

English Translation of a Report and Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS**

**FOR THE THREE MONTHS ENDED
MARCH 31, 2024 AND 2023**

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Consolidated Financial Statements

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English Translation of a Report Originally Issued in Chinese

Review Report of Independent Accountants

To Unitech Electronics Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Unitech Electronics Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$142,475 thousand and NT\$131,322 thousand, constituting 5.98% and 5.64% of the consolidated total assets, and total liabilities of NT\$12,140 thousand and NT\$18,125 thousand, constituting 2.08% and 3.61% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; and total comprehensive income of NT\$4,492 thousand and NT\$1,570 thousand, constituting 29.17% and 42.91% of the consolidated total comprehensive income for the three-month periods ended March 31, 2024 and 2023, respectively. The information related to above subsidiaries disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries and the information been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Unitech Electronics Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hu, Shen-Chieh

Kuo, Shao-Pin

Ernst & Young, Taiwan

May 6, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2024, December 31, 2023, and March 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

ASSETS			March 31, 2024		December 31, 2023		March 31, 2023	
Code	Description	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 460,686	19.32	\$ 451,875	19.01	\$ 406,715	17.47
1110	Financial assets at fair value through profit or loss-current	6(2)	89	-	381	0.02	95	-
1136	Financial assets measured at amortized cost-current	6(4)	423,074	17.75	406,288	17.09	402,843	17.31
1140	Contract assets-current	6(16), 6(17)	16,804	0.71	12,015	0.51	6,795	0.29
1150	Notes receivable, net	6(5), 6(17)	16,688	0.70	18,387	0.77	10,451	0.45
1170	Trade receivables, net	6(6), 6(17), 7	370,143	15.53	403,589	16.98	397,419	17.08
1197	Finance lease receivable, net	6(17), 6(18)	3,286	0.14	3,102	0.13	2,923	0.13
1200	Other receivables		25,753	1.08	12,964	0.55	7,736	0.33
1220	Current tax assets	4, 6(22)	7,651	0.32	5,925	0.25	5,373	0.23
130x	Inventories, net	6(7)	414,558	17.39	401,994	16.91	419,195	18.01
1410	Prepayments		75,192	3.15	77,608	3.27	80,679	3.47
11xx	Total current assets		<u>1,813,924</u>	<u>76.09</u>	<u>1,794,128</u>	<u>75.49</u>	<u>1,740,224</u>	<u>74.77</u>
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income-noncurrent	6(3)	25,346	1.06	29,293	1.23	28,117	1.21
1535	Financial assets measured at amortized cost-noncurrent	6(4), 8	7,385	0.31	7,385	0.31	3,454	0.15
1600	Property, plant and equipment	6(8), 7, 8	349,448	14.66	354,273	14.91	359,735	15.46
1755	Right-of-use assets	6(18)	62,775	2.63	68,005	2.86	79,673	3.42
1780	Intangible assets	6(9)	32,765	1.38	32,616	1.37	22,218	0.95
1840	Deferred tax assets	4, 6(22)	39,417	1.65	35,287	1.49	35,296	1.52
1920	Refundable deposits		36,748	1.54	39,562	1.66	41,817	1.80
1900	Other non-current assets	6(10)	8,574	0.36	8,075	0.34	6,585	0.28
194D	Long-term finance lease receivable, net	6(17), 6(18)	7,574	0.32	8,070	0.34	10,334	0.44
15xx	Total non-current assets		<u>570,032</u>	<u>23.91</u>	<u>582,566</u>	<u>24.51</u>	<u>587,229</u>	<u>25.23</u>
1xxx	Total assets		<u>\$ 2,383,956</u>	<u>100.00</u>	<u>\$ 2,376,694</u>	<u>100.00</u>	<u>\$ 2,327,453</u>	<u>100.00</u>

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2024, December 31, 2023, and March 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY			March 31, 2024		December 31, 2023		March 31, 2023	
Code	Description	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss-current	6(2)	\$ 329	0.01	\$ 208	0.01	\$ 548	0.02
2130	Contract liabilities-current	6(16)	76,066	3.19	87,676	3.69	76,996	3.31
2150	Notes payable		1,708	0.07	3,375	0.14	4,952	0.21
2170	Trade payables	7	223,565	9.38	184,316	7.75	153,145	6.58
2200	Other payables	7	135,594	5.69	137,814	5.80	83,682	3.60
2230	Current tax liabilities	4, 6(22)	1,791	0.08	4,044	0.17	13,643	0.59
2250	Provisions-current	6(12)	1,374	0.06	2,434	0.10	1,212	0.05
2280	Lease liabilities-current	6(18)	25,825	1.08	26,674	1.12	28,159	1.21
2300	Other current liabilities	6(13)	14,672	0.61	12,255	0.52	13,802	0.59
21xx	Total current liabilities		480,924	20.17	458,796	19.30	376,139	16.16
	Non-current liabilities							
2527	Contract liabilities-noncurrent	6(16)	34,414	1.44	37,626	1.58	44,362	1.91
2570	Deferred tax liabilities	4, 6(22)	4,247	0.18	35	-	-	-
2580	Lease liabilities-noncurrent	6(18)	51,102	2.15	55,310	2.33	66,164	2.84
2640	Net defined benefit liabilities-noncurrent	4, 6(14)	11,612	0.49	12,710	0.54	14,891	0.64
2645	Deposits received		321	0.01	309	0.01	306	0.01
25xx	Total non-current liabilities		101,696	4.27	105,990	4.46	125,723	5.40
2xxx	Total liabilities		582,620	24.44	564,786	23.76	501,862	21.56
	Equity attributable to owners of the parent							
31xx	Share capital							
3100	Common stock	6(15)	750,975	31.50	750,975	31.60	750,975	32.27
3110	Capital surplus	6(15)	935,226	39.23	935,226	39.35	935,226	40.18
3200	Retained earnings	6(15)						
3300	Legal reserve		33,126	1.39	33,126	1.39	23,926	1.03
3310	Special reserve		23,142	0.97	23,142	0.98	41,025	1.76
3320	Undistributed earnings		75,821	3.18	89,909	3.78	96,615	4.15
3350	Total retained earnings		132,089	5.54	146,177	6.15	161,566	6.94
3400	Other equity		(19,050)	(0.80)	(22,513)	(0.95)	(24,155)	(1.04)
	Equity attributable to owners of the parent		1,799,240	75.47	1,809,865	76.15	1,823,612	78.35
36xx	Non-controlling interests	6(15)	2,096	0.09	2,043	0.09	1,979	0.09
3xxx	Total equity		1,801,336	75.56	1,811,908	76.24	1,825,591	78.44
3x2x	Total liabilities and equity		\$ 2,383,956	100.00	\$ 2,376,694	100.00	\$ 2,327,453	100.00

