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Uniform Industrial Corp.

Annual Report of 2022

Shareowner convention

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This Annual Report of English version is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. A report to the shareholders

Dear Shareholders,

The Company's total revenue for 2022 was NT\$1,257,735 thousand, a 52% increase compared with the revenue in 2021. Net income increased 3,171% to NT\$289,002 thousand, compared with the net income in 2021 of NT\$280,168 thousand. The results of our operating performance in 2022 and the goals of development for 2023 are illustrated as follows:

1. Operating performance in 2022

(1) Implementation results of business plans

Unit: NT\$ Thousands

Item	2022		2021		Status of increase (decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Operating income	1,257,735	100%	827,205	100%	430,530	52%
Gross profit	526,821	42%	304,258	37%	222,563	73%
Operating income (loss)	201,316	16%	(228)	-	201,544	88396%
Pre-tax income (loss)	289,002	23%	8,834	1%	280,168	3171%

(2) Budget implementation in 2022: Financial forecasting for 2022 was not disclosed, and there is no performance of budget achievement.

(3) Financial revenue and expenditure as well as profitability analysis

Unit: NT\$ Thousands

Item		2022	2021
Financial revenue and expenses	Net operating income (loss)	201,316	(228)
	Net non-operating income (expenses)	87,686	9,062
	Net pre-tax income (loss)	289,002	8,834
	Net income (loss) after tax	219,827	6,530
Profitability analysis	Return on assets (%)	16.56	0.84
	Return on shareholders' equity (%)	22.07	0.83
	Ratio of operating income to capital stock (%)	Net operating income	25.97
		Net pre-tax income	(0.04)
		37.28	1.42
	Net profit margin (%)	17.48	0.79
	Earnings per share	2.98	0.11

(4) Research and development status

1. Yearly R&D expense for the most recent five fiscal years

Unit: NT\$ Thousands

Year Item	2022	2021	2020	2019	2018
Research and development expenses	76,902	101,208	149,047	159,080	179,816
Operating income	1,257,735	827,205	815,658	986,727	1,013,873
Ratio of R&D expense to the revenue	6.11%	12.23%	18.27%	16.12%	17.74%

2. Products developed for the year 2022:

(A) Electronic trading products:

- (1) UIC680FGP: It was estimated for 5 items of customized design and completed 7 items. The effect of modular design was fully fulfilled.
- (2) UIC680VG: New generation of PCI product.
- (3) UIC680VAC: It matches with the development of visa cloud to implement the design of EMV on Cloud.
- (4) Alio / New 4in1 Plus (SmartTap): With SmartTap authentication, it can support the main application provided by Google wallet, such as tickets, membership cards, and electronic tickets.

(B) Smart home products:

- (1) Taptap III: We continue strengthening the original function of AI to accommodate all types of music and songs. Meanwhile, we focus on using different types of lighting strips and lighting chains for more occasions and venues.

2. Summary of business plans and development strategies for 2023

(1) Development strategies

Department	Objectives
Marketing	1) Fully concentrating on the development of regional services. With the combination of hardware, software and cloud services, we work hard to become a cashless payment solution provider. 2) Due to the rapid growth of global battery electric vehicle (BEV) market and the expansion of electric vehicle charging stations, the fee-collecting mechanism of charging electric vehicles is developed from the “closed membership system” in the past to “open collection mode”. Some countries (like Germany) and regions (like California, USA) even make a new law to enforce credit card payment mechanism established for charging stations. Based on the high market share of our EV charging station fee collector, we will grasp the business opportunities come along the development. 3) Vertical integration. Along with shops adopted non-contact payment during the epidemic, the Company’s main market, America, has a huge demand for payment terminals. In the past year, our Company has become the business partner for more banks, payment service providers, and independent sales organizations (ISO). 4) With the POS software strength developed by our subsidiary, we provide for the “prepaid” industry. It is a payment flow service with a write-off mechanism. For the market of smart home: 1) TapTap 3: It extends the direction of original AI functions and optimizes algorithms and models to perfectly interpret various types of music and songs. In addition, in response to market changes and demands, we enhance the coordination of RGB LED light strips and chains to expand market application timing and adapt to different venues.
R&D	1) Along with the change of consumption pattern caused by the advance of technology and the prevalence of personal mobile devices, the development of new products will move towards the application of self-service stores and the payment transaction equipment required for mobile payment. Moreover, we set out the research of cloud technology application to develop more extensive application services. 2) Developing composite card reader modules with data security encryption mechanism and corresponding to PCI/SRED as well as integrated card readers applicable to POS machine. 3) Continuing developing composite card readers that are with security protection mechanism (PCI 6.0) and support the application of vending machine, parking and kiosk) as well as developing NFC payment reading modules for electric vehicle charging stations. 4) Extending the design concept of common kernel and bringing out the advantage of repeated use of transaction core modules with the product characteristics in the same platform to save the development lead time and the certification fee. 5) Setting out to develop cloud technology services and developing cloud service support, like remote diagnostic and content management, based on IoT technology. 6) Developing credit card contactless transaction merchant payment system on personal mobile devices to save the additional fee of small and medium enterprises installing credit card machine. 7) Developing top-up systems to be used to solve payment flow issues in the fitness industry. 8) Modifying system programs to ensure the support of cross-platform operations and containerization.

Department	Objectives
Production management	1) Responding to the dispute of China-United States trade control and UICU strategies to establish supplier chain for key materials. 2) Adjusting inventory level appropriately to avoid excessive inventory level of materials. 3) Re-evaluating the method of introducing products to production operation, improving production procedure, and enhancing production efficiency and product quality. 4) Planned production on key products with big demands to enhance production effect, shorten delivery lead time, and speed up inventory turnover. 5) Introducing and updating automatic equipment to enhance production efficiency, reduce manpower, and improve production quality.
Quality Management	1) Continuing implementing supplier chain management, actively involving suppliers' production quality control, and assisting process improvement to enhance material quality and create win-win situation. 2) Improving product reliability, establishing product life cycle test and forecast, planning product life cycle models, and carrying out ORT (on-going reliability test) regularly to monitor product durability in order to be used as the niche reference for product promotion in the future. 3) Continuing implementing PFMEA (process failure mode and effects analysis) and Gauge R&R (repeatability and reproducibility); speeding up problem convergence through process quality enhancement to improve production efficiency; continuous enhancing product stability to focus on quality and efficiency and the goal of reducing production costs. 4) Focusing on new product improvement and optimization to enhance product competitiveness in the market. 5) Increasing customer satisfaction and reducing customer complaints. 6) Friendly environment can be divided into four dimensions, including society, economy, environment, and disclosure. In terms of society, we try hard to understand the demands and expectations of our stakeholders. In economy, we carry out internal audits and control according to the regulations, optimize our management and operation, and establish code of conduct. Regarding the environment, we have established an environmental management system, implemented raw material and waste management, started the preparation related to greenhouse gas inventory, and planned the guidance for energy management and water management. As for disclosure, we will gradually disclose information related to corporate social responsibility according to relevant regulations. 7) The Company has followed the environmental policy of "environment enhancement, green management, and pollution prevention" for a long time. We continue promoting energy saving and carbon reduction in the company as well as enhancing the efficiency of energy and resource utilization, waste reduction, and performance of pollution prevention. Recently, the reduction of carbon emission has become an important issue internationally. Considering the impact of our product exportation caused by the multiple adjustment on the issues related carbon fee and carbon tax in different countries in the future, we continue collecting knowledge related to carbon emission, policies and laws, and news in different countries to help managers at each department grasp the challenges and opportunities on the issues of carbon emission. Other than carrying out greenhouse gas inventory based on the schedule planned by Financial Supervisory Commission and disclosing the results of inventory and audit, we also focus on the energy efficiency of air-conditioning system to improve our energy-saving plans in order to implement the goal of continuous reduction of energy consumption and electricity consumption. 8) We combine the core value of the company with the consideration of main issues concerned by our stakeholders to conclude the blueprint of sustainable governance for the three dimensions of ESG as below. Environment: environmental protection, circular economy, and climate neutral. Society: happy workplace, continuing education, and giving back to society. Governance: integrity and ethics, risk management, and sustainable operation.

Department	Objectives
Information Technology	1) Enhancing information security, strengthening structure of information security system, and implementing information security system. 2) Regularly holding social engineering exercises to strengthen employees' awareness on information security as well as providing professional training related to information security to enhance the level of information security knowledge. 3) The Chief Information Security Officer must obtain the latest version of ISO/IEC 27001:2022 before the end of June to lead the upgrade of auditor certificate. 4) Participating in seminars related to information security to understand new trends and threats of information security. 5) Maintaining high availability and completeness of servers and network equipment. 6) Replacing and introducing information equipment and application systems that are most cost/ benefit effective when appropriate and maintaining complete information equipment and supplier system. 7) Emphasizing the cost/ effectiveness of the information equipment invested, adopting a purchasing strategy of optimal benefit for the company. 8) Maintaining functions and modules of enterprise resource planning system (ERP) to enhance overall operating efficiency and performance.
Finance and Accounting	1) Strengthening the Company's financial management and flexible capital movement to ensure the optimal effectiveness on the utilization of existing resources. 2) Based on the development trend of corporate governance and operating demands, relevant operations and structures are planned and adjusted to deepen corporate governance.
Human Resource	1) Maintaining good labor-management relations through HR partners and gathering cohesion among the employees. 2) Delivering the corporate culture of "work hard and enjoy life". 3) Establishing employer brand to connect with new generations and attract young and excellent talents. 4) Carrying a pragmatic attitude, encouraging innovation thoughts, and providing a stage for talents.

(2) Business objectives

The estimated sales volume for products in 2023 is as below:

Product	Estimated sales volume
Contactless credit card reader	200,000 units
Self-service store credit card reader	50,000 units
POS/Kiosk only card reader and encrypted pin pad	5,000 units
Financial password identifier	7,000 units
Cheque reader	5,000 units
Credit card payment terminal	8,000 units
Mobile terminal POS and credit card reader	5,000 units
Decoded IC	250,000 pcs
Others (including OEM products)	550,000 pcs

(3) Impact of external competition, regulatory environment, and macroeconomic conditions

1. Impact of external competition:

(1) Rampant global unauthorized credit card transaction

According to the statistics of Nelson Report, the global credit card transaction amount in 2021 was around US\$49 trillion. Among them, the ratio of unauthorized credit card transaction was around 0.6%; the amount of loss was around US\$32.3 billion. Due to the lower ratio of smart IC card introduction in U.S.A. market, it has even higher unauthorized credit card transaction rate. It was around 1.06% with a huge amount of loss of US\$12 billion. The statistics done by the magazine show the total amount of loss caused by global unauthorized credit

card transactions in the next ten years will be high up to US\$397.4 billion. In response to the changeable and progressive patterns of unauthorized credit card transaction, upstream and downstream suppliers involving with global credit card transaction must continue enhancing financial technology in order to reduce or effectively block risky transaction.

(2) Challenges caused by COVID-19

The epidemic urged retailing and catering industries to embrace the mindset of digital first. During the epidemic, more physical retailers, restaurants, and other stores adopted omni-channel retailing to integrate online e-commerce and offline physical sales channels to increase income. It also speeds up the electronic payment industry to move towards the development of three dimensions in “cross border, cross carrier, and cross virtuality and reality”.

(A) Cross border

To obtain more users in the shortest time, regional payment flow providers start to focus on the market layout of cross border. It is anticipated to provide a wider scope of utilization for existing users and achieve the purpose of attracting consumers in international markets. In recent years, up-and-coming startups and technology enterprises also develop mobile payment solutions from their existing products or services for their users in different countries, like Apple, Google, Line and WeChat Pay. It expands the level of global penetration of mobile payment so that users all over the world have more opportunities to use it.

(B) Cross carrier

To satisfy the habit of different consumers, providers go along with the trends for the combination with clothing accessories, like smart watch, wristband, and glasses, or with “smart vehicle-mounted device” and even “smart household appliances” so that the mobile payment will not be limited on one type of carrier. Through multi-accessory carriers, users have more choices to use mobile payment in accordance with their daily habits.

(C) Cross virtuality and reality

To offer users more convenient services, providers have started to integrate online and offline e-payment services. That is, the original online shopping payment providers developed physical store payment services that also support offline payment, such as Amazon, eBay, PayPal, and Alipay. Besides, providers who focused on offline payment also develop online payment. Driven by the interactive layout planned by providers, various payment solutions used cross virtuality and reality create significant convenience for users’ offline and online payment application. Because of the huge increase of users who are familiar with electronic payment, the efficiency of physical store checkout process in cash or by physical card will be optimized significantly so that the satisfied users will have more expectation on the functions of mobile payment.

2. Impact of regulatory environment and macroeconomic conditions:

(1) Impact of regulatory environment:

The Company follows the principle of legal and prudent operation. All the public announcements and legal regulations published by the government have been strictly implemented. There will be no contradiction and reverse impact in terms of operation and management.

(2) Impact of macroeconomic conditions:

Because electronic payment is related to the financial stability in a country, the utilization rate of electronic payment is difficult to stand out and enhanced only by providers’ subsidy or marketing promotion and offer under the circumstance of

relatively conservative and control of financial related policies and regulations among government in different countries. Therefore, the policies promoted by the government in different countries play an important role. There are two main points in application and in regulations:

(A) Customer protection

The transaction patterns in the financial market are continuing to improve due to the rapid development and impact of technology. The combination of finance and technology makes financial products more and more complex. Besides, it also emphasizes personal attributes. It is foreseeable that the dispute of financial consumption will come out one after another and will be novel. Therefore, the combination of financial practice and legal regulation is becoming increasingly important. The dispute of financial consumption will be handled through lengthy litigation. However, under the situation of discrepancy in financial capacity, information, and professionalism between consumers and financial institutions, it is urgent to establish financial consumption evaluation mechanism.

Nowadays, big data analysis is flourishing. The commercial interests beyond it cause many providers to collect consumer information as much as they can and use the information to strengthen their competitiveness. However, information of de-identification is not able to guarantee that the information will not be abused. Regulatory agencies in different countries have started to collect and use network transaction information and draft stricter laws to cover the insufficiency of the current Personal Data Protection Act.

(B) Information security

According to the MIC survey data done by Institute for Information Industry, the main negative consideration that causes consumers unwilling to use current electronic payment is that people think it is not safe enough (70%). The positive consideration that affects consumers willing to use electronic payment is the security (52%), which is on top. The survey defines security as “worrying personal information and consumption records to be disclosed, stolen for unauthorized transaction, repeated deduction, or the loss of mobile phone”. From above, it shows the most essential condition for using electronic payment is security. As a result, governments in different countries all make laws for supervision. The establishment regulations focusing on consumer information security, money flow security, and the level of personal information protection have become the essential threshold and condition to enter the market competition of mobile payment.

Uniform is one of the important suppliers for global electronic and mobile payment industry. Many of our products meet the requirements of Payment Card Industry Data Security Standard (PCI_DSS). Through intelligent terminal and software application programs, stores can manage acquirer banks safely and payment service can be more effective in timely managing the payment terminal network, optimize support services of platform technology, reduce high venue maintenance cost, and flexibly provide innovative value-added application services for different groups of stores. Internally, we aim to keep up with the enhancement of organizational structure, personnel educational training, and technology capability to ensure our market competitiveness.

Chairman Ba Lo

II. Company profile

1. Date of incorporation: October 6, 1983.

2. Company history:

- 1992: To enhance the profiting and contribution margin of products, a significant change was made on products and business policies. That was, gradually lowering the business scope of original equipment manufacturer (OEM) and expanding R&D and promotion of private own products. In line with the policy, we revised the Articles of Incorporation and extend business items to the manufacturing, selling, and trading of magnetic card reader, point-of-sale terminal, and IC card reader.
- 1993: 1. To actively develop markets and expand the scale of business, we invested in a subsidiary, UNIFORM INDUSTRIAL CORPORATION, USA, on March 1 and acquired 100% equity.
2. To compensate losses from the past, we implemented a capital reduction of NTD 32 million by the resolution of the extraordinary shareholders' meeting on August 16. At the same time, we carried out seasoned equity offering for the same amount of money. The total paid-in capital after the offering was still NTD 80 million.
- 1994: 1. Established our own factory, which was located on 1F., No. 1, Lane 15, Ziqiang Street, Tucheng District covering an area of 2810.1 square meters. The relocation of the factory was completed in October for formal production.
2. In response to the market demands, we speeded up new product R&D and developed a check reader that was able to read checks of magnetic ink by the end of the year.
- 1995: 1. To be ready for the era of communication as well as comply with the business strategy of product diversification, we actively invested in the research of communication products. Besides, we signed "ISDN Video Call System Collaboration Development Plan" and "PC-Type ISDN Terminal (PCIT-1 and PCIT-2) Technology Transfer Agreement" with Chunghwa Telecom Co., Ltd.
2. To facilitate recruiting and cultivating professional talents as well as speed up the R&D of communication products, we established the Taipei R&D Center at the East District in Taipei City.
3. Obtained ISO 9002 Certificate.
4. To improve the Company's financial structure and strengthen the Company's fundamental system, a seasoned equity offering of NTD 40 million was implemented by the resolution of the shareholders' meeting to issue an additional 4 million shares.
- 1996: 1. To enhance production capacity and product quality for the increasing business volume, we purchased a new-type automatic component placement machine.
2. To meet the demand for business expansion and comply with the marketing of new communication products, we increased the scale of the Business Department to Business Department I and Business Department II. Business Department I was in charge of the marketing for the current product, which was magnetic card readers, while Business Department II was in charge of the marketing for ISDN communication network.

3. To develop the business in the USA, we increased investment in our subsidiary, UNIFORM INDUSTRIAL CORPORATION, USA, with USD 100,000. The total investment amount was USD 200,000.
- 1997:
1. To expand markets and comply with the business strategy of product diversification, we started to sell IC decoders for car readers this year and extend our business to the ticket reading system and IC card reader system in the transportation industry. In addition, computers and communications are the mainstream of the development for next century. To further expand the operations of the Company, we also started to manufacture and sell new products of integrated services digital network (ISDN) and video conference system this year.
 2. In line with the demand for business growth, we expanded our capacity and built the second factory in Tucheng.
 3. To comply with the company strategy and planning, we adjusted the original organizational structure from department to business division.
 4. To purchase office and automatic equipment for Taipei R&D center, we implemented seasoned equity offering in NTD 111.4 million. The paid-in capital was increased to NTD 250 million, and we also made up the procedure of public offering.
 5. To expand the business in the USA, the earnings of our subsidiary, UNIFORM INDUSTRIAL CORP., USA, was used as capital increase in USD 200,000. The total accumulated investment amount was USD 400,000.
- 1998:
1. Obtained ISO 9001 Quality Certificate.
 2. To expand the business in USA, a seasoned equity offering in USD 200,000 was invested to the subsidiary, UNIFORM INDUSTRIAL CORP, USA. The total accumulated investment amount was USD 600,000.
 3. Implemented capital increase through earnings and capital reserves in NTD 50 million, and the total paid-in capital was enhanced to NTD 300 million.
 4. Product for video conference, Set-Top Box, was formally in mass production for selling.
 5. In line with the demand of business growth, we expand the scale of Tucheng Plant.
- 1999:
1. Implemented capital increase through earnings in NTD 60 million and enhanced the paid-in capital to NTD 360 million.
 2. Installed an additional SMT production line to enhance production capacity.
 3. To improve the competitiveness of the Company, shorten internal operating procedures, and effectively integrate current resources, we adjusted the organizational structure and established the marketing department to be in charge of market research and analysis as well as the establishment of product specification.
 4. Expanded the office of Taipei R&D Center to handle matters related to market, R&D, and business.
 5. We were approved by the Securities and Futures Supervision Commission, Ministry of Finance to enter the over-the-counter market on October 25, 1999, and were formally listed for stock exchange on December 22, 1999.
- 2000:
1. Implemented capital increase through earnings in NTD 60 million and enhanced the paid-in capital to NTD 420 million.

