

**Unictron Technologies Corporation
and Subsidiaries
Consolidated Financial Statements With
Independent Auditors' Review Report
For the nine Months Ended September 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.

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Independent Auditors' Review 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2023 and 2022, the consolidated statement of changes in equity and cash flows for the nine months ended September 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2023 and 2022, the consolidated statement of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" 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)

November 1, 2023

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

Unictron Technologies Corporation and Subsidiaries

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets							
Current assets:							
1100	Cash and cash equivalents (note 6(1))	\$ 233,718	11	603,230	27	645,787	31
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))	216,156	11	80,509	3	77,506	4
1136	Financial assets at amortized cost—current (notes 6(1)、(4) and 8)	216,100	11	216,100	10	1,100	-
1170	Notes and accounts receivable, net (notes 6(5) and (19))	393,465	19	259,099	11	264,090	12
1180	Accounts receivable from related parties (notes 6(5)、(19) and 7)	10,035	1	24,266	1	20,825	1
1310	Inventories (note 6(6))	325,385	16	372,885	17	370,403	18
1410	Prepayments and other current assets	<u>6,934</u>	<u>-</u>	<u>17,079</u>	<u>1</u>	<u>19,518</u>	<u>1</u>
	Total current assets	<u>1,401,793</u>	<u>69</u>	<u>1,573,193</u>	<u>70</u>	<u>1,399,229</u>	<u>67</u>
Non-current assets:							
1600	Property, plant and equipment (notes 6(7) and 7)	563,411	28	588,144	26	566,858	27
1755	Right-of-use assets (notes 6(8))	27,714	1	43,772	2	48,563	3
1760	Investment property, net (note 6(9))	-	-	-	-	27,322	1
1780	Intangible assets (note 6(10))	3,379	-	6,012	-	6,921	-
1840	Deferred income tax assets	21,763	1	18,680	1	15,746	1
1915	Prepayments for equipment	12,101	1	13,753	1	22,832	1
1920	Refundable deposits	<u>4,497</u>	<u>-</u>	<u>4,766</u>	<u>-</u>	<u>4,471</u>	<u>-</u>
	Total non-current assets	<u>632,865</u>	<u>31</u>	<u>675,127</u>	<u>30</u>	<u>692,713</u>	<u>33</u>
	Total assets	<u><u>\$ 2,034,658</u></u>	<u><u>100</u></u>	<u><u>2,248,320</u></u>	<u><u>100</u></u>	<u><u>2,091,942</u></u>	<u><u>100</u></u>

(Continued)

See accompanying notes to consolidated financial statements.

Unictron Technologies Corporation and Subsidiaries

Consolidated Balance Sheets (continued)

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022	
Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current liabilities:							
2100	Short-term borrowings (Note 6(11))	\$ -	-	86,720	4	-	-
2120	Financial liabilities at fair value through profit or loss - current(Note 6(2))	5,317	-	633	-	7,683	1
2170	Notes and accounts payable	114,947	6	115,773	5	128,882	6
2180	Accounts payable - related parties (Note 7)	8	-	10	-	46	-
2219	Other payables (Note 6(20))	194,660	10	263,673	12	235,845	11
2220	Other payables - related parties (Note 7)	6,384	-	3,302	-	2,533	-
2230	Current income tax liabilities	2,480	-	22,110	1	18,994	1
2250	Provision for liabilities - current (Note 6(13))	353	-	1,277	-	1,216	-
2280	Lease liabilities-current (Note 6(12))	9,246	-	16,712	1	16,773	1
2282	Lease liabilities - related parties - current (Notes 6(12) and 7)	4,667	-	4,625	-	4,612	-
2300	Other current liabilities (Note 6(19))	13,107	1	16,669	1	23,989	1
Total current liabilities		351,169	17	531,504	24	440,573	21
Non-current liabilities:							
2580	Lease liabilities non-current (Note 6(12))	77	-	5,137	-	8,653	1
2582	Lease liabilities - related parties - non-current (Notes 6(12) and 7)	13,127	1	16,633	1	17,795	1
2570	Deferred income tax liabilities	1,473	-	1,164	-	2,048	-
2640	Net defined benefit liabilities - non-current	3,358	-	3,862	-	5,257	-
2645	Deposits received	-	-	-	-	1,130	-
Total non-current liabilities		18,035	1	26,796	1	34,883	2
Total liabilities		369,204	18	558,300	25	475,456	23
Equity (Notes 6(17))							
3110	Common stock	478,753	23	478,753	21	478,753	23
3200	Capital surplus	690,174	34	690,174	31	690,174	33
Retained earnings:							
3310	Legal reserve	145,073	7	117,973	5	117,973	6
3320	Special reserve	10,001	-	1,236	-	1,236	-
3350	Unappropriated earnings	396,637	20	497,809	22	426,918	20
		551,711	27	617,018	27	546,127	26
Other equity:							
3410	Exchange differences on translation of foreign operations	(452)	-	(886)	-	(526)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	31,193	2	(9,114)	-	(12,117)	(1)
Total other equity		30,741	2	(10,000)	-	(12,643)	(1)
3500	Treasury stock	(85,925)	(4)	(85,925)	(4)	(85,925)	(4)
Total equity		1,665,454	82	1,690,020	75	1,616,486	77
Total liabilities and equity		\$ 2,034,658	100	2,248,320	100	2,091,942	100