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2024 and 2023
(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	Three Months Ended March 31			
			2024	%	2023	%
4000	Operating revenue	6(16), 7	\$ 526,840	100.00	\$ 496,424	100.00
5000	Operating cost	6(7), 6(9), 6(19), 7	(357,533)	(67.86)	(332,606)	(67.00)
5900	Gross profit		169,307	32.14	163,818	33.00
6000	Operating expenses					
6100	Selling expenses	6(9), 6(18), 6(19), 7	(117,702)	(22.34)	(121,603)	(24.50)
6200	Administrative expenses	6(9), 6(18), 6(19), 7	(18,897)	(3.59)	(18,672)	(3.76)
6300	Research and development expenses	6(9), 6(18), 6(19), 7	(41,724)	(7.92)	(20,357)	(4.10)
6450	Expected credit gains (losses)	6(17)	1,619	0.31	(168)	(0.03)
	Total operating expenses		(176,704)	(33.54)	(160,800)	(32.39)
6900	Operating (loss) income		(7,397)	(1.40)	3,018	0.61
7000	Non-operating income and expenses	6(20)				
7100	Interest income		6,924	1.31	5,139	1.04
7010	Other income		170	0.03	153	0.03
7020	Other gains and losses		15,835	3.01	(4,602)	(0.93)
7050	Finance costs		(480)	(0.09)	(532)	(0.11)
	Total non-operating income and expenses		22,449	4.26	158	0.03
7900	Income before income tax		15,052	2.86	3,176	0.64
7950	Income tax (expense) income	4, 6(22)	(3,057)	(0.58)	1,527	0.31
8200	Net income		11,995	2.28	4,703	0.95
8300	Other comprehensive income (loss)	6(21)				
8310	Items that will not be reclassified subsequently to profit or loss					
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		(3,947)	(0.75)	404	0.08
8349	Income tax relating to those items that will not to be reclassified to profit or loss		790	0.15	(80)	(0.02)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of foreign operations		8,219	1.56	(1,702)	(0.34)
8399	Income tax relating to those items that may be reclassified to profit or loss		(1,655)	(0.31)	334	0.07
	Other comprehensive income (loss), net of income tax		3,407	0.65	(1,044)	(0.21)
8500	Total comprehensive income		\$ 15,402	2.93	\$ 3,659	0.74
8600	Net income attributable to:					
8610	Owners of the parent	6(23)	\$ 11,886		\$ 4,611	
8620	Non-controlling interests		109		92	
			\$ 11,995		\$ 4,703	
8700	Total comprehensive income attributable to:					
8710	Owners of the parent		\$ 15,349		\$ 3,598	
8720	Non-controlling interests		53		61	
			\$ 15,402		\$ 3,659	
	Earnings per share (NT\$)					
9750	Basic earnings per share	6(23)	\$ 0.16		\$ 0.06	
9850	Diluted earnings per share	6(23)	\$ 0.16		\$ 0.06	

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2024 and 2023

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Equity attributable to owners of the parent								Non-controlling interests	Total equity
		Share capital		Retained earnings			Other equity		Equity attributable to owners of the parent		
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income			
3110	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX		
A1	Balance as of January 1, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 92,004	\$ (20,939)	\$ (2,203)	\$ 1,820,014	\$ 1,918	\$ 1,821,932
D1	Net income for the three months ended March 31, 2023	-	-	-	-	4,611	-	-	4,611	92	4,703
D3	Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(1,337)	324	(1,013)	(31)	(1,044)
D5	Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	4,611	(1,337)	324	3,598	61	3,659
Z1	Balance as of March 31, 2023	\$ 750,975	\$ 935,226	\$ 23,926	\$ 41,025	\$ 96,615	\$ (22,276)	\$ (1,879)	\$ 1,823,612	\$ 1,979	\$ 1,825,591
A1	Balance as of January 1, 2024	\$ 750,975	\$ 935,226	\$ 33,126	\$ 23,142	\$ 89,909	\$ (21,574)	\$ (939)	\$ 1,809,865	\$ 2,043	\$ 1,811,908
	Appropriation and distribution of 2023 earnings:										
B5	Cash dividends	-	-	-	-	(25,974)	-	-	(25,974)	-	(25,974)
D1	Net income for the three months ended March 31, 2024	-	-	-	-	11,886	-	-	11,886	109	11,995
D3	Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	6,620	(3,157)	3,463	(56)	3,407
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	11,886	6,620	(3,157)	15,349	53	15,402
Z1	Balance as of March 31, 2024	\$ 750,975	\$ 935,226	\$ 33,126	\$ 23,142	\$ 75,821	\$ (14,954)	\$ (4,096)	\$ 1,799,240	\$ 2,096	\$ 1,801,336

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

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2024 and 2023

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Three Months Ended March 31		Code	Description	Three Months Ended March 31	
		2024	2023			2024	2023
AAAA	Cash flows from operating activities :			BBBB	Cash flows from investing activities :		
A10000	Net income before income tax	\$ 15,052	\$ 3,176	B00040	Acquisition of financial assets at amortized cost	(16,657)	(394,313)
A20000	Adjustments for:			B02700	Acquisition of property, plant and equipment	(2,760)	(3,568)
A20010	Profit or loss item which did not affect cash flows:			B02800	Proceeds from disposal of property, plant and equipment	519	189
A20100	Depreciation	14,274	15,197	B03700	Increase in refundable deposits	(636)	(24,400)
A20200	Amortization	4,569	3,895	B03800	Decrease in refundable deposits	3,470	12,108
A20300	Expected credit (gains) losses	(1,619)	168	B04500	Acquisition of intangible assets	(2,406)	(2,026)
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	413	(758)	B06100	Decrease in long-term lease receivables	765	690
A20900	Interest expense	480	532	B07100	Increase in prepayments for equipment	(3,056)	(2,261)
A21200	Interest income	(6,924)	(5,139)	BBBB	Net cash used in investing activities	(20,761)	(413,581)
A22500	Gains on disposal of property, plant and equipment	(36)	(89)				
A30000	Changes in operating assets and liabilities:			CCCC	Cash flows from financing activities :		
A31125	Increase in contract assets	(4,796)	(4,991)	C04020	Cash payment for the principal portion of the lease liabilities	(7,316)	(8,880)
A31130	Decrease in notes receivable, net	1,703	22,300	CCCC	Net cash used in financing activities	(7,316)	(8,880)
A31150	Decrease in trade receivables, net	35,034	76,597				
A31180	Increase in other receivables	(6,281)	(338)	DDDD	Effect of changes in exchange rate on cash and cash equivalents	8,225	(1,760)
A31200	(Increase) decrease in inventories, net	(12,564)	57,664	EEEE	Net increase (decrease) in cash and cash equivalents	8,811	(462,075)
A31230	Decrease (increase) in prepayments	2,416	(32,357)	E00100	Cash and cash equivalents at the beginning of the period	451,875	868,790
A32125	Decrease in contract liabilities	(14,822)	(10,558)	E00200	Cash and cash equivalents at the end of the period	\$ 460,686	\$ 406,715
A32130	Decrease in notes payable	(1,667)	(4,696)				
A32150	Increase (decrease) in trade payables	39,249	(83,412)				
A32180	Decrease in other payables	(28,194)	(70,693)				
A32200	Decrease in provisions-current	(1,060)	(714)				
A32230	Increase (decrease) in other current liabilities	2,417	(1,732)				
A32240	Decrease in net defined benefit liabilities	(1,098)	(270)				
A33000	Cash generated from (used in) operating activities	36,546	(36,218)				
A33100	Interest received	416	393				
A33300	Interest paid	(480)	(532)				
A33500	Income tax paid	(7,819)	(1,497)				
AAAA	Net cash provided by (used in) operating activities	28,663	(37,854)				

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

Chairman: Yeh, Chia-Wen

President: Hsu, Chih-Ta

Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer Co., Ltd. carved out its automatic identification data division, with the business value of \$900,000 thousand, and established Unitech Electronics Co., Ltd. (“the Company”). The Company issued 40,000 thousand shares of common stock, with a par value of NT\$22.5 per share, to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic identification data capture products and related businesses.