2. Product for video conference, STBex384, was formally in mass production for selling.
- 2001:
1. Approved by Securities and Futures Supervision Commission, Ministry of Finance on October 19, 2001, to become a listed company and was formally listed for trading on October 25, 2001.
 2. Implemented capital increase through earnings in NTD 47 million and enhanced the paid-in capital to NTD 467 million.
 3. To expand the business of re-investment, we invested in the establishment of Wangyuan International Cash Flow Co., Ltd. in Q2 to mainly develop network charging mechanism.
 4. To extend the market in Mainland China, we invested and established Newline Holding Inc. in Q2 and planned to carry out reinvestment in Mainland China through the company for sales and R&D.
 5. Developed the smart card reader that was certified by EMV Level 1.
- 2002:
1. Implemented capital increase through earnings in NTD 55.7 million and enhanced the paid-in capital to NTD 522.7 million.
 2. To expand the business of re-investment, we invested in the establishment of Lainsheng Technology Co., Ltd. in Q4 to engage with the integration of video network peripheral systems.
- 2003:
1. Implemented capital increase through earnings in NTD 18.454 million and enhanced the paid-in capital to NTD 541.154 million.
 2. To purchase land and construct the building with integration of office and factory, we issued NTD 20 million secured convertible bonds domestically for the first time in Q3.
- 2004:
1. To respond to the business demand, we purchased self-owned factories (Tucheng Plant III and V). They were located on 2F., and 3F., No. 3, Lane 15, Ziqiang Street, Tucheng District. The construction has been completed for formal production.
 2. To expand the business in the USA, we increased investment in our subsidiary, UNIFORM INDUSTRIAL CORPORATION, USA, with USD 1 million. The total investment amount was USD 1.6 million.
 3. To expand business and respond to enterprise internationalization, we invested in and established Riseup Investments Ltd. in Q4.
 4. The business income this year was over NTD 1 billion. In line with the Company's policy in global layout, enhance competitive advantages, and respond to government policies, we were approved by Industrial Development Bureau, MOEA for our application of Operation Headquarters of Enterprises. It was effective from 2005.
 5. Implemented convertible bond for share stocks of NTD 33,797,120 based on book value and dealt with the cancellation of NTD 26,540,000 treasury stocks to enhance the capital to NTD 548,411,120.
- 2005:
1. To respond to business demand, we purchased a self-owned factory (Tucheng Plant V). It was located on 2F., No. 1, Lane 15, Ziqiang Street, Tucheng District. The renovation was completed for formal production.
 2. To expand business and respond to enterprise internationalization, we invested and established Uniform Industrial Corp. (Japan) in Q3.
 3. Implemented convertible bond for share stocks of NTD 8,360,460 based on

- book value to enhance the capital to NTD 556,771,580.
- 2006:
1. To enhance operating efficiency, we purchased self-owned office located on 5F., No. 1 and No. 3, Lane 15, Ziqiang Street, Tucheng District and relocated R&D Department, Business Department, and Marketing Department to the new location by the end of November 2006.
 2. To expand business, we re-invested in NewPOS Technology Corporation in Q4 to engage with R&D of software and programs for POS system.
 3. To expand business, we re-invested Yixing Technology Corporation in Q4 to engage with computer R&D and product design.
 4. Passed ISO 14000 Environmental Protection System Certification.
 5. Implemented convertible bond for share stocks of NTD 42,004,760 based on book value, dealt with the cancellation of NTD 43,590,000 treasury stocks, and carried capital increase through earnings in NTD 25,659,080 to enhance the capital to NTD 580,845,420.
- 2007:
1. To expand business and respond to enterprise internationalization, we invested and established UIC-Group Holdings Ltd. in Q1.
 2. To expand the business in Mainland China, we increased capital in cash by USD 1 million in Q2 for Newsline Holding Inc.
 3. To expand business, we re-invested Ji-Yu Co., Ltd. in Q3 to engage with the R&D, manufacturing, and trading of digital signage.
 4. Implemented convertible bond for share stocks of NTD 1,556,880 based on book value and carried capital increase through earnings in NTD 40,768,160 to enhance the capital to NTD 623,170,460.
- 2008:
1. To expand business in Mainland China, we implemented seasoned equity offering of USD 80,000 in Q1 to Newsline Holding Inc.
 2. To expand business in Mainland China, we implemented seasoned equity offering of USD 1 million in Q3 to Newsline Holding Inc.
 3. Implemented the cancellation of NTD 33,400,000 treasury stocks and carried capital increase through earnings in NTD 30,955,030 to reduce the capital to NTD 620,725,490.
- 2009:
1. To expand the business in Mainland China, we implemented seasoned equity offering of USD 59,000 in Q1 to Newsline Holding Inc.
 2. To expand the business in Mainland China, we implemented seasoned equity offering of USD 50,000 in Q2 to Newsline Holding Inc.
 3. To expand the business in Mainland China, we implemented seasoned equity offering of USD 300,000 in Q4 to Newsline Holding Inc.
 4. To expand business and respond to enterprise internationalization, we implemented a seasoned equity offering of USD 1.63 million in Q3 to UIC-Group Holdings Ltd.
- 2010:
- To expand business and respond to enterprise internationalization, we implemented seasoned equity offering of USD 315,000 in Q2 to UIC-Group Holding Ltd.
- 2011:
1. To expand business and respond to enterprise internationalization, we implemented seasoned equity offering of USD 260,000 in Q1 to UIC-Group Holding Ltd.
 2. To expand business and respond to enterprise internationalization, we implemented a seasoned equity offering of USD 50,000 in Q2 to UIC-Group Holding Ltd.

3. To expand the business in Mainland China, we implemented seasoned equity offering of USD 50,000 in Q3 to Newslane Holding Inc.
 4. To expand business and respond to enterprise internationalization, we implemented a seasoned equity offering of USD 60,000 in Q4 to UIC-Group Holdings Ltd.
- 2012:
1. To expand the market in Europe, we invested NTD 14,724 thousand in Q1 to set up UIC Europe GmbH. Its main business is the trading of readers, personal password identifiers, credit card transaction terminals, and decoded IC.
 2. To expand business and respond to enterprise internationalization, we implemented a seasoned equity offering of USD 55,000 in Q2 to UIC-Group Holding Ltd.
 3. To expand the business in Mainland China, we implemented seasoned equity offering of USD 1.05 million in Q3 to Newslane Holding Inc.
- 2015:
- To enhance operating efficiency, we purchased a self-owned office located on 11F., No. 164, Fuxing N. Road, Zhongshan District, Taipei City.
- 2016:
- To expand markets in Australia and in New Zealand, we invested NTD 4,765 thousand in Q2 to establish UIC Australia Pty Ltd. Its main business was the trading of readers, personal password identifiers, credit card transaction terminals, and decoded IC.
- 2017:
1. Lainsheng Technology Co., Ltd. completed its phased tasks. To simplify organizational structure and integrate internal resources, we implemented its dissolution and liquidation.
 2. Subsidiary in Germany, UIC Europe GmbH, completed its phased tasks. To comply with group strategies and planning and enhance overall operating management efficiency, we implemented its dissolution and liquidation.
 3. Subsidiary in Australia, UIC Australia Pty Ltd. was under the stage of business development. We implemented seasoned equity offering of AUD 350,000 in Q2 and Q4 to replenish operating capital and facilitate subsequent business plans.
 4. To respond to the subsequent business development plans and the demand of operating funds required by Huabu Technology Corporation, we implemented seasoned equity offerings in Q1, Q3, and Q4 in 2017 of a total of NTD 55 million.
 5. Due to the demand of business adjustment, the above company revised its Chinese name as 新儀科技股份有限公司 and its English name was NewPOS Technology Corporation.
- 2018:
1. To respond to the subsequent business development plans and demand for operating funds of NewPOS Technology Corporation, we implemented seasoned equity offerings in Q2 and Q4 of NTD 36 million in total.
 2. To expand the electronic banking information service business, we established payment integration platform of “ACH Taiwan” and started actual operation.
- 2019:
1. To respond to the subsequent business development plans and demand of operating funds of NewPOS Technology Corporation, we implemented seasoned equity offerings in September of NTD 10 million in total.
 2. Subsidiary in Australia, UIC Australia Pty Ltd. completed its phased tasks. To comply with group strategies and planning and enhance overall operating efficiency, we implemented its dissolution and liquidation in Q4.
- 2020:
- To respond to the subsequent business development plans and demand of

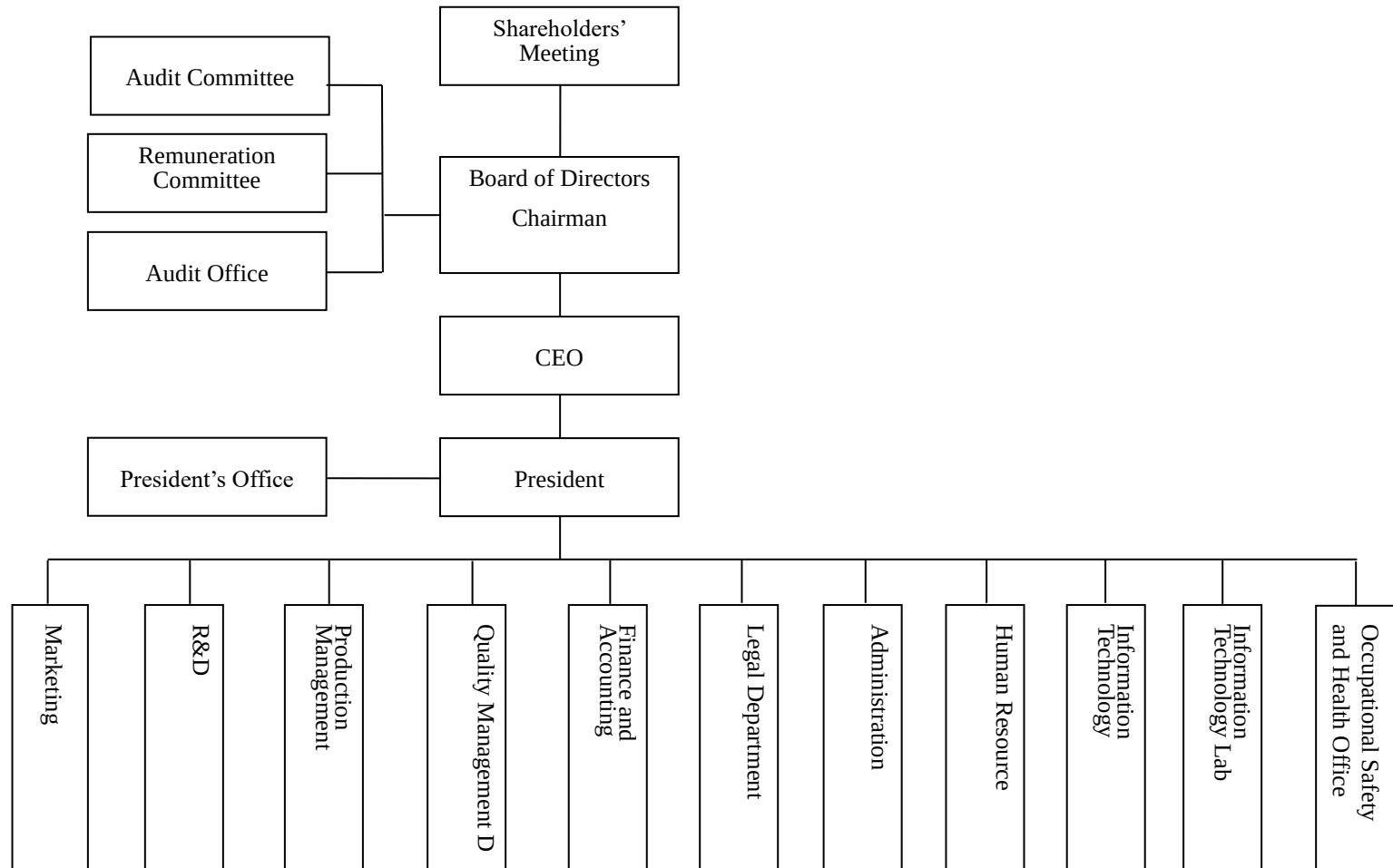
operating funds of NewPOS Technology Corporation, we implemented seasoned equity offerings in August of NTD 10 million in total.

- 2021:
1. To replenish operating capital and repay bank loans, we issued the second domestic secured convertible bonds of NTD 200 million in Q3.
 2. To replenish operating capital and increase the efficiency of capital utilization, we disposed of the land located at Changchun Section, Zhongshan District, Taipei City and the buildings on it. To activate assets, we disposed of the land located at Peipo Section, Tucheng District, New Taipei City.
 3. To respond to the subsequent business development plans and demand for operating funds of NewPOS Technology Corporation, we implemented capital reduction and then seasoned equity offerings of NTD 20 million in total.
 4. To continue expanding business and increasing operating performance, the Company obtained 3.944% of shares in Gogolook Co. Ltd.
- 2022:
1. In response to the subsequent business development plans and the demand of operating funds of NewPOS Technology Corporation, we implemented seasoned equity offerings of NT\$20.9 million in total.
 2. We implemented convertible bond for the issuance of new shares in NTD 154,544,350, and the paid-in capital was enhanced to NTD 775,269,840.

III. Corporate governance report

1. Organizational system:

(1) Organizational chart



(2) Information of main functions of each department:

1. Audit Office

To establish the Company's audit policy, draft overall annual audit plans, execute audit policy, prepare audit working paper, compile audit reports, and implement the Company's special audit.

2. President's Office

To assist President planning the Company's structure and duties of each department as well as coordinate operations between departments and implement businesses assigned by President.

3. Marketing

In charge of market analysis, marketing strategies, product planning, development and design, product selling, and customer service of products related to terminals used for non-cash transaction, credit card readers and payment systems.

4. R&D

Responsible for the technology research and product development & design of products related to payment systems.

5. Production Management

- (1) To source many suppliers for main materials to respond to global material shortage.
- (2) To introduce fine and micro materials into product design, update SMT equipment, and purchase automatic equipment to reduce the demand of direct manpower for production.
- (3) To shorten delivery time for orders, enhance inventory turnover, and reduce inventory.
- (4) To develop jig and fixture for automatic production in order to reduce production defect rate and enhance product quality and production efficiency.

6. Quality Management

- (1) Quality system (QMS & EMS) implementation and maintenance.
- (2) Overall management on component approval and project development documents.
- (3) Quality monitoring, improvement, and control related to material receiving/ production/ shipment.
- (4) Services of testing product reliability, safety application and maintenance, electromagnetic interference, and other special tests.
- (5) Gauge calibration and control.
- (6) Customer complaint and RMA service.

7. Finance and Accounting

- (1) Responsible for preparing, analyzing, and summarizing reports of the Company's financial operations, reinvestment business management, stock affairs, taxes, accounting, financial statements, and various managerial reporting.
- (2) Planning, execution, and integration of operations related to corporate governance.

8. Legal Department

In charge of legal affairs of various contentious/non-contentious cases, legal advice, contract review, and regulatory compliance and notice and warning for related risks as well as the implementation and maintenance of corporate intellectual property rights.

9. Administration

- (1) To assist the implementation of the Company's project planning, contracting, supervision, management, and administrative business. Repairing, maintaining, and managing hydroelectricity, telephone lines, machine, and equipment.
- (2) To support logistics, administration & word processing, fire and public safety management, environmental maintenance (5S), and waste disposal.

10. Human Resource

- (1) To establish the employer brand and draft recruitment strategies to attract young and excellent talents.
- (2) To assess employees' competence gap and plan appropriate educational training courses in order to enhance employees' competence.
- (3) To deliver corporate culture and enhance employee cohesion.
- (4) To strengthen performance and reward & punishment system in order to encourage employees to enhance work quality and efficiency.

11. Information Technology

- (1) To provide the operating platform and business services for private cloud service/ various servers/ network equipment.
- (2) To strengthen architecture of information security system, establish information security system, and carry out social engineering exercise and information security educational training.
- (3) To provide enterprise resource planning system (ERP) and other information application system to enhance overall operating performance.
- (4) To assist colleagues in different departments in solving problems related to information and enhance their work efficiency.
- (5) To evaluate and introduce optimal information equipment and application system for cost/ effect.
- (6) To assist in purchasing equipment related to information technology.
- (7) To assess various new information technology, application trends, and knowledge related to digital transformation.

