Code：8277

UNIFOSA CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 AND INDEPENDENT AUDITORS' REPORT

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Notice to reader
For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 (starting from 1 January till 31 December, 2022) are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Unifosa Corp. and its subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Unifosa Corp.

By

Ching-Jong, Chen

Chairman

March 17, 2023

Crowe

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Unifosa Corp.

Opinion

We have audited the accompanying consolidated financial statements of Unifosa Corp. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

<u>Recognition of Sales Revenue</u>

Taiwan's Standards on Auditing (TWSA) presupposes that there is a higher innate risk of fraud that revenue recognition carries, and there may be pressure on management to achieve expected financial goals, resulting in a higher risk of congenital fraud in revenue recognition. In 2022, the sales revenue of the top ten sales customers of the Group accounted for 48.74% of the annual net operating income, which has a relatively significant impact on the consolidated financial statements, therefore, we consider it a key audit matter.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understand the internal control systems related to such sales transactions, and evaluate the effectiveness of its design and implementation.

2. Understand the customer's background and obtain basic information to assess whether the transaction amount and

credit limit are reasonable with the size of the Group.

3. Conduct audit tests on customers' purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

The Evaluation of Impairment for Intangible Assets (including goodwill)

The Group acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2022, the balance of the goodwill and other intangible assets of this merger and acquisition the Group has is NT$19,800 thousand and 6,737 thousand.

When the management assesses whether these assets are impaired, they must comprehensively consider the assessment of the recoverable amount apportioned to the cash-generating units to which these assets belong. The important assumptions and values involve the subjective judgment of the management and may be affected by the future industry and economic outlooks, and are highly uncertain, the impairment assessment of intangible assets (including goodwill) is hence listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (9) to the Consolidated Financial Statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understand and assess management's procedures for identifying signs of impairment of such assets.

2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discuss with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.

3. Understand the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

Assessment for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of the Group is divided into memory business group, storage business group, wireless communication business group, etc. Their inventories are mainly integrated circuits, memory modules, Redundant Array of Independent Disks (RAID) and wireless communication machinery and equipment etc. Due to fluctuations in market demands and rapid technological changes, management's estimation of net realization value and judgment of inventory obsolescence may be affected, this is hence listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (5) to the consolidated financial statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Assess whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
2. Obtain the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.
3. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolesce loss.

Other Matter

We have also audited the parent company only financial statements of Unifosa Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable (including related safeguard measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Chuan Chang and Gin-Fong Lin.
FSC approval number: Financial Management Certificate Examination No.1050001113

Crowe (TW) CPAs

Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

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

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

UNIFOSA CORP.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
ASSETS		**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS					
Cash and cash equivalents	Note 6(1)	$ 201,022	28	$ 223,980	30
Financial assets measured at amortized cost	Note 6(3)	12,912	2	30,852	4
Notes receivable from unrelated parties, net	Note 6(4)	797	-	344	-
Accounts receivable from unrelated parties, net	Note 6(4)	40,581	6	40,121	5
Other accounts receivable	Note 6(4)	-	-	25	-
Current tax assets	Note 6(17)	16	-	38	-
Inventories, net	Note 6(5)	106,327	16	98,929	13
Prepayments		3,971	-	4,409	1
Other current assets		2	-	16	-
Total current assets		365,628	52	398,714	53
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income	Note 6(2)	4,575	1	5,430	1
Investments accounted for using the equity method	Note 6(6)	-	-	5,311	1
Property, plant, and equipment	Note 6(7) and 8	283,682	40	293,837	38
Right-of-use assets	Note 6(8)	6,207	1	5,740	1
Goodwill	Note 6(9)	19,800	3	19,800	2
Other intangible assets	Note 6(9)	6,737	1	7,701	1
Net defined benefit assets	Note 6(12)	11,730	1	8,733	1
Other non-current assets		9,031	1	11,559	2
Total non-current assets		341,762	48	358,111	47
TOTAL ASSETS		$ 707,390	100	$ 756,825	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Contract liabilities	Note 6(14)	$ 3,225	-	$ 1,806	-
Notes payable to unrelated parties		315	-	-	-
Accounts payable to unrelated parties		22,380	4	24,459	3
Other payables	Note 6(11)	26,271	4	27,611	4
Lease liabilities	Note 6(8)	2,157	-	4,607	1
Other current liabilities		542	-	525	-
Total current liabilities		54,890	8	59,008	8
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	Note 6(17)	2,530	-	1,352	-
Lease liabilities	Note 6(8)	4,097	1	1,271	-
Deposits received		238	-	186	-
Stockholders' current account	Note 7	42,000	6	30,000	4
Total non-current liabilities		48,865	7	32,809	4
Total liabilities		103,755	15	91,817	12
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
Share capital	Note 6(13)	916,288	129	916,288	121
Capital surplus	Note 6(13)	6,998	1	6,998	1
Retained earnings	Note 6(13)				
Legal reserve		7,306	1	7,306	1
Accumulated deficit		(360,579)	(51)	(298,490)	(39)
Total retained earnings		(353,273)	(50)	(291,184)	(38)
Other equity interest	Note 6(13)	(10,425)	(1)	(9,570)	(2)
Total equity attributable to the owners of the parent company		559,588	79	622,532	82
NON-CONTROLLING INTERESTS	Note 6(13)	44,047	6	42,476	6
Total equity		603,635	85	665,008	88
TOTAL LIABILITIES AND EQUITY		$ 707,390	100	$ 756,825	100

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

UNIFOSA CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	Note 6(14)	$ 353,677	100	$ 328,990	100
OPERATING COSTS	Note 6(5 and 15)	(291,020)	(82)	(267,717)	(81)
Gross profit from operations		62,657	18	61,273	19
OPERATING EXPENSES	Note 6(15) and 7				
Selling and marketing expenses		(26,428)	(7)	(25,464)	(8)
General and administrative expenses		(62,578)	(18)	(59,087)	(18)
Research and development expenses		(45,053)	(13)	(45,866)	(14)
Total operating expenses		(134,059)	(38)	(130,417)	(40)
LOSS FROM OPERATIONS		(71,402)	(20)	(69,144)	(21)
NON-OPERATING INCOME AND EXPENSES					
Interest income		790	-	487	-
Other gains and losses	Note 6(16)	7,002	1	1,830	1
Finance costs	Note 7	(973)	-	(938)	-
Share of loss (profit) of associates and joint ventures accounted for using the equity method	Note 6(6)	(5,311)	(1)	(8,985)	(3)
Total non-operating income and expenses		1,508	-	(7,606)	(2)
LOSS BEFORE INCOME TAX		(69,894)	(20)	(76,750)	(23)
INCOME TAX (EXPENSE) BENEFIT	Note 6(17)	95	-	(13,254)	(4)
NET LOSS		(69,799)	(20)	(90,004)	(27)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 6(12)	6,367	1	(168)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Note 6(13)	(855)	-	765	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	Note 6(17)	(1,273)	-	33	-
		4,239	1	630	-
Other comprehensive income for the year, net of income tax		4,239	1	630	-
TOTAL COMPREHENSIVE INCOME		$ (65,560)	(19)	$ (89,374)	(27)
Net loss attributable to:					
Owners of the parent company		$ (56,055)	(16)	$ (71,184)	(22)
Non-controlling interests		(13,744)	(4)	(18,820)	(5)
		$ (69,799)	(20)	$ (90,004)	(27)
Total comprehensive income attributable to:					
Owners of the parent company		$ (51,816)	(15)	$ (70,554)	(21)
Non-controlling interests		(13,744)	(4)	(18,820)	(6)
		$ (65,560)	(19)	$ (89,374)	(27)
EARNINGS PER SHARE	Note 6(18)				
Basic earnings per share		$ (0.61)		$ (0.78)	