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 Three and Nine Months Ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		Three Months Ended September 30				Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue (Notes 6(19) and 7)	\$ 412,809	100	333,974	100	1,086,519	100	1,162,333	100
5000	Operating costs (Notes 6(6), (7), (8), (10), (12), (15), (20), 7 and 12)	(247,091)	(60)	(209,401)	(63)	(680,650)	(63)	(698,084)	(60)
	Gross profit	165,718	40	124,573	37	403,869	37	464,249	40
	Operating expenses (Notes 6(5), (7), (8), (10), (12), (15), (20), 7 and 12):								
6100	Marketing expenses	(14,522)	(4)	(13,384)	(4)	(38,584)	(4)	(55,796)	(5)
6200	Administrative expenses	(39,963)	(10)	(26,830)	(8)	(90,122)	(8)	(86,276)	(7)
6300	Research and development expenses	(38,815)	(9)	(35,246)	(10)	(99,608)	(9)	(107,103)	(9)
6450	Expected credit gain (loss)	(2,074)	-	(218)	-	(2,298)	-	1,114	-
6000	Total operating expenses	(95,374)	(23)	(75,678)	(22)	(230,612)	(21)	(248,061)	(21)
	Operating income	70,344	17	48,895	15	173,257	16	216,188	19
	Non-operating income and expenses (Notes 6(9), (12), (21), 7 and 12):								
7100	Interest income	1,009	-	611	-	4,242	-	1,521	-
7010	Other income	13,489	3	11,498	3	14,617	1	14,577	1
7020	Other gains and losses	4,357	1	(369)	-	2,526	-	10,115	1
7050	Finance costs	(391)	-	(206)	-	(2,322)	-	(501)	-
	Total non-operating income and expenses	18,464	4	11,534	3	19,063	1	25,712	2
	Income before income tax	88,808	21	60,429	18	192,320	17	241,900	21
7950	Less: Income tax expenses (Note 6(16))	(13,321)	(3)	(12,086)	(4)	(23,250)	(2)	(41,797)	(4)
	Net income	75,487	18	48,343	14	169,070	15	200,103	17
	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	(10,033)	(2)	(4,432)	(1)	40,307	4	(12,117)	(1)
8349	Income taxes related to items that may not be reclassified	-	-	-	-	-	-	-	-
		(10,033)	(2)	(4,432)	(1)	40,307	4	(12,117)	(1)
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of foreign operations	624	-	394	-	434	-	710	-
8399	Income taxes related to items that may be reclassified	-	-	-	-	-	-	-	-
		624	-	394	-	434	-	710	-
	Other comprehensive income of the period	(9,409)	(2)	(4,038)	(1)	40,741	4	(11,407)	(1)
	Total comprehensive income of the period	\$ 66,078	16	44,305	13	209,811	19	188,696	16
	Earnings per share (Unit: NT\$, Note 6(18))								
9750	Basic earnings per share	\$ 1.61		1.02		3.61		4.20	
9850	Diluted earnings per share	\$ 1.60		1.01		3.58		4.14	