2. Information on the Company's directors, supervisors, president, vice presidents, deputy vice presidents, and the supervisors of all the departments and branches

(1) Directors and supervisors

1. Directors (I)

April 9, 2023

I. Directors (7)																					
Title (Note 1)	Nationality or place of registration	Name	Gender / age (Note 2)	Date elected (on board)	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Shares held by spouse & minor		Shares held by nominee arrangement		Main experience (education) (Note 4)	Position concurrently held in the Company and other companies	Managers, directors, or supervisors who are spouses or within two degrees of kinship			Remark	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Chairman	R.O.C.	Lianqing Investment Co., Ltd.	N/A	2020.6.9	2023.6.8	1999.5.31	13,858,338	22.33%	13,858,338	17.80%	—	—	—	—	None	None	None	None	None	(Note 5)	
		Legal representative: Ba Lo	Male 61-70				5,674,942	9.14%	5,674,942	7.29%	2,186,728	2.81%	—	—	Department of Mechanical Engineering, Lee-Ming Institute of Technology	Chairman, CEO, and Acting President of Uniform Industrial Corp.; President of Apply Entertainment Ltd., Newsline Holding Inc, Riseup Investments Ltd., Liangqing Investment Co., Ltd., NewPOS Technology Corporation, Sphere Corp. and Corporate Director in Fortune Investment Co., Ltd.	None	None	None		
Director	R.O.C.	Lianqing Investment Co., Ltd.	N/A	2020.6.9	2023.6.8	1999.5.31	13,858,338	22.33%	13,858,338	17.80%	—	—	—	—	None	None	None	None	None		
		Legal representative: Jin-Cheng Lin	Male 61-70				—	—	—	—	—	—	—	—	M.B.A., National Chengchi University Bachelor of Science, Department of Electrophysics, National Chiao Tung University	Director in Supu Dongli Co., Ltd.; Director in Accurate Venture Capital Consulting Co., Ltd.; Director in Senalytix Inc.; Director in Cameo Communications Inc.; Representative of Corporate Director for Youheng Multimedia Co., Ltd.; Director in Intovoice Taiwan Corporation; Representative of Corporate Supervisor for U-Liang Pharmaceutical Co., Ltd.; Director in Yingguang Optoelectronics Co., Ltd.; Director in Dingqiang Cultural and Creative International Co., Ltd.; Representative of Corporate Director for Jihe Technology Co., Ltd.; President of Hesheng Investment Co., Ltd.	None	None	None		
Director	R.O.C.	Kuan-Sheng Ren	Male 61-70	2020.6.9	2023.6.8	2001.5.14	652,783	1.05%	652,783	0.84%	—	—	—	—	Master, University of California, Berkeley President & General Manager of Edimax Technology Co., Ltd.	President & General Manager of Edimax Technology Co., Ltd.; President of ABS Telecom, Inc.; President of EDIMAX B.V.; President of EDIMAX (UK); President of EDIMAX (Poland); President of EDIMAX (Australia); President of EDIMAX (Singapore); General Manager of EDIMAX (China); President of Smax Technology Co., Ltd.; President of Comtrend Corporation; Director in Comtrend Technology (Netherlands) B.V.; Representative of Corporate Director for EcoBear Technology Corp.; Representative of Corporate Director for Onward Security Corporation	None	None	None	None	
Director	R.O.C	You-Gang Li	Male 61-70	2020.6.9	2023.6.8	1999.5.31	50,994	0.08%	26,994	0.03%	—	—	—	—	Department of Business Administration, Tamsui Commercial Industrial Vocational Senior High School President of Hengjing International Co., Ltd.	None	None	None	None		

Title (Note 1)	Nationality or place of registration	Name	Gender / age (Note 2)	Date elected (on board)	Term	Date first elected (Note 3)	Shareholding when elected		Current shareholding		Shares held by spouse & minor		Shares held by nominee arrangement		Main experience (education) (Note 4)	Position concurrently held in the Company and other companies	Managers, directors, or supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Da-Ren Chen	Male 61-70	2020.6.9	2023.6.8	2017.6.13	–	–	–	–	–	–	–	–	Ph.D., Department of Mechanical Engineering, University of Maryland, USA Master, Department of Mechanical Engineering, University of Maryland, USA Bachelor, Department of Agricultural Machinery, National Taiwan University	Distinguished Professor at Department of Mechanical Engineering/ Graduate Institute of Industrial Engineering, National Taiwan University	None	None	None	None
Independent Director	R.O.C.	Jian-Fu Guo	Male 41-50	2020.6.9	2023.6.8	2017.6.13	–	–	–	–	–	–	–	–	Ph. D, Department of Industrial Engineering and Engineering Management, National Tsing Hua University	Director of Gogolook Co., Ltd. Director in Xinke Investment Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chih-Hung Wang	Male 51-60	2020.6.9	2023.6.8	2020.6.09	–	–	–	–	–	–	–	–	Master of Accounting Science (MAS), University of Illinois at Urbana Champaign (UIUC) Chief Financial Officer, Novartis (Taiwan) Co., Ltd.	Chief Financial Officer of Zuellig Pharma Inc.	None	None	None	None

Note 1: Institutional shareholder should specify both the name of the institutional shareholder and the name of the representative (for the representative of institutional shareholder, the name of the institutional shareholder should be specified), and the Table 1 below shall be filled.

Note 2: Please indicate the actual age, and it can be expressed in the mode of interval, such as 41-50 years old or 51-60 years.

Note 3: Please provide the information of the time first taking up the position of director or supervisor. If there is any interruption, please explain it in the note.

Note 4: Experience related to the current position. If a position in the certified public accountant office or affiliated company was taken during the above period of time, please specify the title and related duties.

Note 5: If the Company's President and General Manager or any position equivalent to that (top manager) are the same person, spouse to each other or first-degree relatives, please provide the reason, rationality, necessity, and countermeasures.

The same person is taking the posts of President and General Manager of the Company, and it is for the Company's operating planning and to enhance business performance.

1. The current three independent directors are specialized in financial and industrial areas respectively and able to effectively fulfill their duties in supervision. In order to strengthen corporate governance, it is expected that an additional independent director will be elected to improve the functions of the board of directors and strengthen the supervision function when the shareholder meeting is re-elected in 2023.
2. We encourage all the directors to participate in the professional courses for directors run by external institutions, like the Securities & Futures Institute, every year to enhance the operating effectiveness of the Board of Directors.
3. Independent directors can fully engage in discussion in each functional committee and propose suggestions as reference to the Board of Directors to fulfill corporate governance.
4. More than half of the members of the Board of Directors are not concurrently taking the position of Company's employees or managers.

2. Major shareholders of institutional shareholders

April 9, 2023

Name of institutional shareholder (Note 1)	Major shareholders (Note 2)
Lianqing Investment Co., Ltd.	Ba Lo: 94.35%, Jing Lo: 1.91%, Hao Lo: 1.64%, Bang Lo: 0.96%, Ren-Ji Chen: 0.50%, Weigao Investment Co., Ltd.: 0.36%, Po-Wen Cheng: 0.28%

Note 1: If any director or supervisor is a representative of an institutional shareholder, the name of the institutional shareholder shall be specified.

Note 2: Please provide the name of the major shareholders of the institutional shareholder (top 10 shareholders), and the shareholding ratio.

Note 3: If the institutional shareholder is a non-company organization, the above name of shareholders and shareholding ratio to be disclosed shall be the names of people who contributed or donated the capital (please refer to the announcements by Judicial Yuan) and the ratio of their contribution or donation. If the person who contributed the capital passed away, please remark "deceased".

3. Major shareholders of the Company's major institutional shareholders

April 9, 2023

Name of institutional shareholder (Note 1)	Major shareholders (Note 2)
Weigao Investment Co., Ltd.	Weipo Investment Co., Ltd.: 66.09%, Hung-Geng Li: 15.75%, Hui-Hui Liu: 9.34%, Lianqing Investment Co., Ltd.: 8.65%, Rong-Lang Wang: 0.17%

Note 1: If any director or supervisor is a representative of institutional shareholder, the name of the institutional shareholder shall be specified.

Note 2: Please provide the name of the major shareholders of the institutional shareholder (top 10 shareholders), and the shareholding ratio.

Note 3: If the institutional shareholder is a non-company organization, the above name of shareholders and shareholding ratio to be disclosed shall be the names of people who contributed or donated the capital (please refer to the announcements by Judicial Yuan) and the ratio of their contribution or donation. If the person who contributed the capital passed away, please remark "deceased".

4. Directors (II)

1. Information on professional qualifications of directors and independence analysis of independent directors

April 9, 2023

Criteria Name	Professional qualification and experience (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Lianqing Investment Co., Ltd. Representative: Ba Lo	Current President and CEO of the Company; with more than five years of experience in commerce, finance, and what required for the business of the Company; has been working in the areas related to the payment industry for more than 20 years; with capability of professional leadership, marketing, and operation management.	● Take concurrent position of CEO and substitute General Manager of the Company, a director with the identity of manager. ● A director that takes concurrent position in the affiliated enterprise of the Company (100% subsidiary). ● Top 10 natural-person shareholders of the Company. ● President of Lianqing Investment Co., Ltd., which is an institutional shareholder that holds more than 5% of issued shares of the Company. ● Elected as President in the identity of the representative for Lianqing Investment Co., Ltd. ● Not been in any conditions defined in Article 30 of the Company Act.	0
Lianqing Investment Co., Ltd. Representative: Jin-Cheng Lin	M.B.A. from National Chengchi University; currently is the representative for many companies, including Hesheng Investment Co., Ltd., Jihe Technology Co., Ltd., and Senalytix Inc.; with more than five years of experience in commerce, finance, and what required for the business of the Company; specialized in business operation and management; equipped with commerce and relevant operation management capability indifferent industries.	● Lianqing is an institutional shareholder that possesses more than 5% of the issued shares of the Company and is the top shareholder of the Company. ● Mr. Jin-Cheng Lin was elected the director of the Company as the representative of Lianqing Investment Co. Ltd. ● Not been in any conditions defined in Article 30 of the Company Act.	0
Kuan-Sheng Ren	Obtained master's degree from University of California, Berkeley; currently serves as President and General Manager in Edimax Technology Co., Ltd.; with more than five years of experience in commerce, finance, and what required for the business of the Company. Other than serving as a director in Uniform Industrial Corp., he also worked as a director and equivalent management duty in the upstream and downstream of relevant electronic technology industrial chain and cultivated different industrial experience and professional capability in network communications, optoelectronics, information technology, and finance & accounting.	● Not been in any conditions defined in Article 30 of the Company Act.	0
You-Gang Li	Graduated from Department of Business Administration, Tamsui Commercial Industrial Vocational Senior High School; with more than five years of experience in commerce, finance, and what required for the business of the Company.	● Not been in any conditions defined in Article 30 of the Company Act.	0

Criteria Name	Professional qualification and experience (Note 1)	Status of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Da-Ren Chen	Ph.D., Department of Mechanical Engineering, University of Maryland, USA; Distinguished Professor at Department of Mechanical Engineering/ Graduate Institute of Industrial Engineering, National Taiwan University; during the teaching post, he used to take concurrent position as the member of Intellectual Property Court Mediation Committee and Bureau of Standards, Metrology and Inspection, MOEA, Standard Technical Committee. The Chairman of Remuneration Committee and the member of Audit Committee of the Company; with more than five years of professional qualification as the professor in public and private colleges and universities in the departments related to the demand of the business of the Company; specialized in patent engineering, intellectual property analysis, and systematic mechanism design.	●According to the Articles of Incorporation of the Company and the regulation of “Corporate Governance Best Practice Principles”, the election of directors adopts candidate nomination system. When members of the Board of Directors of the Company are nominated and elected, we have obtained the written statement, work experience, certificate of current post, and verified relative relation list of each director as well as the independence of each director, the spouse, and relatives within three degrees in the Company. In addition, it is verified that the three independent directors listed in the left all meet the requirements of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” published by Financial Supervision Commission and qualification specified in Article 14-2 of Securities and Exchange Act two years before the election and during the post. All the independent directors have been given the right to full participation in decision-making and the expression of their opinions according to Article 14-3 of Securities and Exchange Act for them to perform their duties independently. ●Not spouse or relative within the second degree of kinship of any director.	0
Guo Jian-Fu	Ph. D, Department of Industrial Engineering and Engineering Management, National Tsing Hua University; current CEO of Gogolook Co., Ltd. and one of the founders of Gogolook Co., Ltd., which is a startup industry centered on fraud prevention technology; was elected as the latest director of Taiwan Internet and E-Commerce Association (TiEA). An independent director of the Company and the member of Remuneration Committee and Audit Committee; with more than five years of experience in commerce and what required for the business of the Company; with practical capability in operating planning, operation, and management in the industries of commerce, marketing, and technology.	●Not been in any conditions defined in Article 30 of the Company Act. ●Not receiving any remuneration for providing services of commerce, laws, finance, and accounting to the Company or its affiliates with the most recent two years.	0
Chih-Hung Wang	Master from University of Illinois at Urbana Champaign (UIUC); current Chief Financial Officer of Zuellig Pharma Inc. and used to be the Chief Financial Officer in Novartis (Taiwan) Co., Ltd.; with more than five years of experience in commerce, laws, finance, accounting, and what required for the business of the Company; the Chairman of the Audit Committee of the Company; with analytical and management capabilities in corporate governance, fiancé & accounting, commerce, and relevant industries.		0

Note 1: Professional qualification and experience: State the professional qualification and experience of individual directors and supervisors. Those who are the member of Audit Committee and are specialized in accounting or finance should specify the accounting or finance background and the relevant work experience as well as provide the information on whether any conditions in Article 30 of the Company Act is involved.

Note 2: Independent directors shall state the compliance of independence, including but not limited to whether themselves, their spouse, and relative within second degree of kinship are the director, supervisor, or employee of the Company or its affiliates; the shares and the ratio held by the director, the spouse, and relative within two degree of kinship (or under other people's name); whether work as director, supervisor or employee in companies that have special relationship with the Company (refer to Article 3-1 paragraph 5-8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration obtained from offering services of commerce, laws, finance, and accounting to the Company or its affiliates with the most recent two years.

2. Diversity and independence of Board of Directors:

(1) Diversified policy implemented by the Board of Directors:

The composition of the Board of Directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs shall be formulated and included, without being limited to the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g.: law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and competence necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgements.
2. Ability to perform accounting and financial analysis.

3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Implementation of diversified policy among the members of the Board of Directors:

Item of diversity Name of director	Nationality	Gender	Be an employee of the Company	Age			Independent Director's tenure and seniority		Industrial experience				Professional knowledge and skill							
				41~50 years old	51~60 years old	61~70 years old	Below 3 years	4~6 years	Mechanical engineering	Biotechnology and medicine	Asset management	Information technology	Ability to make operational decisions	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
Ba Lo	R.O.C.	Male	V			V					V	V	V		V	V	V	V	V	V
Jin-Cheng Lin	R.O.C.	Male				V					V		V		V	V	V	V	V	V
Kuan-Sheng Ren	R.O.C.	Male				V					V	V	V		V	V	V	V	V	V
You-Gang Li	R.O.C.	Male				V						V	V		V	V	V	V	V	V
Da-Ren Chen	R.O.C.	Male				V		V	V			V	V		V	V	V	V	V	V
Guo Jian-Fu	R.O.C.	Male		V				V			V	V			V	V		V	V	V
Chih-Hung Wang	R.O.C.	Male			V		V			V			V	V	V	V	V	V	V	V

(2) Independence of the Board of Directors

The Board of Directors of the Company consists of seven directors, including three independent directors. The number of independent directors' accounts for 42.86% of the total number of directors, which is more than 30%. Besides, no more than two directors are spouse or relative within the second-degree kinship; there is no violation of conditions specified in Article 26-3, paragraph 3 and 4 of Securities and Exchange Act.

(3) Management goal of diversified policy

Management goal	Status
1.Directors who take concurrent position of the managers of the Company must not be more than 1/3 of the total number of directors.	Achieved
2.Independent directors are not re-elected for more than three times.	Achieved
3.The total number of independent directors accounts for 1/3 of the number of directors.	Achieved

(2) President, vice president, deputy vice presidents, and the supervisors of all the departments and branches

April 9, 2023

Title (Note 1)	Nationality	Name	Gender	Date of effective	Shareholding		Shareholding by spouse & minor		Shareholding by nominee arrangement		Main experience (education) (Note 2)	Current position in other companies	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shared	%	Shares	%			Title	Name	Relation	
CEO and Acting General Manager	R.O.C.	Ba Lo	Male	2013.05.13	5,674,942	7.29%	2,186,728	2.81%	—	—	Department of Mechanical Engineering, Lee-Ming Institute of Technology	Chairman, CEO, and Acting General Manager of Uniform Industrial Corp.; President of Apply Entertainment Ltd., Newsline Holding Inc, Riseup Investments Ltd., Liangqing Investment Co., Ltd., and NewPOS Technology Corporation, Sphere Corp. and Corporate Director in Fortune Investment Co., Ltd.	None	None	None	(Note 3)
Vice President	R.O.C.	Yi-Yuan Chiu	Male	2009.10.01	—	—	—	—	—	—	Institute of Electronics, National Chiao Tung University R&D Manager, Advantech Co., Ltd. Sales Director, Fortune Semiconductor Corporation	None	None	None	None	None
Vice President	R.O.C.	Dian-Chi Huang	Male	2015.08.06	—	—	—	—	—	—	Department of Industrial Education, National Taiwan Normal University General Manager, Ji Yu Co., Ltd. General Manager, Apply Entertainment Ltd. Vice President of Business, Huiqiao Information Co., Ltd..	None	None	None	None	None
Director	R.O.C.	Wen-Bin Liao	Male	2021.03.01	—	—	—	—	—	—	Institute of Mathematics, Tamkang University Assistant Manager, Foxlink Image Technology Assistant Manager, LITE-ON Technology	None	None	None	None	None
Senior Manager	R.O.C.	Chih-Che Huang	Male	2015.08.06	—	—	—	—	—	—	Department of Business Administration, Tamkang University Advisory Specialist, Yingzhi Enterprise Co., Ltd.	None	None	None	None	None
Senior Manager	R.O.C.	Zong-Xin Shen	Male	2020.03.09	—	—	—	—	—	—	Brand Manager, Acer Incorporated Vice President, Hebo Co., Ltd. Senior Manager, Jiyou Co., Ltd. Senior Manager, ADVANTECH Co., Ltd.	None	None	None	None	None
Finance Supervisor	R.O.C.	Rong-Mei Kao (Note 4)	Female	2019.06.30	—	—	—	—	—	—	Department of Accounting, Soochow University Deputy Project Manager, Global Mall Co., Ltd. Supervisor, KPMG	None	None	None	None	None
Finance Supervisor	R.O.C.	Cheng-Wei Lai (Note 5)	Male	2022.11.15	—	—	—	—	—	—	Institute of Accounting, Soochow University Senior Manager, Deloitte & Touche	None	None	None	None	None

Note 1: It shall include the information on the president, vice presidents, senior manager, and supervisors at departments and branches. Any position that is equivalent to the president, vice president, or Senior manager shall be disclosed no matter what the title is.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/ attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the president or a person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity, thereof, and the measures adopted in response thereto.

The Chairman and the President of the Company are the same person. It is for the operation planning of the Company to enhance the operation performance. The measures adopted by the Company include:

1. The current three independent directors are specialized in finance and industry separately and are able to effectively perform the duty of supervision.
2. We encourage all the directors to participate in the professional director courses run by external institutions, such as the Securities & Futures Institute.
3. Independent directors can fully participate in the discussion at each functional committee and propose suggestions for the reference to the Board of Directors to implement corporate governance.
4. More than half of the members of the Board of Directors are not employees or managers of the Company.

Note 4: Finance Supervisor, Rong-Mei Kao, was dismissed on November 15, 2022.

Note 5: Finance Supervisor, Cheng-Wei Lai, took the post on November 15, 2022.

3. Remuneration paid during the most recent fiscal year to directors (including independent directors), the president, and vice presidents

(1) Remuneration of general directors and independent directors (2022)

December 31, 2022; Unit: NT\$ Thousand; %

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (Note 8)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)		The Company	All companies in the consolidated financial statements (Note 7)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.:

The policy of remuneration to independent directors is based on their participation and contribution to the operation of the Company and in accordance with "Rules for Performance Evaluation of Directors and Supervisors" established by the Company. By the end of each fiscal year, evaluation items specified in the Rules, including six dimensions of mastering the Company's goals and tasks, recognizing the duties of directors, level of participation to the operation of the Company, management and communication of internal relation, directors' professionalism and continuous training, and internal control, shall be evaluated before submitting it to the Remuneration Committee for resolution.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table (3).

Note 2: It refers to the remuneration of directors (including director salary, duty allowance, severance pay, bonuses, and incentives) in the most recent year.

Note 3: The amount of director remuneration for 2022 is allocated after the approval of Board of Directors on March 9, 2023.

Note 4: It refers to the business execution fees (including transportation fee, special disbursement, allowances, accommodation, and company car) from directors in the most recent year. If house, car, and other transportation tools or specific personal expenditure is provided, please disclose the nature and cost of the property provided, the actual rent or the rent calculated based on fair market price, fuel expense, and other benefits. If a driver is provided, please remark on the remuneration paid to the driver by the Company, but it will not be included in the remuneration.

Note 5: It refers to what received by the directors who are employees (including concurrent position of President, Vice President, other managers and employees) of the Company in the most recent year, including salary, duty allowance, severance pay, bonuses, incentives, transportation fee, special disbursement, allowances, accommodation, and company car). If house, car, and other transportation tools or specific personal expenditure is provided, please disclose the nature and cost of the property provided, the actual rent or the rent calculated based on fair market price, fuel expense, and other benefits. If a driver is provided, please remark on the remuneration paid to the driver by the Company, but it will not be included in the remuneration. Salary recognized according to IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificate, restricted stock awards, and participating seasoned equity offering for shares subscription, shall also be a part of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: The total amount of remuneration paid to the directors of the Company by all the companies listed in the consolidated financial statements (including the Company).