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

UNIFOSA TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to the Owners of the Parent Company							
			Retained Earnings		Other Equity Items			
	Share Capital	Additional Paid-In Capital	Legal Reserve	Accumulated Deficit	Unrealized Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity Attributable to the Owners of the Parent Company	Non-Controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 916,288	$ -	$ 7,306	$ (227,171)	$ (10,335)	$ 686,088	$ 61,296	$ 747,384
Changes in equity of associates and joint ventures accounted for using the equity method	-	6,998	-	-	-	6,998	-	6,998
Net loss for the year ended December 31, 2021	-	-	-	(71,184)	-	(71,184)	(18,820)	(90,004)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(135)	765	630	-	630
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(71,319)	765	(70,554)	(18,820)	(89,374)
BALANCE, DECEMBER 31, 2021	916,288	6,998	7,306	(298,490)	(9,570)	622,532	42,476	665,008
Net loss for the year ended December 31, 2022	-	-	-	(56,055)	-	(56,055)	(13,744)	(69,799)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	5,094	(855)	4,239	-	4,239
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(50,961)	(855)	(51,816)	(13,744)	(65,560)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(11,128)	-	(11,128)	-	(11,128)
Increase or decrease in non-controlling interests	-	-	-		-	-	15,315	15,315
BALANCE, DECEMBER 31, 2022	$ 916,288	$ 6,998	$ 7,306	$ (360,579)	$ (10,425)	$ 559,588	$ 44,047	$ 603,635

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

UNIFOSA TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (69,894)	$ (76,750)
Adjustments for:		
Depreciation expenses	16,650	15,884
Amortization expenses	964	963
Interest expenses	973	938
Interest income	(790)	(487)
Share of loss of associates and joint ventures accounted for using the equity method	5,311	8,985
Changes in operating assets		
Decrease (increase) in notes receivable from unrelated parties, net	(453)	915
Decrease (increase) in accounts receivable from unrelated parties, net	(460)	17,718
Decrease in other accounts receivable	25	405
Decrease (increase) in inventories, net	(7,398)	3,502
Decrease in prepayments	438	1,612
Decrease (increase) in other current assets	14	(6)
Decrease (increase) in other operating assets	3,370	(55)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	1,419	(4,706)
Increase (decrease) in notes payable to unrelated parties	315	(24)
Decrease in accounts payable to unrelated parties	(2,079)	(15,224)
Increase (decrease) in other payable	(1,463)	1,865
Increase in other current liabilities	17	56
Cash flows used in operations	(53,041)	(44,409)
Interest received	790	498
Interest paid	(850)	(758)
Income tax refund	22	165
Net cash flows used in operating activities	(53,079)	(44,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets measured at amortized cost	17,940	13,998
Payments for property, plant and equipment	(1,975)	(4,890)
Decrease in other non-current assets	2,528	4,233
Net cash flows used in investing activities	18,493	13,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits received	52	-
Repayment of principal portion of lease liabilities	(4,611)	(4,532)
Changes in non-controlling interests	4,187	-
Other financing activities	12,000	(8,500)
Net cash flows generated from (used in) financing activities	11,628	(13,032)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,958)	(44,195)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	223,980	268,175
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 201,022	$ 223,980

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

UNIFOSA CORP.

NOTES TO CONSOLIDATEDFINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

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

1. GENERAL

Unifosa Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Group Law of the Republic of China on May 16, 1994, which engages mainly in the manufacture of office machinery, data storage and processing equipment, electronic components, etc. and the wholesale, retail and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.'s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Group merged with Proware Technology Co., Ltd. (hereinafter referred to as Proware Technology) on January 1, 2013, which is the reference date specified for the merger/consolidation; and the Group became the surviving company after the merger.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and issued on March 17, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022 :

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new/revised/amended standards and interpretations are applied for the period of the reporting year.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business mergers for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

As of the date the consolidated financial statements were authorized for issue, the Group is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Group's significant accounting policies are as follows:

(1) Statement of compliance

These consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and issued IFRSs.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

(3) Basis of Consolidation

1. Principles for the Preparation of Consolidated Statements

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries including structural-type entities). The consolidated comprehensive income statement has included the operating profit and loss of the acquired or disposed subsidiary in the current year from the date of acquisition or to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the changes in the Group's ownership interests in subsidiaries do not result in the Group's losing control over the subsidiaries, those changes are accounted for equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the merging company loses control over the subsidiary, the profit or loss on disposal is the difference between: (1) the fair value of the consideration received and the total fair value of the remaining investment in the former subsidiary at the date of loss of control, and (2) The assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary are calculated based on the total book value on the date of loss of control. The accounting treatment of the consolidated company for all amounts recognized in other comprehensive income related to the subsidiary is the same as the basis that the consolidated company must follow for directly disposing of related assets or liabilities.

The remaining investment in the former subsidiary is based on the fair value on the day when control is lost, and is used as the cost of the original recognized investment in associates.

2. Entities Included in the Consolidated Statements

			Ownership Percentage	
Investor Company	Subsidiary	Main Businesses	December 31, 2022	December 31, 2021
Unifosa Corp.	Phoenix Innovative Materials Inc.	Plastic film and other high-tech chemical materials manufacturing	98.57%	98.57%
Unifosa Corp.	Morelink Technology Corporation	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.	47.95% (Note 1)	38.28%

Note 1: equity acquired through participation in cash capital increase in this period.

3. Subsidiaries that are not included in the consolidated statements : None.

4. Different adjustments and treatment used by subsidiaries for the accounting period : None.

5. Subsidiaries holding securities issued by the parent company : None.

6. Significant Restrictions : None.

7. <u>Information on subsidiaries with material non-controlling interests :</u>

The significant non-controlling interests of subsidiaries in the consolidated company are as follows:

Subsidiary	Main Location	Percentage of Ownership And Voting Rights of Non-Controlling Interests December 31, 2022	Percentage of Ownership And Voting Rights of Non-Controlling Interests December 31, 2021
Morelink Technology Corporation	Taiwan	52.05%	61.72%

Subsidiary	Profit or Loss Attributable to Non-Controlling Interests 2022	Profit or Loss Attributable to Non-Controlling Interests 2021	Non-Controlling Interests December 31, 2022	Non-Controlling Interests December 31, 2021
Morelink Technology Corporation	$ (13,401)	$ (18,505)	$ 43,613	$ 41,699
Others	(343)	(315)	434	777
	$ (13,744)	$ (18,820)	$ 44,047	$ 42,476

Financial information for subsidiary companies is compiled based on amounts before elimination of intercompany transactions:

<u>Balance Sheet</u>

	December 31, 2022	December 31, 2021
Current Assets	$ 130,387	$ 102,090
Non-current Assets	11,010	9,538
Current Liabilities	(13,954)	(14,066)
Non-current Liabilities	(43,651)	(30,000)
Equity	$ 83,792	$ 67,562
Equity Attributable to:		
Parent Company	$ 40,179	$ 25,863
Non-controlling Interests	43,613	41,699
	$ 83,792	$ 67,562