The Company’s shares had been listed and traded in the Taipei Exchange (TPEX) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company’s registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company’s parent company, which is also the ultimate controller of the group to which the Company belongs to.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three months ended March 31, 2024 and 2023 were authorized for issue in accordance with a resolution of the Board of Directors on May 6, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025
d	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027

English Translation of Financial Statements Originally Issued in Chinese
UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

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(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

(d) IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are as below:

i. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

ii. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

iii. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new standard listed under (d), it is not practicable to estimate the impact on the Group at this point of time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the three months ended March 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of the consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee;
- B. rights arising from other contractual arrangements;
- C. the Company’s voting rights and potential voting rights.

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The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

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Investor Company	Subsidiary	Main businesses	Percentage of ownership		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	Unitech America Ventures Inc. ("UAV")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Europe Ventures Inc. ("UEV")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Japan Holding Inc. ("UJH")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Asia Ventures Inc. ("UCV")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
The Company	Unitech Japan Co., Ltd. ("UTJ")	Trading of automatic identification data capture products	10.86%	10.86%	10.86%
UAV	Unitech America Holding Inc. ("UAH")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UAH	Unitech America Inc. ("UTA")	Trading of automatic identification data capture products	100.00%	100.00%	100.00%
UEV	Unitech Europe Holding Inc. ("UEH")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UEH	Unique Technology Europe B.V. ("UTE")	Trading of automatic identification data capture products	100.00%	100.00%	100.00%
UJH	Unitech Japan Co., Ltd. ("UTJ")	Trading of automatic identification data capture products	85.57%	85.57%	85.57%
UCV	Unitech Industries Holdings Inc. ("UIH")	Investment business such as financial trust holding	100.00%	100.00%	100.00%
UIH	Xiamen Unitech Co., Ltd. ("UTC")	Trading of automatic identification data capture products	100.00%	100.00%	100.00%

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of March 31, 2024 and 2023, the related assets of the subsidiaries which were not reviewed by auditors amounted to NT\$142,475 thousand and NT\$131,322 thousand, and the related liabilities amounted to NT\$12,140 thousand and NT\$18,125 thousand. The comprehensive income of these subsidiaries amounted to NT\$4,492 thousand and NT\$1,570 thousand for the three month ended March 31, 2024 and 2023, respectively.

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Note: The subsidiaries that have not been reviewed by auditors included UJH, UCV, UTJ, UIH and UTC.

(4) Explanation of other significant accounting policies

Except for the following accounting policies, the same accounting policies have been followed in the consolidated financial statements for the three months ended March 31, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For the summary of other significant accounting policies, please refer to the consolidated financial statements Note 4 for the year ended December 31, 2023.

A. Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

B. Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

5. Significant Accounting Judgments, Estimates and Assumptions

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the three months ended March 31, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements Note 5 for the year ended December 31, 2023.

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6. Contents of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash			
Cash on hand	\$ 375	\$ 467	\$ 587
Checking and savings accounts	460,311	451,408	406,128
Total	<u>\$ 460,686</u>	<u>\$ 451,875</u>	<u>\$ 406,715</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss:			
Forward exchange contracts	<u>\$ 89</u>	<u>\$ 381</u>	<u>\$ 95</u>
<u>Financial liabilities</u>			
Held for trading:			
Forward exchange contracts	<u>\$ 329</u>	<u>\$ 208</u>	<u>\$ 548</u>

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Equity instrument investments measured at fair value through other comprehensive income-noncurrent:			
Preferred stocks	<u>\$ 25,346</u>	<u>\$ 29,293</u>	<u>\$ 28,117</u>

Financial assets at fair value through other comprehensive income were not pledged.

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(4) Financial assets measured at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits-current	\$ 423,074	\$ 406,288	\$ 402,843
Time deposits-noncurrent	7,385	7,385	3,454
Total	<u>\$ 430,459</u>	<u>\$ 413,673</u>	<u>\$ 406,297</u>

The Group classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(5) Notes receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operating activities	\$ 16,729	\$ 18,432	\$ 10,477
Less: loss allowance	(41)	(45)	(26)
Total	<u>\$ 16,688</u>	<u>\$ 18,387</u>	<u>\$ 10,451</u>

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance and Note 12(4) for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ 374,413	\$ 409,398	\$ 408,642
Less: loss allowance	(4,270)	(5,858)	(11,228)
Subtotal	<u>370,143</u>	<u>403,540</u>	<u>397,414</u>
Trade receivables from related parties	-	49	5
Less: loss allowance	-	-	-
Subtotal	<u>-</u>	<u>49</u>	<u>5</u>
Total	<u>\$ 370,143</u>	<u>\$ 403,589</u>	<u>\$ 397,419</u>

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT\$374,413 thousand, NT\$409,447 thousand and NT\$408,647 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Please refer to Note 6(17) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

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Certain of the Group's trade receivables are expected to be sold to banks without recourse. The financial assets at fair value through profit or loss were NT\$3,383 thousand, NT\$5,477 thousand, and NT\$5,328 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

The information of the Group's trade receivables transferred is as follows:

Transferred financial assets that were derecognized in their entirety

The Group entered into trade receivables factoring agreements without recourse with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset and the Group does not bear the credit risk that the accounts receivable are not paid when due (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction-related information is as follows:

March 31, 2024			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 10,900	\$ 10,900	0.975%~1.475%

December 31, 2023			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 11,238	\$ 11,238	0.975%~1.475%

March 31, 2023			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	\$ 11,582	\$ 11,582	0.975%~1.475%

(7) Inventories

A. Inventories, net including:

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 36,401	\$ 40,338	\$ 36,910
Work in process	48,339	37,926	34,652
Semi-finished goods	87,387	89,462	84,776
Finished goods	178,756	168,369	180,844
Merchandise inventories	63,675	65,899	82,013
Net amount	\$ 414,558	\$ 401,994	\$ 419,195

B. The cost of inventories recognized in expenses amounted to NT\$357,533 thousand and NT\$332,606 thousand for the three months ended March 31, 2024 and 2023, respectively, including the written-down of inventories of NT\$6,831 thousand and NT\$3,701 thousand, mainly as a result of inventory costs that may not be recovered.