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 Nine Months Ended September 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	-	-	-	-	200,103	200,103	-	-	-	200,103
Other comprehensive income of the period	-	-	-	-	-	-	710	(12,117)	(11,407)	(11,407)
Total comprehensive income of the period	-	-	-	-	200,103	200,103	710	(12,117)	(11,407)	188,696
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)
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	(85,925)
Balance of September 30, 2022	\$ 478,753	690,174	117,973	1,236	426,918	546,127	(526)	(12,117)	(12,643)	(85,925)
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	-	-	-	-	169,070	169,070	-	-	-	169,070
Other comprehensive income of the period	-	-	-	-	-	-	434	40,307	40,741	40,741
Total comprehensive income of the period	-	-	-	-	169,070	169,070	434	40,307	40,741	209,811
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 September 30, 2023	\$ 478,753	690,174	145,073	10,001	396,637	551,711	(452)	31,193	30,741	(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 Nine Months Ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 192,320	241,900
Adjustments for:		
Income and expenses items		
Depreciation expenses	93,018	69,437
Amortization expenses	2,767	2,914
Expected credit impairment loss (reversal gain)	2,298	(1,114)
Interest expenses	2,322	501
Interest income	(4,242)	(1,521)
Dividends earned	(11,870)	(7,150)
Loss (gain) on disposal of property, plant and equipment	112	(61)
Total income and expenses items	84,405	63,006
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	(136,664)	88,296
Accounts receivable - related parties	14,231	(505)
Inventories	47,500	(61,764)
Prepayments and other current assets	10,135	(7,315)
Total net changes in assets related to operating activities	(64,773)	19,277
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	4,684	7,660
Notes and accounts payable	(826)	(60,013)
Accounts payable - related parties	(2)	46
Other payables	(61,203)	(47,271)
Other payables - related parties	3,082	2,331
Provision for liabilities	(924)	(519)
Other current liabilities	(3,562)	8,988
Net defined benefit liabilities	(504)	(519)
Total net changes in liabilities related to operating activities	(59,255)	(89,297)
Total net changes in assets and liabilities related to operating activities	(124,028)	(70,020)
Total adjustments	(39,623)	(7,014)
Cash inflows from operations	152,697	234,886
Interest received	4,252	1,480
Interest paid	(2,545)	(528)
Income taxes paid	(45,657)	(87,745)
Net cash inflows from operating activities	108,747	148,093

(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 Nine Months Ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Nine Months Ended September 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	(57,651)	(105,499)
Price for disposal of property, plant and equipment	-	1,067
Decrease (increase) in refundable deposits	269	(294)
Acquisition of intangible assets	(135)	(1,750)
Acquisition of investment property	-	(137)
Dividends received	11,870	7,150
Net cash outflows from investing activities	(140,987)	(189,086)
Cash flows from financing activities:		
Decrease in short-term borrowings	(86,720)	(72,881)
Principal repayment of leases	(16,610)	(13,283)
Repayments of lease liabilities	(234,377)	(263,314)
Cost of treasury stock repurchase	-	(85,925)
Net cash outflows from financing activities	(337,707)	(435,403)
Effect of changes in exchange rates	435	663
Decrease in cash and cash equivalents of the period	(369,512)	(475,733)
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	\$ 233,718	645,787

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months Ended September 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 November 1, 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"

The Group has started to apply the following newly revised International Financial Reporting Standards since May 23, 2023, and has not had a significant impact on the consolidated financial report.

- Amendments to IAS 12 "International Tax Reform Pillar 2 Rules Model"

- (2) The impact if IFRS recognized by the FSC but not yet effective

The Group's assessment will be subject to the following newly revised IFRS that took effect on January 1, 2024, and will not have a significant impact on the consolidated financial report.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS 1 "Non-current liabilities with contractual terms"
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"

- (3) 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
- IAS 21 "Lack of Convertibility"

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.

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

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. Basis of consolidation

(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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
The Company	Unicom Technologies, Inc. (UTI)	Investment holdings	100.00%	100.00%	100.00%	
UTI	Unictron Technologies Corporation (Shenzhen) Co., Ltd. (Original WirelessCom Technologies (Shenzhen) Co., Ltd.)	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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and working capital	\$ 469	627	610
Demand deposits and checking deposits	173,799	425,413	278,051
Time deposits with original maturities of less than three months	59,450	177,190	367,126
	<u>\$ 233,718</u>	<u>603,230</u>	<u>645,787</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ -	25	-
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial liabilities at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ 5,317	633	7,683

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:

September 30, 2023		
Contract amount (in thousands)	Currency	Maturity period
US\$ 5,832	Buy NT\$ / Sell US\$	October 4, 2023~January 18, 2024
December 31, 2022		
Contract amount (in thousands)	Currency	Maturity period
US\$ 3,886	Buy NT\$ / Sell US\$	January 5, 2023~March 10, 2023
September 30, 2022		
Contract amount (in thousands)	Currency	Maturity period
US\$ 5,207	Buy NT\$ / Sell US\$	October 5, 2022~ January 5, 2023

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instruments at fair value through other comprehensive income:			
Domestic listed company shares	\$ <u>216,156</u>	<u>80,509</u>	<u>77,506</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 nine months ended September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturities of over three months	\$ 215,500	215,000	-
Pledged time deposits (Note 8)	600	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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable	\$ 398,663	262,016	266,737
Accounts receivable - related parties	10,035	24,266	20,825
	408,698	286,282	287,562
Less: Allowance for losses	(5,198)	(2,917)	(2,647)
	\$ <u>403,500</u>	<u>283,365</u>	<u>284,915</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)**

