

**AUDIX CORPORATION  
PARENT COMPANY ONLY  
FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT AUDITORS  
FOR THE YEARS END  
DECEMBER 31, 2022 AND 2021**

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The reader is advised that these the parent company only 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.

# AUDIX CORPORATION

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English Translation of Auditors' Report Originally Issued in Chinese

**Report of Independent Auditors**

To Audix Corporation

**Opinion**

We have audited the accompanying parent company only balance sheets of Audix Corporation (the “Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements including the summary of significant accounting policies (collectively referred to “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

## Revenue Recognition

The Company recognized operating revenue-net sales revenue in the amount of NTD 2,356,492 thousand for the year ended December 31, 2022. The main source of revenue is the sales of various electronic products. Due to the intense competition in the industry and the short application cycle of electronic products, we believe there may be risks to the authenticity of sales revenue. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to:

- i. Assessing the appropriateness of the accounting policy of revenue recognition and the process of generating and recognizing revenue; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition.
- ii. Selecting samples to perform tests of details, performing tests of transaction detail which included reviewing vouchers of selected samples, such as shipping documents, customs export documents, customer acceptance documents and receipt documents to confirm the performance obligations were satisfied.
- iii. Ascertain whether there have been any material sales returns or allowances in the subsequent period to confirm revenue recognition.

We also considered the appropriateness of the disclosure of operating revenue in Notes 4 and 6.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/Wang Hsuan-Hsuan

/s/Yu Chien-Ju

Ernst & Young, Taiwan  
March 17, 2023

#### Notice to Readers

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

Accordingly, the accompanying the parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in 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 parent company only financial statements originally issued in Chinese  
AUDIX CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

| Assets                                                                        | Notes             | As of December 31, |            |                    |            |
|-------------------------------------------------------------------------------|-------------------|--------------------|------------|--------------------|------------|
|                                                                               |                   | 2022               |            | 2021               |            |
|                                                                               |                   | Amount             | %          | Amount             | %          |
| Current assets                                                                |                   |                    |            |                    |            |
| Cash and cash equivalents                                                     | 4, 6(1)           | \$257,202          | 3          | \$102,552          | 2          |
| Financial assets at fair value through profit or loss, current                | 4, 6(2)           | 150,393            | 2          | 163,168            | 2          |
| Financial assets at amortized cost, current                                   | 4, 6(4)           | 644,910            | 8          | -                  | -          |
| Notes receivable, net                                                         | 4, 5, 6(5), 16    | 5,069              | -          | 7,375              | -          |
| Accounts receivable, net                                                      | 4, 5, 6(6), 16    | 688,768            | 8          | 511,708            | 7          |
| Accounts receivable due from related parties, net                             | 4, 5, 6(6), 16, 7 | 33,926             | -          | 78,631             | 1          |
| Other receivables                                                             | 4                 | 12,010             | -          | 7,748              | -          |
| Other receivables due from related parties                                    | 4, 7              | 5,862              | -          | 4,115              | -          |
| Inventories, net                                                              | 4, 5, 6(7)        | 96,299             | 1          | 88,386             | 1          |
| Prepayments                                                                   |                   | 10,574             | -          | 7,931              | -          |
| Other current assets                                                          |                   | 454                | -          | 1,203              | -          |
| Total current assets                                                          |                   | <u>1,905,467</u>   | <u>22</u>  | <u>972,817</u>     | <u>13</u>  |
| Non-current assets                                                            |                   |                    |            |                    |            |
| Financial assets at fair value through other comprehensive income, noncurrent | 4, 6(3)           | 154,056            | 2          | 50,000             | 1          |
| Investments accounted for under the equity method                             | 4, 6(8)           | 6,129,743          | 72         | 6,128,630          | 82         |
| Property, plant and equipment                                                 | 4, 6(9), 8        | 311,636            | 4          | 314,721            | 4          |
| Right-of-use assets                                                           | 4, 6(17)          | 754                | -          | 1,415              | -          |
| Intangible assets                                                             | 4, 6(10)          | 368                | -          | 529                | -          |
| Deferred tax assets                                                           | 4, 5, 6(21)       | 7,037              | -          | 1,224              | -          |
| Refundable deposits                                                           | 7                 | 9,452              | -          | 12,655             | -          |
| Total non-current assets                                                      |                   | <u>6,613,046</u>   | <u>78</u>  | <u>6,509,174</u>   | <u>87</u>  |
| Total assets                                                                  |                   | <u>\$8,518,513</u> | <u>100</u> | <u>\$7,481,991</u> | <u>100</u> |

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese  
AUDIX CORPORATION  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

| Liabilities and Equity                                                                                  | Notes       | As of December 31, |     |             |     |
|---------------------------------------------------------------------------------------------------------|-------------|--------------------|-----|-------------|-----|
|                                                                                                         |             | 2022               |     | 2021        |     |
|                                                                                                         |             | Amount             | %   | Amount      | %   |
| Current liabilities                                                                                     |             |                    |     |             |     |
| Short-term loans                                                                                        | 4, 6(11), 8 | \$1,009,769        | 12  | \$316,291   | 4   |
| Contract liabilities, current                                                                           | 4           | -                  | -   | 218         | -   |
| Accounts payable                                                                                        | 4           | 684,952            | 8   | 504,324     | 7   |
| Accounts payable to related parties                                                                     | 4, 7        | 24,916             | -   | 34,605      | -   |
| Other payables                                                                                          | 4           | 63,320             | 1   | 81,142      | 1   |
| Other payables to related parties                                                                       | 4, 7        | 520                | -   | 749         | -   |
| Current tax liabilities                                                                                 | 4, 5, 6(21) | 113,928            | 1   | 39,999      | 1   |
| Current lease liabilities                                                                               | 4, 6(17)    | 361                | -   | 660         | -   |
| Other current liabilities, others                                                                       |             | 11,771             | -   | 4,912       | -   |
| Total current liabilities                                                                               |             | 1,909,537          | 22  | 982,900     | 13  |
| Non-current liabilities                                                                                 |             |                    |     |             |     |
| Long-term loans                                                                                         | 4, 6(12), 8 | 1,400,000          | 17  | 1,830,000   | 25  |
| Deferred tax liabilities                                                                                | 4, 5, 6(21) | 25,927             | -   | 24,569      | -   |
| Non-current lease liabilities                                                                           | 4, 6(17)    | 366                | -   | 730         | -   |
| Net defined benefit liability, non-current                                                              | 4, 5, 6(13) | 9,907              | -   | 27,925      | -   |
| Guarantee deposits received                                                                             | 4           | 3,315              | -   | -           | -   |
| Total non-current liabilities                                                                           |             | 1,439,515          | 17  | 1,883,224   | 25  |
| Total liabilities                                                                                       |             | 3,349,052          | 39  | 2,866,124   | 38  |
| Equity attributable to the parent company                                                               |             |                    |     |             |     |
| Capital                                                                                                 | 6(14)       |                    |     |             |     |
| Common stock                                                                                            |             | 1,055,956          | 12  | 1,055,956   | 14  |
| Capital surplus                                                                                         | 6(14)       |                    |     |             |     |
| Additional paid-in capital                                                                              |             | 170,338            | 2   | 275,934     | 4   |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed               |             | 932                | -   | 932         | -   |
| Gain on disposals of property, plant and equipment                                                      |             | 487                | -   | 487         | -   |
| Net assets from merger                                                                                  |             | 10,028             | -   | 10,028      | -   |
| Others                                                                                                  |             | 5                  | -   | 5           | -   |
| Retained earnings                                                                                       | 6(14)       |                    |     |             |     |
| Legal reserve                                                                                           |             | 994,802            | 12  | 941,781     | 13  |
| Special reserve                                                                                         |             | 237,667            | 3   | 160,953     | 2   |
| Unappropriated retained earnings                                                                        |             | 2,598,844          | 31  | 2,407,456   | 32  |
| Other components of equity                                                                              |             |                    |     |             |     |
| Exchange differences on translation of foreign operations                                               | 4           | 1,177              | -   | (237,665)   | (3) |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |             | 99,225             | 1   | -           | -   |
| Total equity                                                                                            |             | 5,169,461          | 61  | 4,615,867   | 62  |
| Total liabilities and equity                                                                            |             | \$8,518,513        | 100 | \$7,481,991 | 100 |

The accompanying notes are an integral part of parent company only financial statements.

## AUDIX CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| Item                                                                                                           | Notes                 | 2022        |      | 2021        |      |
|----------------------------------------------------------------------------------------------------------------|-----------------------|-------------|------|-------------|------|
|                                                                                                                |                       | Amount      | %    | Amount      | %    |
| Operating revenue                                                                                              | 4, 6(15), 7           |             |      |             |      |
| Sales revenue                                                                                                  |                       | \$2,457,981 | 101  | \$2,141,560 | 100  |
| Sales returns, discounts and allowances                                                                        |                       | (101,489)   | (4)  | (71,025)    | (3)  |
| Net sales revenue                                                                                              |                       | 2,356,492   | 97   | 2,070,535   | 97   |
| Service revenue                                                                                                |                       | 86,858      | 3    | 67,607      | 3    |
| Total operating revenue                                                                                        |                       | 2,443,350   | 100  | 2,138,142   | 100  |
| Operating costs                                                                                                |                       |             |      |             |      |
| Cost of sales                                                                                                  | 6(7), 6(17), 6(18), 7 | (2,235,243) | (92) | (1,950,382) | (91) |
| Total operating costs                                                                                          |                       | (2,235,243) | (92) | (1,950,382) | (91) |
| Gross profit                                                                                                   |                       | 208,107     | 8    | 187,760     | 9    |
| Operating expenses                                                                                             | 6(13), 6(17), 6(18)   |             |      |             |      |
| Selling expenses                                                                                               |                       | (67,831)    | (3)  | (69,988)    | (3)  |
| Administrative expenses                                                                                        |                       | (85,103)    | (3)  | (83,779)    | (4)  |
| Expected credit gains (losses)                                                                                 | 4, 5, 6(16)           | 655         | -    | (783)       | -    |
| Total operating expenses                                                                                       |                       | (152,279)   | (6)  | (154,550)   | (7)  |
| Net operating income                                                                                           |                       | 55,828      | 2    | 33,210      | 2    |
| Non-operating income and expenses                                                                              |                       |             |      |             |      |
| Interest income                                                                                                |                       | 4,398       | -    | 270         | -    |
| Other income                                                                                                   | 4, 6(19), 7           | 12,242      | 1    | 11,893      | 1    |
| Other gains and losses, net                                                                                    | 6(19), 7              | (6,087)     | -    | 22,923      | 1    |
| Finance costs, net                                                                                             | 4, 6(19)              | (28,743)    | (1)  | (18,969)    | (1)  |
| Share of profits of subsidiaries and associates                                                                | 4, 6(8)               | 645,190     | 26   | 519,083     | 24   |
| Total non-operating income and expenses                                                                        |                       | 627,000     | 26   | 535,200     | 25   |
| Income before income tax                                                                                       |                       | 682,828     | 28   | 568,410     | 27   |
| Income tax expense                                                                                             | 4, 5, 6(21)           | (109,517)   | (4)  | (38,917)    | (2)  |
| Net income                                                                                                     |                       | 573,311     | 24   | 529,493     | 25   |
| Other comprehensive income                                                                                     | 6(20)                 |             |      |             |      |
| Items that will not be reclassified subsequently to profit or loss                                             |                       |             |      |             |      |
| Remeasurements of defined benefit plans                                                                        | 4, 5, 6(13)           | 11,801      | -    | 705         | -    |
| Unrealized gains from equity instruments investments measured at fair value through other comprehensive income |                       | 99,225      | 4    | -           | -    |
| Items that may be reclassified subsequently to profit or loss                                                  |                       |             |      |             |      |
| Subsidiary, Associates and Foreign Organization                                                                |                       |             |      |             |      |
| Exchange differences on translation of the financial statements                                                | 4                     | 238,842     | 10   | (76,714)    | (4)  |
| Total other comprehensive income                                                                               |                       | 349,868     | 14   | (76,009)    | (4)  |
| Total comprehensive income                                                                                     |                       | \$923,179   | 38   | \$453,484   | 21   |
| Earnings per share-basic (in dollars)                                                                          | 6(22)                 | \$5.43      |      | \$5.01      |      |
| Earnings per share-diluted (in dollars)                                                                        | 6(22)                 | \$5.40      |      | \$5.00      |      |

The accompanying notes are an integral part of parent company only financial statements.

AUDIX CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| Item                                                            | Notes    | Commo stock | Capital surplus | Retained earnings |                 |                                  | Other Components of Equity                                      |                                                                                                         | Total equity |
|-----------------------------------------------------------------|----------|-------------|-----------------|-------------------|-----------------|----------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------|
|                                                                 |          |             |                 | Legal reserve     | Special reserve | Unappropriated retained earnings | Exchange differences on translation of the financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |              |
| Balance as of January 1, 2021                                   | 6(14)    | \$1,055,956 | \$392,982       | \$897,646         | \$173,161       | \$2,152,055                      | \$(160,951)                                                     | \$-                                                                                                     | \$4,510,849  |
| Appropriation and distribution of 2020 retained earnings        | 6(14)    |             |                 |                   |                 |                                  |                                                                 |                                                                                                         |              |
| Legal reserve appropriated                                      |          |             |                 | 44,135            |                 | (44,135)                         |                                                                 |                                                                                                         | -            |
| Cash dividends                                                  |          |             |                 |                   |                 | (242,870)                        |                                                                 |                                                                                                         | (242,870)    |
| Reversal of special reserve                                     |          |             |                 |                   | (12,208)        | 12,208                           |                                                                 |                                                                                                         | -            |
| Cash dividends from additional paid-in capital                  |          |             | (105,596)       |                   |                 |                                  |                                                                 |                                                                                                         | (105,596)    |
| Profit for the year ended December 31, 2021                     |          |             |                 |                   |                 | 529,493                          |                                                                 |                                                                                                         | 529,493      |
| Other comprehensive income for the year ended December 31, 2021 | 4, 6(20) |             |                 |                   |                 | 705                              | (76,714)                                                        |                                                                                                         | (76,009)     |
| Total comprehensive income for the year ended December 31, 2021 |          | -           | -               | -                 | -               | 530,198                          | (76,714)                                                        | -                                                                                                       | 453,484      |
| Balance as of December 31, 2021                                 |          | \$1,055,956 | \$287,386       | \$941,781         | \$160,953       | \$2,407,456                      | \$(237,665)                                                     | \$-                                                                                                     | \$4,615,867  |
| Balance as of January 1, 2022                                   | 6(14)    | \$1,055,956 | \$287,386       | \$941,781         | \$160,953       | \$2,407,456                      | \$(237,665)                                                     | \$-                                                                                                     | \$4,615,867  |
| Appropriation and distribution of 2021 retained earnings        | 6(14)    |             |                 |                   |                 |                                  |                                                                 |                                                                                                         |              |
| Legal reserve appropriated                                      |          |             |                 | 53,021            |                 | (53,021)                         |                                                                 |                                                                                                         | -            |
| Special reserve appropriated                                    |          |             |                 |                   | 76,714          | (76,714)                         |                                                                 |                                                                                                         | -            |
| Cash dividends                                                  |          |             |                 |                   |                 | (263,989)                        |                                                                 |                                                                                                         | (263,989)    |
| Cash dividends from additional paid-in capital                  |          |             | (105,596)       |                   |                 |                                  |                                                                 |                                                                                                         | (105,596)    |
| Profit for the year ended December 31, 2022 (Note)              |          |             |                 |                   |                 | 573,311                          |                                                                 |                                                                                                         | 573,311      |
| Other comprehensive income for the year ended December 31, 2022 | 4, 6(20) |             |                 |                   |                 | 11,801                           | 238,842                                                         | 99,225                                                                                                  | 349,868      |
| Total comprehensive income for the year ended December 31, 2022 |          | -           | -               | -                 | -               | 585,112                          | 238,842                                                         | 99,225                                                                                                  | 923,179      |
| Balance as of December 31, 2022                                 |          | \$1,055,956 | \$181,790       | \$994,802         | \$237,667       | \$2,598,844                      | \$1,177                                                         | \$99,225                                                                                                | \$5,169,461  |

The accompanying notes are an integral part of parent company only financial statements.

Note: For the year ended in 2021, remuneration to directors and employees' remuneration were \$6,300 thousand and \$18,500 thousand respectively. For the year ended in 2022, remuneration to directors and employees' remuneration were \$6,300 thousand and \$21,550 thousand, respectively. The amount were deducted from the statement of comprehensive Income of 2021 and 2022.