Note 8: Net profit after tax is the net profit after tax in 2022 Parent Company Only Financial Statements of NT\$219,838 thousand.

Note 9: a. Specify the amount of remuneration received by directors from ventures other than subsidiaries or from the parent company here.

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

**This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(2) Remuneration of the president and vice presidents (2021)

December 31, 2022; Unit: NT\$ Thousand; %

December 31, 2022; Unit: NT\$ thousand; %

Title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
		The Company	All Consolidated entities (Note 5)	The Company	All Consolidated entities (Note 5)	The Company	All Consolidated entities (Note 5)	The Company		All Consolidated entities (Note 5)		The Company	All Consolidated entities (Note 5)	
								Amount in cash	Amount in Stock	Amount in cash	Amount in Stock			
CEO and Acting President	Ba Lo	2,100	2,100	0	0	160	160	2,500	0	2,500	0	2.17	2.17	0
Vice President	Yi-Yuan Chiu	2,400	2,400	0	0	109	109	400	0	400	0	1.32	1.32	0
Vice President	Dian-Chi Huang	1,920	1,920	0	0	666	666	2,000	0	2,000	0	2.09	2.09	0

Note 1: Specify the names of the president and vice presidents respectively and disclose the payment amount in summary. If a director concurrently takes the position of President or Vice President of the Company, Table (1) Remuneration of general directors and independent directors shall be filled out other than the above table.

Note 2: Specify the salary, duty allowance, and severance pay to the president and vice presidents in the most recent year.

Note 3: Specify bonuses, incentives, transportation fee, special disbursement, allowances, accommodation, and company car received by the president and vice presidents in the most recent year. If house, car, and other transportation tools or specific personal expenditure is provided, please disclose the nature and cost of the property provided, the actual rent or the rent calculated based on fair market price, fuel expense, and other benefits. If a driver is provided, please remark on the remuneration paid to the driver by the Company, but it will not be included in the remuneration. Salary recognized according to IFRS 2 "Share-Based Payment", including the acquisition of employee stock option certificate, restricted stock awards, and participating seasoned equity offering for shares subscription, shall also be a part of remuneration.

Note 4: The amount of director remuneration (including stock and cash) for 2022 is allocated after the approval of Board of Directors on March 9, 2023.

Note 5: The total amount of remuneration paid to the directors in the Company by all the companies listed in the consolidated financial statements (including the Company).

Note 6: Net profit after tax is Parent Company Only Financial Statements of NT\$219,838 thousand in 2022.

Note 7: a. Specify the amount of remuneration received by the president and vice presidents from ventures other than subsidiaries or from the parent company here.

b. Where the Company's President and vice presidents received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received from ventures other than subsidiaries or from the parent shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies".

c. The remuneration means pay, compensation (including compensation of employees, directors, and supervisors) and business expenses received by the president and vice presidents serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

* The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

(3) Name of managerial officers for the employee compensation allocation and the state of distribution

December 31, 2022; Unit: NT\$ Thousand; %

	Title (Note 1)	Name (Note 1)	Amount in stock (proposed)	Amount in cash (proposed)	Total	Ratio of total amount to net income (%) (Note 2)
Managerial officers	CEO and Acting President	Ba Lo	-	7,500	7,500	3.41
	Vice President	Yi-Yuan Chiu				
	Vice President	Dian-Chi Huang				
	Director	Wen-Bin Liao				
	Senior Manager	Shih-Che Huang				
	Senior Manager	Shih-Hsin Shen				
	Financial and Accounting Supervisor	Cheng-Wei Lai				

Note 1: Individual names and job titles should be disclosed, but the distribution of profits can be disclosed in the total amount.

Note 2: The total employee remuneration (including stock and cash) for 2022 approved by Board of Directors on March 9, 2023 is NT\$20,000 thousand. The amount of distribution is estimated based on the actual distribution amount last year. Net profit after tax is the net income after tax of NT\$219,838 thousand specified in 2022 parent-company only financial statement.

(4) Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past two fiscal years to directors, supervisors, the president, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the total remuneration, as a percentage of net income, paid to the directors, supervisors, the president, and vice presidents of the Company in the most recent two years:

Title \ Year	Ratio of total remuneration in the net income after tax			
	2022		2021	
	The Company	All Consolidated entities	The Company	All Consolidated entities
Director	2.26	2.26	11.86	11.86
President and Vice President	5.58	5.58	104.67	104.67

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The remuneration policy for directors and supervisors is clearly specified in our Articles of Incorporation. When there is a profits in annual accounts, according to Article 20 of the Articles of Incorporation, at least 5% of the profits shall be allocated as employee compensation and not more than 5% for the remuneration of directors and supervisors. However, if the Company still has accumulated losses, the amount shall be reserved to make up the losses.

The remuneration of directors and supervisors is based on their participation to the operating of the Company, their performance assessment, and contribution value as well as according to the Company's "Rules for Performance Evaluation of Board of Directors". By the end of each year, evaluation items specified in the Rules related to six key dimensions, including six dimensions of mastering the Company's goals and tasks, recognizing the duties of directors, level of participation to the operation of the Company, management and communication of internal relation, directors' professionalism and continuous training, and internal control, shall be evaluated before submitting it to the Remuneration Committee for resolution.

Remuneration of the president and vice presidents is based on "Rules of Performance Evaluation of Managers" established by the Company and takes the reference to the normal standards of the business in the same trade. Besides, their performance and achievement of the Company's goals (such as achievement rate of personal goals, operating effectiveness, and contribution level) will be comprehensively evaluated for the payment of salary and bonus. When there is a profits in the annual accounts of the Company, employee compensation will be allocated according to the Article of Incorporation and the distribution amount to each employee will be based on their personal annual performance.

As for the remuneration to directors, supervisors, the president, and vice presidents, the amount of remuneration to directors and supervisors as well as compensation to employees based on the Articles is closely related to operating performance. The relevant performance and reasonableness of remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors. It will be discussed at any time based on the actual status of operation and relevant laws to ensure the balance between sustainable operation and risk control.

4. Implementation of corporate governance

(1) The state of operations of the Board of Directors

1. The number of board meetings held in the most recent fiscal year (2022) was 4 times (A). The attendance by directors and supervisors was as follows:

Title	Name (Note 1)	Number of meetings attended in person (B)	Number of meetings attended by proxy	In-person attendance rate (%) 【B/ A】 (Note 2)	Remark
Chairman	Lianqing Investment Co., Ltd. Legal representative: Ba Lo	4	0	100	2020.06.09 re-elected
Director	Lianqing Investment Co., Ltd. Legal representative: Jin-Cheng Lin	4	0	100	2020.06.09 Re-elected
Director	Kuan-Sheng Ren	4	0	100	2020.06.09 Re-elected
Director	You-Gang Li	4	0	100	2020.06.09 Re-elected
Independent Director	Da-Ren Chen	3	1	75	2020.06.09 Re-elected
Independent Director	Jian-Fu Kuo	3	1	75	2020.06.09 Re-elected
Independent Director	Chih-Hung Wang	4	0	100	2020.06.09 New appointed

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act.

Date	Session	Content of the motion	The opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors
2022.03.17	The 14 th Meeting. The 11 th Session	The Company's business report and financial statements for 2021. Motion of the Company's earning distribution for 2021. The Company's directors' remuneration distribution for 2021. The Company's employees' and directors' compensation distribution for 2021. Modification of the Company's "Regulations Governing the Acquisition or Disposal of Assets". Modification of the Company's "Articles of Incorporation". Evaluation of the independence and competence of the Company's CPAs and their appointment. The Company's domestic 2 nd secured convertible corporate bonds converted to the issuance of new shares. Motion of capital increase in cash for NewPOS Technology Corporation.	None of the independent directors expressed objection or reserved their opinions for the motions listed in the left, and all the motions have been approved by the attended directors with no objection.
2022.05.12	The 14 th Meeting. The 12 th Session	The Company's domestic 2 nd secured convertible corporate bonds converted to the issuance of new shares.	None of the independent directors expressed objection or reserved their opinions for the motions listed in the left, and all the motions have been approved by the attended directors with no objection.
2022.08.10	The 14 th Meeting. The 13 th Session	The Company's domestic 2 nd secured convertible corporate bonds converted to the issuance of new shares. Motion of capital increase in cash for NewPOS Technology Corporation.	None of the independent directors expressed objection or reserved their opinions for the motions listed in the left, and all the motions have been approved by the attended directors with no objection.
2022.11.10	The 14 th Meeting. The 14 th Session	The Company's domestic 2 nd secured convertible corporate bonds converted to the issuance of new shares. The appointment of the Company's chief financial officer and the change of finance supervisor and accounting supervisor.	None of the independent directors expressed objection or reserved their opinions for the motions listed in the left, and all the motions have been approved by the attended directors with no objection.

- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
2. The implementation of directors' avoidance of motions in conflict of interests (please provide the name of director, content of motion, causes for avoidance and voting participation): None.
3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out Table 2 "Implementation Status of Board Evaluations."
4. Goals of strengthening the functionality of the Board of the current fiscal year and the most recent fiscal year (such as establishing Audit Committee or enhancing information transparency) and its implementation.
- (1) Strengthening the functionality of the Board:
- 1.The Company has established Corporate Governance Best Practice Principles, which has been approved by the Board of Directors, to establish effective structure of corporate governance.
 - 2.The members of the Board of Directors are diversified with different professional background, gender, and work areas. Among the current seven directors, we have experts from industry and academic professors. They are generally equipped with the knowledge, skills, and competence required for performance of their duties.
 - 3.Three out of the seven directors of the Company are independent directors. It accounts 42.86% of total number of directors. All the independent directors organize and run the Audit Committee, and it is convened regularly to submit motions or reports to the Board of Director.
 - 4.The Company has established the Remuneration Committee, and independent directors are responsible for convening the meeting. There were two meetings in 2022. Please refer to Page35 Information on the Operations of Remuneration Committee for the discussion and resolution.
 - 5.To implement corporate governance, enhance the functions of the Board of Directors, and establish performance goals to strengthen the operating efficiency of the Board of Directors, the Company established Rules of Performance Evaluation of Directors and Supervisors in 2019. It has been approved by the Board of Directors to regularly execute performance evaluation and enhance the performance of the Board of Directors. The results of internal performance evaluation for 2022 Board of Directors were submitted to the Board of Directors in March 2023.
 - 6.The Audit Officer of the Company participated in each board meeting to propose internal audit reports, and the reports (including follow-up reports) are submitted to or informed supervisors and independent directors according to the regulations.
- (2) Enhancement of information transparency: The Company has disclosed the information related to finance and corporate governance on our website to enhance information transparency of the Company's operations and protect the rights and interests of shareholders.
- (3) State of continuing training of directors:

Title	Name	Date of training	Hosted by	Name of the course	Training hour(s)
Director	Kuan-Sheng Ren	2022/6/1	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions-Sustainable Challenges and Opportunities of Global Enterprises	3
Director	Kuan-Sheng Ren	2022/6/14		Analysis of Corporate Sustainable Governance from the Viewpoint of Risk-from Corporate Governance to ESG	3
Representative for the institutional director	Ba Lo	2022/10/11	Taiwan Stock Exchange Taipei Exchange	2022 Listed Companies Independent Directors and Audit Committee Duty Exercise and Director & Supervisor Promotional Meeting	3
Independent director	Chih-Hung Wang	2022/11/23	Accounting Research and Development Foundation	Common Errors in "Financial Statement Review" and Analysis of Important Internal Control Regulation Practice	3

5. Communication among independent directors, internal audit officer, and CPAs:
- (1) There are direct communication channels among the Company's independent directors, internal audit officer, and CPAs. They inspect the Company's finance and business regularly as well as communicate directly with management units and governance units.
 - (2) After completing annual financial statement audit, the Company's CPAs will hold a meeting to report the result of audit to the governance units as well as provide information related to other legal requirements.

Note 1: If directors and supervisors are legal persons, the names of the institutional shareholders and their representatives should be disclosed.

Note 2: (1) If any director or supervisor resigns before the end of the fiscal year, the date of resignation should be provided in the column of remark. The actual rate of attendance (%) should be calculated by the number of meetings of the board of directors during the term and the number of actual attendances.

(2) If there is any re-election of directors or supervisors by the end of fiscal year, please provide the name of the new/ dismissed director and supervisor as well as make a note of whether the director or supervisor is dismissed, newly appointed, or re-elected, and the date of re-election, on the column of remark. The actual rate of attendance (%) should be calculated by the number of meetings of the board of directors during the term and the number of actual attendances.

2.Implementation status of Board evaluations

The Company has established “Methods of Evaluating Performance of the Board of Directors” to request the Board to conduct performance evaluation on the Board, the members of the Board, and the functional committee at least once every year. By the end of every fiscal year, the performance evaluation of internal evaluation should be implemented according to the Methods. The results of the performance evaluation for the Board of Directors and the functional committees of 2022 all achieved a score above 90. It was submitted to the Shareholders’ Meeting on March 9, 2023.

The items used for the performance evaluation of the Board are as below:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Once every year	2022.1.1~2022.12.31	1. Performance evaluation of overall Board of Directors	1. Self-evaluation within the Board of Directors	1. Level of participation to the Company’s operations 2. Enhancement of decision-making quality by the Board of Directors 3. Composition and structure of the Board of Director 4. Election and continuous training of directors 5. Internal control
		2. Performance evaluation of individual director	2. Self-evaluation by individual director	1. Mastering the Company’s goals and tasks 2. Recognition of duties of director 3. Level of participation to the Company’s operations 4. Management and communication of internal relation 5. Professional and continuous training of director 6. Internal control
		3. Performance evaluation of functional committees	3. Self-evaluation by the functional committee	1.Level of participation to the Company’s operations 2.Recognition of duties of functional committees 3.Enhancement of decision-making quality of functional committees. 4.Composition of functional committees and member selection. 5.Internal control

(2) The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

1. Information on the operations of the audit committee:

The number of audit committee meetings held in the most recent fiscal year (2022) was 4 (A) times. The attendance by the independent directors was as follows:

Title	Name	Number of meetings attended in person 【B】	Number of meetings attended by proxy	In-person attendance rate (%) 【B/ A】	Remarks
Independent Director	Da-Ren Chen	3	1	75	2020.06.09 re-elected
Independent Director	Jian-Fu Kuo	3	1	75	2020.06.09 re-elected
Independent Director	Chih-Hung Wang	4	0	100	2020.06.09 newly appointed

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(1) Any matter under Article 14-5 of the Securities and Exchange Act.

Date of meeting	Session number	Content of motion	Result of resolution and the measure taken by the Company based on the opinion of the audit committee
2022.03.17	The 1 st Meeting. The 8 th Session	1.The Company's business report and financial statements for 2021. 2.Motion of the Company's earning distribution for 2021. 3.Modification of the Company's "Regulations Governing the Acquisition or Disposal of Assets". 4.Motion of the Company issuing "Statement of Internal Control" for the Company's 2021 internal control system based on the results of self-examination. 5.Evaluation of the independence and competence of the Company's CPAs and their appointment. 6.Motion of Company's domestic 2nd secured convertible corporate bonds converted to the issuance of new shares. 7.Motion of capital increase in cash for Subsidiary, NewPOS Technology Corporation.	Chairman consulted all the attended member for motions 1 to 7, and all the motions were approved without any objection.
2022.05.12	The 1st Meeting. The 9 th Session	1.Motion of consolidated financial statements in Q1, 2022, for the Company and its subsidiaries. 2.Motion of Company's domestic 2nd secured convertible corporate bonds converted to the issuance of new shares.	Chairman consulted all the attended member for motions 1 to 2, and all the motions were approved without any objection.
2022.08.10	The 1st Meeting. The 10 th session	1. Motion of consolidated financial statements in Q2, 2022, for the Company and its subsidiaries. 2. Motion of Company's domestic 2nd secured convertible corporate bonds converted to the issuance of new shares. 3. Motion of capital increase in cash for Subsidiary, NewPOS Technology Corporation.	Chairman consulted all the attended member for motions 1 to 3, and all the motions were approved without any objection.
2022.11.10	The 1st Meeting. The 11 th Session	1. Motion of consolidated financial statements in Q3 2022, for the Company and its subsidiaries. 2. Motion of Company's domestic 2nd secured convertible corporate bonds converted to the issuance of new shares. 3.Audit Office drafted the audit plan for 2023. 4. Motion of the appointment of the Company's chief finance officer and the change of finance supervisor and accounting supervisor.	Chairman consulted all the attended member for motions 1 to 4, and all the motions were approved without any objection.

(2) Other than above matters, other decisions that are not approved by the Audit Committee but agreed by more than 2/3 of the whole directors: None.

2. The implementation of independent directors' avoidance of motions in conflict of interests (please provide the name of independent director, content of motion, causes for avoidance and voting participation): None.
3. State of communication among independent directors, internal audit officers, and CPAs (please include the key communication in the Company's finance and business situations, methods, and its results).

1.Summary of communication between independent directors and internal audit officer

Date	Key communication
2022.03.17 (Audit Committee) (Pre-board meeting statement)	●Report of actual implementation of audit from November 2021 to February 2022. ●Drafting of statement of internal control for 2021. Opinions from independent directors: Independent directors did not express other opinions in the meeting.
2022.05.12 (Pre-board meeting statement))	●Report of actual implementation of audit from March 2022 to April 2022. Opinions from independent directors: Independent directors did not express other opinions in the meeting.
2022.08.10 (Pre-board meeting statement)	●Report of actual implementation of audit from May 2022 and July 2022. Opinions from independent directors: Independent directors did not express other opinions in the meeting.
2022.11.10 (Audit Committee) (Pre-board meeting statement)	●Report of actual implementation of audit from August 2022 to October 2022. ●Drafting of audit plan for 2023. Opinions from independent directors: Independent directors did not express other opinions in the meeting.

2.Summary of communication between independent directors and CPAs

Date	Key communication
2022.03.17 (Audit Committee) (Pre-board meeting statement)	●CPAs reported on the main focus of audit related financial statements for 2021. ●CPAs discussed and communicated with the accounting supervisor and accounting personnel on the applicable matters related to recent modification on legal regulations. Opinions from independent directors: Independent directors did not express other opinions in the meeting.