<u>Income Statement</u>

	2022	2021
Operating Revenue	$ 49,762	$ 51,047
Net loss for the period	$ (21,770)	$ (29,982)
Other comprehensive income	—	—
Total comprehensive income for the period	$ (21,770)	$ (29,982)
Net loss attributable to:		
Parent Company	$ (8,369)	$ (11,477)

Non-controlling Interests	(13,401)	(18,505)
	$ (21,770)	$ (29,982)
Total comprehensive income attributable to:		
Parent Company	$ (8,369)	$ (11,477)
Non-controlling Interests	(13,401)	(18,505)
	$ (21,770)	$ (29,982)
Dividends paid to non-controlling interests	$ –	$ –

Cash Flow Statement

	2022	2021
Net cash outflow from operating activities	$ (17,390)	$ (17,607)
Net cash outflow from investing activities	(1,908)	(3,056)
Net cash inflow (outflow) from financing activities	47,215	(11,272)
Net increase (decrease) in cash and cash equivalents	$ 27,917	$ (31,935)

(4) Business Combinations

Business combinations are handled by the acquisition method. Acquisition-related costs are listed as expenses in the period in which the costs are incurred and the services are obtained.

Goodwill refers to and is measured by the total amount of the fair value of the transfer consideration, the amount of non-controlling interests in the acquiree, and the fair value of the acquiree's equity previously held by the acquirer on the date of acquisition , in excess to the net identifiable assets and assumed liabilities on the date of acquisition.

For a business combination achieved in stages, the fair value on the date of acquisition is used to measure the equity of the acquiree previously held by the merging company, and any profit or loss arising therefrom shall be recognized as profit or loss. Amounts recognized in other comprehensive profit or loss prior to the acquisition date as a result of a previously held interest in the acquiree are recognized on the same basis as if the merging company had directly disposed of its previously held interest.

(5) Foreign currencies

The financial statements of each consolidated entity are prepared in the currency (functional currency) of the primary economic environment in which the entity operates. The functional currency of the consolidated company and the expression currency of the consolidated statements are New Taiwan Dollars.

In preparing each entity's financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

When preparing consolidated financial statements, the assets and liabilities of the Group's foreign operating institutions are converted into NT dollars at the exchange rate at the end of each reporting period; income and expense items are converted at the current average exchange rate, the resulting in exchange differences are recognized in other comprehensive profit or loss and properly attributed to the owners and non-controlling interests of the Group.

(6) Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, and are held primarily for the purpose of trading, and due to be settled within twelve months after the reporting period, excluding those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are held primarily for the purpose of trading, including those due to be settled within twelve months after the reporting period, and those which do have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are non-current assents and liabilities, respectively.

(7) Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(9) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

1.Measurement category

The Group’s financial assets are classified into the following categories:

(1)Financial assets at FVTPL

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (including the dividends, interest earned and net gain or loss recognized in profit or loss on the financial asset).

(2)Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(3)Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

(a). The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, . notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

2.Impairment of financial and contractual assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investment on debt instrument measured through other comprehensive profit or loss at fair value, lease and receivables and contractual assets.

The Group always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance loss on investments in debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and does not reduce their carrying amount.

3.De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(10) Financial Liability and Equity Instruments

The obligations and equity instruments issued by the Group are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

1. Equity Instruments

An equity instrument is any contract that recognizes the Group's residual interest in assets less all liabilities. The equity instruments issued by the Group are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Group are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Group's own equity instruments are not recognized in profit or loss.

2. Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

3. Derecognition of Financial Liabilities

The Group derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(11) Inventories

The Group's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

(12) Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and the distribution received. The Group also recognizes the changes in the equity of associates attributable to the Group.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the associate issues new shares, and the Group subscribes at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Group’s ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. If the investment of associates becomes the investment of joint ventures, or vice versa, the Group will continue to evaluate investment accounted for by the equity method, other than remeasuring retained equities. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Group and associates, are recognized on the consolidated financial statements in the scope of the Group's equities that are not relevant to its associates.

(13) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no mention of depreciation on owned land.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(14) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For contracts consisting of leased and non-leased components, the Group apportioned the consideration in the contract on a relative price basis and treated it separately.

A. The Group as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(15) Goodwill

The goodwill acquired in a business combination is the cost of the goodwill recognized on the date of acquisition, and subsequently measured by the amount after deducting accumulated impairment losses from the cost.

For the purposes of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units of the Group that is expected to benefit from the synergies of the merger (referred to as "cash-generating units").

A cash-generating unit subject to goodwill is tested annually for impairment (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit containing the goodwill with its recoverable amount. If the goodwill apportioned to a cash-generating unit is obtained from a business combination in the current year, the unit shall undergo an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit apportioned to goodwill is lower than its book value, the impairment loss is to first reduce the book amount of the cash-generating unit's apportioned goodwill, and then reduce the book value of other assets in the unit in proportion to each carrying amount of the asset. Any impairment losses are recognized directly as current losses. Goodwill impairment losses are not reversed in subsequent periods.

(16) Intangible Assets

A. Acquired Separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis with the useful life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period by the Group, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

B. Incurred Internally – R & D Expense

The Group's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the stage of the internal plan development.

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

C. Acquired through Business Combination

Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

D. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

(17) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of use assets and intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is adjusted to the revised recoverable amount provided that the increased carrying amount does not exceed the carrying amount determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. The reversal of impairment losses is recognized in profit or loss.

(18) Liability Provision

The Group recognizes a liability provision when it has present obligations due to past events and is likely to have to discharge such obligations and the amount of such obligations can be reliably estimated..

The amount recognized as a liability provision is a best estimate of the expenditure required to liquidate the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flows to meet the present obligation, the carrying amount is the present value of such cash flows.

(19) Employee benefit

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

D. Termination benefits

The Group recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs, whichever is earlier.

(20) Revenue recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

A. Revenue from sale of goods

The Group outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the Group is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the Group's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Group is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

B. Service Revenue

The services provided by the Group are mainly recognized as income according to the progress of the completion of the contract.

The Group's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Group assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Group's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

(21) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Current income tax is calculated based on the country in which the Group operates and generates its chargeable income, using the rate that has been legislated or substantially legislated at the end of the reporting period.

Income tax for the interim period is assessed on an annual basis, and the income tax expense for the interim period is calculated on the pre-tax benefit of the interim period at the tax rate applicable to the expected total annual earnings.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan’s Income Tax Act.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Group’s accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group has taken into account the economic impact of the Covid epidemic into its material accounting estimates, and the estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group’s critical accounting judgments and key sources of estimation and uncertainty are as follows:

(1) Impairment Assessment of tangible and intangible assets (excluding goodwill)

In the process of assessing asset impairment, the Group needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

(2) Valuation of Inventory
As inventories must be valued at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid changes in technology, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and writes down the inventory cost to the net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

(3) Impairment Assessment for Goodwill
When determining whether goodwill is impaired, the value in use of the cash-generating units to which goodwill is allocated must be estimated. To calculate value in use, management should estimate the future cash flows expected to be generated from the cash-generating unit and determine the appropriate discount rate to use in calculating the present value. If the actual cash flow is less than expected, a material impairment loss may arise.