English translation of parent company only financial statements originally issued in Chinese

AUDIX CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| Description                                                                      | 2022         | 2021        |
|----------------------------------------------------------------------------------|--------------|-------------|
| Cash flows from operating activities:                                            |              |             |
| Profit before tax                                                                | \$682,828    | \$568,410   |
| Adjustments:                                                                     |              |             |
| Adjustments to reconcile profit (loss):                                          |              |             |
| Depreciation expense                                                             | 5,972        | 6,565       |
| Amortization expense                                                             | 378          | 435         |
| Expected credit (gain) loss                                                      | (655)        | 783         |
| Net loss (gain) on financial assets at fair value through profit or loss         | 15,563       | (1,891)     |
| Interest expense                                                                 | 28,743       | 18,969      |
| Interest income                                                                  | (4,398)      | (270)       |
| Dividend income                                                                  | (5,452)      | (5,014)     |
| Share of profits of subsidiaries and associates for using equity method          | (645,190)    | (519,083)   |
| Gain on disposal of property, plan and equipment                                 | (14)         | -           |
| Changes in operating assets and liabilities:                                     |              |             |
| Notes receivable                                                                 | 2,319        | 468         |
| Accounts receivable                                                              | (176,419)    | 36,843      |
| Accounts receivable due from related parties                                     | 44,705       | (40,837)    |
| Other receivable                                                                 | (4,262)      | (5,496)     |
| Other receivable due from related parties                                        | (1,747)      | (1,986)     |
| Inventories                                                                      | (7,913)      | (58,128)    |
| Prepayments                                                                      | (2,643)      | 1,162       |
| Other current assets                                                             | 749          | 152         |
| Contract liabilities                                                             | (218)        | 218         |
| Accounts payable                                                                 | 180,628      | (134,580)   |
| Accounts payable to related parties                                              | (9,689)      | 7,173       |
| Other payable                                                                    | (18,733)     | 30,347      |
| Other payable to related parties                                                 | (229)        | 370         |
| Other current liabilities                                                        | 6,859        | 1,095       |
| Net defined benefit liability                                                    | (6,217)      | (8)         |
| Cash inflow generated from (used in) operations                                  | 84,965       | (94,303)    |
| Income taxes paid                                                                | (40,043)     | (8,145)     |
| Net cash flows provided by (used in) operating activities                        | 44,922       | (102,448)   |
| Cash flows from investing activities:                                            |              |             |
| Acquisition of financial assets at fair value through other comprehensive income | (4,831)      | (50,000)    |
| Acquisition of financial assets at amortized cost                                | (644,910)    | -           |
| Acquisition of financial assets at fair value through profit or loss             | (26,975)     | (25,925)    |
| Proceeds from disposal of financial assets at fair value through profit or loss  | 24,187       | 16,209      |
| Acquisition of property, plant and equipment                                     | (2,448)      | (346)       |
| Proceeds from disposal of property, plant and equipment                          | 233          | -           |
| Decrease (increase) in refundable deposits                                       | 3,203        | (878)       |
| Acquisition of intangible assets                                                 | (285)        | (95)        |
| Proceeds from disposal of intangible assets                                      | 68           | -           |
| Interest received                                                                | 4,398        | 270         |
| Dividends received                                                               | 888,372      | 253,644     |
| Net cash flows provided by investing activities                                  | 241,012      | 192,879     |
| Cash flows from financing activities:                                            |              |             |
| Increase in short-term loans                                                     | 11,449,587   | 3,668,326   |
| Decrease in short-term loans                                                     | (10,756,109) | (3,682,035) |
| Proceeds from long-term loans                                                    | 3,160,000    | 2,480,000   |
| Repayments of long-term loans                                                    | (3,590,000)  | (2,260,000) |
| Decrease in guarantee deposits received                                          | 3,315        | -           |
| Payments of lease liabilities                                                    | (670)        | (689)       |
| Cash dividends paid                                                              | (369,585)    | (348,466)   |
| Interest paid                                                                    | (27,822)     | (19,247)    |
| Net cash flows used in financing activities                                      | (131,284)    | (162,111)   |
| Net increase(decrease) in cash and cash equivalents                              | 154,650      | (71,680)    |
| Cash and cash equivalents at beginning of period                                 | 102,552      | 174,232     |
| Cash and cash equivalents at end of period                                       | \$257,202    | \$102,552   |

The accompanying notes are an integral part of parent company only financial statements.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

AUDIX CORPORATION (the “Company”), established on August 7, 1980, was a distributor of semiconductor, LCM, optical read head and other electronic information communication components. In December 1989, the Company expanded business in design, manufacturing and processing of precision molds and plastic injection products. After merging Audix Singapore (pte) Co., Ltd. on July 31, 1990, the Company included the distribution of electronic parts in its business profile. In 1991, the Company expanded its business in safety specification test and certification.

Since October 4, 1999, the Company had been listed on the Taipei Exchange. Since September 17, 2001, the Company has been approved by the Taiwan Stock Exchange (“TWSE”) to be listed on TWSE. The Company's registered address and main operating site is located at No. 8, Lane 120, Sec. 1, Neihu Rd., Taipei, Taiwan, R.O.C.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 17, 2023.

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 Company 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, 2022. The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Company.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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

| Items | New, Revised or Amended Standards and Interpretations                                                   | Effective Date issued by IASB |
|-------|---------------------------------------------------------------------------------------------------------|-------------------------------|
| a     | Disclosure Initiative - Accounting Policies – Amendments to IAS 1                                       | January 1, 2023               |
| b     | Definition of Accounting Estimates – Amendments to IAS 8                                                | January 1, 2023               |
| c     | Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | January 1, 2023               |

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023 and have no material impact on the Company.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at 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     | Classification of Liabilities as Current or Non-current – Amendments to IAS 1                                                                                                                  | January 1, 2024               |
| d     | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16                                                                                                                                | January 1, 2024               |
| e     | Non-current Liabilities with Covenants – Amendments to IAS 1                                                                                                                                   | January 1, 2024               |

- (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.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

#### (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 1 January 2023 (from the original effective date of 1 January 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 1 January 2023.

#### (c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

#### (d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

#### (e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed, it is not practicable to estimate their impact on the Company at this point in time.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

##### (2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to shareholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

##### (3) Foreign currency transactions

The Company's parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

a. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. The Company's business model for managing the financial assets and
- B. The contractual cash flow characteristics of the financial asset.

***Financial assets measured at amortized cost***

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

***Financial asset measured at fair value through other comprehensive income***

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

***Financial asset measured at fair value through profit or loss***

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. The time value of money; and
- C. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

c. Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

d. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. A company of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

***Financial liabilities at amortized cost***

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

e. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### (9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Merchandise— Purchase cost on a weighted average basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

#### (10) Investments Accounted For Under the Equity Method

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to shareholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. These adjustments are mainly to consider the treatment of investment subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different reporting entity levels, and debit or credit "Adoption of Equity Investments using the equity method", "Profit and loss shares of subsidiaries, affiliated enterprises and joint ventures using the equity method" or "Other comprehensive profit and loss shares of subsidiaries, affiliated enterprises and joint ventures using the equity method".

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate is prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### (11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

|                          |            |
|--------------------------|------------|
| Buildings and structures | 8~50 years |
| Transportation equipment | 3~5 years  |
| Office equipment         | 2~8 years  |
| Other equipment          | 3~5 years  |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, through out the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### (13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

|                                  | <u>Computer software</u>                                           |
|----------------------------------|--------------------------------------------------------------------|
| Useful lives                     | Finite                                                             |
| Amortization method used         | Amortized on a straight- line basis over the estimated useful life |
| Internally generated or acquired | Acquired                                                           |

#### (14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (16) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Company recognizes restructuring-related costs

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

#### (17) Treasury Stock

The Company's own equity instruments repurchased (treasury stocks) are recognized at repurchase cost and deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in equity.

#### (18) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

##### Sale of goods

The Company manufactures and sells products. Revenue is recognized when the promised goods are shipped to the client and the customer gains control (that is, the customer's ability to dominate the use of the goods and achieve almost all the remaining benefits of the goods), the main goods are electronic components, etc., based on the price stated in the contract. Therefore, income is based on the price stated in the contract and deducts the estimated quantity discount amount. The Company uses the accumulated experience and estimates the change in value resulting from the quantity discount as expected, but its scope is limited to the portion of the cumulative amount of income that may not be significantly reversed when the uncertainty associated with the change in value is subsequently eliminated.

When the Company receives the Customer's consideration and expects to return part or all of the consideration to the Customer, it recognizes the refund liability at amounts received or receivable and not expected to be entitled to and updates the refund liability on each balance sheet date in response to changes in circumstances.

The credit period of the Company's sale of goods is from 60 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. The Company collect part of the price from the customer when the product has not been delivered. The Company is recognized as contract liabilities for its obligations to deliver products in the future.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Rendering of services

The Company's Service revenue mainly provides electronic product validation services, product design development and contracting projects. Product Verification Service is a performance obligation that is fulfilled at a certain point in time by completing the verification service agreed upon in the contract and after providing the certification report. Product design development and contract engineering services is in accordance with the contract to customize the product, with the Company's performance obligations gradually completed, the customer at the same time to obtain and consume the benefits provided by the Company's performance, therefore is a performance obligation gradually met over time. The Company collect part of the price from the customer when the product has not been delivered. The Company is recognized as contract liabilities for its obligations to deliver products in the future.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(19)Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

(a) Operating lease commitment – Company as the lessor

The Company has entered into commercial property leases on its property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Control without a majority of the voting rights in invested companies

The Company does not have majority of the voting rights in an invested company. However, after taking into consideration of factors such as percentage of the Company's shareholding relative percentage of shareholding owned by other shareholders, ownership distribution, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has control over the invested company. Please refer to the Audix consolidated financial statements of 2022 Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and expected salaries increase etc. Please refer to Note 6 for more details.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

#### (b) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

Deferred tax assets are recognized for all carryforward of deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. As of December 31, 2022 the Company has no outstanding deferred income tax assets.

#### (c) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

#### (d) Trade receivables—estimation of impairment loss

The Company estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

6. Contents of significant accounts

(1) Cash and cash equivalents

|                               | As of December 31, |                  |
|-------------------------------|--------------------|------------------|
|                               | 2022               | 2021             |
| Cash on hand                  | \$307              | \$444            |
| Checking and savings accounts | 115,629            | 102,108          |
| Time deposit                  | 141,266            | -                |
| Total                         | <u>\$257,202</u>   | <u>\$102,552</u> |

(2) Financial assets at fair value through profit or loss

|                                                            | As of December 31, |                  |
|------------------------------------------------------------|--------------------|------------------|
|                                                            | 2022               | 2021             |
| Mandatorily measured at fair value through profit or loss: |                    |                  |
| Funds                                                      | \$12,493           | \$19,840         |
| Preferred Stocks                                           | 137,900            | 143,328          |
| Total                                                      | <u>\$150,393</u>   | <u>\$163,168</u> |
| Current                                                    | \$150,393          | \$163,168        |
| Non-current                                                | -                  | -                |
| Total                                                      | <u>\$150,393</u>   | <u>\$163,168</u> |

Financial assets at fair value through profit or loss were not pledged.

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

|                                                                                                            | As of December 31, |                 |
|------------------------------------------------------------------------------------------------------------|--------------------|-----------------|
|                                                                                                            | 2022               | 2021            |
| Investments in equity instruments designated at fair value through other comprehensive income, noncurrent: |                    |                 |
| Unlisted company's stocks                                                                                  | <u>\$154,056</u>   | <u>\$50,000</u> |

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

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Financial assets at amortized cost

|              | As of December 31, |      |
|--------------|--------------------|------|
|              | 2022               | 2021 |
| Time deposit | \$644,910          | \$-  |

The Group's financial assets at amortized cost are not pledged. Please refer to Note 6(16) for more details on loss allowance and Note 12 for more details on credit risk.

(5) Notes receivable, net

|                                                    | As of December 31, |         |
|----------------------------------------------------|--------------------|---------|
|                                                    | 2022               | 2021    |
| Notes receivable arising from operating activities | \$5,094            | \$7,413 |
| Less: loss allowance                               | (25)               | (38)    |
| Total                                              | \$5,069            | \$7,375 |

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12 for more details on credit risk.

(6) Accounts receivable and accounts receivable due from related parties, net

|                                              | As of December 31, |           |
|----------------------------------------------|--------------------|-----------|
|                                              | 2022               | 2021      |
| Accounts receivable                          | \$689,360          | \$512,942 |
| Less: loss allowance                         | (592)              | (1,234)   |
| Subtotal                                     | 688,768            | 511,708   |
| Accounts receivable due from related parties | 33,926             | 78,631    |
| Total                                        | \$722,694          | \$590,339 |

Accounts receivable were not pledged.

The collection periods for customers were 60~150 days generally. The total carrying amount as of December 31, 2022 and December 31, 2021 was \$723,286 thousand and \$591,573 thousand, respectively. Please refer to Note 6(16) for more details on loss allowance of account receivables for the years period ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Inventories

|             | As of December 31, |          |
|-------------|--------------------|----------|
|             | 2022               | 2021     |
| Merchandise | \$96,299           | \$88,386 |

The cost of inventories recognized in expenses amounted to \$2,235,243 thousand and \$1,950,382 thousand for the years ended December 31, 2022 and 2021, respectively, including write-down(reversal) of inventories in the amount of \$513 thousand and \$(197) thousand, respectively; loss on inventory scrapping amounted to \$0 thousand and \$225 thousand, respectively. In 2021, the reversal on inventory valutive was market price reversal.

The inventories were not pledged.

(8) Investments accounted for under the equity method

The following table lists the investments accounted for under the equity method of the Company:

| Investee companies                 | As of December 31, |                |                 |                |
|------------------------------------|--------------------|----------------|-----------------|----------------|
|                                    | 2022               |                | 2021            |                |
|                                    | Carrying amount    | % of ownership | Carrying amount | % of ownership |
| <u>Investments in Subsidiaries</u> |                    |                |                 |                |
| TOYO KUNI ELECTRONICS CO., LTD     | \$804,375          | 100.00         | \$721,798       | 100.00         |
| AUDIX HI-TECH INVESTMENT CO., LTD  | 4,895,828          | 100.00         | 5,000,434       | 100.00         |
| AUDIX TECHNOLOGY CORPORATION       | 393,727            | 100.00         | 374,185         | 100.00         |
| <u>Associate:</u>                  |                    |                |                 |                |
| WAVEGIS TECHNOLOGY CO., LTD.       | 35,813             | 38.16          | 32,213          | 38.16          |
| Total                              | \$6,129,743        |                | \$6,128,630     |                |

Investing in subsidiaries is expressed as " Investments accounted for using equity method" in the parent company only financial statements, and necessary adjustments are made for evaluation.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the years ended December 31, 2022 and 2021, Share of profits of subsidiaries and associates was recognized based on the financial statements audited by an independent auditor. The summarized financial information is as follows:

|                                   | For the years ended December 31, |                  |
|-----------------------------------|----------------------------------|------------------|
|                                   | 2022                             | 2021             |
| TOYO KUNI ELECTRONICS CO.,LTD     | \$22,758                         | \$36,908         |
| AUDIX HI-TECH INVESTMENT CO., LTD | 531,441                          | 404,108          |
| AUDIX TECHNOLOGY CORPORATION      | 84,825                           | 72,538           |
| WAVEGIS TECHNOLOGY CO., LTD.      | 6,166                            | 5,529            |
| Total                             | <u>\$645,190</u>                 | <u>\$519,083</u> |

(9) Property, plant and equipment

Owner-occupied property, plant and equipment

|                                          | Land             | Buildings and structures | Office equipment | Transportation equipment | Other Equipment | Equipment awaiting inspection | Total            |
|------------------------------------------|------------------|--------------------------|------------------|--------------------------|-----------------|-------------------------------|------------------|
| Cost:                                    |                  |                          |                  |                          |                 |                               |                  |
| As of January 1, 2022                    | \$208,589        | \$186,907                | \$20,327         | \$11,558                 | \$3,527         | \$-                           | \$430,908        |
| Additions                                | -                | -                        | 178              | -                        | 598             | 1,672                         | 2,448            |
| Disposals                                | -                | -                        | (1,581)          | -                        | (367)           | -                             | (1,948)          |
| Reclassification                         | -                | -                        | -                | -                        | 457             | (457)                         | -                |
| As of December 31, 2022                  | <u>\$208,589</u> | <u>\$186,907</u>         | <u>\$18,924</u>  | <u>\$11,558</u>          | <u>\$4,215</u>  | <u>\$1,215</u>                | <u>\$431,408</u> |
| As of January 1, 2021                    | \$208,589        | \$186,698                | \$20,784         | \$11,558                 | \$3,527         | \$-                           | \$431,156        |
| Additions                                | -                | 209                      | 137              | -                        | -               | -                             | 346              |
| Disposals                                | -                | -                        | (594)            | -                        | -               | -                             | (594)            |
| As of December 31, 2021                  | <u>\$208,589</u> | <u>\$186,907</u>         | <u>\$20,327</u>  | <u>\$11,558</u>          | <u>\$3,527</u>  | <u>\$-</u>                    | <u>\$430,908</u> |
| Accumulated depreciation and impairment: |                  |                          |                  |                          |                 |                               |                  |
| As of January 1, 2022                    | \$-              | \$83,592                 | \$19,674         | \$9,732                  | \$3,189         | \$-                           | \$116,187        |
| Depreciation                             | -                | 3,843                    | 311              | 894                      | 266             | -                             | 5,314            |
| Disposals                                | -                | -                        | (1,581)          | -                        | (148)           | -                             | (1,729)          |
| As of December 31, 2022                  | <u>\$-</u>       | <u>\$87,435</u>          | <u>\$18,404</u>  | <u>\$10,626</u>          | <u>\$3,307</u>  | <u>\$-</u>                    | <u>\$119,772</u> |
| As of January 1, 2021                    | \$-              | \$79,755                 | \$19,889         | \$8,280                  | \$2,936         | \$-                           | \$110,860        |
| Depreciation                             | -                | 3,837                    | 379              | 1,452                    | 253             | -                             | 5,921            |
| Disposals                                | -                | -                        | (594)            | -                        | -               | -                             | (594)            |
| As of December 31, 2021                  | <u>\$-</u>       | <u>\$83,592</u>          | <u>\$19,674</u>  | <u>\$9,732</u>           | <u>\$3,189</u>  | <u>\$-</u>                    | <u>\$116,187</u> |
| Net carrying amount as of:               |                  |                          |                  |                          |                 |                               |                  |
| December 31, 2022                        | <u>\$208,589</u> | <u>\$99,472</u>          | <u>\$520</u>     | <u>\$932</u>             | <u>\$908</u>    | <u>\$1,215</u>                | <u>\$311,636</u> |
| December 31, 2021                        | <u>\$208,589</u> | <u>\$103,315</u>         | <u>\$653</u>     | <u>\$1,826</u>           | <u>\$338</u>    | <u>\$-</u>                    | <u>\$314,721</u> |