(3) Implementation status of corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX listed Companies and the reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company established Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX List Companies” and disclose the information on the Company’s website and Market Observation Post System (MOPS) for investors and stakeholders to look up.	No significant deviations.
2. Shareholding structure and shareholders’ rights				No significant deviations.
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes, and litigation matters? Have these procedures been implemented accordingly?	V		(1) To ensure the rights and interests of shareholders, the Company has specific personnel to handle suggestions, doubts, and disputes from shareholders.	
(2) Does the Company know the identity of its major shareholders who actually control the Company and the parties with ultimate control of the major shareholders?	V		(2) The Company knows the status of shares held by directors, managers, and major shareholders who hold more than 10% of the Company’s shares.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The Company established proper risk control system and firewall according to internal regulations, including “Rules for Specific Companies or Groups Related Business Operations and Financial Transaction”, “Supervision Measures for Subsidiaries”, “Procedures for Asset Acquisition & Disposal”, Operational Procedures for Lending Funds to Others”, and “Procedures for Endorsement and Guarantee”. Auditing personnel supervise the state of implementation regularly.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?			(4) The Company has set “Operating Procedures for Preventing Insider Trading”, and the Procedures has been published on the internal announcement areas in the Company to specify the prohibition of insider trading.	
3. Composition and responsibilities of the Board of Directors (1) Have diverse policies and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) The nomination and election of the members of the Board of Directors of the Company follows the Articles of Incorporation and adopts the candidate nomination system. Article 20 of “Corporate Governance Best-Practice Principles” specifies the policies of composition and diversity of members of Board of Directors. Other than the consideration of professional industrial background, we have included the opinions from stakeholders to ensure independence and diversity. Among the current seven directors of the 14th Board of Directors, we have industrial experts and academic professors. They are good at leadership, business judgement, operation management, and risk management as well as equipped with industry knowledge and international market perspectives. They have the knowledge, skills, and competence required for the duty performance. The company specifically emphasizes the independence of operations of the Board of Director. Other than the ratio of directors with the identity as the Company’s employees is not more than 1/3, the independent directors shall not be re-elected for more than consecutive three times to ensure a solid structure of the Board of Directors. Among the members of the 14th Board of Directors, the ratio of directors with the identity of the Company’s employees is 14.28%. Two independent directors are with seniority of the terms for 4-6 years and one independent director is with seniority of the terms less than 3 years. The	No significant deviations.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		target established has been achieved. We will add another independent director for the next election to implement diversity and independence. Please refer to Page 19-20 for the implementation of the diversity policy of the members of the Board of Directors.	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary and compensation for individual directors and their nomination and additional office terms?	V		(2) The Company has established the Remuneration Committee and the Audit Committee. In the future, we will establish other functional committees based on the demands of organization and functions.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(3) The Company has established "Rules for Performance Evaluation of the Board of Directors" to run performance evaluation at least once every year. The results of performance evaluation of 2022 Board of Directors have been submitted to the Board of Directors on March 9, 2023. The remuneration of the directors will be evaluated based on the level of participation to the Company's operations, the results of performance evaluation, and the value of contribution made and will be submitted to the Remuneration Committee for determination. (4) The Company follows Article 47 of "Certified Public Accountant Act" and "Integrity, Objectivity, and Independence" of "Objectivity. Professional Competence and Due Care" No. 10 as well as the reference of Audit Quality Indicators (AQIs) to establish items for independence evaluation. The independence and competence of certified accountants will be evaluated regularly every year to ensure there is no other financial interests and business relationship between the accountants and the Company other than fees related to audit and financial taxes and no violation of independence by the family members of the certified accountants. After obtaining the independence statement issued by the certified accountants, taking reference of Audit Quality Indicators (AQIs), and confirmation of the audit experience of CPAs and their firm are better than the average standards of the companies in the same trade, the results	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
			of evaluation will be submitted to the Board of Directors. The result of the latest evaluation has been approved by the resolution of the Audit Committee on March 9, 2023, and reported to the meeting of the Board of Directors on March 9, 2023 for the approval of independence and competence evaluation of the certified accountants.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility of corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Finance and Accounting Department of the Company is in charge of the matters related to Shareholders' Meeting, the Board of Directors, and directors as well as the businesses related to corporate governance, including registration and changes of registration. However, no corporate governance officer has been appointed.	In the future, we will have qualified corporate governance officers according to the regulations.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		We set up "Stakeholders' Zone" on the official website of the Company with the contact details for stakeholders to respond to the issues of the important corporate social responsibility that are the concerns of stakeholders.	No significant deviations.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company commissioned "Yuanta Securities Co., Ltd. Stock Affairs Agency" as the agent to deal with affairs related to the Shareholders' Meeting.	No significant deviations.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)? (3) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V V	 V	(1) The Company discloses information related to financial business and corporate governance on our website. The address of our website is https://uicpayworld.com (2) The Company has a spokesperson and deputy spokesperson as well as dedicated personnel for stock affairs to collect and disclose relevant information according to regulations. The information related to the investor conference of the Company has been published and disclosed on the Company's website according to the regulations. (3) Although the Company fails to announce and declare annual financial reports within two months after the end of the fiscal year, the financial reports for Q1, Q2, and Q3, annual financial reports, and the station of operation in each month have been announced and declared before the deadline.	No significant deviations. No significant deviations. It is slightly different from the regulations of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies but still meets the regulations of Securities and Exchange Act.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance	V		(1) Implementation of rights and interests of employees and employee care: Please refer to "5. Labor Relations" of the Annual Report (Page 76-78). (2) Investor relations: The Company has a spokesperson and deputy spokesperson and smooth communication method for investors to reflect their opinions at any time. (3) Supplier relations and rights of stakeholders: The Company treats all the suppliers and stakeholders fairly and respectfully to maintain a good relationship. (4) Implementation of trainings provided to directors: The Company provides relevant training information irregularly to directors and arrange directors to participate in the courses provided by the	No significant deviations.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	<u>Yes</u>	<u>No</u>	<u>Summary description</u>	
for directors and supervisors)?			training institutions appointed by the competent authority. The information on training received will be disclosed on MOPS to fulfill the policy of corporate governance. (5) The Company established management rules and internal regulations for important management indicators and carries out risk management and evaluation according to the regulations. (6) The Company has purchased liability insurance for all the directors. It will be renewed every year to strengthen the guarantee of rights and interests of shareholders. The information of the latest insurance renewal is the duration of December 1, 2022, to December 1, 2023 with the total insurance amount of NT\$ 100,000 thousand.	
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. The improvement for the results of the 9th (2022) Corporate Governance Evaluation proposed is as below: 1.#1.10 Whether the Company upload the handbook of shareholders' meeting in English version and supplementary information for the meeting thirty days before the commencement of the general shareholders' meeting? The planning for the English version of handbook for the shareholders' meeting and annual report will be completed one after another. 2.#2.21 Whether the Company has the Corporate Governance Officer to take care of the affairs related to corporate governance as well as explain the scope of duties and training on the Company's website and the annual report? It will be completed before June 30, 2023. 3#2.25 Whether the independent directors of the Company complete training hours required according to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"? The Company has arranged professional institutions to carry out training courses for independent directors of the Company in 2023.				

(4) Composition, duties, and implementation of the Remuneration Committee

1. Information on the members of Remuneration Committee

Capacity	Criteria	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently services as remuneration committee member
Independent Director (Note 1)	Jian-Ren Chen	Please refer to the information on Director (II) on Page 18-19.	No involvement of conditions specified in Note 3.	0
Independent Director	Jian-Fu Kuo		No involvement of conditions specified in Note 3.	0
Others	Hui-Ling Chang	Master, Graduate School of Business Administration, Chang Gung University; passed certified public accountant of Senior Examinations; partner accountant for Evershine CPAs Firm; equipped with professional knowledge related to commerce, laws, finance, and accounting.	No involvement of conditions specified in Note 3.	0

Note 1: Independent Director, Da-Ren Chen, is the convener of the Remuneration Committee.

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Operation of the Remuneration Committee

(1) The Company's remuneration committee has a total of 3 members.

(2) The term of the current members is from June 9, 2020, to June 8, 2023. The number of remuneration committee meetings held in the most recent fiscal year was 2 times (A). The attendance by the members was as follows:

Title	Name	Number of meetings attended in person (B)	Number of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remark
Convener	Da-Ren Chen	2	0	100%	Re-elected on June 9, 2020
Member	Jian-Fu Kuo	2	0	100%	Re-elected on June 9, 2020
Member	Hui-Ling Chang	2	0	100%	Re-elected on June 9, 2020

Other information required to be disclosed:

1. Important resolution by the Remuneration Committee in 2022

Date of meeting	Proposal discussed	Result of resolution and measures taken by the Company with respect to opinions from the Remuneration Committee
2023/02/23	1. Motion of internal performance evaluation for Board of Directors in 2021. 2. Motion of performance evaluation for managerial officers in 2021. 3. Motion of director remuneration in 2021. 4. Motion of remuneration to the independent director, Da-Ren Chen, in 2021. 5. Motion of remuneration to the independent director, Jian-Fu Kuo, in 2021. 6. Motion of employees' and directors' compensation distribution.	Chairman has asked all the members attended for motion 1~3. They were agreed and approved by all the attended members without objection. Other than Mr. Da-Ren Chen and Mr. Jian-Fu Kuo who should avoid motion 4~5 because of the conflict of interest, the rest of members were agreed and approved the motions without objection. Chairman has asked the members attended for motion 6. It was agreed and approved by all the attended members without objection.
2023/08/24	1. Motion of remuneration to the Company's newly appointed managerial officer.	Chairman has asked the opinions of all the attended members. It has been agreed and approved by all the members without objection.

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

(5) Implementation of sustainable development promotion and deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?		V	The Company has not yet established an exclusive (concurrent) dedicated unit for sustainable development. Currently, the relevant tasks are implemented by each unit (department) according to the scope of work.	It will be implemented according to legal regulations in the future.
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		Policies or strategies related to risk management established for environmental management, product liability, and legal compliance for the operations of the Company. ·Environmental management: The company follows the international standards of ISO 4001 and the industrial characteristics of the industry that the Company involves with to establish the system for environmental management. ·Product liability: The Company is the one that passes certification of ISO 9001 and ISO 14001, and each product follows the regulations from the purchasing of materials to the completion of manufacturing. In terms of product service, the Company provides customers with complete product warranty services to offer the most complete guarantee and rapid services to customers. Besides, we also provide information related to complaint channels and contact details on our official website to maintain the rights and interests of consumers. ·Compliance of socioeconomic regulations: The Company follows the demand of product specification for the quality	No significant deviation.

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			certification of international PCI security accreditation, terminal quality management (TQM) of MasterCard, and VISA and MasterCard international credit card organizational certification. Besides, the Company also established and implemented internal control systems according to the relevant regulations (FCC, CE, and BSMI) as well as the labelling to ensure the compliance of relevant legal regulations.	
3. Environmental issues				
(1) Has the Company set up an environmental management system designed to suit industry characteristics?	V		(1) The Company has obtained ISO14001 certificate (valid from 2020/6/23-2023/6/22) and established an environmental management system based on the characteristics of the industry that we belong to.	No significant deviation.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) From the phase of product R&D, we have dedicated to using materials that are environment-friendly when choosing components and materials to enhance the reutilization rate and recycling rate after products are scraped to meet the regulations for EU and USA as well as reduce the impact caused to the environment.	No significant deviation.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The Company fully implemented the policy of energy saving and carbon reduction and installed electricity-saving and water-saving devices. Besides, we also take measures of controlling air conditioners and setting up the temperature of air conditioners. We have effectively controlled the consumption volume of water and electricity. In 2015, the Company's product, UIC680 contact-free card reader (standard: ISO/TS 14067: 2013 and PAS 2050: 2011), has been used for carbon footprint verification. We also passed product carbon footprint verification done by TUV Rheinland Taiwan Ltd.	No significant deviation.
(4) Did the Company collect data for the past two years	V		(4) The Company disclosed the greenhouse gas emission volume, water consumption volume, and the total weight of wastes in the past two	No significant deviation.

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for energy saving and carbon reduction, greenhouse gas reduction, reduction of water consumption, or management of other wastes?			years on the Company's website. The website address is https://uicpayworld.com	
4. Social issues				
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The Company protects legal rights and interests of employees based on labor regulations, international covenant on human rights, and relevant regulations as well as makes provision of pension benefits according to laws. We established Employee Welfare Committee to handle affairs related to welfares. Besides, we hold labor-management meetings regularly and set up a suggestion mailbox to provide multiple communication channels in order to achieve a win-win for both labors and management.	No significant deviation.
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/ compensation?	V		(2) The Company has established an Employee Welfare Committee to provide allowances, subsidies, company trips, subsidies for group activities, and others as well as providing annual leave better than the regulations of the Labor Standards Act. In addition, according to the Articles of Incorporation, if the Company has earnings by the end of fiscal year, at least 5% of the earnings shall be allocated as employee compensation and no more than 5% for the remuneration to directors and supervisors. However, if the Company has accumulated losses, the amount of compensation for the loss shall be reserved.	No significant deviation.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The Company implements an employee health examination every year. In addition, personnel for special operations will be given special health examinations. We work with medical institutions to provide on-site nursing personnel service for consultation to employees. We also hold	No significant deviation.

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established effective career development training programs for employees?	V		training courses related to general safety and health education regularly for employees' participation. (4) In the beginning of each year, each department shall draft annual training plans based on its future development to enhance employees' professional and relevant competence. Employees can also apply external educational training to increase their capability and develop their career competence.	No significant deviation.
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(5) Uniform Industrial Corp. is a company that passed ISO 9001 and ISO 14001 certification. We follow regulations for product production from the purchasing of materials to the completion of manufacturing. In terms of product service, Uniform provides customers with a complete product warranty service so that customers can obtain the most complete warranty and the rapidest service. Besides, we provide an online complaint channel and contact details on our website to maintain the rights and interests of consumers. Based on product specification, the Company has obtained international PCI security certificate, MasterCard TQM (terminal quality management) quality certificate, and international credit card organization certification of VISA and MasterCard. We also implement it according to relevant regulations for different countries (FCC, CE, BSMI, etc.) as well as provide labelling. Due to the classification of industry and product attributes, the Company implements each item more carefully and pursues perfection. Because of the consideration of security for the banking industry, all the details meet international regulations.	No significant deviation.
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor	V		(6) The Company established Supplier Management Procedures and included environmental safety into the supplier evaluation questionnaire as well as request supplier to comply with it to promotion the compliance to the laws related to environmental protection, maintain the	No significant deviation.

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
rights, and what is the status of their implementation?			environment of earth, and reduce the impact to the ecological system. The Company also established clear regulations of the termination of cooperation with suppliers.	
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?		V	5. The business scale of the Company has not achieved the standards of preparing and declaring sustainable reports. However, the Company voluntarily discloses part of information related to corporate social responsibility with the reference to the content of international reporting standards and guidelines.	In the future, we will gradually disclose information related to corporate social responsibility based on relevant regulations.
6. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has not yet formulated "Sustainable Development Best-Practice Principles". In the future, we will deal with it when it is appropriate according to the legal regulations.				
7. Other important information to facilitate better understanding of the Company's promotion of sustainable development:				
(1) Environmental protection: (a) Energy saving: We set the temperature of air conditioners to 27 degrees and use air circulators to save electricity consumption. Besides, we also replaced the lighting in the plant area with LED light, which is more energy saving, to reduce electricity consumption. (b)Waste recycling: According to the statistics of 2022 waste clearance, most of the tailings can be recycled and reused. The ratio of waste for each clearance is very low. In fact, the weight of waste produced by Uniform is very low. (c)Carbon neutrality: In order to protect the environment and achieve carbon neutrality, the company provided subsidies for employees to purchase new (replacement) electric vehicles in 2022. (2) Social contribution and social welfare: (a)Encouraging employees to show their love to the public: Each month, we donate to Taiwan Foundation for Rare Disorders, Genesis Social Welfare Foundation, Help-Save-A-Pet Fund Taiwan, etc. (b)Encouraging employees to participate in public welfare: We donate materials and supplies to Jingren Nursing Institution every year. (c)We support several children by adoption donations through Taiwan Fund for Children and Families to continue helping children under different circumstances. (d)We promote and encourage employees to donate blood regularly.				

(6) Implementation status of ethical corporate management and deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and by laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company has established “Ethical Corporate Management Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. They have been revised in 2019 and were approved by the Board of Directors to request the personnel of the Company (including the Board of Directors) to comply with ethical principles and manage business activities. The above regulations also apply to the subsidiaries of the Company.	No significant deviation.
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct, regularly analyzes and evaluates, within a business conduct, the business activities with a higher risk of unethical conduct, has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		(2) The Company has established “Procedures for Ethical Management and Guidelines for Conduct” and “Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conducts” and clearly specified in “Work Rules” that employees must not directly or indirectly provide, commit, request, or receive any improper interests or have other unethical conducts that violate integrity, are illegal, or violate fiduciary duty. In addition, we also strengthen the delivery of information involving business secret, non-competition, and protection of intellectual property rights.	No significant deviation.
(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violation in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The Company has established “Procedures for Ethical Management and Guidelines for Conduct” and “Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conducts” as well as review and revise according to the revision of relevant rules by the competent authority on a regular basis. We hope all the employees in the Company carry the attitude of ethical operation and adopt a zero-tolerance policy on any conduct or activity that violates the regulation.	No significant deviation.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
2. Ethical management practice				
(1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The Legal Department of the Company implements strict control on the risk assessment for the contracting objects and content, such as establishing provisions for ethical conduct. Any related party who is involved with unethical conduct will be terminated or cancelled the contract at any time.	No significant deviation.
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The Company has established a dedicated unit to promote corporate ethical management (Human Resource Management). In the future, the implementation status will be reported to the Board of Directors according to the operating of the Company.	No significant deviation.
(3) Has the Company established policies to prevent conflict of interest, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The Company specifies in “Rules of Procedure for Board of Directors’ Meetings” and “Ethical Corporate Management Practice Principles” that directors can state opinions and answer questions on the proposals that involves interest conflict to themselves or their legal representatives and might cause damage to the Company’s interests. However, they must not participate in discussion and voting and shall avoid when discussion and voting are carried and are not allowed to exercise voting right on behalf of other directors. Employees can fully communicate with the Company through departmental meetings or employee opinion mailbox.	No significant deviation.
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside	V		(4) The Company has strict accounting systems and established a dedicated accounting unit. All the financial reports are audited by certified public accountants to ensure the appropriateness of financial information disclosure. Internal audit personnel follow legal rules and business demands to carry out regular/ irregular audits in order to implement the internal control system.	No significant deviation.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
accountants to perform the audits? (5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) Other than announcing relevant regulations on the Company's website for employees to read it at any time, the Company also emphasize its importance in the new employee training handbook.	No significant deviation.
3. Implementation of complaint procedures (1) Has the Company established specific whistleblowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V V V		(1) The Company has established "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conducts", provided whistle-blowing channels to deal with impeachment cases, and set independent reporting mailbox and hotline. In addition, the Company appointed the Audit Office as the dedicated unit to deal with impeachment cases. (2) The Company has established "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conducts" and handling procedures for impeachment cases. Besides, the identity of whistle-blowers and the content will be kept fully confidential. Anyone who violates the regulations will be punished according to Reward and Punishment Rules, depending on the seriousness of plots. (3) The Company handles impeachment cases confidentially, and it is investigated by an independent channel to fully protect whistle-blowers. The Company issues a written statement to confirm the confidentiality of the identity of whistle-blowers.	No significant deviation. No significant deviation. No significant deviation.
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed our "Ethical Corporate Management Practice Principles" on the Company's website and MOPS for investors to review.	No significant deviation.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
5. If the Company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No deviation.				
6. Other important information to facilitate a better understanding of the status of operation of the Company’s ethical corporate management policies:				
(1) The Company follows Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules for listed companies, and other regulations related to other business behaviors as well as review internal rules at any time as the basis of implementing ethical management.				
(2) Please refer to “Ethical Corporate Management Practice Principles” on the Article of Association published in the Company’s official website (https://uicpayworld.com/investor-relations).				