6. Explanation of Significant Accounts

1. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 160	$ 160
Demand deposits	150,862	153,820
Time deposits	50,000	70,000
	$ 201,022	$ 223,980

As of December 31, 2022 and 2021, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

2. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2022	December 31, 2021
Investments in equity instruments, non-current		
Domestic unlisted shares	$ 4,575	$ 5,430

A. The Group invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes and expects to make profits through long-term investment. The Group's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.

B. As of December 31, 2022 and 2021, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

3. Financial Assets Measured at Amortized Cost, Current

	December 31, 2022	December 31, 2021
Time deposit with an original maturity of more than three months	$ 12,912	$ 30,852
Interest rate range	0.935%～1.21%	0.52%～0.59%

As of December 31, 2022 and 2021, the above-mentioned financial assets measured at amortized cost, current, were not used as pledged assets and/or under any other circumstances of restricted uses.

4. Notes Receivable, Accounts Receivable and Other Receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable from operating activities	$ 797	$ 344
Notes receivable not from operating activities	－	－
Less: Allowance for bad debts	－	－
	$ 797	$ 344
Accounts receivable		
Accounts receivable	$ 40,581	$ 40,121
Less: Allowance for bad debts	－	－
	$ 40,581	$ 40,121
Other receivable, current		
Tax refund receivable, etc.	$ －	$ 25
Less: Allowance for bad debts	－	－
	$ －	$ 25

A. The Group adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the Group's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

B. The Group's loss allowance for trade and other receivables based on provision matrix.

	December 31, 2022					
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	Total
Total book value	$ 40,499	$ 82	$ －	$ －	$ －	$ 40,581

Expected credit loss rate	0%	0%	0%	0%	100%	
Allowance for expected credit losses	–	–	–	–	–	–
Amortized cost	$ 40,499	$ 82	$ –	$ –	$ –	$ 40,581

	December 31, 2021					
Total book value	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	Total
Expected credit loss rate	$ 38,263	$ 1,883	$ –	$ –	$ –	$ 40,146
Allowance for expected credit losses	0%	0%	0%	0%	100%	
Amortized cost	–	–	–	–	–	–
Total book value	$ 38,263	$ 1,883	$ –	$ –	$ –	$ 40,146

C. As of December 31, 2022 and 2021, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

5. Inventory

	December 31, 2022	December 31, 2021
Merchandise	$ 16,564	$ 11,070
Finished goods	5,832	7,295
Semi-finished goods	23,443	20,874
Work-in-process	2,732	5,712
Raw Material	57,756	53,978
	$ 106,327	$ 98,929

A. Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

	2022	2021
Cost of inventory sales	$ 283,324	$ 260,929
Inventory write-down and impairment loss	2,436	275
Others	5,260	6,513
	$ 291,020	$ 267,717

B. As of December 31, 2022 and 2021, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

6. Investments using Equity Method

	December 31, 2022	December 31, 2021
Investments in Associates	$ –	$ 5,311

Associates of the Group are listed as follows:

	December 31, 2022		December 31, 2021	
Investee	Amount	Ownership Stake	Amount	Ownership Stake
Foresight Energy Technology Co., Ltd.	$ –	16.39%	$ 5,311	16.39%

a. As of December 31, 2022, the Group's shareholding ratio in Foresight Energy Technology Co., Ltd. (hereinafter referred to as Foresight Energy) was 16.39%. Although the Group's shareholding ratio in Foresight Energy did not reach 20%, the Group, however, has significant influence on Foresight Energy, hence the equity method is adopted for evaluation.
b. The associate–Foresight Energy which the Group uses the equity method to evaluate has suffered long-term losses, resulting the net value of shareholders' equity to become negative and has exceeded the book value of its investment in Foresight Energy under the equity method, the Group stopped using the recognition of further losses by the equity method in the third quarter of 2022.
c. The cumulated unrecognized losses from Foresight Energy extracted from audited financial statements of the current years are as follows:

	Jan, to Dec. 2022	Jan, to Dec. 2021
Unrecognized losses from associates		
Amount for the current year	$ 3,101	$ –
Cumulative amount	$ 3,101	$ –

d. The consolidated financial information of the associates of the Group is as follows:

	Jan, to Dec. 2022	Jan, to Dec. 2021
Total assets	$ 95,065	$ 108,958
Total liabilities	$ 113,981	$ 76,559

	2022	2021
Operating revenue	$ 84,816	$ 26,092
Net loss	$ (51,314)	$ (50,166)
Other comprehensive income	$ –	$ –

e. The associates' profit and loss and other comprehensive profit and loss shares recognized using the equity method in 2022 and 2021 were recognized based on the financial statements of each associate that had been audited by accountants for the same period.
f. As of 31 December 2022 and 2021, the above mentioned investments using equity method were not used as pledged assets and/or under any other circumstances of restricted uses.

7. Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Self-use	$ 269,573	$ 279,651
Operating lease	14,109	14,186
	$ 283,682	$ 293,837

1. Self-use

	Land	Building	Machinery and equipment	Leasehold improvement costs	Office equipment	Other equipment	Total
Costs and revaluation reserve							
Jan. 1, 2022 balance	$ 201,602	$ 9,973	$ 23,390	$ 14,275	$ 2,831	$ 11,008	$ 343,079
Increase	—	—	—	—	—	1,975	1,975
Disposal	—	(185)	—	—	—	—	(185)
Dec. 31, 2022 balance	$ 201,602	$ 89,788	$ 23,390	$ 14,275	$ 2,831	$ 12,983	$ 344,86
Jan. 1, 2021 balance	$ 202,142	$ 90,151	$ 25,310	$ 13,990	$ 2,251	$ 8,556	$ 342,400
Increase	—	—	—	285	720	3,302	4,307
Disposal	—	—	(1,920)	—	(140)	(850)	(2,910)
Transferred to assets for operating lease	(540)	(178)	—	—	—	—	(718)
Dec. 31, 2021 balance	$ 201,602	$ 89,973	$ 23,390	$ 14,275	$ 2,831	$ 11,008	$ 343,079

	Land	Building	Machinery and equipment	Leasehold improvement costs	Office equipment	Other equipment	Total
Accumulated depreciation / impairment							
Jan. 1, 2022 balance	$ —	$ 39,025	$ 8,689	$ 8,998	$ 1,707	$ 5,009	$ 63,428
Depreciation	—	2,369	2,904	2,791	360	3,629	12,053
Disposal	—	(185)	—	—	—	—	(185)
Dec. 31, 2022 balance	$ —	$ 41,209	$ 11,593	$ 11,789	$ 2,067	$ 8,638	$ 75,296
Jan. 1, 2021 balance	$ —	$ 36,626	$ 7,588	$ 6,221	$ 1,496	$ 3,073	$ 55,004
Depreciation	—	2,399	3,021	2,777	351	2,786	11,334
Disposal	—	—	(1,920)	—	(140)	(850)	(2,910)
Dec. 31, 2021 balance	$ —	$ 39,025	$ 8,689	$ 8,998	$ 1,707	$ 5,009	$ 63,428