	September 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	\$ 372,037	0.12%	463
Less than 30 days past due	26,792	4.66%	1,250
31 to 60 days past due	4,047	12.49%	506
61-90 days past due	3,329	25.29%	842
91-120 days past due	1,174	69.71%	818
Over 121 days past due	1,319	100.00%	1,319
	<u>\$ 408,698</u>		<u>5,198</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>

	September 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	\$ 267,243	0.10%	276
Less than 30 days past due	13,902	3.45%	480
31 to 60 days past due	2,844	9.42%	268
61-90 days past due	2,496	21.86%	546
Over 121 days past due	1,077	100.00%	1,077
	<u>\$ 287,562</u>		<u>2,647</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 nine months ended September 30,	
	2023	2022
Balance, beginning of the period	\$ 2,917	3,719
Recognition (reversal) on impairment loss	2,298	(1,114)
Amounts written off as uncollectible during the year	(28)	-
Foreign currency translation losses	11	42
Balance, end of the period	<u>\$ 5,198</u>	<u>2,647</u>

(6) Inventories

1. Details of inventories as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 111,451	121,589	127,349
Work in process	137,934	135,470	117,329
Finished products	63,384	85,154	89,520
Goods	12,616	30,672	36,205
	<u>\$ 325,385</u>	<u>372,885</u>	<u>370,403</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of inventories sold	\$ 230,737	203,702	650,589	685,856
Inventory falling price loss	8,415	2,328	22,122	8,857
Losses on scrap	7,939	3,371	7,939	3,371
	<u>\$ 247,091</u>	<u>209,401</u>	<u>680,650</u>	<u>698,084</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	-	-	2,030	28,041	-	1,115	10,260	41,446
Disposal during the period	-	-	-	(2,401)	-	(410)	-	(2,811)
Reclassified from prepaid equipment	-	-	-	10,142	-	-	128	10,270
Effect of changes in exchange rates	-	-	-	13	-	1	-	14
Balance of September 30, 2023	\$	259,080	112,489	339,703	7,932	13,108	166,031	898,343
Balance of January 1, 2022	\$	259,080	108,915	218,110	9,657	10,397	83,313	689,472
Additions during the period	-	-	818	39,426	-	1,375	56,320	97,939
Disposal during the period	-	-	-	-	(1,725)	(186)	-	(1,911)
Reclassified from prepaid equipment	-	-	251	18,935	-	-	-	19,186
Effect of changes in exchange rates	-	-	-	138	-	4	-	142
Balance of September 30, 2022	\$	259,080	109,984	276,609	7,932	11,590	139,633	804,828
Accumulated depreciation:								
Balance of January 1, 2023	\$	-	33,673	156,397	6,304	6,824	58,082	261,280
Depreciation during the period	-	-	3,017	43,928	569	2,140	26,684	76,338
Disposal during the period	-	-	-	(2,401)	-	(298)	-	(2,699)
Effect of changes in exchange rates	-	-	-	13	-	-	-	13
Balance of September 30, 2023	\$	-	36,690	197,937	6,873	8,666	84,766	334,932
Balance of January 1, 2022	\$	-	29,515	106,827	6,058	4,478	36,366	183,244
Depreciation during the period	-	-	3,194	35,604	742	1,865	14,126	55,531
Disposal during the period	-	-	-	-	(719)	(186)	-	(905)
Effect of changes in exchange rates	-	-	-	97	-	3	-	100
Balance of September 30, 2022	\$	-	32,709	142,528	6,081	6,160	50,492	237,970
Carrying amounts:								
September 30, 2023	\$	259,080	75,799	141,766	1,059	4,442	81,265	563,411
January 1, 2023	\$	259,080	76,786	147,511	1,628	5,578	97,561	588,144
September 30, 2022	\$	259,080	77,275	134,081	1,851	5,430	89,141	566,858