- (7) If the Company has Corporate Governance Principles and relevant rules in place, please disclose the method of inquiry.
Please check the information related to "Ethical Corporate Management Practice Principles" of the Company from the following websites.
- Company website: <https://uicpayworld.com/investor-relations/>
 - Market Observation Post System: http://mops.twse.com.tw/mops/web/t100sb04_1
- (8) Other important information that is sufficient in enhancing the understanding of corporate governance implementation shall be disclosed:
- "Handling Procedures for Internal Significant Information" established to manage the Company's internal significant information has been informed to all directors, managers, and employees. The Procedures has been released on the Company's website (<https://uicpayworld.com/investor-relations/>) under Procedures for Handling Material Inside Information in Articles of Association to avoid violation or insider trading.
 - The insiders of the Company, like newly appointed directors and managers, are given the latest version of "Rules of Equity Change Among Insiders of the Company and Notice to be Implemented" published by Taiwan Stock Exchange when they are on board in order to facilitate the compliance by insiders.

(9) Items related to the implementation of the internal control system that need to be disclosed

1. Statement of Internal Control System

Uniform Industrial Corp.
Statement of Internal Control System

Date: March 9, 2023

Based on the results of self-evaluation, the Company makes the following statement for 2022 Internal Control System:

1. The Company understands establishing, implementing, and maintaining the internal control system is the responsibility of the Board of Directors and managers of the Company. We have already established the system. Its purpose is to provide reasonable assurance of goal achievement, including effect and efficiency of operating (profiting, performance, and safeguarding of asset security), reliable, timely, and transparent reports, and compliance of relevant rules and laws.
2. The internal control system has its innate limitations. It doesn't matter how perfect the design is, an effective internal control system can only provide reasonable assurance on the achievement of the above three goals. Moreover, due to the change of environment and circumstance, the effectiveness of the internal control system might be changed accordingly. The Company has established a self-monitoring mechanism on the internal control system. As long as any defect is identified, the Company will adopt corrective actions immediately.
3. The Company follows the items of judging the effectiveness of internal control system specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter refer to as "Governing Regulations") to determine whether the design and implementation of the internal control system is effective. The items of the internal control system adopted in the "Governing Regulations" classifies the system into five elements, including environmental control, risk evaluation, operation of control, information and communication, and operation of supervision, based on the process of management control. Each element also includes several items. Please refer to the rules of "Governing Regulations" for the above items.
4. The Company has adopted the above items of the internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of above evaluation, it confirms the design and implementation of the internal control system (including supervision and management to our subsidiaries) on December 31, 2022, on the effect and efficiency of operating, level of goal achievement, reliable, timely, and transparent reports, and compliance of relevant regulations and laws are all effective. It can reasonably ensure the achievement of the above goals.
6. The statement will be the main content of the Company's annual report and prospectus and shall be disclosed externally. If there is any illegal situation, like false or hidden information, on the above disclosed content, it will involve the legal responsibility specified in Article 20, 32, 171, and 174 of Securities and Exchange Act.
7. The statement has been approved by the Board of Directors on March 9, 2023. Among the seven directors who attended in person, none of them expresses objections and all agrees with the content of the statement. We hereby declare the above.

Uniform Industrial Corp.
Chairman: Ba Lo (signature)
President : Ba Lo (signature)

2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: Not applicable.

(10) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(11) Material resolutions of a shareholders' meeting or a board of directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions of the shareholders' meeting

The Company's general shareholders' meeting for 2022 was held on June 8th, 2022, in Tucheng District, New Taipei City. The resolutions by the attended shareholders and the state of implementation were as below:

Motion	Resolution	State of implementation
Ratification of the business report and financial statements (including consolidated statements) for 2021	Approval votes: 39,201,436 Disapproval votes: 16,084 Invalid votes: 0 Abstention votes/ no votes: 2,114,317 The approval votes have exceeded the required votes, and the motion was approved as proposed.	It was approved by the resolution of the shareholders' meeting. The important information announced on the day was the material resolutions of the shareholders' meeting.
Ratification of proposal of earnings distribution for 2021	Approval votes: 39,015,089 Disapproval votes: 165,234 Invalid votes: 0 Abstention votes/ no votes: 2,151,514 The approval votes have exceeded the required votes, and the motion was approved as proposed.	It was approved by the resolution of the shareholders' meeting. The important information announced on the day was the material resolutions of the shareholders' meeting.
Approved amendments on the Company's "Article of Incorporation"	Approval votes: 39,181,909 Disapproval votes: 24,252 Invalid votes: 0 Abstention votes/ no votes: 2,125,676 The approval votes have exceeded the required votes, and the motion was approved as proposed.	It was approved by the resolution of the shareholders' meeting. The revised articles have been implemented and disclosed on the Company's website. It was also registered and filed in Ministry of Economic Affairs on June 17 th , 2022.
Approved the amendments on the Company's "Handling Procedures for Acquisition or Disposal of Assets"	Approval votes: 39,031,099 Disapproval votes: 44,662 Invalid votes: 0 Abstention votes/ no votes: 2,256,076 The approval votes have exceeded the required votes, and the motion was approved as proposed.	It was approved by the resolution of the shareholders' meeting. The relevant operations have been implemented according to the revised procedures and disclosed on MOPS and the Company's website.
Approved the amendments on the Company's "Handbook	Approval votes: 39,168,699 Disapproval votes: 36,202 Invalid votes: 0	It was approved by the resolution of the shareholders' meeting.

Motion	Resolution	State of implementation
for Shareholders' Meeting"	Abstention votes/ no votes: 2,126,936 The approval votes have exceeded the required votes, and the motion was approved as proposed.	The relevant operations have been implemented according to the revised procedures and disclosed on MOPS and the Company's website.

2. Material resolutions of the board of directors' meeting

Date	Material motions	Resolution
2022/03/17	1.Motion of director remuneration distribution for 2021. 2.Motion of employee and director compensation distribution for 2021. 3.Motion of the Company's business report and financial statements (including consolidated statements) for 2021. 4.Motion of earnings distribution for 2021. 5.Motion of "Statement of Internal Control System" submitted according to the Company's internal control system in 2021. 6.Amendments to the Company's "Article of Incorporation". 7.Amendments on the Company's "Handling Procedures for Acquisition or Disposal of Assets". 8.Amendments on the Company's "Rules of Procedures for Shareholders' Meeting". 9.Motion of assessment on independence and competence of CPAs commissioned by the Company, and the appointment. 10.Motion of performance evaluation for managers of the Company in 2021. 11.The time, location, and relevant matters for the Company's shareholders' meeting in 2022. 12.Matters related to written proposals submitted by shareholders, reviewing standards, and operating procedures for the shareholders' meeting in 2022. 13.Motion of the Company's domestic 2 nd secured convertible corporate bonds swapped for new share issuance. 14.Motion of capital increase in cash to the subsidiary, NewPOS Technology Corporation. 15.Motion of the change of financing limit in Tucheng Branch, Chang Hwa Commercial Bank. 16.Motion of renewal of financing limit in Tucheng Branch, Chang Hwa Commercial Bank. 17.Motion of renewal of forward exchange limit in Tucheng Branch, Chang Hwa Commercial Bank.	Chairman inquired all the attended directors for the opinions on motions 1-17, and they were all approved as what proposed.
2022/05/12	1.Motion of the consolidated financial statements of the Company and its subsidiaries in Q1, 2022. 2.Motion of renewal of financing limit in Tucheng Branch, Bank of Taiwan. 3.Motion of renewal of derivative limit in Tuchen Branch, Bank of Taiwan. 4.Motion of the Company's domestic 2 nd secured convertible corporate bonds swapped for new share issuance.	Chairman inquired all the attended directors for the opinions on motions 1-4, and they were all approved as what proposed.
2022/08/10	1.Motion of the consolidated financial statements of the Company and its subsidiaries in Q2, 2022. 2.Motion of the Company's domestic 2 nd secured convertible corporate bonds swapped for new share issuance. 3.Motion of capital increase in cash to the subsidiary,	Chairman inquired all the attended directors for the opinions on

Date	Material motions	Resolution
	NewPOS Technology Corporation.	motions 1-3, and they were all approved as what proposed.
2022/11/10	1.Motion of the consolidated financial statements of the Company and its subsidiaries in Q3, 2022. 2.Motion of the Company's domestic 2nd secured convertible corporate bonds swapped for new share issuance. 3.Audit plan for 2023 submitted by Audit Office. 4.Motion of appointment of Chief Financial Officer of the Company as well as the changes of finance supervisor and accounting supervisor. 5.Motion of reviewing salary and remuneration for newly appointed manager, Cheng-Wei Lai. 6.Amendments on the Company's "Operating Procedures for Prevention of Inside Trading Management". 7.Amendments on the Company's "Operating Procedures for Handling Internal Material Information".	Chairman inquired all the attended directors for the opinions on motions 1-7, and they were all approved as what proposed.

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Title	Name	On-board Date	Date of dismissal	Reason of resignation or dismissal
Finance & Accounting Supervisor	Rong-Mei Kao	2019.06.30	2022.11.15	Adjustment of job position

5. Information on the professional fees of the attesting CPAs:

(1) The amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit service

Unit: NT\$ Thousand

Name of the company	Name of CPA	Period of audit	Audit fee	Non-audit fee	Total	Remark
Baker Tilly Clock & Co	Kuo-Fu Tseng	2022/01/01~ 2022/12/31	1,800	520	2,320	Non-audit fees include transfer pricing report (NT\$120 thousand) and tax compliance audit (NT\$400 thousand)
	Chia-Yu Lai					

- (2) The company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year:
No such situation.
- (3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: No such situation.

6. Information on the replacement of a certified public accountant: Not applicable.

7. Information that needs to be disclosed if the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

8. Any transfer of equity interests and pledge of change in equity interests during the most recent fiscal year or up to the date of publication of the annual report by a director, a supervisor, a managerial officer, and shareholders with a stake of more than 10 percent:

(1) State of transfer of equity interests by a director, a supervisor, a managerial officer, and shareholders with a stake of more than 10 percent

Unit: shares

Title	Name	2022		Current fiscal year as of April 9, 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Lianqing Investment Co., Ltd. Representative: Ba Lo	0	0	0	0
Director	Lianqing Investment Co., Ltd. Representative: Lin Chin-Cheng	0	0	0	0
Director	Kuan-Sheng Ren	0	0	0	0
Director	You-Gang Li	0	0	0	0
Independent Director	Da-Ren Chen	0	0	0	0
Independent Director	Jian-Fu Kuo	0	0	0	0
Independent Director	Chih-Hung Wang	0	0	0	0
CEO and Acting President	Ba Lo	0	0	0	0
Vice President	Yi-Yuan Chiu	0	0	0	0
Vice President	Dian-Chi Huang	0	0	0	0
Senior Manager	Chih-Che Huang	0	0	0	0
Chief Strategy Officer	Zong-Xin Shen	0	0	0	0
Division Director	Wen-Bin Liao	0	0	0	0
Finance & Accounting Supervisor (Note 1)	Rong-Mei Kao	0	0	0	0
Finance & Accounting Supervisor (Note 2)	Cheng-Wei Lai	0	0	0	0
10% Shareholder	Lianqing Investment Co., Ltd.	0	0	0	0

Note 1: Finance & Accounting Supervisor, Kao Rong-Mei, was dismissed on November 15, 2022.

Note 2: Cheng-Wei Lai was appointed Finance & Accounting Supervisor of the Company on November 15, 2022.

(2) Information on equity transfer: No counterparty in the transfer is a related party.

(3) Information on pledge of equity: No counterparty in the pledge is a related party.

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

April 9, 2023; Unit: shares; %

Name (Note 1)	Shares held		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relationship	
Lianqing Investment Co., Ltd. Representative: Ba Lo	13,858,338	17.80%	—	—	—	—	None	None	—
Ba Lo	5,674,942	7.29%	2,186,728	2.81%	—	—	Shu-Chen Fan	Husband and Wife	—
Fortune Investment Co., Ltd. Representative: Hsien Tsai	3,097,427	3.98%	—	—	—	—	None	None	—
Weigao Investment Co., Ltd. Representative: Huang Dian-Chi	2,340,000	3.01%	—	—	—	—	None	None	—
Shu-Chen Fan	2,186,728	2.81%	5,674,942	7.29%	—	—	Ba Lo	Husband and Wife	—
Wu-Chieh Wang	1,690,000	2.17%	—	—	—	—	None	None	—
HSBC-entrusted dedicated account to Morgan Stanley International Company	805,000	1.03%	—	—	—	—	None	None	—
HSBC-entrusted Ensign Peak Consultancy Company	797,000	1.02%	—	—	—	—	None	None	—
Kuan-Sheng Ren	652,783	0.84%	—	—	—	—	None	None	—
JPMortan Securities Co., Ltd. Investment Account entrusted to Chase Bank	547,000	0.70%	—	—	—	—	None	None	—

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

December 31, 2022; Unit: shares; %

	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Uniform Industrial Corp. (USA) (UICU)	1,600,000	100.00%	—	—	1,600,000	100.00%
Newsline Holding Inc.	5,614,668	100.00%	—	—	5,614,668	100.00%
Riseup Investments Ltd.	5,000	100.00%	—	—	5,000	100.00%
UIC-Group Holdings Ltd	4,527,000	100.00%	—	—	4,527,000	100.00%
NewPOS Technology Corporation	4,997,635	99.95%	2,034	0.04%	4,999,669	99.99%
Jishan Holdings	—	—	3,230,100	100.00%	3,230,100	100.00%
Beijing Jinlian Video Technology Co., Ltd.	—	—	—	100.00%	—	100.00%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

IV. Information on capital raising activities

1. Capital and issuance of shares:

(1) Source of capital stock

Types of Shares

April 9, 2023; Unit: shares

Type of stock	Authorized capital			Remarks
	Outstanding shares (issued)	Unissued shares	Total	
Registered common stock	77,851,091	22,148,909	100,000,000	The stocks of the Company are listed stocks. Shares circulated include 94,861 shares of common stock converted from corporate bonds that have not completed the registration of the change.

Formulation of capital

Unit: Shares; NTD

Year/ month	Issued price	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
1983.10	10	6,000,000	60,000,000	6,000,000	60,000,000	Establishment	-	-
1989.11	10	8,000,000	80,000,000	8,000,000	80,000,000	Cash capital increase in 20,000,000	-	-
1993.08	10	8,000,000	80,000,000	8,000,000	80,000,000	Cash capital increase in 32,000,000	-	Capital reduction in 32 million to make up losses
1995.11	10	15,000,000	150,000,000	12,000,000	120,000,000	Cash capital increase in 40,000,000	-	-
1996.05	10	15,000,000	150,000,000	12,600,000	126,000,000	Capital increases out of earnings in 6,000,000	-	-
1997.05	10	15,000,000	150,000,000	13,860,000	138,600,000	Capital increases out of earnings in 12,600,000	-	-
1997.12	10	50,000,000	500,000,000	25,000,000	250,000,000	Capital increase of 111,400,000 in cash	-	-
1998.06	10	50,000,000	500,000,000	30,000,000	300,000,000	Capital increases out of earnings and paid-in capital in 50,000,000	-	-
1999.09	10	50,000,000	500,000,000	36,000,000	360,000,000	Capital increases out of earnings in 60,000,000	-	-
2000.09	10	50,000,000	500,000,000	42,000,000	420,000,000	Capital increases out of earnings in 54,000,000 Capital increases out of employee bonus in 6,000,000	-	-
2001.07	10	75,800,000	758,000,000	46,700,000	467,000,000	Capital increases out of earnings in 42,000,000 Capital increases out of employee bonus in 5,000,000	-	-
2002.06	10	75,800,000	758,000,000	52,270,000	522,700,000	Capital increases out of earnings in 46,700,000 Capital increases out of employee bonus in 9,000,000	-	-
2003.06	10	75,800,000	758,000,000	54,115,400	541,154,000	Capital increases out of earnings in 10,454,000 Capital increases out of employee bonus in 8,000,000	-	-
2004.04	10	75,800,000	758,000,000	57,485,705	574,857,050	Convertible bonds transferred to common stock in 33,703,050 shares	-	-

Year/ month	Issued price	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital paid in by assets other than cash	Other
2004.06	10	75,800,000	758,000,000	57,490,328	574,903,280	Convertible bonds transferred to common stock in 46,230 shares	-	-
2004.08	10	75,800,000	758,000,000	54,836,328	548,363,280	Cancelled treasury stock to reduce capital in 26,540,000	-	-
2004.09	10	75,800,000	758,000,000	54,841,112	548,411,120	Convertible bonds transferred to common stock in 47,840 shares	-	-
2005.03	10	75,800,000	758,000,000	55,558,815	555,588,150	Convertible bonds transferred to common stock in 7,177,030 shares	-	-
2005.09	10	75,800,000	758,000,000	55,677,158	556,771,580	Convertible bonds transferred to common stock in 1,183,430 shares	-	-
2006.04	10	75,800,000	758,000,000	51,318,158	513,181,580	Cancelled treasury stock to reduce capital in 43,590,000	-	-
2006.08	10	75,800,000	758,000,000	53,884,066	538,840,660	Capital increases out of earnings 25,659,080	-	-
2006.09	10	75,800,000	758,000,000	57,821,070	578,210,700	Convertible bonds transferred to common stock 39,370,040	-	-
2006.12	10	75,800,000	758,000,000	58,084,542	580,845,420	Convertible bonds transferred to common stock 2,634,720	-	-
2007.03	10	75,800,000	758,000,000	58,120,470	581,204,700	Convertible bonds transferred to common stock 359,280	-	-
2007.04	10	75,800,000	758,000,000	58,240,230	582,402,300	Convertible bonds transferred to common stock 1,197,600	-	-
2007.09	10	75,800,000	758,000,000	62,317,046	623,170,460	Capital increases out of earnings 40,768,160		
2008.05	10	75,800,000	758,000,000	61,910,046	619,100,460	Cancelled treasury stock to reduce capital 4,070,000		
2008.10	10	100,000,000	1,000,000,000	65,005,549	650,055,490	Capital increases out of earnings 30,955,030		
2009.01	10	100,000,000	1,000,000,000	62,072,549	620,725,490	Cancelled treasury stock to reduce capital 29,330,000		
2022.04	10	100,000,000	1,000,000,000	68,965,781	689,657,810	Convertible bonds transferred to common stock 68,932,320		Approved by Shou Shang Zi No. 11101054380 by Ministry of Economic Affairs on April 25, 2022
2022.06	10	100,000,000	1,000,000,000	69,637,713	696,377,130	Convertible bonds transferred to common stock 6,719,320		Approved by Shou Shang Zi No. 11101086480 by Ministry of Economic Affairs on June 15, 2022
2022.09	10	100,000,000	1,000,000,000	75,171,274	751,712,740	Convertible bonds transferred to common stock 55,335,610		Approved by Shou Shang Zi No. 11101164660 by Ministry of Economic Affairs on September 19, 2022
2022.11	10	100,000,000	1,000,000,000	77,526,984	775,269,840	Convertible bonds transferred to common stock 23,557,100		Approved by Shou Shang Zi No. 11101226970 by Ministry of Economic Affairs on November 28, 2022
2023.03	10	100,000,000	1,000,000,000	77,756,230	777,562,300	Convertible bonds transferred to common stock 2,292,460		Approved by Shou Shang Zi No. 11230047640 by Ministry of Economic Affairs on March 27, 2023

Note 1: Please provide the information for the current year until the publication date of the annual report.

Note 2: Please remark on the effective (approval) date and document number for the capital increase.

Note 3: Stock issued with the amount lower than the par value should be remarked in an outstanding method.