Please refer to Note 8 for more details on property, plant and equipment under pledge.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Intangible assets

|                                 | Computer<br>software |
|---------------------------------|----------------------|
| Cost:                           |                      |
| As of January 1, 2022           | \$32,299             |
| Additions - acquired separately | 285                  |
| Disposals                       | (95)                 |
| As of December 31, 2022         | <u>\$32,489</u>      |
| As of January 1, 2021           | \$32,204             |
| Additions- acquired separately  | 95                   |
| Disposals                       | -                    |
| As of December 31, 2021         | <u>\$32,299</u>      |
| Amortization and impairments:   |                      |
| As of January 1, 2022           | \$31,770             |
| Amortization                    | 378                  |
| Disposals                       | (27)                 |
| As of December 31, 2022         | <u>\$32,121</u>      |
| As of January 1, 2021           | \$31,335             |
| Amortization                    | 435                  |
| Disposals                       | -                    |
| As of December 31, 2021         | <u>\$31,770</u>      |
| Net carrying amount as of:      |                      |
| December 31, 2022               | <u>\$368</u>         |
| December 31, 2021               | <u>\$529</u>         |

Amortization expense of intangible assets were stated as follows:

|                    | For the years ended December 31, |              |
|--------------------|----------------------------------|--------------|
|                    | 2022                             | 2021         |
| Operating expenses | <u>\$378</u>                     | <u>\$435</u> |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Short-term loans

|                      |     |              | As of December 31, |                  |
|----------------------|-----|--------------|--------------------|------------------|
|                      |     |              | 2022               | 2021             |
| Unsecured bank loans | NTD | 0.85%~1.85%  | \$890,000          | \$210,000        |
|                      | USD | 0.67%~5.026% | 119,769            | 106,291          |
| Total                |     |              | <u>\$1,009,769</u> | <u>\$316,291</u> |

As of December 31, 2022 and 2021, the Company's unused credit lines (including long-term and short-term) were \$2,240,231 thousand and \$2,207,309 thousand, respectively.

There are not any pledged assets provided for short-term loans.

(12) Long-term loans

Details of long-term loans as of December 31, 2022 and 2021 were as follows:

| Creditor                                             | As of<br>December 31,<br>2022 | Interest<br>Rate (%) | Repayment                                                                                                 |
|------------------------------------------------------|-------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------|
| E.Sun Bank–Unsecured loan                            | \$100,000                     | 2.00%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Jih Sun International Commercial Bank–Unsecured loan | 100,000                       | 1.48756%             | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Jih Sun International Commercial Bank–Unsecured loan | 200,000                       | 1.63278%             | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Hua Nan Commercial Bank–Secured loan                 | 300,000                       | 1.55%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Hua Nan Commercial Bank–Secured loan                 | 500,000                       | 1.615%               | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Hua Nan Commercial Bank–Unsecured loan               | 200,000                       | 1.615%               | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Subtotal                                             | <u>\$1,400,000</u>            |                      |                                                                                                           |
| Less: current portion                                | <u>-</u>                      |                      |                                                                                                           |
| Total                                                | <u>\$1,400,000</u>            |                      |                                                                                                           |

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

| Creditor                                             | As of<br>December 31,<br>2021 | Interest<br>Rate (%) | Repayment                                                                                                 |
|------------------------------------------------------|-------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------|
| E.Sun Bank–Unsecured loan                            | \$200,000                     | 0.92%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Jih Sun International Commercial Bank–Unsecured loan | 300,000                       | 0.90%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Hua Nan Commercial Bank–Unsecured loan               | 330,000                       | 0.92%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| KGI Bank–Unsecured loan                              | 200,000                       | 0.94%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Hua Nan Commercial Bank–Secured loan                 | 800,000                       | 0.92%                | Revolving use within the credit period and the repayment will be due in a lump-sum payment upon maturity. |
| Subtotal                                             | <u>\$1,830,000</u>            |                      |                                                                                                           |
| Less: current portion                                | <u>-</u>                      |                      |                                                                                                           |
| Total                                                | <u><u>\$1,830,000</u></u>     |                      |                                                                                                           |

The Company's unused credit lines were calculated and combined of disclose in credits amount was contained by short-term lines of credits amount Note 6(11) as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details on assets pledged as security for secured loans.

(13) Post-employment benefits

A. Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were \$3,573 thousand and \$3,666 thousand, respectively.

# AUDIX CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### B. Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$150 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

Expenses under the defined benefits plan for the years ended December 31, 2022 and 2021 were \$211 thousand and \$214 thousand, respectively.

As of December 31, 2022 and 2021, the weighted average duration of welfare obligations is determined to be 5 years and 12 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

|                                                              | For the years ended December 31, |              |
|--------------------------------------------------------------|----------------------------------|--------------|
|                                                              | 2022                             | 2021         |
| Current service cost                                         | \$85                             | \$85         |
| Net interest on the net defined benefit liabilities (assets) | 126                              | 129          |
| Total                                                        | <u>\$211</u>                     | <u>\$214</u> |

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Changes in the defined benefit obligation and fair value of plan assets were as follows:

|                                                             | As of December 31, |                 |
|-------------------------------------------------------------|--------------------|-----------------|
|                                                             | 2022               | 2021            |
| Defined benefit obligation                                  | \$68,919           | \$87,192        |
| Plan assets at fair value                                   | (59,012)           | (59,267)        |
| Other non-current liabilities–net defined benefit liability | <u>\$9,907</u>     | <u>\$27,925</u> |

Reconciliations of liability (asset) of the defined benefit plan was as follows:

|                                                                               | Present value of<br>the defined<br>benefit<br>obligation | Fair value of the<br>plan assets | Net defined<br>benefit liability<br>(asset) |
|-------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------|---------------------------------------------|
| As of January 1, 2021                                                         | \$92,217                                                 | \$(63,579)                       | \$28,638                                    |
| Current period service cost                                                   | 85                                                       | -                                | 85                                          |
| Interest expense (income)                                                     | 415                                                      | (286)                            | 129                                         |
| Subtotal                                                                      | 500                                                      | (286)                            | 214                                         |
| Remeasurements of the defined benefit<br>liability/asset:                     |                                                          |                                  |                                             |
| Actuarial gains and losses arising from<br>changes in demographic assumptions | (253)                                                    | -                                | (253)                                       |
| Experience adjustments                                                        | 463                                                      | -                                | 463                                         |
| Remeasurements of the defined benefit assets                                  | -                                                        | (915)                            | (915)                                       |
| Subtotal                                                                      | 210                                                      | (915)                            | (705)                                       |
| Benefits paid                                                                 | (5,735)                                                  | 5,735                            | -                                           |
| Contribution by employer                                                      | -                                                        | (222)                            | (222)                                       |
| As of December 31, 2021                                                       | 87,192                                                   | (59,267)                         | 27,925                                      |
| Current period service cost                                                   | 85                                                       | -                                | 85                                          |
| Interest expense (income)                                                     | 393                                                      | (267)                            | 126                                         |
| Subtotal                                                                      | 478                                                      | (267)                            | 211                                         |
| Remeasurements of the defined benefit<br>liability/asset:                     |                                                          |                                  |                                             |
| Actuarial gains and losses arising from<br>changes in demographic assumptions | 119                                                      | -                                | 119                                         |
| Actuarial gains and losses arising from<br>changes in financial assumptions   | (7,085)                                                  | -                                | (7,085)                                     |
| Experience adjustments                                                        | 130                                                      | -                                | 130                                         |
| Remeasurements of the defined benefit assets                                  | -                                                        | (4,965)                          | (4,965)                                     |
| Subtotal                                                                      | (6,836)                                                  | (4,965)                          | (11,801)                                    |
| Benefits paid                                                                 | (11,915)                                                 | 11,915                           | -                                           |
| Contribution by employer                                                      | -                                                        | (6,428)                          | (6,428)                                     |
| As of December 31, 2022                                                       | <u>\$68,919</u>                                          | <u>\$(59,012)</u>                | <u>\$9,907</u>                              |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The principal underlying actuarial assumptions were as follows:

|                                   | As of December 31, |       |
|-----------------------------------|--------------------|-------|
|                                   | 2022               | 2021  |
| Discount rate                     | 1.51%              | 0.45% |
| Expected rate of salary increases | 1.50%              | 1.50% |

A sensitivity analysis for significant assumption was shown below:

|                                | For the years ended December 31,    |                                     |                                     |                                     |
|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                | 2022                                |                                     | 2021                                |                                     |
|                                | Defined benefit obligation increase | Defined benefit obligation decrease | Defined benefit obligation increase | Defined benefit obligation decrease |
| Discount rate increase by 0.5% | \$-                                 | \$(1,106)                           | \$-                                 | \$(5,075)                           |
| Discount rate decrease by 0.5% | 2,152                               | -                                   | 5,485                               | -                                   |
| Future salary increase by 0.5% | 2,131                               | -                                   | 5,398                               | -                                   |
| Future salary decrease by 0.5% | -                                   | (1,112)                             | -                                   | (5,048)                             |

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

#### (14) Equity

##### A. Common stock

As of December 31, 2022 and December 31, 2021, the Company's authorized and issued capital was \$2,500,000 thousand and \$1,055,956 thousand, respectively, each at a par value of \$10. Each with a voting right and the right to receive dividends.

# AUDIX CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

### B. Capital surplus

|                                                                                           | As of December 31, |                  |
|-------------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                           | 2022               | 2021             |
| Additional paid-in capital                                                                | \$170,338          | \$275,934        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 932                | 932              |
| Gain on disposals of property, plant and equipment                                        | 487                | 487              |
| Net assets from merger                                                                    | 10,028             | 10,028           |
| Others                                                                                    | 5                  | 5                |
| Total                                                                                     | <u>\$181,790</u>   | <u>\$287,386</u> |

According to the Company Act, the additional paid-in capital shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the additional paid-in capital generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares 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 Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses (Includes adjustment of unallocated surplus amount);
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve, but not when the accumulated statutory surplus reserve has reached the total paid-in capital of the company;
- (d) Set aside or reverse special reserve in accordance with law and regulations; in the case of special surplus reserves, the shortfalls in the provision of "net increase in fair value of investment real estate accumulated in the previous period" and "net deductions of other equity gains accumulated in the previous period" should be included in the amount of the special surplus reserve by the same amount from the undistributed surplus of the previous period before the distribution of the surplus, and if there is still a shortfall, the amount other than the net after-tax profit of the current period shall be added to the amount of the undistributed surplus in the current period; and

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (e) If there is surplus (hereinafter referred to as "current year earnings") and undistributed surpluses at the beginning of the same period (including adjustments to the amount of undistributed surpluses), the Board of Directors shall, in accordance with the dividend policy, formulate a surplus distribution proposal and request the shareholders' meeting to resolve the distribution of shareholders' dividends.

The shareholder dividend assigned in the preceding paragraph or all or part of the statutory surplus and capital accumulation as required by law shall be issued in cash; the board is authorized to report the dividend distribution to the shareholder's meeting upon adoption of a resolution by a majority voting of the directors present at a board meeting attended by two-thirds of the directors of the Company.

The Company's dividend policy considers its current and future development plans, capital requirements, competitive conditions and changes in the industrial environment. The Company's surplus distribution case is prepared taking into account the interests of shareholders and the long-term financial planning of the Company. The total annual shareholder dividend of the Company shall not be less than 50% of the current annual surplus.

The surplus of the preceding item is distributed in the form of cash or stock. In response to the growth of electronic technology innovation, the Company is now entering a stable growth period. Cash dividend is preferred when distributing surplus. Stock dividends can also be distributed. However, the portion of cash dividends shall not be less than 50% of the dividends allocated in the current year.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve 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.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of January 1, 2022, and 2021, special reserve set aside for the first-time adoption of TIFRS amounted to \$30,092 thousand. The Company did not reverse special reserve to retained earnings for the period ended December 31, 2022 and 2021 as a result of the use, disposal of or reclassification of related assets. As of December 31, 2022, and 2021, special reserve set aside for the first-time adoption of TIFRS were both amounted to \$30,092 thousand.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 17, 2023 and June 17, 2022, respectively, are as follows:

|                              | <u>Appropriation of earnings</u> |                  | <u>Dividend per share (NTD\$)</u> |             |
|------------------------------|----------------------------------|------------------|-----------------------------------|-------------|
|                              | <u>2022</u>                      | <u>2021</u>      | <u>2022</u>                       | <u>2021</u> |
| Legal reserve                | \$58,511                         | \$53,020         |                                   |             |
| Special reserve appropriated | -                                | 76,714           |                                   |             |
| Reversal of special reserve  | (207,574)                        | -                |                                   |             |
| Common stock-cash dividend   | 401,263                          | 263,989          | \$3.8                             | \$2.5       |
| (Note)                       |                                  |                  |                                   |             |
| Total                        | <u>\$252,200</u>                 | <u>\$393,723</u> |                                   |             |

The appropriation of 2022 unappropriated retained earnings have not yet been approved by the shareholders' meeting as of the reporting date. Information relevant to the Board of Directors' meeting resolutions and shareholders' meeting approval can be obtained from the "Market Observation Post System" on the website of the TWSE.

Note: The Company explicitly provided in its the Articles of Incorporation that the Board of Director may resolve the distributable dividends by special resolutions. On March 17, 2023 and March 18, 2022, the distributable dividend paid in cash has been resolved by the Board of Director, respectively.

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors and supervisors.

D. Cash dividends from additional paid-in capital

The Company explicitly provided in its Articles of Incorporation that the Board of Director may resolve the distributable dividends by special resolutions. On March 18, 2022, the board meeting resolved to distribute cash dividend at \$1 per share through additional paid-in capital premium the amount of \$105,596 thousand.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(15) Operating revenue

|                                       | For the years ended December 31, |                    |
|---------------------------------------|----------------------------------|--------------------|
|                                       | 2022                             | 2021               |
| Revenue from contracts with customers |                                  |                    |
| Sale of goods                         | \$2,356,492                      | \$2,070,535        |
| Rendering of services                 | 86,858                           | 67,607             |
| Total                                 | <u>\$2,443,350</u>               | <u>\$2,138,142</u> |

Analysis of revenue from contracts with customers during the years December 31, 2022 and 2021 were as follows:

|                                                     | For the years ended December 31, |                    |
|-----------------------------------------------------|----------------------------------|--------------------|
|                                                     | 2022                             | 2021               |
| Timing of revenue recognition:                      |                                  |                    |
| At the time the performance obligation is fulfilled | <u>\$2,443,350</u>               | <u>\$2,138,142</u> |

(16) Expected credit losses/ (gains)

|                                                     | For the years ended December 31, |                |
|-----------------------------------------------------|----------------------------------|----------------|
|                                                     | 2022                             | 2021           |
| Operating expenses –Expected credit losses/ (gains) |                                  |                |
| Notes receivable                                    | \$13                             | \$1            |
| Accounts receivable                                 | 642                              | (784)          |
| Total                                               | <u>\$655</u>                     | <u>\$(783)</u> |

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

The credit risk for the Company's financial assets measured at amortized cost as of December 31, 2022 and 2021, was assessed as low (the same as the assessment result in the beginning of the period). Therefore, the expected credit loss was measured at an amount equal to twelve-month expected credit loss (loss rate 0%).