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	21
Balance of September 30, 2023	<u>\$ 101,354</u>
Balance of January 1, 2022	\$ 73,989
Additions	25,906
Effect of changes in exchange rates	220
Balance of September 30, 2022	<u>\$ 100,115</u>
Accumulated depreciation of right-of-use assets:	
Balance of January 1, 2023	\$ 56,934
Depreciation	16,680
Effect of changes in exchange rates	26
Balance of September 30, 2023	<u>\$ 73,640</u>
Balance of January 1, 2022	\$ 37,860
Depreciation	13,585
Effect of changes in exchange rates	107
Balance of September 30, 2022	<u>\$ 51,552</u>
Carrying amounts:	
September 30, 2023	<u>\$ 27,714</u>
January 1, 2023	<u>\$ 43,772</u>
September 30, 2022	<u>\$ 48,563</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 September 30, 2023)	\$ -	-	-
Balance of January 1, 2022	\$ 17,740	17,426	35,166
Acquisition during the period	-	137	137
Balance of September 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 September 30, 2023)	\$ -	-	-
Balance of January 1, 2022	\$ -	7,660	7,660
Depreciation during the period	-	321	321
Balance of September 30, 2022	<u>\$ -</u>	<u>7,981</u>	<u>7,981</u>
Carrying amounts:			
September 30, 2023	\$ -	-	-
January 1, 2023	\$ -	-	-
September 30, 2022	<u>\$ 17,740</u>	<u>9,582</u>	<u>27,322</u>
Fair value:			
September 30, 2023		\$ -	
January 1, 2023		\$ -	
September 30, 2022		<u>\$ 67,500</u>	

Investment properties refer to offices leased to others.

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.

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	5
Balance of September 30, 2023	<u><u>\$ 25,459</u></u>
Balance of January 1, 2022	\$ 23,457
Acquisition during the period	1,750
Effect of changes in exchange rates	48
Balance of September 30, 2022	<u><u>\$ 25,255</u></u>
Accumulated amortization:	
Balance of January 1, 2023	\$ 19,307
Amortization during the period	2,767
Effect of changes in exchange rates	6
Balance of September 30, 2023	<u><u>\$ 22,080</u></u>
Balance of January 1, 2022	\$ 15,396
Amortization during the period	2,914
Effect of changes in exchange rates	24
Balance of September 30, 2022	<u><u>\$ 18,334</u></u>
Carrying amounts:	
Balance of September 30, 2023	<u><u>\$ 3,379</u></u>
Balance of January 1, 2023	<u><u>\$ 6,012</u></u>
Balance of September 30, 2022	<u><u>\$ 6,921</u></u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating costs	\$ 187	191	569	573
Operating expenses	733	792	2,198	2,341
	<u><u>\$ 920</u></u>	<u><u>983</u></u>	<u><u>2,767</u></u>	<u><u>2,914</u></u>

(11) Short-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured borrowings	<u>\$ -</u>	<u>86,720</u>	<u>-</u>
Unused balance	<u>\$ 920,000</u>	<u>833,280</u>	<u>920,000</u>
Interest rate range	<u>-</u>	<u>5.55%~6.18%</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current:			
Related parties	\$ 4,667	4,625	4,612
Non-related parties	\$ 9,246	16,712	16,773
Non-current:			
Related parties	\$ 13,127	16,633	17,795
Non-related parties	\$ 77	5,137	8,653

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 September 30, 2023	2022	For the nine months ended September 30, 2023	2022
Interest expenses on lease liabilities	\$ 98	165	347	392
Short-term lease payments	\$ 954	589	2,657	1,779

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

	For the nine months ended September 30, 2023	2022
Total cash outflows from leases	\$ 19,614	15,454

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Provision for warranty	\$ 353	1,277	1,216

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 nine months ended September 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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating costs	\$ 8	6	25	16
Operating expenses	3	1	8	6
	<u>\$ 11</u>	<u>7</u>	<u>33</u>	<u>22</u>

2. Defined contribution plans

Expenses recognized in profit or loss:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating costs	\$ 2,211	2,532	6,645	7,644
Operating expenses	1,452	1,484	4,370	4,531
	<u>\$ 3,663</u>	<u>4,016</u>	<u>11,015</u>	<u>12,175</u>

(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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current income tax expense	<u>\$ 13,321</u>	<u>12,086</u>	<u>23,250</u>	<u>41,797</u>

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

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

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

(17) Capital and other equity

1. Common stock

On September 30, 2023, December 31, 2022 and September 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 nine months ended September 30,	
		2023	2022
Number of shares at the beginning of January 1	\$	46,875	47,875
Repurchase of treasury stock		-	(1,000)
Number of shares at the end of September 30	\$	<u>46,875</u>	<u>46,875</u>

2. Capital surplus

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

	September 30, 2023	December 31, 2022	September 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.

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

(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.

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\$)	Dividends per share (NT\$)
		Amount	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 September 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.