2. Operating Lease

	Land	Building	Total
Costs and Revaluation reserve			
Jan. 1, 2022 balance	$ 11,940	$ 3,931	$ 15,871
Increase & disposal	—	—	—
Dec. 31, 2022 balance	$ 11,940	$ 3,931	$ 15,871
Jan. 1, 2021 balance	$ 11,400	$ 3,753	$ 15,153
Increase & disposal	—	—	—
From self-use assets	540	178	718
Dec. 31, 2021 balance	$ 11,940	$ 3,931	$ 15,871
Accumulated depreciation / impairment			
Jan. 1, 2022 balance	$ —	$ 1,685	$ 1,685
Depreciation	—	77	77
Disposal	—	—	—
Dec. 31, 2022 balance	$ —	$ 1,762	$ 1,762
Jan. 1, 2021 balance	$ —	$ 1,607	$ 1,607
Depreciation	—	78	78
Disposal	—	—	—
Dec. 31, 2021 balance	$ —	$ 1,685	$ 1,685

The Group leases land and buildings under operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

	December 31, 2022	December 31, 2021
1st year	$ 1,150	$ 614
2nd year	674	—
	$ 1,824	$ 614

3. The Group's property, plant and equipment are depreciated on a straight-line basis over the following useful years:

Buildings	35～50 years
Machinery and equipment	5～10 years
Leasehold improvement costs	5 years
Office equipment	2～10 years
Other equipment	2～5 years

4. Please refer to Notes 6 (10) and 8 for details of the Group's provision of land and buildings as collateral for loans as of December 31, 2022 and 2021.

8. Right-of-Use Assets

1. Right-of-Use Assets

	December 31, 2022	December 31, 2021
Book value of right-of-use-assets		
Buildings	$ 708	$ 3,543
Transportation equipment	5,499	2,197
	$ 6,207	$ 5,740

	Buildings	Transportation equipment	Total
Costs and Revaluation reserve			
Jan. 1, 2022 balance	$ 12,048	$ 6,347	$ 18,395
Increase	–	5,284	5,284
Disposal	–	(2,148)	(2,148)
Dec. 31, 2022 balance	$ 12,048	$ 9,483	$ 21,531
Jan. 1, 2021 balance	$ 12,048	$ 3,855	$ 15,903
Increase	–	2,963	2,963
Disposal	–	(471)	(471)
Dec. 31, 2021 balance	$ 12,048	$ 6,347	$ 18,395
Accumulated depreciation / impairment			
Jan. 1, 2022 balance	$ 8,505	$ 4,150	$ 12,655
Depreciation	2,835	1,685	4,520
Disposal	–	(1,851)	(1,851)
Dec. 31, 2022 balance	$ 11,340	$ 3,984	$ 15,324
Jan. 1, 2021 balance	$ 5,670	$ 2,984	$ 8,654
Depreciation	2,835	1,637	4,472
Disposal	–	(471)	(471)
Dec. 31, 2021 balance	$ 8,505	$ 4,150	$ 12,655

2.Lease obligations

	December 31, 2022	December 31, 2021
Book value of lease obligation		
Current	$ 2,157	$ 4,607
Non-current	4,097	1,271
	$ 6,254	$ 5,878

Range of discount rate for lease obligation

	December 31, 2022	December 31, 2021
Buildings	2.62%	2.62%
Transportation equipment	1.62%～2.37%	1.62%～2.62%

3.Important Leasing Activities and Terms

The Group leases some buildings and transportation equipment for plant and office use, and the lease period is 2 to 5 years. At the end of the lease period, the Group has no preferential right to purchase the leased transportation equipment.

4.Information on other leases

	2022	2021
Rental expenses for low-value assets	$ 545	$ 490
Cash outflow for lease payments	$ (5,156)	$ (5,022)

The Group chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

9. Intangible Assets

	Goodwill	Customer Relationship	Total
Cost			
Jan. 1, 2022 balance	$ 19,800	$ 9,106	$ 28,906
Increase	－	－	－
Disposal and reclassification	－	－	－
Dec. 31, 2022 balance	$ 19,800	$ 9,106	$ 28,906
Jan. 1, 2021 balance	$ 19,800	$ 9,106	$ 28,906
Increase	－	－	－
Disposal and reclassification	－	－	－

	Goodwill	Customer Relationship	Total
Dec. 31, 2021 balance	$ 19,800	$ 9,106	$ 28,906

	Goodwill	Customer Relationship	Total
Accumulated amortization and impairment			
Jan. 1, 2022 balance	$ —	$ 1,405	$ 1,405
Amortization	—	964	964
Disposal and reclassification	—	—	—
Dec. 31, 2022 balance	$ —	$ 2,369	$ 2,369
Jan. 1, 2021 balance	$ —	$ 442	$ 442
Amortization	—	963	963
Disposal and reclassification	—	—	—
Dec. 31, 2021 balance	$ —	$ 1,405	$ 1,405

1. The amortization period of intangible assets of the Group is as follows: customer relationship is 9.45 years.

2. The Group evaluates the recoverable amount of goodwill on the closing date of the annual financial report, and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is that the management level measures the recoverable amount based on the future cash flow and uses an appropriate discount rate as the basis for assessing whether the impairment is valid, and regularly conducts an impairment test on the cash-generating unit to which the goodwill belongs every year.

10. Short-term Debt

A. Please refer to Note 6(7) and 8 for details of the Group's provision of assets as collateral for loans as of December 31, 2022 and 2021.

B. As of December 31, 2022 and 2021, the undrawn loan facilities granted to the Group by financial institutions were 130,000 thousand and 150,000 thousand respectively.

11. Other Payables

	Dec. 31, 2022	Dec. 31, 2021
Accrued payroll & bonus	$ 16,717	$ 17,390
Accrued professional service fees	3,894	5,088
Accrued Interest Payable	437	314
Others	5,223	4,819
	$ 26,271	$ 27,611

12. Retirement Benefits Plans

(1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan.

Pursuant to the Act, the Group has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the Group in 2022 and 2021.

The total recognized expenses are 3,998 thousand and 4,071 thousand respectively. As of December 31, 2022 and 2021, the due appropriations that have not yet been paid to the contribution plan are 975 thousand and 1,000 thousand respectively, and these amounts have been paid after the balance sheet date.

(2) Defined benefits plans

The Group has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Group contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by designated government bureau, the Group does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the consolidated balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 11,058	$ 37,381
Fair value of plan assets	(22,788)	(46,114)
Defined benefit assets, net	$ (11,730)	$ (8,733)

Changes in the present value of defined benefit obligation are as follows：

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
Jan. 1, 2022 balance	$ 37,381	$ (46,114)	$ (8,733)
Service costs			
Service costs for current year	－	－	－
Interest expenses (income)	211	(266)	(55)
Settlement loss (income)	(23,667)	27,092	3,425
Recognized in profit or loss	(23,456)	26,826	3,370
Remeasurements			
Return on plan assets	－	(3,500)	(3,500)
Actuarial loss (gain)			
Changes in demographic assumptions	－	－	－
Changes in financial assumptions	(2,808)	－	(2,808)
Experience adjustments	(59)	－	(59)
Recognized in other	(2,867)	(3,500)	(6,367)

comprehensive income			
Participant contributions to the plan	–	–	–
Benefit payments	–	–	–
Dec. 31, 2022 balance	$ 11,058	$ (22,788)	$ (11,730)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
Jan. 1, 2021 balance	$ 36,461	$ (45,307)	$ (8,846)
Service costs			
Service costs for current year	–	–	–
Interest expenses (income)	206	(261)	(55)
Recognized in profit or loss	206	(261)	(55)
Remeasurements			
Return on plan assets	–	(546)	(546)
Actuarial loss (gain)			
Changes in demographic assumptions	–	–	–
Changes in financial assumptions	686	–	686
Experience adjustments	28	–	28
Recognized in other comprehensive income	714	(546)	168
Participant contributions to the plan	–	–	–
Benefit payments	–	–	–
Dec. 31, 2021 balance	$ 37,381	$ (46,114)	$ (8,733)