C. Inventories were not pledged.

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(8) Property, plant and equipment

	March 31, 2024		December 31, 2023		March 31, 2023				
	\$ 349,448		\$ 354,273		\$ 359,735				
Owner-occupied property, plant and equipment									
	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total	
Cost :									
As of January 1, 2024	\$ 220,863	\$ 108,545	\$ 80,156	\$ 208,175	\$ 2,876	\$ 11,952	\$ 13,283	\$ 645,850	
Additions	-	767	58	1,654	-	157	124	2,760	
Disposals and retirements	-	-	(11)	(518)	-	(146)	-	(675)	
Transfers	-	(755)	(116)	119	-	997	-	245	
Exchange differences	-	-	65	-	-	123	31	219	
As of March 31, 2024	<u>\$ 220,863</u>	<u>\$ 108,557</u>	<u>\$ 80,152</u>	<u>\$ 209,430</u>	<u>\$ 2,876</u>	<u>\$ 13,083</u>	<u>\$ 13,438</u>	<u>\$ 648,399</u>	
Cost:									
As of January 1, 2023	\$ 220,863	\$ 112,616	\$ 77,880	\$ 218,598	\$ 2,876	\$ 11,313	\$ 12,668	\$ 656,814	
Additions	-	-	562	2,544	-	30	432	3,568	
Disposals and retirements	-	-	(157)	(13,521)	-	(55)	-	(13,733)	
Transfers	-	-	-	843	-	-	-	843	
Exchange differences	-	-	58	-	-	30	(16)	72	
As of March 31, 2023	<u>\$ 220,863</u>	<u>\$ 112,616</u>	<u>\$ 78,343</u>	<u>\$ 208,464</u>	<u>\$ 2,876</u>	<u>\$ 11,318</u>	<u>\$ 13,084</u>	<u>\$ 647,564</u>	
Accumulated depreciation and impairment:									
As of January 1, 2024	\$ -	\$ 43,668	\$ 67,455	\$ 159,368	\$ 2,512	\$ 10,449	\$ 8,125	\$ 291,577	
Depreciation	-	648	1,147	4,814	67	146	527	7,349	
Disposals and retirements	-	-	(9)	(43)	-	(140)	-	(192)	
Exchange differences	-	-	64	-	-	108	45	217	
As of March 31, 2024	<u>\$ -</u>	<u>\$ 44,316</u>	<u>\$ 68,657</u>	<u>\$ 164,139</u>	<u>\$ 2,579</u>	<u>\$ 10,563</u>	<u>\$ 8,697</u>	<u>\$ 298,951</u>	
Accumulated depreciation and impairment:									
As of January 1, 2023	\$ -	\$ 46,163	\$ 64,828	\$ 163,014	\$ 2,242	\$ 10,209	\$ 7,495	\$ 293,951	
Depreciation	-	650	995	5,246	67	111	370	7,439	
Disposals and retirements	-	-	(57)	(13,521)	-	(55)	-	(13,633)	
Exchange differences	-	-	58	-	-	24	(10)	72	
As of March 31, 2023	<u>\$ -</u>	<u>\$ 46,813</u>	<u>\$ 65,824</u>	<u>\$ 154,739</u>	<u>\$ 2,309</u>	<u>\$ 10,289</u>	<u>\$ 7,855</u>	<u>\$ 287,829</u>	
Net carrying amount as of :									
March 31, 2024	<u>\$ 220,863</u>	<u>\$ 64,241</u>	<u>\$ 11,495</u>	<u>\$ 45,291</u>	<u>\$ 297</u>	<u>\$ 2,520</u>	<u>\$ 4,741</u>	<u>\$ 349,448</u>	
December 31, 2023	<u>\$ 220,863</u>	<u>\$ 64,877</u>	<u>\$ 12,701</u>	<u>\$ 48,807</u>	<u>\$ 364</u>	<u>\$ 1,503</u>	<u>\$ 5,158</u>	<u>\$ 354,273</u>	
March 31, 2023	<u>\$ 220,863</u>	<u>\$ 65,803</u>	<u>\$ 12,519</u>	<u>\$ 53,725</u>	<u>\$ 567</u>	<u>\$ 1,029</u>	<u>\$ 5,229</u>	<u>\$ 359,735</u>	

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Please refer to Note 8 for more details on property, plant and equipment under pledge as of March 31, 2024, December 31, 2023, and March 31, 2023.

No interest was capitalized for the three months ended March 31, 2024 and 2023.

(9) Intangible assets

	Software
Cost:	
As of January 1, 2024	\$ 232,773
Additions	2,406
Transfers	2,312
Exchange differences	70
As of March 31, 2024	\$ 237,561
As of January 1, 2023	\$ 207,870
Additions	2,026
Transfers	584
Exchange differences	63
As of March 31, 2023	\$ 210,543
Accumulated amortization and impairment:	
As of January 1, 2024	\$ 200,157
Amortization	4,569
Exchange differences	70
As of March 31, 2024	\$ 204,796
As of January 1, 2023	\$ 184,367
Amortization	3,895
Exchange differences	63
As of March 31, 2023	\$ 188,325
Net carrying amount as of:	
March 31, 2024	\$ 32,765
December 31, 2023	\$ 32,616
March 31, 2023	\$ 22,218

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The amortization expenses of intangible assets are as follows:

	Three months ended March 31,	
	2024	2023
Operating costs	\$ 92	\$ 82
Selling expenses	\$ 36	\$ 77
Administrative expenses	\$ 351	\$ 287
Research and development expenses	\$ 4,090	\$ 3,449

(10) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for equipment	\$ 8,574	\$ 8,075	\$ 6,585

(11) Short-term loans

The Group's unused short-term lines of credits amounted to NT\$473,919 thousand, NT\$482,109 thousand, and NT\$489,318 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Group.

(12) Provisions

	<u>Warranties</u>
As of January 1, 2024	\$ 2,434
Arising during the period	414
Unused provision reversed	(1,518)
Exchange differences	44
As of March 31, 2024	<u>\$ 1,374</u>
Current – March 31, 2024	<u>\$ 1,374</u>
Current – December 31, 2023	<u>\$ 2,434</u>
Current – March 31, 2023	<u>\$ 1,212</u>

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

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(13) Other current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Refund liabilities	\$ 11,882	\$ 9,289	\$ 11,316
Other current liabilities	2,790	2,966	2,486
Total	<u>\$ 14,672</u>	<u>\$ 12,255</u>	<u>\$ 13,802</u>

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three months ended March 31, 2024 and 2023 were NT\$4,704 thousand and NT\$4,632 thousand, respectively.

Defined benefit plan

Expenses under the defined benefit plan for the three months ended March 31, 2024 and 2023 were NT\$43 thousand and NT\$53 thousand, respectively.

(15) Equity

A. Common stock

The Company's authorized capital as of March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$750,975 thousand, with a par value of NT\$10 each share, divided into 75,098 thousand shares.

B. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 932,723	\$ 932,723	\$ 932,723
Expired stock options	2,503	2,503	2,503
Total	<u>\$ 935,226</u>	<u>\$ 935,226</u>	<u>\$ 935,226</u>

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According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. for the rest and the accumulated undistributed earnings, the board of directors programmed to make an earnings distribution proposal, and it shall be distributed after approved by a resolution of a shareholders' meeting.

The distributable dividends and bonuses in whole or in part are paid in cash after a resolution was adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting; if it is made by the way of issuing new shares, shall be distributed after approved by a resolution of a shareholders' meeting.

The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 30% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT\$3 per share, the full stock dividends will be paid.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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The distribution of earnings for 2022 was resolved by the shareholders' meeting held on June 16, 2023, while the distribution of earnings for 2023 regarding cash dividends and other earnings distribution items was resolved and proposed by the Board of Directors' meeting on March 11, 2024. The details of distribution are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 3,957	\$ 9,200		
Special reserve	(629)	(17,883)		
Common stock-cash dividends	<u>25,974</u>	<u>50,343</u>	\$ 0.35	\$ 0.67
Total	<u>\$ 29,302</u>	<u>\$ 41,660</u>		

Please refer to Note 6(19) for more details on employees' compensation and the remuneration to directors.