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

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	434	-	434
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	40,307	40,307
September 30, 2023	<u>\$ (452)</u>	<u>31,193</u>	<u>30,741</u>
January 1, 2022	\$ (1,236)	-	(1,236)
Exchange differences arising from the translation of net assets of foreign operating institutions	710	-	710
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	(12,117)	(12,117)
September 30, 2022	<u>\$ (526)</u>	<u>(12,117)</u>	<u>(12,643)</u>

(18) Earnings per share

1. Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 75,487</u>	<u>48,343</u>	<u>169,070</u>	<u>200,103</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>46,875</u>	<u>47,202</u>	<u>46,875</u>	<u>47,648</u>
Basic earnings per share (NT\$)	<u>\$ 1.61</u>	<u>1.02</u>	<u>3.61</u>	<u>4.20</u>

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

2. Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 75,487</u>	<u>48,343</u>	<u>169,070</u>	<u>200,103</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	46,875	47,202	46,875	47,648
Effect of dilutive potential ordinary shares (in thousands):				
Effect of employee compensation	<u>229</u>	<u>588</u>	<u>384</u>	<u>699</u>
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>47,104</u>	<u>47,790</u>	<u>47,259</u>	<u>48,347</u>
Diluted earnings per share (NT\$)	<u>\$ 1.60</u>	<u>1.01</u>	<u>3.58</u>	<u>4.14</u>

(19) Revenue from customer contracts

1. Breakdown of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Major regional markets:				
Taiwan	\$ 194,507	147,190	438,880	487,519
Mainland China	82,430	68,132	256,107	235,966
The U.S.	92,205	70,310	252,797	287,592
Others	<u>43,667</u>	<u>48,342</u>	<u>136,735</u>	<u>151,256</u>
	<u>\$ 412,809</u>	<u>333,974</u>	<u>1,084,519</u>	<u>1,162,333</u>
Major products and services:				
Electronic ceramic components	\$ 286,765	207,305	713,028	724,472
Module and system products	96,122	94,516	284,328	316,881
Other electronic parts and components	<u>29,922</u>	<u>32,153</u>	<u>87,163</u>	<u>120,980</u>
	<u>\$ 412,809</u>	<u>333,974</u>	<u>1,084,519</u>	<u>1,162,333</u>

2. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable (including related parties)	\$ 408,698	286,282	287,562
Less: Allowance for losses	<u>(5,198)</u>	<u>(2,917)</u>	<u>(2,647)</u>
	<u>\$ 403,500</u>	<u>283,365</u>	<u>284,915</u>
	September 30, 2023	December 31, 2022	September 30, 2022
Contractual liabilities (included in other current liabilities)	<u>\$ 6,535</u>	<u>7,783</u>	<u>11,196</u>

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

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

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 nine months ended September 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 September 30, 2023, 2022 and for the nine months ended September 30, 2023 and 2022, the Company estimated its remuneration to employees amounting to NT\$9,951 thousand, NT\$10,759 thousand, NT\$21,549 thousand and NT\$43,068 thousand, respectively; the remuneration to directors amounting to NT\$746 thousand, NT\$537 thousand, NT\$1,616 thousand and NT\$2,153 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.

(21) Non-operating income and expenses

1. Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 1,009	611	4,242	1,521

2. Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Rental income	\$ -	456	-	1,542
Dividend income	11,870	7,150	11,870	7,150
Subsidy income	15	16	525	948
Other income-others	1,604	3,876	2,222	4,937
	<u>\$ 13,489</u>	<u>11,498</u>	<u>14,617</u>	<u>14,577</u>

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

3. Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net foreign currency exchange gains	\$ 6,074	12,493	7,938	26,794
Net loss on financial instruments at fair value through profit or loss	(1,644)	(4,559)	(4,709)	(8,225)
Gain (loss) on disposal of property, plant and equipment	(51)	-	(112)	61
Others	(22)	(8,303)	(591)	(8,515)
	<u>\$ 4,357</u>	<u>(369)</u>	<u>2,526</u>	<u>10,115</u>

4. Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest expenses on bank loans	\$ (293)	(41)	(1,975)	(109)
Interest expenses on lease liabilities	(98)	(165)	(347)	(392)
	<u>\$ (391)</u>	<u>(206)</u>	<u>(2,322)</u>	<u>(501)</u>

(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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had unused borrowing facilities of NT\$920,000 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
September 30, 2023				
Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	\$ 315,999	315,999	-	-
Lease liabilities (including current and non-current) (including related parties)	27,575	14,146	4,913	8,516
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	187,515	187,515	-	-
Inflows	(182,198)	(182,198)	-	-
	5,317	5,317	-	-
	\$ 348,891	335,462	4,913	8,516