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

	2022	2021
Operating costs	$ 549	$ (9)
Selling and marketing expenses	526	(8)
General and administrative expenses	1,391	(23)
Research & development expenses	904	(15)
Total	$ 3,370	$ (55)

Through the defined benefit plans under the R.O.C. Labor Standards Act, the Group is exposed to the following risks:

A. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Group's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions at the measurement date were as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.75%	0.625%
Rate of salary increase	1.00%	1.00%
Expected duration of defined benefit obligation	1 year	12.01 years

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases/decreases shall be as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.25%	$ –	$ (729)
Decrease 0.25%	$ –	$ 755
Rate of salary increase		
Increase 0.25%	$ –	$ 736
Decrease 0.25%	$ –	$ (714)

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Group expects to allocate 0 thousand to the determined benefit plan within one year after December 31, 2022.

13. Equity

1. Capital-common stock

	December 31, 2022	December 31, 2021
Shares (in thousands)	150,000	150,000
Share capital	$ 1,500,000	$ 1,500,000
Issued and fully paid-in shares (in thousands)	91,628.8	91,628.8
Issued capital	$ 916,288	$ 916,288

The issued ordinary shares are with a par value of $10 per share, and each share is entitled to one voting right and the right to receive dividends

2. Additional paid-in capital

	December 31, 2022	December 31, 2021
Changes in equity in associates and joint ventures accounted for using the equity method	$ 6,998	$ 6,998

The excess of the additional paid-in capital reserve from the issuance of shares exceeding the par value (including the issuance of ordinary shares exceeding the par value and the conversion premium of corporate bonds, etc.) can be used to compensate for losses, and can also be used to distribute cash or allocate share capital when the Group has no losses , but it is limited to a certain percentage of the paid-in share capital every year when appropriating share capital. In addition, changes in the net equity value of associates recognized using the equity method may be used to compensate for losses.

3. Retained earnings and dividend policy

In accordance with the Group's Articles of Incorporation, when allocating the net profits for each fiscal year, the Group shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over, and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Group's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the Group distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Group is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Group appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Group no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

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

When distributing earnings, the Group must deduct the net amount of other equity items in accordance with laws and regulations (such as exchange differences in the translation of financial statements of foreign operating institutions, unrealized gains and losses of financial assets available for sale, and the cumulated balance of effective hedging tool benefits and losses in cash flow hedging) is set aside as a special reserve. If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Group was in a state of accumulated losses in 2022 and 2021, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Group's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

4. Other Equity Items

a. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

	2022	2021
Beginning balance	$ (9,570)	$ (10,335)
Unrealized gain (loss) from financial assets at fair value through other comprehensive income	(855)	765
Ending balance	$ (10,425)	$ (9,570)

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

5. Non-controlling interests

	2022	2021
Beginning balance	$ 42,476	$ 61,296
Increase in non-controlling interests	15,315	—
Share attributed to non-controlling interests :		
Net loss for the current year	(13,744)	(18,820)
Ending balance	$ 44,047	$ 42,476

14. Operating Revenue

	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 346,051	$ 323,377
Revenue from rendering services	7,626	5,613
	$ 353,677	$ 328,990

The relevant information on customers' contractual revenue in 2022 and 2021 are as follows:

A. Further definition of revenue :

The Group's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

	2022	2021
Revenue recognition timing		
At a point in time	$ 346,051	$ 323,377
Over time as progress is made	7,626	5,613
	$ 353,677	$ 328,990

B. Contract balance

Contract liability, current	December 31, 2022	December 31, 2021
Sales of goods	$ 3,225	$ 1,806

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 1,468 thousand and 5,408 thousand in 2022 and 2021 respectively.

C. Transaction price allocated to unfulfilled obligations:

As of December 31, 2022 and 2021, the Group's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

D. Assets recognized from the cost of self-acquiring or fulfilling customer contracts: None

15. Additional information for Expenses

The number of employees of the Group in 2022 and 2021 was 99 and 100 respectively, of which the number of directors who were not concurrently employees was 5.

The Group's current net loss includes the following items

	2022			2021		
Nature	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Salary	$ 9,317	$ 70,524	$ 79,841	$ 10,309	$ 71,241	$ 81,550
Labor and health insurance	1,143	6,358	7,501	1,142	6,309	7,451
Post-Retirement Benefits						
Defined contribution plans	527	3,471	3,998	535	3,536	4,071
Defined benefit plans	549	2,821	3,370	(9)	(46)	(55)
Directors' compensation	—	630	630	—	428	428
Other personnel expenses	502	2,243	2,745	504	2,243	2,747
	$ 12,038	$ 86,047	$ 98,085	$ 12,481	$ 83,711	$ 96,192
Depreciation	$ 1,200	$ 15,450	$ 16,650	$ 1,063	$ 14,821	$ 15,884
Amortization	$ —	$ 964	$ 964	$ —	$ 963	$ 963

According to the Company Act and the Group's Articles of Association, if the Group makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Group still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Group was in a deficit state in 2022 and 2021 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent company only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent company only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Group and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

16. Other Gains and Losses

	2022	2021
Other gains		
Rental income	$ 1,409	$ 1,185
Foreign exchange gain, net	5,311	—

Other income	282	2,548
	7,002	3,733
Other income		
Foreign exchange loss, net	−	(1,903)
	−	(1,903)
	$ 7,002	$ 1,830

In 2021, the Group applied to the Ministry of Economic Affairs for a subsidy of 2,119 thousand in the "Salary and Working Capital Subsidy Program". As of December 31, 2021, all amounts of the subsidy had been received and listed under "Other Income."

17. Income Tax

A. Income tax expense (benefit) recognized in profit or loss

a. Main components of income tax expense (benefit) are as follows:

	2022	2021
Deferred income tax		
Generation and reversal of temporary differences	$ (95)	$ 108
Income tax offset and loss carryforward	−	13,146
Income tax expense (benefit) recognized in profit or loss	$ (95)	$ 13,254

b. Income tax recognized in other comprehensive income:

	2022	2021
Deferred income tax		
Remittance of defined benefit plans	$ 1,273	$ (33)

B.The adjustment of loss before tax and income tax expense (benefit) Recognized in profit or loss:

	2022	2021
Income tax expense based on pre-tax income	$ (20,383)	$ (21,985)
Permanent differences in income tax effect	−	(424)
Loss carryforward	12,109	26,993
Investment loss recognized through equity	7,692	8,616

method		
Inventory write-down and impairment loss	487	54
Income tax expense (benefit) recognized in profit or loss	$ (95)	$ 13,254

C.Income tax assets and liabilities：

	December 31, 2022	December 31, 2021
Income tax assets		
Tax refund receivable	$ 16	$ 38

D.Deferred income tax：

The Group offsets certain deferred income tax assets and liabilities that meet the offsetting conditions. The analysis of deferred income tax assets and liabilities in the consolidated balance sheet is as follows:

January to December of the year 2022	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Unrealized exchange losses	$ 52	$ 1	$ －	$ 53
Unrealized sales returns	－	94	－	94
subtotal	52	95	－	147
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,404)	－	(1,273)	(2,677)
Subtotal	(1,404)	－	(1,273)	(2,677)
Net	$ (1,352)	$ 95	$ (1,273)	$ (2,530)

January to December of the year 2021	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Operating loss carryforward	$ 13,146	$ (13,146)	$ －	$ －
Unrealized exchange losses	160	(108)	－	52
subtotal	13,306	(13,254)	－	52
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,437)	－	33	(1,404)
subtotal	(1,437)	－	33	(1,404)

Net	$ 11,869	$ (13,254)	$ 33	$ (1,352)

E. Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2022, the Company has no usable tax investment credits.
Relevant information for deficit offsets:

	Remaining balance of carryforwards	Last year for which carryforwards can be utilized
Parent company	$ 579,546	2032
Subsidiary, Phoenix Innovative Materials Inc.	108,749	2032
Subsidiary, MoreLink Technology Corporation	149,752	2032
	$ 838,047	

F.Income Tax Assessment

As of December 31, 2022, tax returns of the Company, subsidiary-Phoenix Materials and Morelink Tech. through 2020 had been approved by the tax authorities.

18. Earnings per Share

	2022	2021
Basic Earnings Per Share	$ (0.61)	$ (0.78)

Earnings and weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share:

	2022	2021
Net loss attributable to the owners of the parent company	$ (56,055)	$ (71,184)
Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share.	91,629	91,629

19. Cash Flows Information

A. Non-cash transactions:

	2022	2021
Increase in property, plant, and equipment	$ 1,975	$ 4,307

Change in advance payments for equipment	–	137
Changes in accounts payable for equipment	–	446
Cash paid for acquisition of property, plant, and equipment	$ 1,975	$ 4,890

B. Liability adjustments from financing activities：

January to December of the year 2022	Beginning balance	Cash flow	Non-cash changes Others	Ending balance
Lease obligation (current and non-current)	$ 5,878	$ (4,611)	$ 4,987	$ 6,254
Deposits received	186	52	–	238
Stockholders' current account	30,000	12,000	–	42,000
Total liability from financing activities	$ 36,064	$ 7,441	$ 4,987	$ 48,492

January to December of the year 2021	Beginning balance	Cash flow	Non-cash changes Others	Ending balance
Lease obligation (current and non-current)	$ 7,447	$ (4,532)	$ 2,963	$ 5,878
Deposits received	186	–	–	186
Stockholders' current account	38,500	(8,500)	–	30,000
Total liability from financing activities	$ 46,133	$ (13,032)	$ 2,963	$ 36,064

7. RELATED PARTY TRANSACTION

The balance and transaction amount between Unifosa and its subsidiaries (related parties of the Unifosa) have been eliminated when preparing the consolidated financial statements and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed as follows.

(1) Name and relationship of the related parties

Name of the related parties	Relationship with the Company
Yao-Li Investment Co. Ltd.	The director of the company
Foresight Energy Technology Co.,Ltd	Associates
Board of directors, supervisors, general manager, deputy general manager	Management team

(2) Loans from related parties

Related party types	December 31, 2022	December 31, 2021
The directors of the company	$ 42,000	$ 30,000

Related party types	Accounting item	2022	2021
The directors of the company	Finance costs	$ 750	$ 760

The borrowing interest rate of the Group's borrowing from related parties is equivalent to the market interest rate, and it is an unsecured loan.

(3) Compensation for main management team

The sum of compensation for directors and other members of the management team are as follows:

	2022	2021
Short-term benefits	$ 11,447	$ 11,845
post-employment benefits	205	205
	$ 11,652	$ 12,050

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

8. PLEDGED ASSETS

As of December 31, 2022 and 2021, the details of the book value for the Company's assets used as collateral for loans to financial institutions are as follows:

Item	December 31, 2022	December 31, 2021
Land	$ 62,862	$ 62,862
Buildings	15,174	16,076
	$ 78,036	$ 78,938

9. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS : None.

10. SINGIFICANT DISASTER LOSS : None.

11. SINGIFICANT EVENTS after the Balance Sheet Date : None.

12. Other Matters

(1) Capital Risk Management

The Group conducts capital management to ensure that the companies within the Group are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Group's key management reviews the Group's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

(2) Financial Instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Financial assets at fair value through other comprehensive income		
Equity investments	$ 4,575	$ 5,430
Financial assets measured at amortized cost (Note 1)	264,343	306,554
Total	$ 268,918	$ 311,984
Financial Liabilities		
Financial liabilities measured at amortized cost (Note 2)	$ 91,204	$ 82,256

Note 1: Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note 2: Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

2. Fair Value Information

(1) The definition of the three levels of fair value measurements:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

(2) Financial instruments that are not measured at fair value

The Group's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the consolidated financial statements is approaching their fair value.

(3) Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ –	$ –	$ 4,575	$ 4,575

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ –	$ –	$ 5,430	$ 5,430

There are no transfers of fair value measurements between Level 1 and Level 2 in 2022 and 2021 respectively.

(4) Valuation techniques and assumptions used to measure fair value

The fair value of the Group's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the Group, market conditions and other economic indicators.

(5) Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the company's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

	2022	2021
Equity investments at fair value through other comprehensive income:		
Beginning balance	$ 5,430	$ 4,665
Recognized in other comprehensive income (unrealized gains or losses on financial assets at fair value through other comprehensive income)	(855)	765
Ending balance	$ 4,575	$ 5,430

(6) Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the company's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2022：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock P/B ratio	0.55-39.06	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by 458 thousand dollars.

December 31, 2021：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock P/B ratio	1.37-68.98	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by 543 thousand dollars.

(7) The valuation process of Fair Value Level 3

The Group's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each reporting period in accordance with the Group's accounting policies to ensure that the results are reasonable.

3. Financial risk management objectives and policies

The Group is committed to ensuring that the Group has sufficient and cost-effective working capital when necessary. The Group actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Group's financial performance.

The Group's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Group adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

4. Market Risk

The Group's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

(1) Foreign Exchange Rates Risk

The Group's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Group are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Group has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Group is as follows:

In thousands

	2022		2021	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
US dollars: New Taiwan dollars	$ 2,057	30.71	$ 2,162	27.68
Euro: New Taiwan dollars	—	—	7	31.32
Financial Liabilities				
Monetary items				
US dollars: New Taiwan dollars	$ 156	30.71	$ 102	27.68

Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the reporting period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Group in the 2022 and 2021 will increase/decrease by 584 thousand and 572 thousand respectively.

(2) Interest Rate Risk

The Group's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2022 and 2021, the Group had no short-term borrowings in its accounts.

5. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk of the Group is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

(1) Operational related credit risk

In order to maintain the quality of accounts receivable, the Group has established procedures for credit risk management related to operations.

The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Group's internal credit rating, historical transaction records and current economic conditions. The Group may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Group's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2022 and 2021, the total accounts receivable of the top ten customers accounted for 71% and 67% of the total accounts receivable of the Group, respectively.