Note 4: Stock amount deducted with currency claims, skills, and business reputation should be specified as well as remarked the type and amount of deduction.

Note 5: Any private fund shall be remarked in an outstanding method.

(2) Information related to shelf registration: Not applicable.

(3) Shareholder structure

April 9, 2023; Unit: person (s); shares

Shareholder composition Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	0	1	126	19,842	20	19,989
Number of shares held	0	32,000	20,015,852	54,597,436	3,205,803	77,851,091
Shareholding ratio	0.00%	0.041%	25.710%	70.131%	4.118%	100.00%

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. “Mainland Chinese investor” means citizens, legal entities, groups, or other institutions of Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission of People from the Mainland Area to Invest in the Taiwan Area.

(4) Diffusion of ownership:

1. Diffusion of ownership of common stock:

April 9, 2023; Unit: person(s); shares

Range of shares held	Number of shareholders	Shares held	Shareholding ratio
1 to 999	10,675	396,458	0.51%
1,000 to 5,000	7,896	14,207,586	18.25%
5,001 to 10,000	766	6,306,619	8.10%
10,001 to 15,000	188	2,455,021	3.15%
15,001 to 20,000	160	3,031,286	3.89%
20,001 to 30,000	115	3,085,265	3.96%
30,001 to 40,000	48	1,735,000	2.23%
40,001 to 50,000	33	1,536,000	1.97%
50,001 to 100,000	56	4,126,182	5.30%
100,001 to 200,000	25	3,582,456	4.60%
200,001 to 400,000	11	2,996,000	3.85%
400,001 to 600,000	7	3,291,000	4.23%
600,001 to 800,000	2	1,449,783	1.86%
800,001 to 1,000,000	1	805,000	1.03%
Add additional ranges above 1,000,001, if necessary, based on actual circumstances	6	28,847,435	37.05%
Total	19,989	77,851,091	100.00%

2. Diffusion of ownership of preferred shares: The Company does not issue preferred shares.

(5) List of major shareholders:

April 9, 2023; Unit: shares

Shares Name of major shareholder	Shares held	Shareholding ratio
Lianqing Investment Co., Ltd.	13,858,338	17.80%
Ba Lo	5,674,942	7.29%
Fortune Investment Co., Ltd.	3,092,427	3.98%
Weigao Investment Co., Ltd.	2,340,000	3.01%
Shu-Chen Fan	2,186,728	2.81%
Wu-Chieh Wang	1,690,000	2.17%
HSBC-entrusted dedicated account to Morgan Stanley International Company	805,000	1.03%
HSBC-entrusted ENSIGN PEAK Consultancy Company	797,000	1.02%
Kuan-Sheng Ren	652,783	0.84%
JPMortan Securities Co., Ltd. Investment Account entrusted to Chase Bank	547,000	0.70%

Note: List of major shareholders: List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage and specify the number of shares and stake held by each shareholder on the list.

(6) Share prices for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NTD; thousand shares

Fiscal year		2021	2022	Current year up to March 31, 2023
Item				
Market price per share (Note 1)	Highest	19.45	32.50	65.50
	Lowest	9.90	11.25	23.85
	Average	15.32	25.96	48.69
Net worth per share (Note 2)	Before distribution	12.21	14.79	-
	After distribution	12.21	(Note 9)	-
Earnings per share	Weighted average shares	62,367	73,711	-
	Earnings per share (Note 3)	0.11	2.98	-
Dividends per share	Cash dividends		-	1.5(Note 9)
	Stock dividends	Dividends from retained earnings	-	-
		Dividends from capital reserve	-	-
	Accumulated undistributed dividends (Note 4)		-	-
Return on investment analysis	Price/ earnings ratio (Note 5)		114.27	7.00
	Price/ dividend ratio (Note 6)		-	13.9
	Cash dividend yield (%) (Note 7)		-	5.78%

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the Board of Directors or resolved in next year's shareholders' meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year that Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/ earnings ratio = average closing price per share for the year/ earnings per share.

Note 6: Price/ dividend ratio = average closing price per share for the year/ cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share/ average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: It has been approved through the resolution of Board of Directors on March 9, 2023 and is waiting for a shareholders' meeting for the determination of distribution.

(7) Company's dividend policy and implementation status

1. Dividend policy

The Company is currently at the phase of business growth, and the industry is under a rapid change of prosperity and development trend. It requires constant funds for investment, R&D, and a solid financial structure to create competitive advantages. Therefore, in the consideration of the medium- and long-term business growth and the demand of investment activities as well as balance with the goal of solid financial structure, the Company allocates shareholder dividends within the interval of distributable earnings between 20% and 80% every year. However, if the accumulated distributable earnings are lower than 5% of paid-in capital, it will not be distributed. When distributing shareholder dividends, it can be either in cash or in stock. The cash dividend must not be lower than 10% of total dividends.

If the cash dividend per share is lower than \$0.5, it will not be distributed but should be given stock dividend instead.

2. Dividend distributions proposed at the most recent shareholders' meeting:

The earnings distribution for 2022 is as below. It has been approved by the resolution at the meeting of Board of Directors on March 9, 2023. After it is approved by the regular shareholders' meeting on June 7, 2023, the Chairman will set up the ex-dividend date.

Unit: NTD

	Amount
Retained earnings at the beginning of the period	0
Deduct: Difference between consideration and carrying amount of subsidiaries acquired or disposed	(10,044)
Add: Changes in remeasurements of the defined benefit plans for the period	1,576,529
Add: Net profits after tax for the period	219,837,562
Deduct: Legal reserves set aside	(22,140,405)
Deduct: Special reserve set aside	(30,222,141)
Distributable earnings	169,041,501
Distribution item:	
Deduct: Shareholders' cash dividends (NT\$1.5/ per share)	(116,646,203)
Unappropriated earnings at the end of the period	52,395,298

(8) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

Not applicable. There is no stock dividend distribution proposed at the shareholders' meeting.

(9) Compensation of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor compensation as set forth in the Company's Articles of Incorporation:

If the Company has profits by the end of the fiscal year, no less than 5% should be allocated as employee compensation and no more than 5% for director compensation. However, if the Company still has accumulated losses, the amount of losses should be reserved first.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The estimation basis for employee compensation and remuneration to directors and supervisors is no less than 5% of income before tax in the current year after deducting employee compensation and remuneration to directors and supervisor of the year as employee compensation and no more than 5% of that as remuneration to directors and supervisors. However, if the Company still has accumulated losses, the make-up amount should be reserved in advance.

In 2022, 6.39% of the above income before tax was provisioned for employee bonuses while 1.35% of that was for remuneration to directors. The meeting of Board of Directors on March 9, 2023, approved to issue it in cash.

If there is any difference between the actual distributed amount in the next fiscal year and the estimated amount, it should be handled as changes in accounting estimate. The impact of the change should be recognized as the gain (loss) for the next fiscal year.

3. Information on any approved by the Board of Directors of distribution of compensation to employees, directors, and supervisors:

The employee compensation and director compensation for 2022 has been approved through the resolution of Board of Directors on March 9, 2023. The relevant information is as below:

- (1) The Board of Directors determined to distribute NT\$20,000,000 as employee compensation and NT\$4,220,000 for director compensation.
- (2) The amount of employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (2021):

- (1) Actual distribution:

The provision of employee compensation for 2021 was NT\$(the same below) 451,791 and \$0 for director remuneration. The amount of estimation is the same as the actual amount distributed.

- (2) If there is any discrepancy between the actual distribution and the recognized compensation, please state the discrepancy, cause, and how it is treated:

There is no discrepancy between the actual distribution and the recognized compensation.

- (10) Status of the company repurchasing its own shares: None.

2. Information on the Company's issuance of corporate bonds:

- (1) Unredeemed and undergoing corporate bonds

Type of corporate bond	The second domestic secured convertible corporate bonds
Issue (transaction) date	July 12, 2021
Face value	NT\$ 100,000
Place of issue and trading	Domestically
Issue price	114.15% of face value of each bond
Total amount	NT\$ 200,000,000
Coupon rate	0%
Term	3 years; expired on July 12, 2024
Guarantor	Tucheng Branch, Bank of Taiwan
Trustee	Trust Department, Chang Hwa Commercial Bank Ltd.
Underwriter	IBF Securities Co., Ltd.
Attesting lawyer	Lawyer, Nai-Long Ho (Zhenli Law Firm)
Attesting CPA	CPA, Kuo-Fu Tseng & Chia-Yu Lai Baker Tilly Clock & CO
Redemption method	Except the owners of the convertible corporate bonds transferred them to the common stocks of the company based on Article 10 of the Rules for Issuance and Conversion, or the bond owners exercise their put rights according to Article 18 of the Rules for Issuance and Conversion, or the Company redeems the bonds at an early date according to Article 17 of the Rules for Issuance and Conversion, or the Company purchases them back for cancellation through securities firms, the Company will implement redemption in a lump sum in cash based on the face value when the convertible bonds are due.
Unredeemed balance	NT\$ 400,000
Conditions for redemption or early redemption	Please refer to Article 17 and 18 of the Rules for Issuance and Conversion.
Restrictive covenants	None
Name of rating agency, date and result of rating	Not applicable

Type of corporate bond		The second domestic secured convertible corporate bonds
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	The amount of convertible corporate bonds exercised was NT\$ 199,600,000.
	The issuance and conversion, exchange or subscription rules	Please refer to the Rules for Issuance and Conversion.
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance		Before creditors request to exercise their convertible rights, the convertible corporate bonds do not have any effect on dilution of the Company's equity. Creditors can choose the time favorable to them during the period of conversion to exercise their rights. Therefore, it has the effect of delaying the dilution of equity. Along with the transfer of convertible corporate bonds to common shares, it will also increase shareholders' equity other than lowering debts and further enhance the net value per share. As a result, it provides security to current shareholders' equity in long term.
Name of the custodian institution of the exchangeable underlying		None

(2) Information on convertible corporate bonds

Type of corporate bonds (Note 1)		Domestic 2nd secured convertible corporate bonds		
Fiscal year		2021	2022	As of March 31, 2023, in the current fiscal year
Item				
Market price of convertible corporate bonds (Note 2)	Maximum	151.00	248	446
	Minimum	110.10	114	308
	Average	121.79	156.09	377
Conversion price		12.65		
Issue (transaction) date and conversion price at issuance		Issued on July 12 th , 2021. 12.65		
Method for performance of conversion obligations (Note 3)		Issuance of new shares		

Note 1: Adjust the number of columns according to the actual number of issues.

Note 2: If there are multiple trading locations for offshore corporate bonds, please list the prices according to the trading locations.

Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.

Note 4: The information for the current year should be that as of the date of publication of the annual report.

(3) Information on exchangeable corporate bonds: None.

(4) Issuance of corporate bonds under self-registration: None.

(5) Information on corporate bonds with warrants: None.

3. Implementation of preferred shares: None.

4. Implementation of global depositary receipts: None.

5. Implementation of employee share subscription warrants: None.

6. Implementation of new restricted employee shares: None.

7. Implementation of new shares in connection with mergers or acquisitions of shares of other companies: None.

8. Company's capital allocation plans and its implementation:

(1) Content of the plan

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, please a detailed description of the plan: None.

(2) Status of implementation:

The funds usage under the plans. If the implementation has failed to yield the expected progress or benefits, please provide specific reasons for such failure, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation: None.

V. Overview of operations

1. Description of the business

(1) Scope of business

1. Business items:

- 1.CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- 2.CC01080 Electronic Parts and Components Manufacturing
- 3.CC01110 Computers and Computing Peripheral Equipment Manufacturing
- 4.CC01990 Electrical Engineering and Electronic Machinery Equipment Manufacturing
- 5.F113020 Wholesale of Electrical Appliances
- 6.F113050 Wholesale of Office Machinery and Equipment
- 7.F113990 Wholesale of Other Machinery and Equipment
- 8.F213010 Retail Sale of Household Appliance
- 9.F213030 Retail Sale of Computers and Clerical Machinery Equipment
- 10.F213990 Retail Sale of Other Machinery and Tools
- 11.F401010 International Trade
- 12.I301010 Software Design Services
- 13.I301020 Data Processing Services
- 14.I301030 Digital Information Supply Services
- 15.JE01010 Rental and Leasing
- 16.CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
- 17.I501010 Product Designing
- 18.F113070 Wholesale of Telecom Instruments
- 19.F213060 Retail Sale of Telecom Instruments
- 20.F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
- 21.IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
- 22.JZ99990 Other Services Not Elsewhere Classified
- 23.ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major products and the relative weight of each product:

Unit: NT\$ Thousand

Main product	2022		2021	
	Business income	Weight of the business	Business income	Weight of the business
Card reader	904,435	71.91%	665,925	80.50%
Integrated card reader	2,029	0.16%	2,177	0.26%
Cheque reader	18,948	1.51%	23,752	2.87%
Point-of-sale terminal	12,897	1.03%	16,705	2.02%
Personal password identifier	31,472	2.50%	22,885	2.77%
Video conference system	876	0.07%	1,093	0.13%
Decoded IC	34,173	2.72%	18,914	2.29%
Others	252,905	20.10%	75,754	9.16%
Total	1,257,735	100.00%	827,205	100.00%

3. New products planned for development:

Products for electronic trading:

- (1) UIC680FG-PAJ: New customized contact-free card reader to be mainly used in the aviation cockpit.
- (2) Bezel8-SP: New-generation of unattended card readers. It supports color display, various communication interfaces (Ethernet/WiFi/LTE), and adopts the latest wireless sensor chip to strengthen advantages in the industry.
- (3) EVPay: New UIC680FGP expansion network communication card reader is with modular design to expand market share in industries of charging stations/ self-service stores/ vending machine.

Products for smart home:

- (1) Taptap III enhance: Continue strengthening original AI functions to be applicable to various types of music and songs. It reinforces the application to go with various light bars and lighting strings to accommodate more occasions and venues.

(2) An overview of the industry

1. Current status and development of the industry:

(1) Products of electronic trading

To make it simple, “card swiping and electronic payment” is the transaction method through credit cards, debit cards, electronic tickets, or mobile phone payment by replacing cash currency with electronic currency. Along with the popularity of smart phone application, taking Taiwan as an example, non-cash transaction includes various electronic or the third-party payment, like Apple Pay, Line Pay, Samsung Pay, O'Pay, Alipay, WeChat Pay, and Taiwan Pay other than payment via cards (including credit cards, debit cards, and electronic tickets). The benefits of the electronic and the third-party payment are to lower the use of cash simplify financial management costs for enterprises on top of assisting enterprises collecting consumers' information and behaviors, enhancing enterprises' understanding towards consumers' demands and marketing precision to enhance consumer purchasing power.

The global epidemic of COVID-19 had a huge impact on the payment behavior in the retailing industry and has speeded up the era of digital payment. There are three important factors. 1. The concern towards “face-to-face” direct contact affects people's choice on payment tools directly, especially, transaction in cash. 2. When the lifestyle of maintaining social distance becomes the new normal, contactless payment methods, like electronic payment, are likely our new choice for face-to-face payment. 3. During the shutdown of physical stores under the impact of the epidemic and people stayed home for isolation or cut down the unnecessary going out, we mostly relied on electronic payment to complete online shopping.

Contactless cards currently promoted by card-issuing organizations all over the world have been heavily used in connection with public transportation in recent years. This kind of merging payment tools with good user interface and easy installation has developed rapidly. Over the past few years, the convenience of no password or signature required for micro-payment by using mobile phone payment with additional function of near field communication (NFC) and contactless cards makes contactless cards easy to be adopted into daily life and are widely used in the market, such as providing micro-payment to fast food, supermarkets, convenience stores, transportation, and fuel stations. In terms of development plans for handheld devices, global key mobile phone manufacturers turn the NFC-related functions compulsory and integrate it with the development and application of mobile wallets. The payment pattern and customer-only added value make

“the payment” even more convenient. This means mobile phones, which are possessed by nearly everyone, will also become contactless credit cards or pre-paid cards. It will provide huge development opportunities for the application of contactless cards.

The scope of financial transactions by cards is getting more and more diverse and are more closely related to our daily life. However, while looking for the convenience of financial transaction, the security of the transaction is something that we must not ignore. International financial institutions (like VISA and MasterCard) have established even more strict regulations on the security of transaction mechanism for transaction authorization from the reading of card information, front-end encryption, to data transmission to the back end, such as the promotion of PCI (Payment Card Industry) standards.

Due to the wider utilization of tablets and relevant mobile smart devices in recent years, it directly affects the market shares for PC POS. In addition, Cloud POS has the advantages of high integration, lowers installation costs, mobility, and smart back-end analysis for strengthening management functions required by stores. It makes topics related to tablet POS continuing rising. Our Company keeps an eye on the market trend, analyzes and implements the development, and establishes Cloud business and Cloud POS solutions to provide market services with advantages and competitiveness.

In summary of above development trend for the industry, our Company will strengthen the integration of different models based on the current card reader modules of magnetic cards, smart chips, and contactless cards in order to respond to diverse financial transaction terminal equipment demands of non-cash payment. Meanwhile, to strengthen the application in the vertical markets of cloud, POS, and service integration, we will add transaction security mechanism to the design of new products based on the domain knowhow accumulated in each application field as the key point of development for future products.

(2) Products of smart home

The smart home and IOT markets are rolling on with full force at the moment and changing rapidly. Due to the impact of the spread of COVID-19 in recent years, the market is declining. It is expected to move into the path of growth in 2022. There are some aspects worth paying attention to. First, the trend of start-up remains high. It maintains the activeness of the market and continues creating whole new applications. Secondly, using smart speakers as the central control hub of smart homes is a trend that cannot be resisted. Thirdly, technology, like deep learning and artificial intelligence, is used to different application fields in full swing. Our Company applies AI and deep learning on the product- Taptap III to establish models. After reading-in songs, it can analyze rhythm and chord and automatically generate lighting effect to provide users the maximum effect of entertainment from the convenience. Fourthly, people’s demands for privacy and what level of protection that the technology can keep hackers away will be one of the key factors whether users can fully accept smart home.

2. The links between upstream, midstream, and downstream segments of the industry supply chain:

(1) Products of card swiping and electronic trading

In terms of the application field related to card swiping and electronic trading, our Company plays a role in terminal equipment hardware manufacturing and supplier for financial electronic trading. The upstream

components for our products include parts for and related to magnetic head, integrated circuit, printed circuit board, liquid crystal display, and control keyboard. The manufacturing process is to install relevant components in the printed circuit board before assembling magnetic read/ write head, magnetic card track, motor, liquid crystal display, and control keyboard in right order and test it to ensure quality. Currently, our key component suppliers are excellent suppliers that have worked with us for a long time. The standardized or customized components they provide all meet the design of our Company, comply with the specification and requirements, and achieve the quality demanded by customers.

All of our main products are designed, developed, and manufactured in Taiwan. After the manufacturing department purchases product materials from our upstream suppliers, they will be directly manufactured, assembled, tested, and packed in our plant and then put into the warehouse. Our downstream customers and target markets are mainly system integrators or agents in Europe or America. They have to assist financial institutions and terminal stores to complete functions for transaction and data processing between products and main computer systems.