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

September 30, 2022				
Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	\$ 367,306	367,306	-	-
Lease liabilities (including current and non-current) (including related parties)	48,771	21,870	13,472	13,429
Deposits received	1,130	351	779	-
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	165,301	165,301	-	-
Inflows	(157,618)	(157,618)	-	-
	7,683	7,683	-	-
	\$ 424,890	397,210	14,251	13,429

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)

September 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	\$	10,168	32.270	328,121	1%	3,281
RMB		6,321	4.4182	27,927	1%	279
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		313	32.270	10,101	1%	101
RMB		177	4.4182	782	1%	8
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
September 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	\$	7,952	31.750	252,476	1%	2,525
RMB		6,487	4.4764	29,038	1%	290
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		124	31.750	3,937	1%	39
RMB		501	4.4764	2,243	1%	22

(2) Exchange gains and losses on monetary items

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

September 30, 2023			September 30, 2022		
	Unrealized exchange profits (losses)	Exchange rate		Unrealized exchange profits (losses)	Exchange rate
<u>Financial assets</u>					
USD:NTD	\$	7,048	32.270	10,398	31.750
RMB:NTD		426	4.4182	312	4.4764
<u>Financial liabilities</u>					
USD:NTD		(260)	32.270	(168)	31.750
RMB:NTD		(7)	4.4182	(13)	4.4764

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

3. Types of financial instruments

(1) Financial assets

	September 30, 2023	December 31, 2022	September 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	216,156	80,509	77,506
Financial assets measured at amortized cost:			
Cash and cash equivalents	233,718	603,230	645,787
Notes and accounts receivable (including related parties)	403,500	283,365	284,915
Financial assets measured at amortized cost - current	216,100	216,100	1,100
Refundable deposits	4,497	4,766	4,471
Subtotal	857,815	1,107,461	936,273
Total	<u>\$ 1,073,971</u>	<u>1,187,995</u>	<u>1,013,779</u>

(2) Financial liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities at fair value through profit or loss	\$ 5,317	633	7,683
Financial liabilities measured at amortized cost:			
Short-term borrowings	-	86,720	-
Notes and accounts payable and other payables (including related parties)	315,999	382,758	367,306
Lease liabilities (including current and non-current) (including related parties)	27,117	43,107	47,833
Deposits received	-	-	1,130
Subtotal	343,116	512,585	416,269
Total	<u>\$ 348,433</u>	<u>513,218</u>	<u>423,952</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:

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

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

September 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	\$ 216,156	216,156	-	-	216,156
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 5,317	-	5,317	-	5,317

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

September 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	\$ 77,506	77,506	-	-	77,506
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 7,683	-	7,683	-	7,683

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 nine months ended September 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:

			Changes in non-cash		
	January 1,	Cash flow	Increase in	Change in	September
	2023		lease	exchange	30, 2023
			liabilities	rate	
Short-term borrowings	\$ 86,720	(86,720)	-	-	-
Lease liabilities (including related parties)	43,107	(16,610)	627	(7)	27,117
Total liabilities from financing activities	\$ 129,827	(103,330)	627	(7)	27,117

			Changes in non-cash		
	January 1,	Cash flow	Increase in	Change in	September
	2022		lease	exchange	30, 2022
			liabilities	rate	
Short-term borrowings	\$ 72,881	(72,881)	-	-	-
Lease liabilities (including related parties)	35,105	(13,283)	25,906	105	47,833
Deposits received	1,130	-	-	-	1,130
Total liabilities from financing activities	\$ 109,116	(86,164)	25,906	105	48,963

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

3. Investing activities with only partial cash payments:

	For the nine months ended September 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 41,446	97,939
Add: Payable for equipment at the beginning of the period	15,851	21,128
Less: Payable for equipment at the end of the period	(8,264)	(27,771)
Add: Prepayments for equipment at the beginning of the period	12,101	22,832
Less: Prepayments for equipment at the beginning of the period	(13,753)	(27,815)
Add: Reclassified from prepaid equipment	10,270	19,186
Cash paid during the period	<u><u>\$ 57,651</u></u>	<u><u>105,499</u></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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Parent company	\$ 50	450	201	484
Other related parties	6,778	14,575	27,147	46,369
	<u><u>\$ 6,828</u></u>	<u><u>15,025</u></u>	<u><u>27,348</u></u>	<u><u>46,853</u></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 nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Parent company	\$ 7	44	20	63

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\$177 thousand and NT\$70 thousand for the nine months ended September 30, 2023 and 2022, and had a lease liability of NT\$17,794 thousand, NT\$21,258 thousand and NT\$22,407 thousand on September 30, 2023, December 31, 2022 and September 30, 2022.

4. 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 September 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 September 30, 2023.