D. Non-controlling interests

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 2,043	\$ 1,918
Net income attributable to non-controlling interests	109	92
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of foreign operations	(56)	(31)
Ending balance	<u>\$ 2,096</u>	<u>\$ 1,979</u>

(16) Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Sale of goods	\$ 503,623	\$ 474,528
Rendering of services	23,217	21,896
Total	<u>\$ 526,840</u>	<u>\$ 496,424</u>

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Analysis of revenue from contracts with customers for the three months ended March 31, 2024 and 2023 are as follows:

A. Disaggregation of revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Sale of goods	\$ 503,623	\$ 474,528
Rendering of services	23,217	21,896
Total	<u>\$ 526,840</u>	<u>\$ 496,424</u>
Revenue recognition point:		
At a point in time	\$ 505,731	\$ 476,204
Satisfies the performance obligation over time	21,109	20,220
Total	<u>\$ 526,840</u>	<u>\$ 496,424</u>

B. Contract balances

a. Contract assets – current

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>	<u>January 1,</u> <u>2023</u>
Sales of goods	<u>\$ 16,804</u>	<u>\$ 12,015</u>	<u>\$ 6,795</u>	<u>\$ 1,804</u>

The significant changes in the Group's balances of contract assets for the three months ended March 31, 2024, and 2023 are as follows:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
The opening balance transferred to trade receivables	\$ (12,015)	\$ (1,804)
Change in the progress of completion	16,811	6,795
Recognition of impairment	(7)	-

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b. Contract liabilities – current and noncurrent

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Contract liabilities	\$ 110,480	\$ 125,302	\$ 121,358	\$ 131,916
Current	\$ 76,066	\$ 87,676	\$ 76,996	\$ 82,482
Noncurrent	\$ 34,414	\$ 37,626	\$ 44,362	\$ 49,434
	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Sales of goods	\$ 30,578	\$ 39,572	\$ 23,856	\$ 28,745
Rendering of services	79,902	85,730	97,502	103,171
Total	\$ 110,480	\$ 125,302	\$ 121,358	\$ 131,916

The significant changes in the Group's balances of contract liabilities for the three months ended March 31, 2024 and 2023 are as follows:

	Three months ended March 31,	
	2024	2023
Revenue recognized during the period that was included in the beginning balance	\$ (18,255)	\$ (21,775)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	3,433	11,217

C. Assets recognized from costs to fulfill a contract with customer: None.

(17) Expected credit losses (gains)

	Three months ended March 31,	
	2024	2023
Operating expenses-Expected credit losses (gains)		
Contract assets	\$ 7	\$ -
Notes receivable	(4)	(55)
Trade receivables	(1,622)	223
Total	\$ (1,619)	\$ 168

Please refer to Note 12(4) for more details on credit risk.

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The Group measures the loss allowance of its contract assets, receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivable at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of March 31, 2024, December 31, 2023, and March 31, 2023 are as follows:

A. Finance lease receivables were not overdue and the expected credit loss rate was 0%. Details of carrying amounts are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Finance lease receivable	\$ 3,518	\$ 3,344	\$ 3,219
Less: unearned finance income	(232)	(242)	(296)
Subtotal	<u>3,286</u>	<u>3,102</u>	<u>2,923</u>
Long-term finance lease receivable	7,782	8,317	10,752
Less: unearned finance income	(208)	(247)	(418)
Subtotal	<u>7,574</u>	<u>8,070</u>	<u>10,334</u>
Total	<u>\$ 10,860</u>	<u>\$ 11,172</u>	<u>\$ 13,257</u>

B. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Gross carrying amount	\$ 16,817	\$ 12,021	\$ 6,795
Expected credit loss rates	0%~5%	0%~2%	0%
Loss allowance	(13)	(6)	-
Total	<u>\$ 16,804</u>	<u>\$ 12,015</u>	<u>\$ 6,795</u>

C. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Gross carrying amount	\$ 16,729	\$ 18,432	\$ 10,477
Expected credit loss rates	0%~0.25%	0%~0.25%	0%~0.25%
Loss allowance	(41)	(45)	(26)
Total	<u>\$ 16,688</u>	<u>\$ 18,387</u>	<u>\$ 10,451</u>

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D. The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

As of March 31, 2024

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 361 days	
Gross carrying amount	\$ 313,575	\$ 41,614	\$ 13,018	\$ 1,081	\$ 4,080	\$ 1,045	\$ 374,413
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	471	624	108	2,022	1,045	4,270
Total	\$ 313,575	\$ 41,143	\$ 12,394	\$ 973	\$ 2,058	\$ -	\$ 370,143

As of December 31, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 361 days	
Gross carrying amount	\$ 326,338	\$ 69,326	\$ 3,234	\$ 1,196	\$ 8,370	\$ 983	\$ 409,447
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	410	162	120	4,183	983	5,858
Total	\$ 326,338	\$ 68,916	\$ 3,072	\$ 1,076	\$ 4,187	\$ -	\$ 403,589

As of March 31, 2023

	Not past due	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-360 days	Over 361 days	
Gross carrying amount	\$ 308,742	\$ 29,488	\$ 53,034	\$ 3,617	\$ 12,261	\$ 1,505	\$ 408,647
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	445	2,651	489	6,138	1,505	11,228
Total	\$ 308,742	\$ 29,043	\$ 50,383	\$ 3,128	\$ 6,123	\$ -	\$ 397,419

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The movements in the provision for impairment of contract assets, notes receivable and trade receivables for the three months ended March 31, 2024 and 2023 are as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2024	\$ 6	\$ 45	\$ 5,858
Addition (reversal) for the current period	7	(4)	(1,622)
Exchange differences	-	-	34
As of March 31, 2024	<u>\$ 13</u>	<u>\$ 41</u>	<u>\$ 4,270</u>
As of January 1, 2023	\$ -	\$ 81	\$ 11,058
Addition (reversal) for the current period	-	(55)	223
Exchange differences	-	-	(53)
As of March 31, 2023	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 11,228</u>

(18) Leases

A. The Group as lessee

The Group leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

a. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings and facilities	\$ 56,906	\$ 61,694	\$ 76,078
Transportation equipment	5,869	6,311	3,595
Total	<u>\$ 62,775</u>	<u>\$ 68,005</u>	<u>\$ 79,673</u>

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During the three months ended March 31, 2024 and 2023, the additions to right-of-use assets of the Group amounted to NT\$48 thousand and NT\$4,826 thousand, respectively.

(b) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Lease liability	\$ 76,927	\$ 81,984	\$ 94,323
Current	\$ 25,825	\$ 26,674	\$ 28,159
Noncurrent	\$ 51,102	\$ 55,310	\$ 66,164

Please refer to Note 6(20)D for the interest expenses on lease liabilities recognized during the three months ended March 31, 2024 and 2023, and refer to Note 12(5) for the maturity analysis for lease liabilities as of March 31, 2024, December 31, 2023, and March 31, 2023.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	Three months ended March 31,	
	2024	2023
Buildings and facilities	\$ 6,355	\$ 6,538
Transportation equipment	570	1,204
Other equipment	-	16
Total	\$ 6,925	\$ 7,758

c. Income and costs relating to leasing activities

	Three months ended March 31,	
	2024	2023
The expense relating to short-term leases	\$ (917)	\$ (865)
Income from subleasing right-of-use assets	69	85

d. Cash outflow relating to leasing activities

During the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases amounted to NT\$8,713 thousand and NT\$10,277 thousand, respectively.