The Company measures the loss allowance of its receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit loss. The assessment of the Company's loss allowance as of December 31, 2022 and December 31, 2021 was as follow:

# AUDIX CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. The Company considers the grouping of trade receivables including related parties by counterparties' financial position and credit rating and its loss allowance is measured by using a provision matrix, details are as follow:

As of December 31, 2022

| Group A                       | Overdue     |           |            |             |              |              |              |            | Total     |
|-------------------------------|-------------|-----------|------------|-------------|--------------|--------------|--------------|------------|-----------|
|                               | Not yet due | <=60 days | 61-90 days | 91-120 days | 121-180 days | 181-270 days | 271-365 days | >=366 days |           |
| Gross carrying amount         | \$626,282   | \$-       | \$-        | \$1,372     | \$382        | \$26         | \$-          | \$-        | \$628,062 |
| Loss ratio                    |             | -         | -          | 1%          | 1%           | 5%           | -            | -          |           |
| Lifetime expected credit loss | (230)       | -         | -          | (14)        | (4)          | (1)          | -            | -          | (249)     |
| Subtotal                      | \$626,052   | \$-       | \$-        | \$1,358     | \$378        | \$25         | \$-          | \$-        | \$627,813 |

  

| Group B                                           | Overdue     |           |            |             |              |              |              |            | Total            |
|---------------------------------------------------|-------------|-----------|------------|-------------|--------------|--------------|--------------|------------|------------------|
|                                                   | Not yet due | <=60 days | 61-90 days | 91-120 days | 121-180 days | 181-270 days | 271-365 days | >=366 days |                  |
| Gross carrying amount                             | \$66,044    | \$-       | \$103      | \$199       | \$46         | \$-          | \$-          | \$-        | \$66,392         |
| Loss ratio                                        |             | -         | 1%         | 5%          | 10%          | -            | -            | -          |                  |
| Lifetime expected credit loss                     | (354)       | -         | (1)        | (9)         | (4)          | -            | -            | -          | (368)            |
| Subtotal                                          | \$65,690    | \$-       | \$102      | \$190       | \$42         | \$-          | \$-          | \$-        | \$66,024         |
| Carrying amount of receivables                    |             |           |            |             |              |              |              |            | <u>\$693,837</u> |
| Notes receivable                                  |             |           |            |             |              |              |              |            | \$5,069          |
| Accounts receivable ( except for related parties) |             |           |            |             |              |              |              |            | <u>688,768</u>   |
| Total                                             |             |           |            |             |              |              |              |            | <u>\$693,837</u> |

As of December 31, 2021

| Grade A                       | Overdue     |           |            |             |              |              |              |            | Total     |
|-------------------------------|-------------|-----------|------------|-------------|--------------|--------------|--------------|------------|-----------|
|                               | Not yet due | <=60 days | 61-90 days | 91-120 days | 121-180 days | 181-270 days | 271-365 days | >=366 days |           |
| Gross carrying amount         | \$390,598   | \$83      | \$1,191    | \$499       | \$-          | \$-          | \$-          | \$-        | \$392,371 |
| Loss ratio                    |             | 0%        | 0%         | 1%          | -            | -            | -            | -          |           |
| Lifetime expected credit loss | (213)       | -         | -          | (4)         | -            | -            | -            | -          | (217)     |
| Subtotal                      | \$390,385   | \$83      | \$1,191    | \$495       | \$-          | \$-          | \$-          | \$-        | \$392,154 |

  

| Grade B                                          | Overdue     |           |            |             |              |              |              |            | Total            |
|--------------------------------------------------|-------------|-----------|------------|-------------|--------------|--------------|--------------|------------|------------------|
|                                                  | Not yet due | <=60 days | 61-90 days | 91-120 days | 121-180 days | 181-270 days | 271-365 days | >=366 days |                  |
| Gross carrying amount                            | \$120,988   | \$6,913   | \$83       | \$-         | \$-          | \$-          | \$-          | \$-        | \$127,984        |
| Loss ratio                                       |             | 0%        | 1%         | -           | -            | -            | -            | -          |                  |
| Lifetime expected credit loss                    | (1,054)     | -         | (1)        | -           | -            | -            | -            | -          | (1,055)          |
| Subtotal                                         | \$119,934   | \$6,913   | \$82       | \$-         | \$-          | \$-          | \$-          | \$-        | \$126,929        |
| Carrying amount of receivables                   |             |           |            |             |              |              |              |            | <u>\$519,083</u> |
| Notes receivable                                 |             |           |            |             |              |              |              |            | \$7,375          |
| Accounts receivable (except for related parties) |             |           |            |             |              |              |              |            | <u>511,708</u>   |
| Total                                            |             |           |            |             |              |              |              |            | <u>\$519,083</u> |

The Company's Accounts receivable due from related parties amounted to \$33,926 thousand and \$78,631 thousand during the years ended December 31, 2022 and 2021, respectively. These intercompany transactions were not yet due, so loss allowance did not be considered.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. The movement in the provision for impairment of notes receivable and accounts receivable during the years ended December 31, 2022 and 2021 are as follows:

|                                            | Notes<br>receivable | Accounts<br>receivable | Total        |
|--------------------------------------------|---------------------|------------------------|--------------|
| Beginning balance as of January 1, 2022    | \$38                | \$1,234                | \$1,272      |
| Allowance (reverse) for the current period | (13)                | (642)                  | (655)        |
| Ending balance as of December 31, 2022     | <u>\$25</u>         | <u>\$592</u>           | <u>\$617</u> |

  

|                                            | Note<br>receivable | Accounts<br>receivable | Total          |
|--------------------------------------------|--------------------|------------------------|----------------|
| Beginning balance as of January 1, 2021    | \$39               | \$450                  | \$489          |
| Allowance (reverse) for the current period | (1)                | 784                    | 783            |
| Ending balance as of December 31, 2021     | <u>\$38</u>        | <u>\$1,234</u>         | <u>\$1,272</u> |

(17) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as buildings and transportation equipment. The lease terms range from 1 to 4 years. The Company did not be imposed any restrictions in these lease contract.

The Company's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

|                          | As of December 31, |                |
|--------------------------|--------------------|----------------|
|                          | 2022               | 2021           |
| Buildings                | \$754              | \$1,153        |
| Transportation equipment | -                  | 262            |
| Total                    | <u>\$754</u>       | <u>\$1,415</u> |

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounted to \$0 thousand and \$477 thousand, respectively.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ii. Lease liabilities

|             | As of December 31, |                |
|-------------|--------------------|----------------|
|             | 2022               | 2021           |
| Current     | \$361              | \$660          |
| Non-current | 366                | 730            |
| Total       | <u>\$727</u>       | <u>\$1,390</u> |

Please refer to Note 6(19)(C) for the interest expense on lease liabilities recognized during the years ended December 31, 2022 and 2021; refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

|                          | For the years ended December 31, |              |
|--------------------------|----------------------------------|--------------|
|                          | 2022                             | 2021         |
| Buildings                | \$395                            | \$358        |
| Transportation equipment | 263                              | 286          |
| Total                    | <u>\$658</u>                     | <u>\$644</u> |

(c) Income and costs relating to leasing activities

|                                            | For the years ended December 31, |            |
|--------------------------------------------|----------------------------------|------------|
|                                            | 2022                             | 2021       |
| The expenses relating to short-term leases | <u>\$393</u>                     | <u>\$-</u> |

(d) Cash outflow relating to leasing activities

The Company's total cash outflows for leases amounted to \$1,063 thousand and \$689 thousand for the years ended December 31, 2022 and 2021, respectively.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
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(e) Other information relating to leasing activities

Extension and termination options

Some of the Company's building and equipment rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(18) Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

| By function<br>By feature  | For the years ended December 31, |                    |              |                 |                    |              |
|----------------------------|----------------------------------|--------------------|--------------|-----------------|--------------------|--------------|
|                            | 2022                             |                    |              | 2021            |                    |              |
|                            | Operating costs                  | Operating expenses | Total amount | Operating costs | Operating expenses | Total amount |
| Employee benefits expense  |                                  |                    |              |                 |                    |              |
| Wages and salaries         | \$-                              | \$88,829           | \$88,829     | \$-             | \$90,322           | \$90,322     |
| Labor and health insurance | -                                | 6,638              | 6,638        | -               | 6,768              | 6,768        |
| Pension                    | -                                | 3,784              | 3,784        | -               | 3,880              | 3,880        |
| Director's remuneration    | -                                | 6,610              | 6,610        | -               | 6,560              | 6,560        |
| Depreciation               | -                                | 5,972              | 5,972        | -               | 6,565              | 6,565        |
| Amortization               | -                                | 378                | 378          | -               | 435                | 435          |

The Company's average headcount were 79 and 81 employees for the years ended December 31, 2021 and 2020, respectively. There were 6 and 6 non-employee directors for the years ended December 31, 2021 and 2020, respectively.

The Company's average employee benefit expenses for the years ended December 31, 2022 and 2021 were \$1,360 thousand and \$1,346 thousand, respectively.

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### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's average wages and salaries for the years ended December 31, 2021 and 2020 amounted to \$1,217 thousand and \$1,204 thousand, respectively. Average salary expense changed by 1.08%.

The remuneration of the chairman and directors of the company, in accordance with the company's articles of association, authorizes the board of directors to negotiate according to the extent of their participation in the company's operations and the value of their contributions, and with reference to the usual level of the industry, and submit it to the board of directors for resolution after deliberation by the remuneration committee; The standard of remuneration for managers is determined according to their personal performance, contribution to the company as a whole, and with reference to the usual level of peers. After deliberation by the remuneration committee, it is submitted to the board of directors for resolution; the remuneration of the company's employees is based on interviews at each stage. The evaluation results are used to make employment decisions. The salary of personnel is issued according to the grade and rank. During the company's tenure, the salary is adjusted according to the degree of responsibility of the employee's scope of authority and the contribution to the company's operation, and the salary level in the industry market. , and according to the company's annual operating profit allocation bonus and employee remuneration, the amount of employee remuneration and distribution methods are recommended by the salary and compensation committee to the board of directors for approval.

According to the Articles of Incorporation of the Company, no lower than 3% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (including adjustments to undistributed surplus amounts). The aforementioned employee remuneration is paid in stock or cash, while the director remuneration can only be paid in cash. These two items shall be implemented by the board of directors with the resolution of more than two-thirds of the directors present and the approval of more than half of the directors present, and shall report 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 estimates employee Compensation and director remuneration based on profitability. For the year ended December 31, 2022, the employees' compensation and remuneration to directors were recognized as employee benefits expense at \$21,550 thousand and \$6,300 thousand, respectively, in a meeting held on March 17, 2023. There were non significant differences between the estimate amount and the approved amount.

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A resolution was approved through the Board of Directors' meeting held on March 18, 2022 to distribute \$18,500 thousand and \$6,300 thousand in cash as employees' compensation and remuneration to directors for the year of 2021, respectively. There were no significant differences between the amounts approved and the amounts recorded as expenses in the year of 2021.

(19) Non-operating income and expenses

A. Other income

|                 | For the years ended December 31, |                 |
|-----------------|----------------------------------|-----------------|
|                 | 2022                             | 2021            |
| Rental income   | \$6,790                          | \$6,879         |
| Dividend income | 5,452                            | 5,014           |
| Total           | <u>\$12,242</u>                  | <u>\$11,893</u> |

B. Other gains and losses

|                                                                                  | For the years ended December 31, |                 |
|----------------------------------------------------------------------------------|----------------------------------|-----------------|
|                                                                                  | 2022                             | 2021            |
| Gain on disposal of property, plant and equipment                                | \$14                             | \$-             |
| Foreign exchange gain (loss), net                                                | (13,866)                         | 1,055           |
| Gain (loss) on financial assets at fair value through profit or loss, net (Note) | (15,563)                         | 1,891           |
| Other income                                                                     | 23,823                           | 20,028          |
| Other expense                                                                    | (495)                            | (51)            |
| Total                                                                            | <u>\$(6,087)</u>                 | <u>\$22,923</u> |

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss.

C. Finance costs

|                               | For the years ended December 31, |                 |
|-------------------------------|----------------------------------|-----------------|
|                               | 2022                             | 2021            |
| Interest on bank loans        | \$28,732                         | \$18,956        |
| Interest on lease liabilities | 11                               | 13              |
| Total                         | <u>\$28,743</u>                  | <u>\$18,969</u> |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(20) Components of other comprehensive income

For the year ended December 31, 2022:

|                                                                                                                         | Arising during<br>the period | Other<br>comprehensive<br>income, net of<br>tax |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------|
| Not reclassified to profit or loss:                                                                                     |                              |                                                 |
| Remeasurements of defined benefit plans                                                                                 | \$11,801                     | \$11,801                                        |
| Unrealized gains (losses) on equity instruments investment<br>measured at fair value through other comprehensive income | 99,225                       | 99,225                                          |
| May be reclassified to profit or loss in subsequent period:                                                             |                              |                                                 |
| Exchange differences on translation of foreign financial<br>statements                                                  | 238,842                      | 238,842                                         |
| Total other comprehensive income                                                                                        | <u>\$349,868</u>             | <u>\$349,868</u>                                |

For the year ended December 31, 2021:

|                                                                        | Arising during<br>the period | Other<br>comprehensive<br>income, net of<br>tax |
|------------------------------------------------------------------------|------------------------------|-------------------------------------------------|
| Not reclassified to profit or loss:                                    |                              |                                                 |
| Remeasurements of defined benefit plans                                | \$705                        | \$705                                           |
| May be reclassified to profit or loss in subsequent period:            |                              |                                                 |
| Exchange differences on translation of foreign financial<br>statements | (76,714)                     | (76,714)                                        |
| Total other comprehensive income                                       | <u>\$(76,009)</u>            | <u>\$(76,009)</u>                               |

(21) Income tax expense

The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows:

Income tax expense recognized in profit or loss

|                                                                                       | For the years ended December 31,<br>2022 | 2021            |
|---------------------------------------------------------------------------------------|------------------------------------------|-----------------|
| Current tax expense:                                                                  |                                          |                 |
| Current income tax charge                                                             | \$113,972                                | \$40,009        |
| Adjustments in respect of current income tax of prior<br>periods                      | -                                        | 111             |
| Deferred tax expense:                                                                 |                                          |                 |
| Deferred tax expense relating to origination and reversal<br>of temporary differences | (4,455)                                  | (1,203)         |
| Total income tax expense                                                              | <u>\$109,517</u>                         | <u>\$38,917</u> |

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation between income tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

|                                                                                       | For the years ended December 31, |           |
|---------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                                       | 2022                             | 2021      |
| Accounting profit before tax from continuing operations                               | \$682,828                        | \$568,410 |
| Income tax calculated at the statutory income tax rate of the parent company          | \$136,566                        | \$113,682 |
| Corporate income surtax on undistributed retained earnings                            | 6,824                            | 8,715     |
| Tax effect of revenues exempt from taxation                                           | (122,592)                        | (105,198) |
| Income tax impact of allotment dividend income from investing in foreign subsidiaries | 181,127                          | 43,174    |
| Deferred tax assets / liabilities                                                     | (4,455)                          | (2)       |
| Tax effect of expenses not deductible for tax purpose                                 | 14                               | 21        |
| Adjustment of the current income tax of the previous year in the current year         | -                                | 111       |
| Foreign income tax credit                                                             | (87,967)                         | (21,586)  |
| Total income tax expense recognized in profit or loss                                 | \$109,517                        | \$38,917  |

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022:

|                                                  | Beginning balance | Recognized in profit | Ending balance |
|--------------------------------------------------|-------------------|----------------------|----------------|
| Temporary differences                            |                   |                      |                |
| Unrealized loss on inventory valuation           | \$485             | \$102                | \$587          |
| Unrealized sales returns and allowances          | 32                | (12)                 | 20             |
| Unrealized exchange gain                         | (1,024)           | (1,358)              | (2,382)        |
| Unrealized exchange loss                         | 707               | 5,723                | 6,430          |
| Deferred income tax expense                      |                   | \$4,455              |                |
| Deferred tax assets/(liabilities), net           | \$200             |                      | \$4,655        |
| Reflected in balance sheet as follows:           |                   |                      |                |
| Deferred tax assets                              | \$1,224           |                      | \$7,037        |
| Deferred tax liabilities - temporary differences | \$1,024           |                      | \$2,382        |
| Deferred tax liabilities - land appreciation tax | 23,545            |                      | 23,545         |
| Deferred tax liabilities - total                 | \$24,569          |                      | \$25,927       |

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
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For the years ended December 31, 2021:

|                                                  | Beginning<br>balance | Recognized<br>in profit | Ending<br>balance |
|--------------------------------------------------|----------------------|-------------------------|-------------------|
| Temporary differences                            |                      |                         |                   |
| Unrealized loss on inventory valuation           | \$524                | \$(39)                  | \$485             |
| Unrealized sales returns and allowances          | 67                   | (35)                    | 32                |
| Unrealized exchange gain                         | (4,330)              | 3,306                   | (1,024)           |
| Unrealized exchange loss                         | 2,736                | (2,029)                 | 707               |
| Deferred income tax expense                      |                      | <u>\$1,203</u>          |                   |
| Deferred tax assets/(liabilities), net           | <u>\$(1,003)</u>     |                         | <u>\$200</u>      |
| Reflected in balance sheet as follows:           |                      |                         |                   |
| Deferred tax assets                              | <u>\$3,327</u>       |                         | <u>\$1,224</u>    |
| Deferred tax liabilities - temporary differences | \$4,330              |                         | \$1,024           |
| Deferred tax liabilities - land appreciation tax | 23,545               |                         | 23,545            |
| Deferred tax liabilities - total                 | <u>\$27,875</u>      |                         | <u>\$24,569</u>   |

Unrecognized deferred tax liabilities related to investment subsidiaries

The Company has not recognized the relevant deferred tax liabilities for the income tax payable that may arise when the undistributed earnings of some foreign subsidiaries are repatriated. The Company has decided not to distribute such undistributed earnings of its subsidiaries in the foreseeable future. As of December 31, 2022 and 2021, the amounts of taxable temporary differences not recognized as deferred tax liabilities are \$4,933,639 thousand and \$4,955,666 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company was approved up to 2020.