5. Dividend

For the three months ended September 30, 2023, 2022 and for the nine months ended September 30, 2023 and 2022, the amount of dividend income generated by the company's related parties' securities is as follows:

		For the three months ended September 30,		For the nine months ended September 30,	
Item	Type of related parties	2023	2022	2023	2022
Other income	Parent company	\$ 6,150	-	6,150	-
Other income	Other related parties	5,720	7,150	5,720	7,150
		<u>\$ 11,870</u>	<u>7,150</u>	<u>11,870</u>	<u>7,150</u>

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

6. 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 September 30,		For the nine months ended September 30,	
Item	Type of related parties	2023	2022	2023	2022
Operating costs	Parent company	\$ 3,443	944	7,079	1,453
Operating expenses	Parent company	1,821	-	1,919	300
Operating expenses	Other related parties	-	-	-	136
		<u>\$ 5,264</u>	<u>944</u>	<u>8,998</u>	<u>1,889</u>

7. Amounts due from related parties

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

Item	Type of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Parent company	\$ 53	8	473
- related parties				
Accounts receivable	Other related parties	9,982	24,258	20,352
- related parties		<u>\$ 10,035</u>	<u>24,266</u>	<u>20,825</u>

8. Amounts due to related parties

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

Item	Type of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable -	Parent company	\$ 8	10	46
related parties				
Other payables -	Parent company	6,384	3,302	2,533
related parties		<u>\$ 6,392</u>	<u>3,312</u>	<u>2,579</u>

(3) Key management compensation

		For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
Short-term employee benefits		\$ 16,213	15,535	43,115	52,169
Post-employment benefits		93	106	304	360
		<u>\$ 16,306</u>	<u>15,641</u>	<u>43,419</u>	<u>52,529</u>

8. Pledged assets

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

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

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

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

10. Significant catastrophic losses: None.

11. Significant subsequent events: None.

12. Others

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

By function By nature	For the three months ended September 30,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	64,315	62,581	126,896	63,942	47,350	111,292
Labor and health insurance expenses	5,473	4,581	10,054	6,099	4,425	10,524
Pension expenses	2,219	1,455	3,674	2,538	1,485	4,023
Other employee benefit expenses	3,296	1,295	4,591	3,511	1,345	4,856
Depreciation expenses	24,691	6,858	31,549	19,777	5,721	25,498
Amortization expenses	187	733	920	191	792	983

By function By nature	For the nine months ended September 30,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	169,593	137,415	307,008	211,765	159,218	370,983
Labor and health insurance expenses	16,260	12,414	28,674	19,272	12,135	31,407
Pension expenses	6,670	4,378	11,048	7,660	4,537	12,197
Other employee benefit expenses	9,516	3,784	13,300	10,432	4,313	14,745
Depreciation expenses	73,258	19,760	93,018	52,402	16,714	69,116
Amortization expenses	569	2,198	2,767	573	2,341	2,914

(Note 1) The above depreciation expenses for the nine months ended September 30, 2022 did not include depreciation expenses of NT\$321 thousand for investment properties, which were included in non-operating income and expenses.

(2) The Group's operations are not materially influenced by seasonality or cyclicity.

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 nine months ended September 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):

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

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	127,699	0.15%	127,699	-
The Company	Darfon shares	The Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,050	88,457	0.73%	88,457	-

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).
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	Unictron Technologies Corporation (Shenzhen) Co., Ltd.	1	Sales	17,216	150-day monthly settlement	1.59%
0	The Company	Unictron Technologies Corporation (Shenzhen) Co., Ltd.	1	Accounts receivable	15,502	150-day monthly settlement	0.76%

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 nine months ended September 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	47,321 (USD1,535)	29,756 (USD968)	1,535	100.00%	25,275	(5,360)	(5,360)	Subsidiary of the Company

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

(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						
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Design and marketing of antenna and modules for wireless communication	47,501 (USD1,472)	(Note 1)	29,204 (USD905)	18,297 (USD567)	-	47,501 (USD1,472)	(5,364)	100.00 %	(5,364) (Note 2)	24,418	-

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 reviewed 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 32.27 on September 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	47,501 (USD1,472)	47,501 (USD1,472)	999,272

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	
Unictron Technologies Corporation (Shenzhen) Co., Ltd.	Subsidiary indirectly controlled by the Company	Sales	17,216	Price negotiated between both parties	150-day monthly settlement	(Note 1)	15,502	3.96%	(268)
		Purchase	3,807	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	663	0.62%	-

(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

Unit: shares

Names of major shareholders	Shares	No. of shares held	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 nine months ended September 30, 2023 and 2022.