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B. The Group as lessor

The Group subleased a portion of the leased office under a finance lease with a lease term of 5 years. Information on profit or loss in relation to the lease contract is as follows:

The undiscounted lease payments to be received for the remaining years as of March 31, 2024, December 31, 2023, and March 31, 2023 are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Lease income for finance leases			
Finance income on the net investment in the lease	\$ 69	\$ 321	\$ 85
	March 31, 2024	December 31, 2023	March 31, 2023
Not later than one year	\$ 3,518	\$ 3,344	\$ 3,219
Later than one year but not later than two years	3,659	3,478	3,347
Later than two years but not later than three years	3,805	3,618	3,481
Later than three years but not later than four years	318	1,221	3,621
Later than four years but not later than five years	-	-	303
Total undiscounted lease payments	11,300	11,661	13,971
Less: unearned finance income to finance leases	(440)	(489)	(714)
Less: loss allowance	-	-	-
Net investment in the lease (Finance lease receivables)	\$ 10,860	\$ 11,172	\$ 13,257
Current	\$ 3,286	\$ 3,102	\$ 2,923
Noncurrent	\$ 7,574	\$ 8,070	\$ 10,334

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(19) Employment costs

Summary statement of employee benefits, depreciation and amortization expenses by function:

	Three months ended March 31,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	\$ 10,265	\$ 101,273	\$ 111,538	\$ 9,188	\$ 98,299	\$ 107,487
Labor and health insurance	1,090	10,042	11,132	996	10,353	11,349
Pension	458	4,289	4,747	465	4,220	4,685
Others (Note)	695	5,005	5,700	594	3,887	4,481
Depreciation	5,061	9,213	14,274	5,348	9,849	15,197
Amortization	92	4,477	4,569	82	3,813	3,895

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

According to the Company's Article of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the three months ended March 31, 2024 and 2023. The amount of employees' compensation and remuneration to directors accrued for the three months ended March 31, 2024 were NT\$793 thousand and NT\$317 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the three months ended March 31, 2023 were NT\$194 thousand and NT\$78 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year.

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A resolution was approved in a meeting of the Board of Directors held on March 11, 2024 to distribute NT\$2,518 thousand and NT\$1,007 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT\$5,926 thousand and NT\$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(20) Non-operating income and expenses

A. Interest income

	Three months ended March 31,	
	2024	2023
Financial assets measured at amortized cost	\$ 6,855	\$ 5,054
Interest income from financial leases	69	85
Total	<u>\$ 6,924</u>	<u>\$ 5,139</u>

B. Other income

	Three months ended March 31,	
	2024	2023
Rental income	\$ 69	\$ 70
Others	101	83
Total	<u>\$ 170</u>	<u>\$ 153</u>

C. Other gains and losses

	Three months ended March 31,	
	2024	2023
Foreign exchange gains (losses)	\$ 14,041	\$ (4,532)
Gains (losses) on financial assets at fair value through profit or loss	257	(6)
Gains on disposal of property, plant and equipment	36	89
Other gains (losses)-others	1,501	(153)
Total	<u>\$ 15,835</u>	<u>\$ (4,602)</u>

D. Finance costs

	Three months ended March 31,	
	2024	2023
Interest expenses on lease liabilities	\$ 480	\$ 532

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(21) Components of other comprehensive income

For the three months ended March 31, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expense) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income	\$ (3,947)	\$ -	\$ (3,947)	790	\$ (3,157)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	8,219	-	8,219	(1,655)	6,564
Total other comprehensive income	<u>\$ 4,272</u>	<u>\$ -</u>	<u>\$ 4,272</u>	<u>\$ (865)</u>	<u>\$ 3,407</u>

For the three months ended March 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax (expenses) income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 404	-	\$ 404	(80)	\$ 324
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(1,702)	-	(1,702)	334	(1,368)
Total other comprehensive income	<u>\$ (1,298)</u>	<u>\$ -</u>	<u>\$ (1,298)</u>	<u>\$ 254</u>	<u>\$ (1,044)</u>

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(22) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense recognized in profit or loss

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax expense (income):		
Current income tax payable	\$ 2,328	\$ 3,772
Deferred tax expense (income):		
Relating to origination and reversal of temporary differences	2,096	(5,299)
Relating to origination and reversal of tax loss and tax credit	(1,367)	-
Total income tax expense (income)	<u>\$ 3,057</u>	<u>\$ (1,527)</u>

Income tax recognized in other comprehensive income

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Deferred tax expense (income):		
Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income	\$ (790)	\$ 80
Exchange differences resulting from translating the financial statements of foreign operations	1,655	(334)
Income tax relating to components of other comprehensive income	<u>\$ 865</u>	<u>\$ (254)</u>

B. The assessment of income tax returns

As of March 31, 2024, the assessment of the income tax returns of the Group is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2022
Subsidiaries-UTA	Filed up to 2022
Subsidiaries-UTI	Assessed and approved up to 2021
Subsidiaries-UTJ	Filed up to 2022
Subsidiaries-UTC	Filed up to 2022

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(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	Three months ended March 31,	
	2024	2023
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 11,886	\$ 4,611
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Basic earnings per share (NT\$)	\$ 0.16	\$ 0.06
	Three months ended March 31,	
	2024	2023
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the parent	\$ 11,886	\$ 4,611
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	75,098
Effect of dilution:		
Employee compensation (in thousands)	93	176
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,191	75,274
Diluted earnings per share (NT\$)	\$ 0.16	\$ 0.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

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7. Related Party Transactions

Name and nature of relationship of the related parties

Name of the related parties	Relationship with the Group
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties

Significant transactions with the related parties

(1) Sales

	Three months ended March 31,	
	2024	2023
Substantive related parties	\$ 302	\$ 5
Parent company	102	129
Total	<u>\$ 404</u>	<u>\$ 134</u>

General payment term:

Domestic: Month-end 30-120 days

Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.

(2) Purchases

	Three months ended March 31,	
	2024	2023
Parent company	\$ 396	\$ 1,968
Substantive related parties	121	-
Other related party	114	937
Total	<u>\$ 631</u>	<u>\$ 2,905</u>

General payment term:

Domestic: Month-end 30-90 days

Foreign: Month-end 60-90 days

The purchase price of the parent company, other related party and substantive related parties are based on related party transaction, the payment term is immediate payment to month-end 30 days.