(2) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's finance department. Since the Group's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

6. Liquidity Risk

The Group's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of the Group's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2022				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 22,380	$ －	$ －	$ －	$ 22,380
Other payables	26,271	－	－	－	26,271
Lease obligation	2,157	2,236	1,861	－	6,254
Stockholders' current account	－	42,000	－	－	42,000

	$ 50,808	$ 44,236	$ 1,861	$ －	$ 96,905

	December 31, 2021				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 24,459	$ －	$ －	$ －	$ 24,459
Other payables	27,611	－	－	－	27,611
Lease obligation	4,607	1,271	－	－	5,878
Stockholders' current account	－	30,000	－	－	30,000
	$ 56,677	$ 31,271	$ －	$ －	$ 87,948

(3) Reclassification

Certain accounts of the Group's financial statements as at December 31, 2021 have been appropriately reclassified in conjunction with the financial statements of December 31, 2022, and the results have no material impact on the presentation of the financial statements.

13. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

A. Financing provided to others: None.

B. Endorsements/guarantees provided: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Table 1.

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

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

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

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

H. Trade receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Trading in derivative instruments: None.

J. Other Matters: Intercompany relationships and significant intercompany transactions : Table 2.

(2) Information on investees: Table 3.

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

(4) Information on major shareholder：List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 4.

14. SEGMENT INFORMATION

The information provided by the Group's main decision maker for allocating resources and evaluating segmental performance focuses on categories of each type of product or service delivered or provided.

The reportable segments of the Group in 2022 are as follows:

Memory business group: mainly engaged in the manufacturing and trading of memory modules, flash memory cards and random access memory.

Storage business group: mainly engaged in the research, development, manufacture and sale of RAIDs.

Wireless communication business group: mainly engaged in the manufacture and sale of wireless communication machinery and electronic components.

Other business groups: mainly engaged in the research, development, manufacture and trading of plastic films and high-tech chemical materials.

(1) Segment Revenue and Result

The analysis of the Group's segment revenue and operational results based on reportable segments are as follows:

	Memory Biz. Group	Storage Biz. Group	Wireless Com.. Biz. Group	Other Biz. Groups	Reconciliation & Elimination	Total
Revenue from external customers	$ 98,430	$ 203,659	$ 49,762	$ 1,826	$ –	$ 353,677
Interest income	458	153	70	109	–	790
Depreciation and amortization	3,161	2,127	3,208	9,117	–	17,613
Equity in net loss of affiliated companies accounted for under the equity method	(5,311)	–	–	–	–	(5,311)
Reportable segment net loss	(21,097)	2,278	(21,767)	(23,994)	(3)	(64,583)
Investment accounted for under equity method	–	–	–	–	–	–
Reportable segment assets	264,496	273,707	136,992	32,793	(614)	707,374
Reportable segment liabilities	13,122	33,057	53,182	2,469	(605)	101,225

The above-mentioned amount measurement information is based on the purpose of supervising segmental performance and resources allocation resources to each segment, as explained below:

1. The net loss of a segment refers to the profit earned by each segment, excluding the profit and loss share of associates using the equity method and income tax expenses that should be apportioned.
2. All assets and liabilities other than investments using the equity method, current income tax assets, and deferred income tax assets are apportioned to reportable segments

(2) Main products and Service Information

Information related to the main merchandise and service revenue of the Group in 2022 and 2021 is listed as follows:

Item	2022	2021
Memory Modules	$ 69	$ 359
ICs	22,287	27,572

Merchandise	76,074	46,308
Total sales revenue for memory biz. group	98,430	74,239
RAID	34,403	38,936
Merchandise	108,897	106,066
Raw materials, Components	57,442	52,820
Others	2,917	4,115
Total sales revenue for storage biz. group	203,659	201,937
Wireless Com. & digital electronic products	34,491	30,295
Raw materials, Components	10,562	19,756
Others	4,709	996
Total sales revenue for Wireless Com.biz. group	49,762	51,047
Microporous PE Film	1,826	1,767
Total sales revenue for other biz. groups	1,826	1,767
Net operating revenue	$ 353,677	$ 328,990

(3) Financial information by region: Financial information of the Group by region in 2022 and 2021 are as follows:

	2022		2021	
Region	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China (including Hong Kong)	$ 17,452	$ −	$ 63,893	$ −
Taiwan	307,670	325,457	232,358	343,948
Americas	9,600	−	9,108	−
Asia, others	15,605	−	18,274	−
Europe	3,350	−	5,292	−
Others	−	−	65	−
	$ 353,677	$ 325,457	$ 328,990	$ 343,948

(4) Financial information of major clients: The list of details of the Group's sales to a single customer which accounted for more than 10% of the total sales revenue in 2022 and 2021 are as follows:

	2022		2021	
Customer name	Amount	Revenue percentage	Amount	Revenue percentage
C－47	$ 36,108	10.20	$ 24,216	7.34
C－73	22,324	6.30	39,268	11.91

$ 58,432	16.50	$ 63,484	19.25

UNIFOSA CORP. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

Security type	Security name	Relationship between the issuer of the securities and the Company	Accounting item	End of period			
				Shares	Book value	Percentage	Fair value
Stock	Innorich Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income	1,500	4,575	2.80%	4,575

UNIFOSA CORP. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND
SIGNIFICANT INTERCOMPANY TRANSACTIONS

Table 2

Unit : In Thousands of New Taiwan Dollars

Transaction party name	Counterparty name	Relationship with counterparty	Transaction Details			
			Item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
Unifosa Corp.	Phoenix Innovative Materials Inc.	1	Rental income	34	No material difference	0.01%
Unifosa Corp.	Phoenix Innovative Materials Inc.	1	Other income	4,690	No material difference	1.33%
Unifosa Corp.	Morelink Technology Corporation	1	Rental income	2,928	No material difference	0.83%
Unifosa Corp.	Morelink Technology Corporation	1	Other income	1,250	No material difference	0.35%
Unifosa Corp.	Morelink Technology Corporation	1	Other receivables	105	No material difference	0.01%
Unifosa Corp.	Morelink Technology Corporation	1	Deposits received	500	No material difference	0.07%

Note 1 : 2 types of relationship between parties is numbered as follows:

1. Parent to subsidiary.
2. Between subsidiaries

Note 2：For calculation of the percentage of transaction amounts to consolidated operating revenues or consolidated total assets, if the account is a balance sheet account, it shall be calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it shall be calculated by dividing the yearly cumulative balance into consolidated operating revenues.

UNIFOSA CORP. AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Investment Income/(Loss) Recognized in Current Period
				December 31, 2022	December 31, 2021	Number of Ownership (thousand shares)	Percentage	Carrying Values		
Unifosa Corp.	Foresight Energy Technology Co.,Ltd	Taiwan	Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail	40,986	40,986	4,099	16.39%	—	(51,314)	(5,311)
Unifosa Corp.	Phoenix Innovative Materials Inc.	Taiwan	Plastic film and other high-tech chemical materials manufacturing	138,000	138,000	13,800	98.57%	29,890	(23,995)	(23,652)
Unifosa Corp.	Morelink Technology Corporation	Taiwan	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.	105,643	71,830	9,556	47.95%	66,730	(21,770)	(9,336)

UNIFOSA CORP. AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

Unit : Thousand Shares

Number of shares / Name of the major shareholder	Number of Shares Holding	Shareholding Ratio
Yao-Li Investment Co. Ltd.	10,026	10.94%

Note 1: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the Group with a total of more than 5%. The share capital recorded in the Group's consolidated financial reports and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.