(22) Earnings per share

Basic earnings per share is calculated by dividing net income for the year attributable to company by the weighted average number of ordinary shares outstanding during the year.

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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Diluted earnings per share is calculated by dividing the net income attributable to company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

|                                                                                                       | For the years ended December 31, |           |
|-------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                                                       | 2022                             | 2021      |
| A. Earnings per share-basic                                                                           |                                  |           |
| Net income (in thousand NT\$)                                                                         | \$573,311                        | \$529,493 |
| Weighted average number of ordinary shares outstanding<br>for basic earnings per share (in thousands) | 105,596                          | 105,596   |
| Earnings per share-basic (NT\$)                                                                       | \$5.43                           | \$5.01    |
| B. Earnings per share-diluted                                                                         |                                  |           |
| Net income (in thousand NT\$)                                                                         | \$573,311                        | \$529,493 |
| Net income after dilution (in thousand NT\$)                                                          | \$573,311                        | \$529,493 |
| Weighted average number of ordinary shares outstanding<br>for basic earnings per share (in thousands) | 105,596                          | 105,596   |
| Effect of dilution:                                                                                   |                                  |           |
| Employee dividend — stock (in thousands)                                                              | 495                              | 381       |
| Weighted average number of ordinary shares outstanding<br>after dilution (in thousands)               | 106,091                          | 105,977   |
| Earnings per share-diluted (NT\$)                                                                     | \$5.40                           | \$5.00    |

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

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period was as follows:

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Name and Relationship of the related parties

| Name of related parties                       | Relationship          |
|-----------------------------------------------|-----------------------|
| AUDIX HI-TECH INVESTMENT CO., LTD.            | Subsidiaries          |
| TOYO KUNI ELECTRONICS CO.,LTD                 | Subsidiaries          |
| AUDIX TECHNOLOGY CORPORATION                  | Subsidiaries          |
| AHC WAREHOUSE & TRADING (SHENZHEN) CO.,LTD.   | Sub-subsidiary        |
| AHI ELECTRONICS WAREHOUSE (SHANGHAI) CO.,LTD. | Sub-subsidiary        |
| AUDIX TECHNOLOGY (XIAMEN) CO.,LTD.            | Sub-subsidiary        |
| WAVEGIS TECHNOLOGY CO.,LTD.                   | Associate             |
| HONGBAO INVESTMENT CO., LTD.                  | Other related parties |

Significant transactions with the related parties

(1) Sales

|                                                  | <u>For the years ended December 31,</u> |                  |
|--------------------------------------------------|-----------------------------------------|------------------|
|                                                  | <u>2022</u>                             | <u>2021</u>      |
| Subsidiaries                                     |                                         |                  |
| AHI ELECTRONICS WAREHOUSE (SHANGHAI)<br>CO.,LTD. | \$54,674                                | \$97,430         |
| Other                                            | 32,298                                  | 38,573           |
| Associate                                        | 10,816                                  | 11,519           |
| Total                                            | <u>\$97,788</u>                         | <u>\$147,522</u> |

The sales prices to related parties were negotiated by both parties in reference to market prices; the collection periods of operating income to the above related parties were 60-120 days, while the collection periods to third parties were 60-150 days.

(2) Service revenue

|                                    | <u>For the years ended December 31,</u> |                |
|------------------------------------|-----------------------------------------|----------------|
|                                    | <u>2022</u>                             | <u>2021</u>    |
| Subsidiaries                       |                                         |                |
| AUDIX TECHNOLOGY (XIAMEN) CO.,LTD. | \$4,855                                 | \$5,824        |
| Other                              | 5,217                                   | 2,828          |
| Total                              | <u>\$10,072</u>                         | <u>\$8,652</u> |

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Purchases

|                                    | <u>For the years ended December 31,</u> |                  |
|------------------------------------|-----------------------------------------|------------------|
|                                    | <u>2022</u>                             | <u>2021</u>      |
| Subsidiaries                       |                                         |                  |
| AUDIX TECHNOLOGY (XIAMEN) CO.,LTD. | \$334,536                               | \$283,281        |
| Other                              | <u>15,811</u>                           | <u>18,707</u>    |
| Total                              | <u>\$350,347</u>                        | <u>\$301,988</u> |

The purchase prices to related parties were negotiated by both parties in reference to market prices; the payment periods of purchase to the above related parties were 60 days; while the payment periods to third parties were 30-90 days.

(4) Accounts receivable due from related parties

|                                                  | <u>As of December 31,</u> |                 |
|--------------------------------------------------|---------------------------|-----------------|
|                                                  | <u>2022</u>               | <u>2021</u>     |
| Subsidiaries                                     |                           |                 |
| AHI ELECTRONICS WAREHOUSE (SHANGHAI)<br>CO.,LTD. | \$27,835                  | \$54,692        |
| Other                                            | 5,876                     | 16,073          |
| Associate                                        | <u>215</u>                | <u>7,866</u>    |
| Total                                            | <u>\$33,926</u>           | <u>\$78,631</u> |

(5) Other receivables due from related parties

|                                    | <u>As of December 31,</u> |                |
|------------------------------------|---------------------------|----------------|
|                                    | <u>2022</u>               | <u>2021</u>    |
| Subsidiaries                       |                           |                |
| TOYO KUNI ELECTRONICS CO.,LTD      | \$4,296                   | \$3,640        |
| AUDIX HI-TECH INVESTMENT CO., LTD. | 1,566                     | 471            |
| Associate                          | <u>-</u>                  | <u>4</u>       |
| Total                              | <u>\$5,862</u>            | <u>\$4,115</u> |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(6) Refundable deposits

|           | As of December 31, |       |
|-----------|--------------------|-------|
|           | 2022               | 2021  |
| Associate | \$-                | \$657 |

(7) Accounts payable to related parties

|                                    | As of December 31, |          |
|------------------------------------|--------------------|----------|
|                                    | 2022               | 2021     |
| Subsidiaries                       |                    |          |
| AUDIX TECHNOLOGY (XIAMEN) CO.,LTD. | \$20,195           | \$25,698 |
| TOYO KUNI ELECTRONICS CO.,LTD      | 4,597              | 8,691    |
| Other                              | 124                | 216      |
| Total                              | \$24,916           | \$34,605 |

(8) Other payables to related parties

|                                    | As of December 31, |       |
|------------------------------------|--------------------|-------|
|                                    | 2022               | 2021  |
| Subsidiaries                       |                    |       |
| TOYO KUNI ELECTRONICS CO.,LTD.     | \$464              | \$687 |
| AUDIX TECHNOLOGY (XIAMEN) CO.,LTD. | 56                 | 62    |
| Total                              | \$520              | \$749 |

(9) Lease revenue

|                       |                          |                                       | For the years ended December 31, |         |
|-----------------------|--------------------------|---------------------------------------|----------------------------------|---------|
|                       | Location                 | Calculation and<br>Collection of Rent | 2022                             | 2021    |
| Subsidiaries          | No. 8, Lane 120, Section | Monthly basis by cash                 |                                  |         |
| AUDIX                 | 1, Neihu Road, Taipei    | or check                              |                                  |         |
| TECHNOLOGY            | City                     |                                       |                                  |         |
| CORPORATION           |                          |                                       | \$6,756                          | \$6,756 |
| Other related parties | No. 8, Lane 120, Section | Annual basis by wire                  |                                  |         |
|                       | 1, Neihu Road, Taipei    | transfers                             |                                  |         |
|                       | City                     |                                       | 34                               | 34      |
| Total                 |                          |                                       | \$6,790                          | \$6,790 |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Other revenue

|                                    | For the years ended December 31, |                 |
|------------------------------------|----------------------------------|-----------------|
|                                    | 2022                             | 2021            |
| Subsidiaries                       |                                  |                 |
| TOYO KUNI ELECTRONICS CO.,LTD      | \$12,133                         | \$10,725        |
| AUDIX HI-TECH INVESTMENT CO., LTD. | 5,894                            | 5,363           |
| AUDIX TECHNOLOGY CORPORATION       | 3,204                            | 3,204           |
| Associate                          | 120                              | 23              |
| Total                              | <u>\$21,351</u>                  | <u>\$19,315</u> |

(11) Other expense

|           | For the years ended December 31, |            |
|-----------|----------------------------------|------------|
|           | 2022                             | 2021       |
| Associate | <u>\$213</u>                     | <u>\$-</u> |

(12) Proceeds from disposal of property, plant and equipment

|           | For the years ended December 31, |                  |            |                  |
|-----------|----------------------------------|------------------|------------|------------------|
|           | 2022                             |                  | 2021       |                  |
|           | Proceeds                         | Gain on disposal | Proceeds   | Gain on disposal |
| Associate | <u>\$301</u>                     | <u>\$14</u>      | <u>\$-</u> | <u>\$-</u>       |

(13) Key management personnel compensation

|                              | For the years ended December 31, |                 |
|------------------------------|----------------------------------|-----------------|
|                              | 2022                             | 2021            |
| Short-term employee benefits | \$30,620                         | \$29,059        |
| Post-employment benefits     | 7,061                            | 835             |
| Termination benefits         | 360                              | -               |
| Total                        | <u>\$38,041</u>                  | <u>\$29,894</u> |

8. Pledged assets

The following assets of the Company pledged as collaterals:

|                               | Carrying amount as of Decemder 31, |                  |            |
|-------------------------------|------------------------------------|------------------|------------|
| Item                          | 2022                               | 2021             | Purpose    |
| Property, plant and equipment |                                    |                  |            |
| Land                          | \$176,700                          | \$176,700        | Bank loans |
| Buildings                     | 80,371                             | 83,330           |            |
| Total                         | <u>\$257,071</u>                   | <u>\$260,030</u> |            |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

9. Significant contingencies and unrecognized contract commitments

As of December 31, 2022, the Company entrusted financial institutes to open guarantee the amount of request for financial related to custom tax guarantee for the amount of \$4,300 thousand.

As of December 31, 2022, the amounts of notes guaranteed for business guarantee was \$5,063 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Financial instruments

Financial assets

|                                                                   | As of December 31, |                  |
|-------------------------------------------------------------------|--------------------|------------------|
|                                                                   | 2022               | 2021             |
| Financial assets at fair value through profit or loss:            |                    |                  |
| Mandatorily measured at fair value through profit or loss         | \$150,393          | \$163,168        |
| Financial assets at fair value through other comprehensive income | 154,056            | 50,000           |
| Financial assets at amortized cost:                               |                    |                  |
| Cash and cash equivalents (exclude cash on hand)                  | 256,895            | 102,108          |
| Financial assets at amortized cost                                | 644,910            | -                |
| Notes receivable                                                  | 5,069              | 7,375            |
| Accounts receivable (including due from related parties)          | 722,694            | 590,339          |
| Other receivables (including due from related parties)            | 17,872             | 11,863           |
| Refundable deposits                                               | 9,452              | 12,655           |
| Total                                                             | <u>\$1,961,341</u> | <u>\$937,508</u> |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

|                                                      | As of December 31, |                    |
|------------------------------------------------------|--------------------|--------------------|
|                                                      | 2022               | 2021               |
| Financial liabilities at amortized cost:             |                    |                    |
| Short-term loans                                     | \$1,009,769        | \$316,291          |
| Payables                                             | 773,708            | 620,820            |
| Long-term loans                                      | 1,400,000          | 1,830,000          |
| (Included Long term liabilities due within one year) |                    |                    |
| Lease liabilities                                    | 727                | 1,390              |
| Guarantee deposits received                          | 3,315              | -                  |
| Total                                                | <u>\$3,187,519</u> | <u>\$2,768,501</u> |

(2) Financial risk management objectives

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

The Company 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 and Audit Committee must be carried out based on related protocols and internal control procedures. The Company 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 risk comprise currency risk and interest rate risk.

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.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

#### Foreign currency risk

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

The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts are to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. 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 Company.

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

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$7,357 thousand and \$57 thousand, respectively; the equity for the years ended December 31, 2022 and 2021 is decreased/increased by \$57,010 thousand and \$57,231 thousand, respectively

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings.

## AUDIX CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including loans with variable interest rates. At the balance sheet date, an increase or a decrease of 10 basis points of interest rate could cause the profit for the years ended December 31, 2022 and 2021 to increase/decrease by \$2,410 thousand and \$2,146 thousand, respectively.

#### (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 Company is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

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

As of December 31, 2022 and 2021, the top ten receivables from counter parties presented 88.02% and 78.86% of the total receivables of the Company, respectively. The credit concentration risk of the remaining receivables was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company 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 counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company'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 instruments

|                             | Less than   |              |              |              |              | Above   |             |
|-----------------------------|-------------|--------------|--------------|--------------|--------------|---------|-------------|
|                             | 1 year      | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | 5 years | Total       |
| As of December 31, 2022     |             |              |              |              |              |         |             |
| Loans                       | \$1,010,380 | \$1,422,708  | \$-          | \$-          | \$-          | \$-     | \$2,433,088 |
| payables                    | 773,708     | -            | -            | -            | -            | -       | 773,708     |
| Lease liabilities           | 369         | 368          | -            | -            | -            | -       | 737         |
| Guarantee deposits received | 3,315       | -            | -            | -            | -            | -       | 3,315       |
| As of December 31, 2021     |             |              |              |              |              |         |             |
| Loans                       | \$316,343   | \$1,846,816  | \$-          | \$-          | \$-          | \$-     | \$2,163,159 |
| payables                    | 620,820     | -            | -            | -            | -            | -       | 620,820     |
| Lease liabilities           | 670         | 368          | 369          | -            | -            | -       | 1,407       |

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

|                         | Short-term<br>loans | Long-term<br>loans | Lease<br>liabilities | Guarantee<br>deposits<br>received | Total liabilities<br>from financing<br>activities |
|-------------------------|---------------------|--------------------|----------------------|-----------------------------------|---------------------------------------------------|
| As of January 1, 2022   | \$316,291           | \$1,830,000        | \$1,390              | \$-                               | \$2,147,681                                       |
| Cash flows              | 693,478             | (430,000)          | (670)                | 3,315                             | 266,123                                           |
| Non-cash changes        | -                   | -                  | 7                    | -                                 | 7                                                 |
| As of December 31, 2022 | <u>\$1,009,769</u>  | <u>\$1,400,000</u> | <u>\$727</u>         | <u>\$3,315</u>                    | <u>\$2,413,811</u>                                |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liabilities for the years ended December 31, 2021:

|                         | Short-term loans | Long-term loans    | Lease liabilities | Total liabilities<br>from financing<br>activities |
|-------------------------|------------------|--------------------|-------------------|---------------------------------------------------|
| As of January 1, 2021   | \$300,000        | \$1,640,000        | \$1,589           | \$1,941,589                                       |
| Cash flows              | (13,709)         | 220,000            | (689)             | 205,602                                           |
| Non-cash charges        | 30,000           | (30,000)           | 490               | 490                                               |
| As of December 31, 2021 | <u>\$316,291</u> | <u>\$1,830,000</u> | <u>\$1,390</u>    | <u>\$2,147,681</u>                                |

(7) Fair values of financial instruments

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

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 Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables payables refundable deposits, guarantee deposits received, and lease liabilities 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 (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations and bank loans are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
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B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset 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.

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 Company did not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company assets and liabilities measured at fair value on a recurring basis was as follows:

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
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As of December 31, 2022:

|                                                                                               | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------------------------------------------------------------------|----------------|----------------|----------------|--------------|
| Assets at fair value:                                                                         |                |                |                |              |
| Financial assets at fair value through profit or loss                                         |                |                |                |              |
| Bond fund                                                                                     | \$9,405        | -              | -              | \$9,405      |
| Index stock fund                                                                              | 3,088          | -              | -              | 3,088        |
| Preferred stock                                                                               | 137,900        | -              | -              | 137,900      |
| Fair value through other comprehensive income                                                 |                |                |                |              |
| Investments in equity instruments designated at fair value through other comprehensive income | -              | 144,600        | 9,456          | 154,056      |

As of December 31, 2021:

|                                                                                               | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------------------------------------------------------------------------|----------------|----------------|----------------|--------------|
| Assets at fair value:                                                                         |                |                |                |              |
| Financial assets at fair value through profit or loss                                         |                |                |                |              |
| Bond fund                                                                                     | \$18,299       | -              | -              | \$18,299     |
| Index stock fund                                                                              | 1,541          | -              | -              | 1,541        |
| Preferred stock                                                                               | 143,328        | -              | -              | 143,328      |
| Fair value through other comprehensive income                                                 |                |                |                |              |
| Investments in equity instruments designated at fair value through other comprehensive income | -              | -              | 50,000         | 50,000       |

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

The movements during the period were as follows:

|                                                                                                                                                                        | Assets                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
|                                                                                                                                                                        | At fair value<br>through other<br>comprehensive<br>income |
|                                                                                                                                                                        | Stocks                                                    |
| Beginning balances as of January 1, 2022                                                                                                                               | \$50,000                                                  |
| Recognized for the year ended December 31, 2022:                                                                                                                       |                                                           |
| Total gains and (losses):                                                                                                                                              |                                                           |
| Amount recognized in OCI (presented in “Unrealized gains (losses)<br>from equity instruments investments measured at fair value<br>through other comprehensive income) | 99,225                                                    |
| Transfer out of Level 3 (Note)                                                                                                                                         | (144,600)                                                 |
| Acquisition for the year ended December 31, 2022                                                                                                                       | 4,831                                                     |
| Ending balances as of December 31, 2022                                                                                                                                | <u>\$9,456</u>                                            |

Note: In April 2022, the financial assets at fair value through other comprehensive income, LOCUS CELL CO., LTD., started to trade on the emerging stock market. The Company measured the fair value based on market price and 20% liquidity discount, so the financial assets at fair value through other comprehensive income was transferred to Level 2 from level 3 in 2022.

|                                                   | Assets                                                    |
|---------------------------------------------------|-----------------------------------------------------------|
|                                                   | At fair value<br>through other<br>comprehensive<br>income |
|                                                   | Stocks                                                    |
| Beginning balances as of January 1, 2021          | \$-                                                       |
| Recognized for the years ended December 31, 2021: |                                                           |
| Total gains and (losses):                         |                                                           |
| Amount recognized in profit or loss, net          | -                                                         |
| Acquisition for the year ended December 31, 2021  | 50,000                                                    |
| Ending balances as of December 31, 2021           | <u>\$50,000</u>                                           |

AUDIX CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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 was as follows:

As of December 31, 2022:

|                                       | 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 profit and loss |                      |                                 |                          |                                                                                       |                                                                                                                                                         |
| Unlisted and OTC stocks               | Market approach      | PB Ratio                        | 28.86~34.42              | The higher the P/E ratio of similar entities, the higher the fair value of the stocks | 10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's profit or loss by NT\$8,972 thousand. |

As of December 31, 2021:

|                                       | 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 profit and loss |                      |                                 |                          |                                            |                                        |
| Unlisted and OTC stocks               | Net assets method    | Not applicable                  | Not applicable           | Not applicable                             | Not applicable                         |

The Company acquired the financial asset in 2021, of which the fair value was based on the transaction price. However, the financial investment was transferred as emerging stock in 2022, so the valuation technology for fair value measurement in 2022 was changed to the market approach.