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(3) Trade receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	\$ -	\$ 49	\$ -
Substantive related parties	-	-	5
Total	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 5</u>

(4) Trade payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Substantive related parties			
GMI Technology Inc.	\$ 131	\$ 93	\$ -
Other related party	-	-	110
Parent company	-	-	5
Total	<u>\$ 131</u>	<u>\$ 93</u>	<u>\$ 115</u>

(5) Other payables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Parent company	<u>\$ 576</u>	<u>\$ 699</u>	<u>\$ 623</u>

(6) Manufacturing expenses from related parties

	Three months ended March 31,	
	2024	2023
Parent company	<u>\$ 71</u>	<u>\$ 23</u>

(7) Operating expenses from related parties

	Three months ended March 31,	
	2024	2023
Parent company	\$ 2,104	\$ 2,171
Other related party	-	47
Total	<u>\$ 2,104</u>	<u>\$ 2,218</u>

(8) Rental expenses

	Three months ended March 31,	
	2024	2023
Parent company	<u>\$ 376</u>	<u>\$ 370</u>

The Company leases warehouse and parking space from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis.

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(9) Property transaction

	Three months ended March 31,	
	2024	2023
Parent company	\$ 114	\$ 206

The Company entrusted the parent company to purchase machinery and equipment on behalf of the Company.

(10) Key management personnel compensation

	Three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 8,602	\$ 10,574
Post-employment benefits	204	192
Total	\$ 8,806	\$ 10,766

8. Assets Pledged as Collateral

The following table lists assets of the Group pledged as collateral:

Items	Carrying Amount			Purpose of pledge
	March 31, 2024	December 31, 2023	March 31, 2023	
Financial assets measured at amortized cost-noncurrent	\$ 5,700	\$ 5,700	\$ 1,791	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,685	1,685	1,663	Performance guarantee
Property, plant and equipment-land and building	276,421	276,813	277,990	Loan pledge
Total	\$ 283,806	\$ 284,198	\$ 281,444	

9. Significant Contingencies and Unrecognized Contractual Commitments

(1) As of March 31, 2024, the Group issued the letters of guarantee through financial institutions in the amount of NT\$3,000 thousand for customs duty and performance guarantee.

(2) As of March 31, 2024, the Group issued promissory notes in the amount of NT\$7,452 thousand for performance guarantee.

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10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss (Note 1)	\$ 3,472	\$ 5,858	\$ 5,423
Financial assets at fair value through other comprehensive income	25,346	29,293	28,117
Financial assets measured at amortized cost (Note 2)	1,347,579	1,345,278	1,277,777
Total	<u>\$ 1,376,397</u>	<u>\$ 1,380,429</u>	<u>\$ 1,311,317</u>

Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss:			
Held for trading	\$ 329	\$ 208	\$ 548
Financial liabilities at amortized cost:			
Trade payables (including related parties)	225,273	187,691	158,097
Other payables (including related parties)	135,594	137,814	83,682
Lease liabilities (including noncurrent)	76,927	81,984	94,323
Deposits received	321	309	306
Total	<u>\$ 438,444</u>	<u>\$ 408,006</u>	<u>\$ 336,956</u>

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Note:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$3,383 thousand, NT\$5,477 thousand, and NT\$5,328 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Please refer to Note 6(6) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables, finance lease receivable (including long-term) and refundable deposits.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk exposures.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

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The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three months ended March 31, 2024 and 2023 would decrease/increase by NT\$3,915 thousand and NT\$4,402 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposit at variable interest rates. Therefore, the Group expects minimal cash flow risks due to interest rate fluctuations.

Other risk

The Group's investment of funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves certain equity investments according to level of authority.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss.

The Group is exposed to credit risk from operating activities (primarily for contract assets, trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than			Later than 5		Total
	1 year	1 to 3 years	4 to 5 years	years		
As of March 31, 2024						
Trade payables	\$ 225,273	\$ -	\$ -	\$ -	\$ -	225,273
Other payables	135,594	-	-	-	-	135,594
Lease liabilities	27,384	52,223	452	-	-	80,059
Deposits received	-	321	-	-	-	321
As of December 31, 2023						
Trade payables	\$ 187,691	\$ -	\$ -	\$ -	\$ -	187,691
Other payables	137,814	-	-	-	-	137,814
Lease liabilities	28,330	56,241	924	-	-	85,495
Deposits received	-	309	-	-	-	309
As of March 31, 2023						
Trade payables	\$ 158,097	\$ -	\$ -	\$ -	\$ -	158,097
Other payables	83,682	-	-	-	-	83,682
Lease liabilities	29,957	62,977	5,728	-	-	98,662
Deposits received	-	306	-	-	-	306

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Derivative financial liabilities

	Less than 1 year	1 to 3 years	4 to 5 years	Later than 5 years	Total
As of March 31, 2024					
Inflow	\$ 35,981	\$ -	\$ -	\$ -	\$ 35,981
Outflow	(36,310)	-	-	-	(36,310)
Net	<u>\$ (329)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (329)</u>
As of December 31, 2023					
Inflow	\$ 11,643	\$ -	\$ -	\$ -	\$ 11,643
Outflow	(11,851)	-	-	-	(11,851)
Net	<u>\$ (208)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (208)</u>
As of March 31, 2023					
Inflow	\$ 29,953	\$ -	\$ -	\$ -	\$ 29,953
Outflow	(30,501)	-	-	-	(30,501)
Net	<u>\$ (548)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (548)</u>

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended March 31, 2024:

	Lease liabilities	Deposits received	Total
As of January 1, 2024	\$ 81,984	\$ 309	\$ 82,293
Cash flows			
Outflow	(7,316)	-	(7,316)
Non-cash flows	2,259	12	2,271
As of March 31, 2024	<u>\$ 76,927</u>	<u>\$ 321</u>	<u>\$ 77,248</u>

Reconciliation of liabilities for the three months ended March 31, 2023:

	Lease liabilities	Deposits received	Total
As of January 1, 2023	\$ 99,013	\$ 308	\$ 99,321
Cash flows			
Outflow	(8,880)	-	(8,880)
Non-cash flows	4,190	(2)	4,188
As of March 31, 2023	<u>\$ 94,323</u>	<u>\$ 306</u>	<u>\$ 94,629</u>

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the underlying investment's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.
- d. Fair value of debt instruments without market quotations, finance lease receivable, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

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(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of March 31, 2024, December 31, 2023, and March 31, 2023 are as follows:

Forward exchange contracts

The Group entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

Items	Contract amount	Maturity period
As of March 31, 2024		
Forward exchange contracts	Sell EUR 937 thousand	From April 8, 2024 to May 17, 2024
Forward exchange contracts	Sell JPY 132,300 thousand	From May 6, 2024 to June 21, 2024
As of December 31, 2023		
Forward exchange contracts	Sell EUR 768 thousand	From January 8, 2024 to February 23, 2024
Forward exchange contracts	Sell JPY 117,900 thousand	From January 8, 2024 to March 15, 2024
As of March 31, 2023		
Forward exchange contracts	Sell EUR 575 thousand	From April 6, 2023 to May 19, 2023
Forward exchange contracts	Sell JPY 106,500 thousand	From April 6, 2023 to June 30, 2023

The Group entered into forward exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 89	\$ -	\$ 89
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	25,346	25,346
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	329	-	329

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 381	\$ -	\$ 381
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	29,293	29,293
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	208	-	208

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	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 95	\$ -	\$ 95
Financial assets at fair value through other comprehensive income				
Preferred stocks	-	-	28,117	28,117
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	548	-	548

Transfers between Level 1 and Level 2 during the period

During the three months ended March 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2024	\$ 29,293
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	(3,947)
As of March 31, 2024	\$ 25,346
	Assets
	At fair value through other comprehensive income
	Preferred stocks
As of January 1, 2023	\$ 27,713
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	404
As of March 31, 2023	\$ 28,117

