30,	
Item	Type of related parties	2023	2022	2023	2022
Operating costs	Parent company	\$ 2,282	343	3,636	509
Operating expenses	Parent company	88	300	98	300
Operating expenses	Other related parties	-	-	-	136
		<u>\$ 2,370</u>	<u>6,43</u>	<u>3,734</u>	<u>945</u>

(3) Key management compensation

		For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
Short-term employee benefits		\$ 9,927	17,467	26,902	36,634
Post-employment benefits		106	113	211	254
		<u>\$ 10,033</u>	<u>17,580</u>	<u>27,113</u>	<u>36,888</u>

8. Pledged assets

The carrying amounts of the assets pledged by the Group are as follows:

Name of assets	Subject of pledge	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits (included in financial assets measured at amortized cost - current)	Customs import guarantee	\$ 500	500	500
Time deposits (included in financial assets measured at amortized cost - current)	Corporate credit card deposits	600	600	600
		<u>\$ 1,100</u>	<u>1,100</u>	<u>1,100</u>

9. Significant contingent liabilities and unrecognized contractual commitments: None.

10. Significant catastrophic losses: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By nature	By function		For the three months ended June 30,			
			2023		2022	
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	59,377	47,405	106,782	72,548	55,766	128,314
Labor and health insurance expenses	5,201	3,123	8,324	6,130	3,227	9,357
Pension expenses	2,124	1,428	3,552	2,558	1,503	4,061
Other employee benefit expenses	3,053	1,169	4,222	3,215	1,549	4,764
Depreciation expenses	24,063	6,674	30,737	16,555	5,484	22,039
Amortization expenses	191	734	925	191	688	879

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

By function By nature	For the six months ended June 30,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	105,278	74,834	180,112	147,823	111,868	259,691
Labor and health insurance expenses	10,787	7,833	18,620	13,173	7,710	20,883
Pension expenses	4,451	2,923	7,374	5,122	3,052	8,174
Other employee benefit expenses	6,220	2,489	8,709	6,921	2,968	9,889
Depreciation expenses	48,567	12,902	61,469	32,625	10,992	43,617
Amortization expenses	382	1,465	1,847	382	1,549	1,931

(Note 1) The above depreciation expenses for the six months ended June 30, 2022 did not include depreciation expenses of NT\$212 thousand for investment properties, which were included in non-operating income and expenses.

13. Notes disclosures

(1) Relevant information on significant transactions

The Group's information on significant transactions required to be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the six months ended June 30, 2023 is as follows:

1. Lending of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Unit: thousand shares

Companies held	Type and name of securities	Relationship with the issuer of securities	Accounting subjects	End of period				Remarks
				No. of shares	Carrying amounts	Shareholding ratio	Fair value	
The Company	Qisda shares	Significant influence on the Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,860	131,274	0.15%	131,274	-
The Company	Darfon shares	The Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,050	94,915	0.73%	94,915	-

4. Cumulative purchases or sales of securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2).

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

10. Business relationships and significant transactions between parent company and subsidiaries:

No. (Note 1)	Name of counterparties	Transaction targets	Relationship with counterparties (Note 2)	Transactions (Note 3)			
				Subject	Amount	Transaction terms	As a percentage of consolidated total operating revenues or total assets (Note 4)
0	The Company	WirelessCom	1	Sales	12,683	150-day monthly settlement	1.89%
0	The Company	WirelessCom	1	Accounts receivable	13,650	150-day monthly settlement	0.61%

Note 1: The numbering method is as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered according to the company, starting with the number 1.

Note 2: The type of relationships with the counterparties is as follows:

1. Parent company to a subsidiary.

2. A subsidiary to parent company.

3. A subsidiary to a subsidiary.

Note 3: The business relationships and significant transactions between the parent and subsidiary are disclosed only for sales and accounts receivable, and the corresponding purchase and accounts payable are not further described.

Note 4: The amount of the transaction is divided by the consolidated operating revenue or consolidated total assets.

Note 5: Written off in the preparation of the consolidated financial statements.

(2) Relevant information on re-investees:

Information on the Company's re-investees for the six months ended June 30, 2023 is as follows (excluding the investees in Mainland China):

Unit: thousand shares

Name of investor companies	Name of investees	Location	Main businesses	Original investment amount		Holding at the end of the period			Current Profit or loss of the investees	Investment profit or loss recognized during the period	Remarks
				End of the period	End of last year	No. of shares	percentage	Carrying amounts			
The Company	Unicom Technologies, Inc.	Mauritius	Investment holdings	29,756 (USD968)	29,756 (USD968)	968	100.00%	7,907	(3,974)	(3,974)	Subsidiary of the Company

(3) Information on investment in Mainland China:

1. Name of the investee company in Mainland China, main businesses and other related information:

Name of investees in Mainland China	Main businesses Item	Paid-up capital	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Cumulative investment amount emitted from Taiwan at the end of the period	Investees Profit or loss for the period	Percentage of the Company's direct or indirect investment	Investment (loss) profit recognized during the period	Carrying value of investments at the end of the period	Investment income remitted or recovered as of the end of the period
					Remitted	Recovered						
WirelessCom Technologies (Shenzhen) Co., Ltd.	Design and marketing of antenna and modules for wireless communication	28,146 (USD905)	(Note 1)	28,146 (USD905)	-	-	28,146 (USD905)	(3,978)	100.00 %	(3,978) (Note 2)	7,082	-

Note 1: Company established through third-party investments and reinvested in Mainland China.

Note 2: Recognized based on the financial statements of the investee company audited by the parent company's accountants in Taiwan.

Note 3: The above amounts in NT\$ were translated into NT\$ at the closing exchange rate of 31.1 on June 30, 2023.

2. Investment limit in Mainland China:

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs
The Company	28,146 (USD905)	45,779 (USD1,472)	959,626

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

3. Significant transactions with Mainland China investees:

Name of related parties	Relationship between the Company and its related parties	Transaction terms					Notes and accounts receivable (payable)		Unrealized loss (profit)
		Type	Amount	Price	Payment terms	Comparison with general transactions	Balance	Percentage	
WirelessCom Technologies (Shenzhen) Co., Ltd.	Subsidiary indirectly controlled by the Company	Sales	12,683	Price negotiated between both parties	150-day monthly settlement	(Note 1)	13,650	4.42%	(833)
		Purchase	2,306	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	722	0.78%	-

(Note 1): The prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

4. Direct and indirect endorsement, guarantee or collateral provided by third parties to the investees in Mainland China: None.
 5. Direct and indirect loans and financing provided by third parties to the investees in Mainland China: None.
 6. Other transactions with significant impact on current profit or loss or financial position: None.
- (4) Information on major shareholders

Names of major shareholders	Unit: shares	
	Shares	Shareholding percentage
Darfon Electronics Corp.	17,551,081	36.65%
Chengli Investment Co., Ltd.	4,361,375	9.10%

14. Department information

The Group is principally engaged in the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components. The Group's operating decision-makers are based on overall operating results as the basis for evaluating performance therefore the combined company is a single department. The operating department information are the same as those disclosed of the consolidated financial statements for the six months ended June 30, 2023 and 2022.