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

The Company's finance department is responsible for validating the fair value measurements and ensuring 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 department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Significant assets and liabilities denominated in foreign currencies

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

| (In thousands)          |                       |               |             |
|-------------------------|-----------------------|---------------|-------------|
| As of December 31, 2022 |                       |               |             |
|                         | Foreign<br>currencies | Exchange rate | (NTD)       |
| <u>Financial assets</u> |                       |               |             |
| Monetary items:         |                       |               |             |
| USD                     | \$52,124              | 30.7100       | \$1,600,715 |
| JPY                     | 5,334                 | 0.2324        | 1,240       |
| HKD                     | 182                   | 3.9380        | 718         |
| CNY                     | 986                   | 4.4080        | 4,346       |

Non-monetary items:

|     |     |         |       |
|-----|-----|---------|-------|
| USD | 144 | 30.7100 | 4,419 |
|-----|-----|---------|-------|

Financial liabilities

Monetary items:

|     |          |         |           |
|-----|----------|---------|-----------|
| USD | \$28,310 | 30.7100 | \$869,407 |
| HKD | 217      | 3.9380  | 854       |

| (In thousands)          |                       |               |                          |
|-------------------------|-----------------------|---------------|--------------------------|
| As of December 31, 2021 |                       |               |                          |
|                         | Foreign<br>currencies | Exchange rate | Carrying amount<br>(NTD) |
| <u>Financial assets</u> |                       |               |                          |
| Monetary items:         |                       |               |                          |
| USD                     | \$23,857              | 27.6800       | \$660,368                |
| JPY                     | 5,748                 | 0.2405        | 1,382                    |
| HKD                     | 334                   | 3.5490        | 1,186                    |
| CNY                     | 985                   | 4.3440        | 4,280                    |
| SGD                     | 49                    | 20.4600       | 1,012                    |

Non-monetary items:

|     |     |         |        |
|-----|-----|---------|--------|
| USD | 661 | 27.6800 | 18,299 |
|-----|-----|---------|--------|

Financial liabilities

Monetary items:

|     |          |         |           |
|-----|----------|---------|-----------|
| USD | \$24,313 | 27.6800 | \$672,987 |
| HKD | 263      | 3.5490  | 935       |

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NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's foreign currency transactions were denominated in multiple currency; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. The Company's significant monetary financial assets and liabilities denominated in foreign currencies incurred foreign exchange (loss) gain of \$(13,866) thousand and \$1,055 thousand for the years ended December 31, 2022 and 2021, respectively.

The above information was disclosed based on the carrying amount of foreign currency.

(10) Capital management

The primary objective of the Company'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 shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

A. Financings provided to others: None.

B. Endorsements/guarantees provided to others: None.

C. Marketable securities held: Please refer to table 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock: Please refer to table 3.

# AUDIX CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: None.
- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20 percent of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20 percent of the paid-in capital: Please refer to table 4.
- H. Receivables due from related parties amounting to at least NTD 100 million or 20 percent of the paid-in capital: None.
- I. Derivative instruments transactions: None.
- J. Significant intercompany transactions between consolidated entities: Please refer to table 1.

### (2) Information on investees

- A. Information about the invested company shall be disclosed to those who have significant influence or control directly or indirectly: Please refer to table 5.
- B. Those who have direct or indirect control over the investee company must disclose the relevant information of the investee company in points 1 (1) to (10): Please refer to table 1, 2, 3, 4 and 5.

### (3) Information on investments in Mainland China

- A. Names, main business, paid-in capital, method of investment, investment flows, percentage of ownership, share of profits (losses), carrying amount at the end of the period, accumulated inward remittance of earnings and the upper limit of investment: Please refer to table 6.
- B. End-of-period balance of purchase amount and percentage and related payables:

| Purchase amount | % of total purchases | End balance of accounts payable |
|-----------------|----------------------|---------------------------------|
| \$335,160       | 14.94%               | \$20,319                        |

AUDIX CORPORATION  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONTINUED)  
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. End-of-period balance of sales amount and percentage and related receivables:

| Sales Amount | Percentage of total | End balance of receivables |
|--------------|---------------------|----------------------------|
| \$54,753     | 2.23%               | \$28,871                   |

D. The amount of the property transaction and the profits or losses arising therefrom:  
None.

E. End balance and purpose of endorsement and guarantee or provision of collateral:  
None.

F. Maximum Balance, End Balance Rate Range and Total Current Interest:  
None.

G. Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or acceptance of services: None.

(4) Information on major shareholders

The shareholder's name, shareholding amount and proportion of the Company's share share ratio of more than 5%: Please refer to table 7.

Table 1: Significant intercompany transactions between consolidated entities

(In Thousands of NTD)

(in Thousands of RMB)

| No.<br>(Note1) | Company Name                                  | Counter-party                        | Nature of<br>Relationship<br>(Note2) | Intercompany Transactions      |          |         |                                                                            |
|----------------|-----------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------|----------|---------|----------------------------------------------------------------------------|
|                |                                               |                                      |                                      | Financial Statement<br>Account | Amount   | Terms   | Percentage of<br>Consolidated Net<br>Revenue or Total<br>Assets<br>(Note3) |
|                | <u>For the year ended December 31, 2022</u>   |                                      |                                      |                                |          |         |                                                                            |
| 0              | Audix Corporation                             | Toyo Kuni Electronics Co.,Ltd        | 1                                    | Operating revenue              | \$32,218 | (Note4) | 0.41 %                                                                     |
| 0              | Audix Corporation                             | AHI Electronics Warehouse (Shanghai) | 1                                    | Operating revenue              | 54,674   | (Note4) | 0.70 %                                                                     |
| 0              | Audix Corporation                             | Toyo Kuni Electronics Co.,Ltd        | 1                                    | Purchases                      | 15,186   | (Note5) | 0.19 %                                                                     |
| 0              | Audix Corporation                             | Audix Technology (Xiamen) Co.,Ltd.   | 1                                    | Purchases                      | 334,536  | (Note5) | 4.26 %                                                                     |
| 0              | Audix Corporation                             | Toyo Kuni Electronics Co.,Ltd        | 1                                    | Other income                   | 12,133   | -       | 0.15 %                                                                     |
| 0              | Audix Corporation                             | AHI Electronics Warehouse (Shanghai) | 1                                    | Accounts receivable            | 27,835   | -       | 0.27 %                                                                     |
| 0              | Audix Corporation                             | Audix Technology (Xiamen) Co.,Ltd.   | 1                                    | Accounts payable               | 20,195   | -       | 0.19 %                                                                     |
| 1              | Toyo Kuni Electronics Co.,Ltd                 | AHC Warehouse & Trading (Shenzhen)   | 3                                    | Operating revenue              | 171,555  | (Note4) | 2.18 %                                                                     |
| 1              | Toyo Kuni Electronics Co.,Ltd                 | Audix Technology (Xiamen) Co.,Ltd.   | 3                                    | Purchases                      | 8,454    | (Note5) | 0.11 %                                                                     |
| 1              | Toyo Kuni Electronics Co.,Ltd                 | AHC Warehouse & Trading (Shenzhen)   | 3                                    | Operating expenses             | 10,288   | -       | 0.13 %                                                                     |
| 1              | Toyo Kuni Electronics Co.,Ltd                 | AHC Warehouse & Trading (Shenzhen)   | 3                                    | Accounts receivable            | 58,459   | -       | 0.56 %                                                                     |
| 2              | Audix Hi-tech Investment Co., Ltd.            | Audix Technology (Xiamen) Co.,Ltd.   | 3                                    | Purchases                      | 48,058   | (Note5) | 0.61 %                                                                     |
| 3              | Audix Technology Corporation                  | Audix Technology (Shenzhen) Co.,Ltd. | 3                                    | Operating revenue              | 11,803   | (Note4) | 0.15 %                                                                     |
| 3              | Audix Technology Corporation                  | Audix Technology (Shanghai) Co.,Ltd. | 3                                    | Operating revenue              | 9,305    | (Note4) | 0.12 %                                                                     |
| 3              | Audix Technology Corporation                  | Audix Corporation                    | 2                                    | Operating expenses             | 9,960    | -       | 0.13 %                                                                     |
| 4              | Yuka Precision (Wujiang) Co.,Ltd.             | Audix Technology (Wujiang) Co.,Ltd.  | 3                                    | Manufacturing costs            | 27,248   | -       | 0.35 %                                                                     |
| 5              | Audix Technology (Xiamen) Co.,Ltd.            | AHC Warehouse & Trading (Shenzhen)   | 3                                    | Operating revenue              | 46,707   | (Note4) | 0.59 %                                                                     |
| 5              | Audix Technology (Xiamen) Co.,Ltd.            | AHI Electronics Warehouse (Shanghai) | 3                                    | Operating revenue              | 14,003   | (Note4) | 0.18 %                                                                     |
| 5              | Audix Technology (Xiamen) Co.,Ltd.            | AHC Warehouse & Trading (Shenzhen)   | 3                                    | Accounts receivable            | 26,057   | -       | 0.25 %                                                                     |
| 6              | Audix Technology (Wujiang) Co.,Ltd.           | Yuka Precision (Wujiang) Co.,Ltd.    | 3                                    | Rental income                  | 26,857   | -       | 0.34 %                                                                     |
| 7              | AHI Electronics Warehouse (Shanghai) Co.,Ltd. | Audix Corporation                    | 2                                    | Operating revenue              | 11,424   | (Note4) | 0.15 %                                                                     |
| 8              | AHC Warehouse & Trading (Shenzhen) Co.,Ltd.   | Toyo Kuni Electronics Co.,Ltd        | 3                                    | Operating revenue              | 10,009   | (Note4) | 0.13 %                                                                     |

Note1: The numbers filled in represent:

(1) The company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note2: The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

(1) Transactions from parent company to subsidiary is "1".

(2) Transactions from subsidiary to parent company is "2".

(3) Transactions between subsidiaries is "3".

Note3: The percentage is divided by:

(1) Consolidated total assets if the transaction account belongs to balance sheet.

(2) Consolidated net revenue if the transaction account belongs to comprehensive income statement.

Note4: The terms and collection period of operating income to the above related parties are 60-150 days; while the terms for third party are 60-120 days.

Note5: The terms and payment period of purchase to the above related parties are 30-90 days; ; its equivalent to ordinary vendor.

Note6: This table includes significant transactions for amounts over 0.1% of consolidated net revenue or consolidated total assets.

Table 2: Marketable securities held (not including subsidiaries, associates and joint ventures)

(In Thousands of NTD/ Foreign currency)

| Held Company Name                                                                 | Marketable Securities Type and Name<br>(Note1) | Relationship<br>with the<br>Company (Note2) | Financial Statement Account                                                     | As of December 31, 2022 |                   |                            |                    | Remark |
|-----------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------|-------------------------|-------------------|----------------------------|--------------------|--------|
|                                                                                   |                                                |                                             |                                                                                 | Share/Units             | Carrying Amount   | Percentage of<br>Ownership | Fair Value (Note3) |        |
| <b><u>Audix Corporation</u></b>                                                   |                                                |                                             |                                                                                 |                         |                   |                            |                    |        |
| Fubon Preferred Stock                                                             | Preferred stock                                | -                                           | Financial assets at fair value through profit or loss - current                 | 195,000                 | \$11,778          | -                          | \$11,778           |        |
| Fubon Preferred Stock-Share B                                                     | Preferred stock                                | -                                           | Financial assets at fair value through profit or loss - current                 | 535,646                 | 30,800            | -                          | 30,800             |        |
| Fubon Preferred Stock-Share C                                                     | Preferred stock                                | -                                           | Financial assets at fair value through profit or loss - current                 | 51,153                  | 2,819             | -                          | 2,819              |        |
| Cathay Preferred Stock                                                            | Preferred stock                                | -                                           | Financial assets at fair value through profit or loss - current                 | 888,000                 | 50,261            | -                          | 50,261             |        |
| Cathay Preferred Stock-Share B                                                    | Preferred stock                                | -                                           | Financial assets at fair value through profit or loss - current                 | 773,672                 | 42,242            | -                          | 42,242             |        |
| Nomura Global Short Duration Bond Fund                                            | Bond fund                                      | -                                           | Financial assets at fair value through profit or loss - current                 | 13,731                  | 4,419             | -                          | 4,419              |        |
| Nomura Global Financial Bond Fund Acc USD                                         | Bond fund                                      | -                                           | Financial assets at fair value through profit or loss - current                 | 519,680                 | 4,986             | -                          | 4,986              |        |
| Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF                     | Index stock fund                               | -                                           | Financial assets at fair value through profit or loss - current                 | 191,000                 | 3,088             | -                          | 3,088              |        |
| Locus Cell Co., Ltd.                                                              | Common stock                                   | -                                           | Financial assets at fair value through other comprehensive income - non current | 5,000,000               | 144,600           | 2.50%                      | 144,600            |        |
| Integrated Solutions Technology, Inc.                                             | Common stock                                   | -                                           | Financial assets at fair value through other comprehensive income - non current | 402,555                 | 9,456             | 1.07%                      | 9,456              |        |
| Total                                                                             |                                                |                                             |                                                                                 |                         | <u>\$304,449</u>  |                            |                    |        |
| <b><u>Audix Technology (Xiamen) Co., Ltd.</u></b>                                 |                                                |                                             |                                                                                 |                         |                   |                            |                    |        |
| Xiamen Juxiang Precision Mold Co., Ltd                                            | Capital                                        | -                                           | Financial assets at fair value through other comprehensive income - non current | -                       | RMB 1,103         | 8.00%                      | RMB 1,103          |        |
| Xiamen Taiwanese Investment Enterprise Association prepares to build a guild hall | Capital                                        | -                                           | Financial assets at fair value through other comprehensive income - non current | -                       | RMB 50            | 0.13%                      | RMB 50             |        |
| Fuguo Asset                                                                       | Fixed Interest Securities                      | -                                           | Financial assets at fair value through profit or loss - current                 | -                       | <u>RMB 11,351</u> | -                          | <u>RMB 11,351</u>  |        |
| Total                                                                             |                                                |                                             |                                                                                 |                         | <u>RMB 12,504</u> |                            |                    |        |
| <b><u>AHI Electronics Warehouse (Shanghai) Co., Ltd.</u></b>                      |                                                |                                             |                                                                                 |                         |                   |                            |                    |        |
| Fuguo Asset                                                                       | Fixed Interest Securities                      | -                                           | Financial assets at fair value through profit or loss - current                 | -                       | <u>RMB 3,444</u>  | -                          | <u>RMB 3,444</u>   |        |
| <b><u>Audix Technology Corporation</u></b>                                        |                                                |                                             |                                                                                 |                         |                   |                            |                    |        |
| Hua Nan Phoenix Money Market Fund                                                 | Money market fund                              | -                                           | Financial assets at fair value through profit or loss - current                 | 2,553,232               | <u>\$42,178</u>   | -                          | <u>\$42,178</u>    |        |
| <b><u>Audix Hi-tech Investment Co., Ltd.</u></b>                                  |                                                |                                             |                                                                                 |                         |                   |                            |                    |        |
| AFRFIN-XS2072933778 bond                                                          | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 429           | -                          | USD 429            |        |
| ARAMCO bond                                                                       | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 413           | -                          | USD 413            |        |
| BAC bond                                                                          | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 478           | -                          | USD 478            |        |
| BNP bond                                                                          | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 492           | -                          | USD 492            |        |
| BPCE bond                                                                         | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 481           | -                          | USD 481            |        |
| CGM bond                                                                          | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 6,649         | -                          | USD 6,649          |        |
| CKINF bond                                                                        | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 341           | -                          | USD 341            |        |
| DB Float-US251526BS76 bond                                                        | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 420           | -                          | USD 420            |        |
| HSBC bond                                                                         | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 484           | -                          | USD 484            |        |
| NATIXIS bond                                                                      | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 1,479         | -                          | USD 1,479          |        |
| NSANY bond                                                                        | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 363           | -                          | USD 363            |        |
| SCGAU-USQ8053LAA28 bond                                                           | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 450           | -                          | USD 450            |        |
| SCP bond                                                                          | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 480           | -                          | USD 480            |        |
| SUMILF bond                                                                       | Bond Instruments                               | -                                           | Financial assets at fair value through profit or loss - non current             | -                       | USD 335           | -                          | USD 335            |        |
| Total                                                                             |                                                |                                             |                                                                                 |                         | <u>USD 13,294</u> |                            |                    |        |

Note1: Securities referred to in this Table are stocks, bonds, benefit certificates and securities derived from these items within the scope of IFRS No. 9, "Financial Instruments."