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value					
through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	21.37%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT(\$1,378)/NT\$1,378 thousand

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value					
through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	19.48%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT(\$1,512)/NT\$1,512 thousand

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	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stocks	Income approach	Discount for lack of marketability	20.80%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT(\$1,422)/NT\$1,422 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group validates the fair value measurements and ensures that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of March 31, 2024		
	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$ 15,960	31.99	\$ 510,552
JPY	15,406	0.2116	3,260
<u>Financial liabilities</u>			
Monetary items:			
USD	\$ 3,723	31.99	\$ 119,095

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As of December 31, 2023			
	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$ 13,992	30.71	\$ 429,687
EUR	60	34.01	2,025
JPY	33,562	0.2175	7,300
AUD	33	21.00	684
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$ 2,642	30.71	\$ 81,122
As of March 31, 2023			
	Foreign currencies (thousand)	Foreign exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$ 16,166	30.44	\$ 492,092
EUR	5	33.15	161
CNY	30	4.430	131
 <u>Financial liabilities</u>			
Monetary items:			
USD	\$ 1,706	30.44	\$ 51,930

As there are several types of foreign currency transactions within the Group, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange gains (losses) were NT\$14,041 thousand and NT\$(4,532) thousand for the three months ended March 31, 2024 and 2023, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information related to significant transactions

- A. Financing provided to others for the three months ended March 31, 2024: None.
- B. Endorsement/Guarantee provided to others for the three months ended March 31, 2024: None.
- C. Securities held as of March 31, 2024: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three months ended March 31, 2024: None.
- H. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock as of March 31, 2024: None.
- I. Financial instruments and derivative transactions: Please refer to Note 6(2) and 12(8).
- J. Other : Intercompany relationships and significant intercompany transactions : Please refer to Attachment 2.

(2) Information on investees

If the company directly or indirectly exercises significant influence or control over an investee company, it shall disclose information on the investee company, showing the name, location, main business, original investment amount, shareholding at the end of the period, net income or loss for the period, and recognized investment income or loss: Please refer to Attachment 3 and Attachment 3-1.

(3) Information on investments in Mainland China

- A. Investee company name, main business activities, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 4.

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- B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:
- a. The amount and percentage of sales and the balance and percentage of the related receivables with Xiamen Unitech Co., Ltd. at the end of the period:
 - (a) The sales amounted to NT\$13,915 thousand representing 3.31% of the net sales. (Note)
 - (b) The receivables amounted to NT\$21,155 thousand representing 5.99% of the total receivables. (Note)
 - b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:
 - (a) The purchases amounted to NT\$7,879 thousand representing 2.53% of the net purchases. (Note)
 - (b) The payables amounted to NT\$6,655 thousand representing 2.97% of the total payables. (Note)
- Note: The aforementioned ratios were calculated based on the individual financial statements of Unitech Electronics Co., Ltd.
- c. The amount of property transactions and the amount of the resultant gains or losses: None.
 - d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
 - f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 5.

14. Segment information

- (1) The Group principally engaged in the development, manufacture and sale of automatic identification data capture products and related businesses. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Group is aggregated into a single segment.

Attachment 1

Securities held as of March 31, 2024 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of March 31, 2024				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artlux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	\$ 25,346	1.01%	\$ 25,346	-

Attachment 2

Intercompany relationships and significant intercompany transactions (all have been written off in the consolidated financial statements) (Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	\$ 38,493	30 days after invoice date	7.31%
"	"	"	"	Trade receivables	19,513	"	0.82%
"	"	UTI	1	Operating revenue	44,219	Month-end 90 days	8.39%
"	"	"	"	Trade receivables	38,823	"	1.63%
"	"	UTJ	1	Operating revenue	37,196	Month-end 90 days	7.06%
"	"	"	"	Trade receivables	37,056	"	1.55%
"	"	UTC	1	Operating revenue	13,915	Month-end 90 days	2.64%
"	"	"	"	Trade receivables	21,155	"	0.89%
"	"	"	"	Operating cost	7,879	Month-end 30 days	1.50%
"	"	"	"	Trade payables	6,655	"	0.28%

Note 1: The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

- (1) The parent company is coded 0.
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to sub-subsidiaries.
- (3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.

Relevant information of investees over which the Company has direct or indirect significant influence or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. ("UAV")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	\$ 199,605	\$ (2,590)	\$ (2,756)	
	Unitech Europe Ventures Inc. ("UEV")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	84,479	5,135	5,194	
	Unitech Japan Holdings Inc. ("UJH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	47,757	2,610	2,676	
	Unitech Japan Co., Ltd. ("UTJ")	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of automatic identification data capture products	TWD 5,384	TWD 5,384	152	10.86 %	6,372	3,050	331	
	Unitech Asia Ventures Inc. ("UCV")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,057	100.00 %	19,311	1,442	1,415	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at March 31, 2024" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the "footnote" column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the three months ended March 31, 2024" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Relevant information of investees over which the Company has direct or indirect significant influence or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. ("UAV")	Unitech America Holding Inc. ("UAH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	USD 6,238,021	USD (82,465)	USD (88,281)	
Unitech America Holding Inc. ("UAH")	Unitech America Inc. ("UTA")	6182 Katella Ave Cypress, CA 90630, USA	Trading of automatic identification data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	USD 6,238,021	USD (82,465)	USD (88,281)	
Unitech Europe Ventures Inc. ("UEV")	Unitech Europe Holding Inc. ("UEH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	EUR 2,450,759	EUR 150,564	EUR 151,949	
Unitech Europe Holding Inc. ("UEH")	Unique Technology Europe B.V. ("UTE")	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of automatic identification data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	EUR 2,450,759	EUR 150,564	EUR 151,949	
Unitech Japan Holdings Inc. ("UJH")	Unitech Japan Co., Ltd. ("UTJ")	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of automatic identification data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	JPY 225,697,690	JPY 14,381,507	JPY 12,708,807	
Unitech Asia Ventures Inc. ("UCV")	Unitech Industries Holding Inc. ("UIH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00 %	CNY 4,380,369	CNY 331,016	CNY 324,773	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as of March 31, 2024" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The "Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.
- (3) The "Investment income (loss) recognized by the Company for the three months ended March 31, 2024" column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data identification capture products	USD 3,419,200	(Note 1 (2)) Unitech Industries Holding Inc.	USD 3,560,132	\$ -	\$ -	USD 3,560,132	\$ 1,442	100.00%	\$ 1,415 CNY 324,773 (Note 2 (2)C)	\$ 19,256 CNY 4,367,764 (Note 2 (2)C)	\$ 31,038 USD 977,409

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 113,889	\$ 145,156	
USD (3,560,132)	USD (4,537,541)	\$ 1,079,544

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
- (3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) The basis of recognition of investment income is classified into following three types, which should be marked out.
 - A. The financial statements were reviewed by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B. The financial statements were reviewed by the auditors of the parent company.
 - C. Others: Financial statements were not reviewed by accountants.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

Attachment 5

Information on major shareholders

Name of major shareholder information	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.	30,039,000	40.00%
G.M.I. Technology Inc.	9,559,000	12.72%

Note 1: The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.

Note 2: If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.