Note2: If the securities issuer is not a related party, this column is omitted.

Note3: If it is measured by fair value, please fill in the book balance after adjustment of the fair value evaluation and deducting accumulated impairments in column of the carrying amount;  
if it is not measured by fair value, please fill in the original acquisition cost or amortized cost less accumulated impairments in column of the carrying amount.

Table 3: Individual securities acquired or disposed of which accumulated amount exceeding NTD 300 million or 20 percent of the paid in capital

(In Thousands of NTD/ Foreign currency)

| Company Name                          | Marketable Securities<br>Type and Name | Financial Statement Account                                        | Counter-party | Nature of<br>Relationship | Beginning Balance |            | Acquisition  |           | Disposal     |            |                 |                          | Other increases<br>(decreases)(Note) | Ending Balance |            |
|---------------------------------------|----------------------------------------|--------------------------------------------------------------------|---------------|---------------------------|-------------------|------------|--------------|-----------|--------------|------------|-----------------|--------------------------|--------------------------------------|----------------|------------|
|                                       |                                        |                                                                    |               |                           | Shares/Units      | Amount     | Shares/Units | Amount    | Shares/Units | Amount     | Carrying Amount | Gain/Loss<br>on Disposal | Amount                               | Shares/Units   | Amount     |
| Audix Technology (Xiamen)<br>Co.,Ltd. | Fuguo Asset                            | Financial assets at fair value through<br>profit or loss - current | -             | -                         | -                 | RMB 61,234 | -            | \$-       | -            | RMB 50,903 | RMB 48,649      | RMB 2,254                | RMB 1,020                            | -              | RMB 11,351 |
| Audix Technology<br>Corporation       | Hua Nan Phoenix Money<br>Market Fund   | Financial assets at fair value through<br>profit or loss - current | -             | -                         | 9,845,375         | \$161,657  | 6,419,066    | \$105,500 | 13,711,210   | \$225,949  | \$225,000       | \$949                    | \$970                                | 2,553,232      | \$42,178   |

Note: It refers to the reinvestment amount issued by the fund dividend and the evaluation number of financial assets measured by fair value through profit and loss.

Table 4: Related party transactions with purchases or sales amount of at least NTD 100 million or 20% of the paid-in capital

(In Thousands of NTD/ Foreign currency)

| Company Name                                | Related Party                               | Nature of Relationship | Transaction Details |            |            |                          | Details of non-arm's length transaction |                          | Notes/Accounts Receivable (Payable)          |            | Remark |
|---------------------------------------------|---------------------------------------------|------------------------|---------------------|------------|------------|--------------------------|-----------------------------------------|--------------------------|----------------------------------------------|------------|--------|
|                                             |                                             |                        | Purchase /Sales     | Amount     | % to Total | Payment/ Collection Term | Unit Price                              | Payment/ Collection Term | Ending Balance                               | % to Total |        |
| Audix Corporation                           | Audix Technology (Xiamen) Co.,Ltd.          | Subsidiary             | Purchases           | \$334,536  | 14.91%     | 30 days                  | \$-                                     | -                        | Accounts payable to related parties          |            |        |
|                                             |                                             |                        |                     |            |            |                          |                                         |                          | \$20,195                                     | 2.84%      | (Note) |
| Audix Technology (Xiamen) Co.,Ltd.          | Audix Corporation                           | Parent company         | Sales               | RMB 75,444 | 12.82%     | 30 days                  | -                                       | -                        | Accounts receivable due from related parties |            |        |
|                                             |                                             |                        |                     |            |            |                          |                                         |                          | RMB 3,900                                    | 1.92%      | (Note) |
| Toyo Kuni Electronics Co.,Ltd               | AHC Warehouse & Trading (Shenzhen) Co.,Ltd. | Subsidiary             | Sales               | USD 5,747  | 14.64%     | 150 days                 | -                                       | -                        | Accounts receivable due from related parties |            |        |
|                                             |                                             |                        |                     |            |            |                          |                                         |                          | USD 1,904                                    | 24.28%     | (Note) |
| AHC Warehouse & Trading (Shenzhen) Co.,Ltd. | Toyo Kuni Electronics Co.,Ltd               | Subsidiary             | Purchases           | RMB 38,238 | 37.03%     | 150 days                 | -                                       | -                        | Accounts payable to related parties          |            |        |
|                                             |                                             |                        |                     |            |            |                          |                                         |                          | RMB 13,258                                   | 57.87%     | (Note) |
| Yuka Precision (Wujiang) Co.,Ltd.           | YUWA CO.,LTD.                               | Other related parties  | Sales               | RMB 76,153 | 37.86%     | 90 days                  | -                                       | -                        | Accounts receivable due from related parties |            |        |
|                                             |                                             |                        |                     |            |            |                          |                                         |                          | RMB 18,405                                   | 39.11%     |        |

Note: The balance at the end of the period has been eliminated in the consolidated statement.

Table 5: Names, locations and related information of investees (not including information on investments in Mainland China)

| (In Thousands of NTD/ Foreign currency) |                                    |                                                                                   |                                                                                                                                                 |                            |                   |                              |                         |                 |                                 |                                       |            |
|-----------------------------------------|------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|------------------------------|-------------------------|-----------------|---------------------------------|---------------------------------------|------------|
| Investor Company                        | Investee Company                   | Location                                                                          | Main Businesses                                                                                                                                 | Original Investment Amount |                   | Balance at The End of Period |                         |                 | Net Income (Losses) of Investee | Share of Profits (Losses) of Investee | Remark     |
|                                         |                                    |                                                                                   |                                                                                                                                                 | Ending balance             | Beginning balance | Shares                       | Percentage of Ownership | Carrying Amount |                                 |                                       |            |
| Audix Corporation                       | Audix Hi-tech Investment Co., Ltd. | Unit E, 18/F., Infotech Centre, No. 21 Hung To Road, Kwun Tong Kowloon, Hong Kong | Electronic component trading and investment business, etc.                                                                                      | \$392,624                  | \$392,624         | -                            | 100%                    | \$4,895,828     | \$531,441                       | \$531,441                             | Subsidiary |
| "                                       |                                    |                                                                                   |                                                                                                                                                 |                            |                   |                              |                         |                 |                                 |                                       | (Note1)    |
|                                         | Toyo Kuni Electronics Co.,Ltd      | Unit E, 18/F., Infotech Centre, No. 21 Hung To Road, Kwun Tong Kowloon, Hong Kong | Trading and agency of electronic components, etc.                                                                                               | 356,990                    | 356,990           | -                            | 100%                    | 804,375         | 22,758                          | 22,758                                | Subsidiary |
|                                         |                                    |                                                                                   |                                                                                                                                                 |                            |                   |                              |                         |                 |                                 |                                       | (Note1)    |
|                                         | Audix Technology Corporation       | 7th Floor, No. 8, Lane 120, Section 1, Neihu Road, Taipei City                    | Safety standard test certification and electromagnetic compatibility test certification, etc.                                                   | 170,000                    | 170,000           | 20,000,000                   | 100%                    | 393,727         | 84,825                          | 84,825                                | Subsidiary |
| "                                       |                                    |                                                                                   |                                                                                                                                                 |                            |                   |                              |                         |                 |                                 |                                       | (Note1)    |
|                                         | Wavegis Technology CO.,LTD.        | 7th Floor, No. 67, Guangfu South Road, Songshan District, Taipei City             | Electrical and electronic product manufacturing, communication and information system planning, integration, application and construction, etc. | 21,750                     | 21,750            | 1,831,577                    | 38.16%                  | 35,813          | 17,731                          | 6,166                                 | Associate  |
|                                         |                                    |                                                                                   |                                                                                                                                                 |                            |                   |                              |                         |                 |                                 | (Note2)                               |            |

Note1: Profits and losses resulting from intercompany transactions was eliminated in the consolidated statement.

Note2: It is the "Share of profit (loss) of associates and joint ventures" deducting the amortization of the difference between the investment cost and the net value of the acquired equity of \$600 thousand.

Table 6: Informations on investments in Mainland China

| (In Thousands of NTD/ Foreign currency)       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                    |                   |                                                                     |                  |        |                                                                       |                                               |                                           |                                                      |                                                 |                                                                   |         |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|---------|
| Mainland China Investee Company               | Main Business                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Total Amount of Paid-in Capital    | Investment method | Accumulated Outflow of Investment from Taiwan as of January 1, 2022 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee Company     | Director Indirect Percentage of Ownership | Recognized in this period Investment profit and loss | Carrying Amount as of December 31, 2022         | Accumulated Inward Remittance of Earnings as of December 31, 2022 | Remark  |
|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                    |                   |                                                                     | Outflow          | Inflow |                                                                       |                                               |                                           |                                                      |                                                 |                                                                   |         |
| Yuka Precision (Wujiang) Co.,Ltd.             | Production of new electronic components, molds and their parts, technical consultation and technical services for software product development, etc.                                                                                                                                                                                                                                                                                                               | \$307,100<br>(USD 10,000 thousand) | (Note2)           | -                                                                   | \$-              | \$-    | -                                                                     | \$171,698<br>(RMB 38,830 thousand)<br>(Note3) | 50%                                       | \$85,849<br>(RMB 19,415 thousand)<br>(Note3)         | \$420,955<br>(RMB 95,498 thousand)<br>(Note3)   | -                                                                 | (Note7) |
| Audix Technology (Shenzhen) Co.,Ltd.          | Inspection and testing services, etc.                                                                                                                                                                                                                                                                                                                                                                                                                              | \$64,491<br>(USD 2,100 thousand)   | (Note1)           | -                                                                   | -                | -      | -                                                                     | \$44,505<br>(USD 1,491 thousand)<br>(Note3)   | 100%                                      | \$44,505<br>(USD 1,491 thousand)<br>(Note3)          | \$425,426<br>(USD 13,853 thousand)<br>(Note3)   | \$110,541                                                         | (Note4) |
| Audix Technology (Xiamen) Co.,Ltd.            | Manufacture and sales of transformers, coils, relays, anti-electromagnetic interference components, new electronic components, electronic special equipment and their spare parts, plastic molds and parts, etc.                                                                                                                                                                                                                                                   | \$920,072<br>(USD 29,960 thousand) | (Note1)           | \$136,199<br>(USD 4,435 thousand)                                   | -                | -      | \$136,199<br>(USD 4,435 thousand)                                     | \$536,713<br>(USD 17,981 thousand)<br>(Note3) | 100%                                      | \$536,713<br>(USD 17,981 thousand)<br>(Note3)        | \$2,522,304<br>(USD 82,133 thousand)<br>(Note3) | \$1,414,716                                                       | (Note4) |
| AHC Warehouse & Trading (Shenzhen) Co.,Ltd.   | Warehousing business, international trade, entrepot trade, intra-regional trade, and business market consultation, etc.                                                                                                                                                                                                                                                                                                                                            | \$42,452<br>(HKD 10,780 thousand)  | (Note1)           | -                                                                   | -                | -      | -                                                                     | \$(4,746)<br>(USD (159) thousand)<br>(Note3)  | 100%                                      | \$(4,746)<br>(USD (159) thousand)<br>(Note3)         | \$64,890<br>(USD 2,113 thousand)<br>(Note3)     | -                                                                 | (Note5) |
| Audix Technology (Wujiang) Co.,Ltd.           | Production of new electronic components, new instrument components and materials and parts design and processing, software product development technical consultation and technical services, etc.                                                                                                                                                                                                                                                                 | \$614,200<br>(USD 20,000 thousand) | (Note1)           | \$85,312<br>(USD 2,778 thousand)                                    | -                | -      | \$85,312<br>(USD 2,778 thousand)                                      | \$22,954<br>(USD 769 thousand)<br>(Note3)     | 100%                                      | \$22,954<br>(USD 769 thousand)<br>(Note3)            | \$740,909<br>(USD 24,126 thousand)<br>(Note3)   | -                                                                 | (Note4) |
| Audix Testing & Measurement Co., Ltd.         | Test of electronic and electrical products and related technical consulting services, etc.                                                                                                                                                                                                                                                                                                                                                                         | \$13,224<br>(RMB 3,000 thousand)   | (Note2)           | -                                                                   | -                | -      | -                                                                     | \$2,065<br>(RMB 467 thousand)<br>(Note3)      | 59.67%                                    | \$1,234<br>(RMB 279 thousand)<br>(Note3)             | \$12,188<br>(RMB 2,765 thousand)<br>(Note3)     | -                                                                 | (Note6) |
| Audix Technology (shanghai) Co.,Ltd.          | Design, production, microcontroller (microcomputer) electronic control board, engaged in integrated circuit block, electronic, motor, electrical product technology design, technical consultation and service, various types of engineering construction activities (except nuclear power plant construction and operation, water supply and drainage network), electronic special equipment, electronic measuring instruments and home-made products sales, etc. | \$64,491<br>(USD 2,100 thousand)   | (Note1)           | -                                                                   | -                | -      | -                                                                     | \$5,313<br>(USD 178 thousand)<br>(Note3)      | 100%                                      | \$5,313<br>(USD 178 thousand)<br>(Note3)             | \$188,590<br>(USD 6,141 thousand)<br>(Note3)    | -                                                                 | (Note4) |
| AHI Electronics Warehouse (Shanghai) Co.,Ltd. | Sales of electronic components, etc.                                                                                                                                                                                                                                                                                                                                                                                                                               | \$53,743<br>(USD 1,750 thousand)   | (Note1)           | -                                                                   | -                | -      | -                                                                     | \$9,253<br>(USD 310 thousand)<br>(Note3)      | 100%                                      | \$9,253<br>(USD 310 thousand)<br>(Note3)             | \$151,585<br>(USD 4,936 thousand)<br>(Note3)    | -                                                                 | (Note5) |

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amount Authorized by Investment Commission, MOEA | Upper Limit of Investment |
|------------------------------------------------------------------|-------------------------------------------------------------|---------------------------|
| \$221,511<br>( USD 7,213 thousand)                               | \$1,772,274<br>( USD 57,710 thousand)                       | \$3,359,131<br>(Note8)    |

Note1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note2: Directly reinvesting in mainland companies by reinvesting in mainland companies. According to the regulations of the Investment Review Commission, the reinvestment behavior of investment enterprises in the mainland area does not need to apply to the Investment Review Commission. Therefore, such investment amounts are not included in the company's investment quota in mainland China calculate.

Note3: Investment income (loss) was recognised based on the financial statement audited by the parent company's independent auditors.

Note4: It is reinvested through Audix Hi-tech Investment Co., Ltd.

Note5: It is reinvested through Toyo Kuni Electronics Co., Ltd.

Note6: It is invested through Audix Technology (Shenzhen) Co., Ltd.

Note7: It was reinvested through Audix Technology (Xiamen) Co., Ltd.

Note8: According to the regulations of the Investment Review Committee of the Ministry of Economic Affairs, the upper limit on investment in mainland China is determined by 60% of the company's consolidated net worth.

Table 7: Major Shareholders Information

Unit: share

| Name                                                     | Number of shares |                 | Percentage of ownership (%) |
|----------------------------------------------------------|------------------|-----------------|-----------------------------|
|                                                          | Common stock     | Preferred stock |                             |
| JSJK HOLDING CO., LTD. (BRITISH VIRGIN ISLANDS)          | 7,682,748        | -               | 7.27%                       |
| Zhong Zhenghong                                          | 7,532,965        | -               | 7.13%                       |
| E. SUN Bank trusted property account - CHUNG, CHENG-HUNG | 6,000,000        | -               | 5.68%                       |

Note1: This table is based on the last business day at the end of each quarter, and the shareholders hold more than 5% of the common shares and special shares of the company that have completed delivery without physical registration (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different preparation and calculation bases.

Note2: If the above-mentioned information is that the shareholder will transfer the shares to the trust, it will be disclosed separately for the trustor who opened the trust account with the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to exercise decision-making power over the trust property. Please refer to the public information for information on insider equity declarations.

Note3: The principle of compiling this table is to calculate the distribution of the balance of each credit transaction by referring to the register of securities owners whose transfer of ownership is temporarily suspended by shareholders (short lending will not be replenished).

Note4: Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have been delivered without entity registration.

Note5: The total number of shares delivered without physical registration (including treasury shares) is 105,595,615 shares = 105,595,615 shares (common shares) + 0 shares (special shares).

AUDIX CORPORATION  
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2022/12/31

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AUDIX CORPORATION

1. STATEMENT OF CASH AND CASH EQUIVALENTS

Decembr 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Item                        | Description                            | Amount    | Note |
|-----------------------------|----------------------------------------|-----------|------|
| Cash on hand                |                                        | \$307     |      |
| Bank savings                |                                        |           |      |
| Foreign Deposit             | USD 6,662,340.85 Exchange rate 30.7100 | 204,600   |      |
| (Included Time Deposits and | JPY 5,079,242.00 Exchange rate 0.2324  | 1,181     |      |
| Checking Deposits)          | HKD 179,150.07 Exchange rate 3.9380    | 705       |      |
|                             | CNY 957,835.75 Exchange rate 4.4080    | 4,222     |      |
| Checking Deposits           |                                        | 7,219     |      |
| Saving Deposits             |                                        | 38,968    |      |
| Subtotal                    |                                        | 256,895   |      |
| Total                       |                                        | \$257,202 |      |

AUDIX CORPORATION

2.STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Name of securities                                            | Units   | Par Value | Amount   | Rate | Cost             | Fair Value |                  | Changes in fair value attributable to changes in credit risk | Note |
|---------------------------------------------------------------|---------|-----------|----------|------|------------------|------------|------------------|--------------------------------------------------------------|------|
|                                                               |         |           |          |      |                  | Unit Price | Amount           |                                                              |      |
| Fubon Preferred Stock                                         | 195,000 | \$61.95   | \$12,079 |      | \$12,079         | \$60.40    | \$11,778         |                                                              |      |
| Fubon Preferred Stock - Share B                               | 535,646 | 61.27     | 32,820   |      | 32,820           | 57.50      | 30,800           |                                                              |      |
| Fubon Preferred Stock - Share C                               | 51,153  | 57.42     | 2,937    |      | 2,937            | 55.10      | 2,819            |                                                              |      |
| Cathay Preferred Stock                                        | 888,000 | 62.67     | 55,652   |      | 55,652           | 56.60      | 50,261           |                                                              |      |
| Cathay Preferred Stock - Share B                              | 773,672 | 62.29     | 48,191   |      | 48,191           | 54.60      | 42,242           |                                                              |      |
| Nomura Global Short Duration Bond Fund                        | 13,731  | 335.49    | 4,607    |      | 4,607            | 321.81     | 4,419            |                                                              |      |
| Nomura Global Financial Bond Fund Acc USD                     | 519,680 | 9.62      | 5,000    |      | 5,000            | 9.59       | 4,986            |                                                              |      |
| Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF | 191,000 | 15.53     | 2,966    |      | 2,966            | 16.17      | 3,088            |                                                              |      |
| Total                                                         |         |           |          |      | <u>\$164,252</u> |            | <u>\$150,393</u> |                                                              |      |

AUDIX CORPORATION  
3.STATEMENT OF NOTES RECEIVABLE, NET  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Client Name                               | Description | Amount         | Note                                                                                 |
|-------------------------------------------|-------------|----------------|--------------------------------------------------------------------------------------|
| <u>Third Parties</u>                      |             |                |                                                                                      |
| THREE-POWER TECH CO., LTD.                | Sales       | \$3,042        |                                                                                      |
| NUETEQ TECHNOLOGY, INC.                   | "           | 756            |                                                                                      |
| TECHWAY INDUSTRIAL CO., LTD.              | "           | 460            |                                                                                      |
| FORMOSA SEIKO ELECTRONIC CO., LTD.        | "           | 318            |                                                                                      |
| CHU YANG TECHNOLOGY ENGINEERING CO., LTD. | "           | 272            |                                                                                      |
| Others                                    | "           | 246            | The amount of individual client in others does not exceed 5% of the account balance. |
| Subtotal                                  |             | 5,094          |                                                                                      |
| Less: loss allowance                      |             | (25)           |                                                                                      |
| Net amount                                |             | <u>\$5,069</u> |                                                                                      |

AUDIX CORPORATION  
4.STATEMENT OF ACCOUNTS RECEIVABLE, NET  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Client Name                                   | Description | Amount           | Note                                                                                 |
|-----------------------------------------------|-------------|------------------|--------------------------------------------------------------------------------------|
| <u>Related Parties</u>                        |             |                  |                                                                                      |
| AHI Electronics Warehouse (Shanghai) Co.,Ltd. | Sales       | \$27,835         | The amount of individual client in others does not exceed 5% of the account balance. |
| Toyo Kuni Electronics Co.,Ltd                 | "           | 4,508            |                                                                                      |
| Others                                        | "           | 1,583            |                                                                                      |
| Total                                         |             | <u>\$33,926</u>  |                                                                                      |
| <u>Third Parties</u>                          |             |                  |                                                                                      |
| Lite-On Overseas                              | Sales       | \$587,345        | The amount of individual client in others does not exceed 5% of the account balance. |
| Others                                        | "           | 102,015          |                                                                                      |
| Subtotal                                      |             | <u>689,360</u>   |                                                                                      |
| Less: loss allowance                          |             | <u>(592)</u>     |                                                                                      |
| Net amount                                    |             | <u>\$688,768</u> |                                                                                      |

AUDIX CORPORATION  
5.STATEMENT OF INVENTORIES, NET  
December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                              | Description | Amount   |                      | Note                                          |
|---------------------------------------------------|-------------|----------|----------------------|-----------------------------------------------|
|                                                   |             | Cost     | Net Realizable Vaive |                                               |
| Merchandise                                       |             | \$99,236 | \$98,797             | 1.Net realizable value Please refer to Note 4 |
| Less:Allowance for inventory falling price losses |             | (2,937)  |                      |                                               |
| Net amount                                        |             | \$96,299 |                      | 2.No investories were pledged.                |

AUDIX CORPORATION

6.STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NONCURRENT

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Name of Securities                    | As of January 1,2022 |                 | Additions |                |                 | Decrease |            |             | As of December 31,2022 |                  | Collateral | Note |
|---------------------------------------|----------------------|-----------------|-----------|----------------|-----------------|----------|------------|-------------|------------------------|------------------|------------|------|
|                                       | Shares               | Fair value      | Shares    | Amount         | Adjustments     | Shares   | Amount     | Adjustments | Shares                 | Fair value       |            |      |
| Common stock                          |                      |                 |           |                |                 |          |            |             |                        |                  |            |      |
| Locus Cell Co., Ltd.                  | 5,000,000            | \$50,000        | -         | \$-            | \$94,600        | -        | \$-        | \$-         | 5,000,000              | \$144,600        | None       |      |
| Integrated Solutions Technology, Inc. | -                    | -               | 402,555   | 4,831          | 4,625           | -        | -          | -           | 402,555                | 9,456            | None       |      |
| Total                                 |                      | <u>\$50,000</u> |           | <u>\$4,831</u> | <u>\$99,225</u> |          | <u>\$-</u> | <u>\$-</u>  |                        | <u>\$154,056</u> |            |      |

AUDIX CORPORATION

7.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Name of Securities                     | As of January 1,2022 |                    | Additions (Note 1) |                  | Decrease (Note 2) |                    | As of December 31, 2022 |         |                    | Fair value/<br>Net assets value |                    | Collateral | Note |
|----------------------------------------|----------------------|--------------------|--------------------|------------------|-------------------|--------------------|-------------------------|---------|--------------------|---------------------------------|--------------------|------------|------|
|                                        | Shares               | Amount             | Shares             | Amount           | Shares            | Amount             | Shares                  | %       | Amount             | Shares                          | Amount             |            |      |
| TOYO KUNI ELECTRONICS CO.,LTD          | -                    | \$721,798          | -                  | \$82,577         | -                 | \$-                | -                       | 100.00% | \$804,375          | -                               | \$805,208          | None       |      |
| AUDIX HI-TECH INVESTMENT CO., LTD.     | -                    | 5,000,434          | -                  | 710,464          | -                 | (815,070)          | -                       | 100.00% | 4,895,828          | -                               | 4,895,828          | None       |      |
| AUDIX TECHNOLOGY CORPORATION           | 20,000,000           | 374,185            | -                  | 84,826           | -                 | (65,284)           | 20,000,000              | 100.00% | 393,727            | 19.69                           | 393,727            | None       |      |
| WAVEGIS TECHNOLOGY CO.,LTD. ( Note 3 ) | 1,283,010            | 32,213             | 548,567            | 6,166            | -                 | (2,566)            | 1,831,577               | 38.16%  | 35,813             | 19.55                           | 35,813             | None       |      |
| Total                                  |                      | <u>\$6,128,630</u> |                    | <u>\$884,033</u> |                   | <u>\$(882,920)</u> |                         |         | <u>\$6,129,743</u> |                                 | <u>\$6,130,576</u> |            |      |

Note 1 : The increase is investment income recognized under equity method and exchange gain on translation the financial statement .

Note 2 : The decrease includes the distributed cash dividends.

Note 3 : WAVEGIS TECHNOLOGY CO.,LTD. declared the capitalization of stock dividends from retained earnings. in 2022, the Company has an additional shares of 548,567.

AUDIX CORPORATION  
8.STATEMENT OF SHORT-TERM LOANS  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Type Of Loan   | Description | Ending balance     | Contract Period       | Interest rate | Loan Commitments | Guarantees | Note |
|----------------|-------------|--------------------|-----------------------|---------------|------------------|------------|------|
| Unsecured Loan | USD Loan    | \$15,355           | 2022.12.15-2023.01.13 | 5.02600%      | NTD 2,000,000    | None       |      |
| Unsecured Loan | USD Loan    | 104,414            | 2022.12.15-2023.01.13 | 5.02600%      | NTD 2,000,000    | None       |      |
| Unsecured Loan | NTD Loan    | 100,000            | 2022.12.21-2023.03.21 | 1.39000%      | NTD 400,000      | None       |      |
| Unsecured Loan | NTD Loan    | 300,000            | 2022.12.23-2023.03.21 | 1.40000%      | NTD 400,000      | None       |      |
| Unsecured Loan | NTD Loan    | 140,000            | 2022.12.27-2023.01.19 | 1.85000%      | NTD 200,000      | None       |      |
| Unsecured Loan | NTD Loan    | 100,000            | 2022.11.10-2023.01.10 | 1.52000%      | NTD 300,000      | None       |      |
| Unsecured Loan | NTD Loan    | 100,000            | 2022.12.20-2023.01.19 | 1.70000%      | NTD 300,000      | None       |      |
| Unsecured Loan | NTD Loan    | 100,000            | 2022.12.27-2023.01.19 | 1.70000%      | NTD 300,000      | None       |      |
| Unsecured Loan | NTD Loan    | 50,000             | 2022.12.29-2023.03.29 | 1.63278%      | NTD 350,000      | None       |      |
| Total          |             | <u>\$1,009,769</u> |                       |               |                  |            |      |

AUDIX CORPORATION  
9.STATEMENT OF ACCOUNTS PAYABLE  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Vendor name                           | Description | Amount           | Note                                                                                 |
|---------------------------------------|-------------|------------------|--------------------------------------------------------------------------------------|
| <u>Related Parties</u>                |             |                  |                                                                                      |
| Audix Technology (Xiamen) Co.,Ltd.    |             | \$20,195         | The amount of individual client in others does not exceed 5% of the account balance. |
| Toyo Kuni Electronics Co.,Ltd         |             | 4,597            |                                                                                      |
| Others                                |             | 124              |                                                                                      |
| Total                                 |             | <u>\$24,916</u>  |                                                                                      |
|                                       |             |                  |                                                                                      |
| <u>Third Parties</u>                  |             |                  |                                                                                      |
| TAIWAN HITACHI ASIA PACIFIC CO., LTD. |             | \$581,862        | The amount of individual client in others does not exceed 5% of the account balance. |
| Others                                |             | 103,090          |                                                                                      |
| Total                                 |             | <u>\$684,952</u> |                                                                                      |
|                                       |             |                  |                                                                                      |

AUDIX CORPORATION  
10.STATEMENT OF OTHER PAYABLES  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                               | Description | Amount          | Note                                                                                 |
|------------------------------------|-------------|-----------------|--------------------------------------------------------------------------------------|
| <u>Related Parties</u>             |             |                 |                                                                                      |
| Toyo Kuni Electronics Co.,Ltd      |             | \$464           |                                                                                      |
| Audix Technology (Xiamen) Co.,Ltd. |             | 56              |                                                                                      |
| Total                              |             | <u>\$520</u>    |                                                                                      |
| <u>Third Parties</u>               |             |                 |                                                                                      |
| Accrued Payroll                    |             | \$20,739        |                                                                                      |
| Employees' Compensation            |             | 21,550          |                                                                                      |
| Remuneration to Directors          |             | 6,300           |                                                                                      |
| Other Payables                     |             | 11,757          |                                                                                      |
| Others                             |             | 2,974           | The amount of individual client in others does not exceed 5% of the account balance. |
| Total                              |             | <u>\$63,320</u> |                                                                                      |

## AUDIX CORPORATION

## 11.STATEMENT OF OTHER CURRENT LIABILITIES, OTHERS

Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                   | Description | Amount          | Note |
|------------------------|-------------|-----------------|------|
| Temporary Receipts     |             | \$10,057        |      |
| Receipts Under Custody |             | 1,615           |      |
| Refund Liabilities     |             | 99              |      |
| Total                  |             | <u>\$11,771</u> |      |

AUDIX CORPORATION  
12.STATEMENT OF CURRENT LEASE LIABILITIES  
Decembr 31, 2022

(In Thousands of New Taiwan Dollars)

| Creditor                              | Description    | Amount             | Contract Period       | Rate     | Guarantees                                     | Note |
|---------------------------------------|----------------|--------------------|-----------------------|----------|------------------------------------------------|------|
| E.Sun Bank                            | Unsecured Loan | \$100,000          | 2022.08.17-2024.08.17 | 2.00000% | None                                           |      |
| Jih Sun International Commercial Bank | "              | 100,000            | 2022.05.30-2024.05.03 | 1.48756% | None                                           |      |
| Jih Sun International Commercial Bank | "              | 200,000            | 2022.06.28-2024.05.03 | 1.63278% | None                                           |      |
| Hua Nan Commercial Bank               | "              | 200,000            | 2022.12.16-2024.12.16 | 1.61500% | None                                           |      |
| Hua Nan Commercial Bank               | Secured Loan   | 300,000            | 2022.03.22-2024.03.22 | 1.55000% | Land and building of Neihu<br>(ExcludingB2及B3) |      |
| Hua Nan Commercial Bank               | "              | 500,000            | 2022.12.16-2024.12.16 | 1.61500% | "                                              |      |
| Subtotal                              |                | 1,400,000          |                       |          |                                                |      |
| Less: current portion                 |                | -                  |                       |          |                                                |      |
| Total                                 |                | <u>\$1,400,000</u> |                       |          |                                                |      |

AUDIX CORPORATION

13.STATEMENT OF OPERATING REVENUES

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                               | Unit | Amount      | Note |
|------------------------------------|------|-------------|------|
| Sales Revenue                      |      | \$2,457,981 |      |
| Service Revenue                    |      | 86,858      |      |
| Total Operating Revenue            |      | 2,544,839   |      |
| Less: Sales Returns and Allowances |      | (101,489)   |      |
| Net amount                         |      | \$2,443,350 |      |

AUDIX CORPORATION

14.STATEMENT OF OPERATING COSTS

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                          | Amount    |                    |
|-------------------------------|-----------|--------------------|
|                               | Subtotal  | Total              |
| Beginning Inventory           | \$90,810  |                    |
| Add: Current Purchase         | 2,243,910 |                    |
| Less:Ending Inventory         | (99,236)  |                    |
| Losses on inventory valuation | 513       |                    |
| Transferred to other account  | (754)     |                    |
| Total                         |           | <u>\$2,235,243</u> |

AUDIX CORPORATION

15.STATEMENT OF SELLING EXPENSES

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item               | Description | Amount          | Note                                                                                 |
|--------------------|-------------|-----------------|--------------------------------------------------------------------------------------|
| Salaries           |             | \$40,018        |                                                                                      |
| Insurance Expenses |             | 4,920           |                                                                                      |
| Others             |             | 22,893          | The amount of individual vendor in others does not exceed 5% of the account balance. |
| Total              |             | <u>\$67,831</u> |                                                                                      |

AUDIX CORPORATION

16.STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item                                                                                                            | Description | Amount          | Note                                                                                 |
|-----------------------------------------------------------------------------------------------------------------|-------------|-----------------|--------------------------------------------------------------------------------------|
| Salaries (Included compensation and transportation allowances to directors \$ 6,300 and \$ 310, respectively. ) |             | \$55,421        |                                                                                      |
| Depreciation                                                                                                    |             | 4,417           |                                                                                      |
| Other Expenses - Building maintenance                                                                           |             | 4,490           |                                                                                      |
| Others                                                                                                          |             | 20,775          | The amount of individual vendor in others does not exceed 5% of the account balance. |
| Total                                                                                                           |             | <u>\$85,103</u> |                                                                                      |