(2) Products of smart home

High-quality network communication environment is essential for smart homes. To meet the characteristic of easy to arrange and to install, one of the key components is different types of wireless transmitting and receiver modules, including 433Mhz/FSK, 802.11n/g/ac/ax wifi, Bluetooth, zigbee, and z-wave. For the time being, smart home appliances and equipment still use Wi-Fi as key network connection path. Except for communication function, one of the very important considerations is the low energy consumption. Many sensors and controllers are operated with batteries; therefore, the energy consumption of the parts is also an important condition for selection. In addition, sensors of different applications, like light sensor, horizontal-vertical sensor, infrared sensor, and flood sensor, are another important condition. No matter if it is wireless modules or sensor components, we have excellent suppliers in Taiwan. Besides, because cloud service is an indispensable part of smart home products, there are many turn-key solutions for cloud service in the market to reduce the cost of establishing cloud service for smart home products.

For smart home products, other than using Amazon cloud platform as the service carrier, other technologies and applications for P2P services and relevant AI deep learning are all developed by the Company.

3. Development trends for products:

(1) Products of card swiping and electronic trading

The main focus of financial transaction and transmission of card data is security. Other than replacing traditional magnetic stripe cards with IC cards, the application of encryption mechanism and input of personal password are also the trend of merging application. Due to the popularity of financial transactions, it requires common specification to circulate everywhere in the world. Therefore, terminal equipment used for financial transactions must provide security, reliability, privacy, and convenience on functions of data

transmission and card-reading interface. To match the development trend of financial electronic transaction, our Company developed full series of terminal equipment that meets EMV requirements and PCI security qualification certified by international organizations to satisfy customers' demands in different financial electronic transactions.

To meet the current demand of popular contactless card payment application, our Company has developed different models of contactless card reader and relevant modules and passed testing and certification by many international card-issuing organizations, like MasterCard® PayPass™, Visa® payWave, American Express® ExpressPay®, Unionpay® Quickpass®, and Discover Network® D-PAS. We consider the convenience of system integration in the design for products and integrate interfaces of each module in order to provide a rapid system hardware design platform. As for software application, we also provide software development tools (SDK and API) and the testing platform as well as assist system customers to develop total solutions for their application programs.

Mobile POS turns the complicated procedures of cash flow payment into a simple process through electronic payment systems. Diverse store marketing services, including credit card payment, third-party payment, receipt printing, and ticket verification make store marketing more flexible and agile. During the busy hours in the retail stores, it provides rapid check-out and optimizes overall service procedures. Because of the mobile and flexible products, store staff are no longer limited to the traditional work of cashier. It develops transactions of ordering at the table, check-out, sales at the exhibition, online stores, and mobile stalls. They will not be limited by venues and environment. For example, banks launch mobile point-of-sales (mPOS) that is portable, or stores offer consumers real-time and on-the-spot card transaction through mobile phone or tablet. mPOS integrates traditional cashiers with various payment tools (icash, Easy Card, and card reader...etc.) to make operation management digital.

(2) Products of smart home

Main trends include:

- (1) Easy to install.
- (2) Automatic network setup.
- (3) Wireless replacing wired.
- (4) Focus on low energy consumption and energy saving.
- (5) Use smart phones as the controller and receiver for alert.
- (6) Collect data through cloud service for further analysis and utilization.
- (7) Support or integrate with Apple Homekit, Google Home, and Amazon Alexa °
- (8) Diverse equipment/ different internet protocols to work together seamlessly and intelligently.
- (9) Wide use of artificial intelligence.
- (10) Consumers are paying more and more attention to network security.

4. Competition for products:

(1) Products of card swiping and electronic trading

The main customers for products of electronic trading at the moment are “system integrator” (SI), and they are the leader of the whole package of solutions. They provide software and hardware to construct the whole system as well as technical integration service between interfaces. The hardware equipment is mainly supplied by peripheral equipment manufacturers. Currently, financial trading terminal equipment manufacturers all move towards the development of modular, thin, and multi-functional products for

hardware. In terms of software, we developed specifications for different cards as well as support drivers and application interfaces for different platforms in order to enhance added value and competitiveness of our products.

The main overseas competitors for the manufacture of “terminal equipment for card transaction” in the products of hardware are Verifone (U.S.A.), Ingenico (France), PAX (Hong Kong), Newland (China), Magtek (U.S.A.), IDT (U.S.A.), OTI, and Nayax (Israel). Domestically, other than Uniform Industrial Corp., there are also some other manufacturers providing relevant terminal equipment for financial trading. Over the past few years, products from mainland achieved good performance in their establishment in European, American, and Latin American markets.

(2) Products of smart home

Main technology manufacturers are active in developing virtual assistant applications and integrate it with the smart home platform. It makes smart speakers gradually become the central hub of smart homes. The development trend will not change in the short time. In north America, there are several senior brands leading the market of Home DIY. In recent years, their products have transformed into intellectualization actively. Domain knowledge, reputation, and market share are their strengths. In addition, manufacturers with mobile phone software experience or network communication experience have outstanding performance in this field and designed many successful and eye-catching products (such as NEST and SmartThings). The design concepts and functions of our smart home products are comparable to the products from merging companies, like NEST or SmartThings. At the moment, manufacturers continue innovation in their own field. While they are upgrading, they also carry out cross-border competition. However, the industrial chain for smart home industry is very long. It will be a complicated, dispersal, and fragmented market.

(3) Overview of technologies and R&D

1. Research and development expenditures

Unit: NT\$ Thousand		
Year	2021	2022
Amount	101,208	76,902

2. R&D performance

Products of electronic trading

New products in 2022:

- (1) UIC680FGP: It has 7 items of customized design to provide for customers' demand in flexible design.
- (2) A10: It has extra 2 items of customized design to provide the demand of seamless upgrading.
- (3) UIC680VG: New PCI product with upgraded security protection.
- (4) UIC680VAC: New generation is equipped with EMV script card reader to support cloud application.
- (5) Alio/New 4in1 Plus (SmartTap): It supports Google SmartTap application and have completed certification to increase diverse support and application.

New products in 2021:

- (1)A10-P-BVA: Customized design for seamless upgrade.
- (2)A10-P-SYM: Customized design for seamless upgrade.
- (3)A10-P-DAN: Customized design for seamless upgrade.
- (4)UIC680FG: Diverse customized design to enhance customers' demands.

- (5)UIC680FGP: New product of shared platform; continue A10 design and extended UIC680FG customer demand in modules.

Products of smart home

New products in 2022:

- (1) Taptap III: Continue strengthening original AI functions to accommodate a variety of music and songs as well as strengthen the application of different light bars and lighting chain for more occasions and venues. Meanwhile, it improves the limit on the number of ports in the original product to ensure flexible expansion for users.

New products in 2021:

- (1) Taptap III: Continue strengthening original AI functions to accommodate a variety of music and songs.

3. Performance of patent

To protect R&D performance and enhance intellectual property capability, the Company is active in patent application for technology we developed. There are around 60 pieces of patent approved at home and abroad. We will continue developing and innovating patented technology this year.

(4) Long- and short-time business development plans

Short-term business development plans:

1. Production strategy

- (1)Simplify production operating procedures and methods and enhance production efficiency to reduce labor costs.
- (2) Seek more suppliers to ensure smooth material supply.
- (3) Develop the ability of multi-functional tasks among production line personnel for flexible labor adjustment and enhancement of productivity.
- (4)Strengthen design for automatic jigs and tools to enhance production efficiency; reduce direct labor to production through automatic jigs and tools.

2. Marketing strategy

- (1)Focus on regional services; with the combination of hardware, software, and cloud service, we aim to become a comprehensive cashless payment solution provider.
- (2)Impacted by the outbreak of global battery electric vehicle (BEV) market and increasing number of its charging stations, the fee-collection mechanism for the stations gradually moves from “closed membership” in the past to the current “open fee collection”. In some countries (like Germany) and regions (like California, USA), they even establish compulsory legislation that charging stations must be equipped with credit card payment mechanism. Based on the Company’s high market share in the fee-collection mechanism for EV charging stations, we will grasp the business opportunities that come along with the change.
- (3)Vertical integration. Along with the stores in the main market, America, for the Company adopting contactless payment during the epidemic, the market has a strong demand for payment terminals. Over the past year, the Company has become a business partner for more acquirer banks, payment service providers, and independent sales organizations (ISO).
- (4)The advantage of POS software under the development by the Company and its subsidiary is provided for the “advanced payment” industry; it is a payment flow service with verification mechanism.

3. Direction of product development

- (1) Continue developing multidimensional integrated solutions, like contactless NFC mobile payment and credit card transaction.
- (2) Develop products meeting the new regulations of PCI and EMV.

- (3) Integrate transaction technology of smart cards and bank cards to provide and promote WebPOS solutions.
 - (4) Enter the market of mobile payment application.
 - (5) Fully establish Unattended Payment Solution for the market of vertical application.
 - (6) Light-weight and flexible customized design to enhance quality service and customer satisfaction.
4. Scale of operation and financial coordination
- (1) Strengthen the marketing for electronic trading products and smart home products to increase business revenue.
 - (2) Strengthen valid information output and application for finance and accounting to assist enhancing the efficiency of each operating unit.
 - (3) Increase fund-raising channels and participate in projects of government subsidy to reduce capital cost.
- Long-term business development plans:
1. Production strategy
- (1) Work around the development plans for new products and participate in the material recommendation meeting for product development in advance.
 - (2) Establish several strategic suppliers to respond to China–United States trade control and reduce the impact of insufficient supply of critical materials.
 - (3) Reinforce the development of production jigs and tools as well as automatic inspection and testing.
 - (4) Strengthen manufacturing process re-integration, reduce complicated operating procedures, enhance production efficiency, lower labor costs, and increase product quality.
2. Marketing strategy
- (1) Focus on developing markets where our market share is lower, like Japan, Latin America, Middle East, and South Asia.
 - (2) Plan co-exhibition and invite strategic partners to develop local markets and real-time service networks to fully establish the regional bridgehead.
 - (3) Strengthen product vertical integration through combining upstream and downstream strategic partners to cultivate niche markets and develop applications and solutions for specific industry. For example, with the high market share and customer basis we have in the EV charging stations, we will further develop our products into total solutions to assist the enhancement of competitiveness for our customers.
 - (4) Grasp the trend of close connection between POS and the payment industry and reinforce the integration demands of POS system in software and hardware applications for “payment” as well as adjust product strategy in order to seize the opportunities brought by the change.
3. Direction of product development
- (1) Continue investing in basic technology and R&D for contactless payment.
 - (2) Continue planning products and services required by the application in the mobile device market.
 - (3) Develop value-added software items for various market applications.
4. Scale of operation and financial coordination
- (1) Focus on the development of electronic trading products and smart home products both.
 - (2) Continue strengthening professional financial abilities to meet the financial planning and implementation management demands for expansion of business scale and sustainable management.

2. Market as well as production and marketing overview:

(1) Market analysis:

1. Main areas for the sale of products:

Unit: NT\$ Thousand

Area	Sales amount in 2022		Sales amount in 2021	
	Sales amount	Percentage	Sales amount	Percentage
Asia	64,746	5.15%	61,768	7.47%
America	1,082,175	86.04%	680,751	82.30%
Europe	99,030	7.87%	78,929	9.54%
Oceania	10,220	0.81%	3,992	0.48%
Others	1,564	0.13%	1,765	0.21%
Total	1,257,735	100.00%	827,205	100.00%

2. Demand and supply conditions for the market in the future:

(1) Card swiping and electronic trading products

According to new research done by Grand View Research, Inc., by 2030, the scale of global contactless payment market is estimated to reach US\$ 164.15 billion and expected a compound annual growth rate of 19.1% during the period. Early adopters, like UK, Canada, Europe, and Australia, have witnessed the rapid growth of contactless card payment; for example, “contactless payment” currently accounts for more than 40% of card transaction in the UK. In addition, according to Thales Group’s research, along with the rapid adoption of the technology in South Asia, America, and Brazil, it is estimated there will be more than 2.6 billion contactless cards circulated by 2023.

In the wake of the popularity of mobile phones and tablet computers, data security and user-friendly interface (UI) have become the basic requirements of products. Through NFC and QR Code, the card-issuing method of mobile credit card and mobile phone transaction platform that can integrate many credit cards will gradually replace physical cards. It will also become the trend of credit card issuance in the future. Traditional “desktop” magnetic stripe card readers are gradually replaced by “handheld” card-reading devices transmitted wirelessly through 4G, Bluetooth, or Wi-Fi. Besides, international key payment service providers have moved towards the layout of “whole-area payment”; that is, digital payment is applicable in diverse scenarios, including retailing, transportation, medical care, tourism, e-commerce, remittance, donation, and paying bills, in order to enhance the opportunity of use. Large providers are active in expanding service networks through a multi-pronged approach. (For example, LINE and PAYCO in Korea launch a global alliance scheme together that LINE Pay users in Taiwan, Japan, and Thailand can implement cross-border payment in their cooperative stores in Korea.) Because of the rapid change of consumer behavior, international main card-issuing units consider the stolen data of card holders in the past few years causing unauthorized card transaction and specifically establish strict security regulations for machine with the function of password security input to prevent the incidents of malicious theft on card holders’ data. Besides, they also established a compulsory requirement in stores with acquiring business. If providing a service of password input for verification, they must use password input devices that have passed verification to verify card holders. (If incidents of unauthorized card transaction are caused by the stores’ failure in following the regulation, card-issuing units will not be responsible for the loss of unauthorized card transaction.)

Currently, the main unit in charge of data security protection regulations for global financial payment is PCI SSC. The security regulations established include PCI DSS, PCI PA DSS, and PCI PTS. The three key card-issuing

organizations (VISA, MasterCard, and JCB) in the world request their banks, members, and stores to products approved by PCI certification. Therefore, PCI related verification will become the crucial factor of victory for the competition among EFT POS professional suppliers. According to the Nilson Report, current international credit cards issued by card-issuing institutions in the world are nearly 4.2 billion cards (more than 80% of them are VISA or Master Card). Among them, more than 70% are IC cards with EMV specification. Besides, there are more than 100 million sets of card-reading terminals worldwide, and more than half of them accept EMV IC cards. International organizations, like VISA and Master Card, updates EMV requirements and PCI security level every year to ensure plastic currency is a reliable and convenient transaction tool. As a result, it speeds up card updating and the market of replacement for the front-end equipment.

Mobile phone and mobile payment are rising. Other than traditional credit cards that have integrated with contactless sensor cards, mobile phones are active in using contactless sensor with NFC (Near Field Communication) technology as the interface of data transmission. This means mobile phones, which are widely possessed by nearly everyone, will also become contactless credit cards or pre-paid cards. It provides wide development opportunities for the application of contactless cards. In recent years, mobile phone payment mode with NFC added function application has been widely used in the market. In terms of the development plans for handheld devices, key global mobile phone manufacturers install NFC-related functions as standard equipment to integrate with the development and application of digital wallets. Payment modes and customer exclusive added value make transactions even more convenient.

(2) Smart home products

Smart home products include the application of security, access control, lighting, entertainment, energy saving, and self-control. In 2020, people stayed home longer due to the epidemic of COVID-19 and developed better and deeper understanding in smart home devices and systems. According to the latest research done by Parks Associates, during the pandemic of COVID-19, one-third of smart device users in American family with broadband enhanced the use of the devices. Omida Research proposed the market scale of global smart home products in 2020 reached US\$101 billion with an annual growth rate of 32.3%. It is estimated the market scale can reach US\$249 billion by 2024. Strategy Analytics raised the adoption of smart home during COVID-19 and found consumers' adoption of smart home solutions that are more complicated and require professional installation is getting lower and lower with the epidemic of COVID-19. However, because of online shopping and more and more families adopting DIY through contactless delivery and installation, the purchase volume in thermostat, camera, video doorbell, and smart light bulb is increasing.

3. Positive and negative factors for future development:

Positive factors

(1) Card swiping and electronic trading products

A. Geopolitics

China–United States trade war does not slow down, and no ceasing of fire on “technology restrictions” that the United States used to sanction Chinese enterprises. The payment industry possesses multiple personal data and is regarded as a sensitive industry. For our Company which establishes the production based in Taiwan, it is a favorable factor when fighting for customer orders in Europe and in America.

B. The epidemic helped the market of contactless payment.

COVID-19 is raging but has a very positive effect on the contactless payment market. The significant growth rate of contactless payment is attributed to the number of users of contactless POS, public transportation, and electronic wallets. On top of that, consumers get used to the functions of shopping, payment, and remittance through mobile phone App. Several main banks in U.S.A., including JPMorgan Chase, also announced their plans in changing credit cards and debit cards to contactless credit cards. It is expected to increase the usage of mobile payment by doing it. Most of the new POS terminals that use EMV are compatible with contactless payment devices and only need to install software for updating. Card holders can lower the time of transaction by using contactless bank cards and have better shopping experience. Emerging contactless micropayment mechanism also provides an extra choice for electronic ticket transactions other than magnetic cards and IC cards. It also creates an additional product line for financial transaction terminal equipment in terms of the Company's product development. Moreover, we work closely with international card-issuing organizations to develop different applications for contact and contactless cards. It will further help our Company become a leader in products of contactless card transactions.

C. "Unmanned stores and self-service" have become the new mainstream in the market.

To respond to the important trend of "reducing labor costs" in the consumer market, costs of establishing ordering, cashier, and payment systems are also an important consideration. Therefore, "unmanned stores or self-service" have become the new trend in the market. To accommodate the demand, our Company has developed a variety of EMV smart card readers, personal password identifiers, and contactless smart card readers. They are useful tools to enter self-financial transaction and retailing markets.

D. The implementation of new technology helps the expansion of payment opportunities.

According to the latest research report from Topology Research Institute, the electronic payment industry continues constructing their own payment system. Different types of payment methods are thriving plus the introduction of new technology like QR codes, fingerprint recognition, and 3D facial recognition, the business opportunities of global mobile payment has been expanded continuously. Implementation of artificial intelligence will change the ecology of the payment industry. With the rise of big data and AI system of deep learning, personal services will be able to be generated through continuous learning and effective data application. In the future, AI will change many industries in the next 10 years due to the integration of three main driving forces, including exponential type of data growth model, finer branch network, and even smarter algorithm; of course, it certainly includes payment modes.

(2) Smart home products

The market for smart homes is still between the introduction period and the growing period. However, the emerging of smart speaker, the built-in smart assistant in the internet devices, and the IP specification (launched in 2021) for home network promoted actively by the manufacturer alliance, including Google, Apple, Amazon, and Zigbee make the future of smart homes easier and feasible as well as enhance popularity significantly. Because of the characteristic of the smart home industrial chain- long, complicated, and spreading out, smart home products in different areas are just unfolding. The greatest advantages that our Company possesses are being able to enter the market in the very beginning and leading other companies in the concept

of product design and the price-performance ratio. The following also brings the dynamic force to smart home products.

- a. CHIP standardization: More and more manufacturers join the CHIP (Connected Home over IP) project collaborated by Amazon, Google, Apple, and Zigbee. Once the standard is set up, the product interoperability for all the products in the home will be bigger. It will expand the shipment force for smart home products.
- b. DIY is rising. Because of COVID-19, people have less contact with one another. There are more and more consumers installing smart home products at home by themselves.
- c. Smart home products become more intelligent. Along with the continuous improvement of AI technology, virtual assistants are moving towards a more intelligent direction as well. It is expected that consumer satisfaction can be hugely improved.

Negative factors

(1) Card swiping and electronic trading products

A. Continuous rising of data security risk in the industry

Compared to the traditional transaction in cash, risk issues by the electronic payment must be considered during the process of transaction, including data, transaction, mobile device security. Although each payment platform has different security mechanisms, it doesn't mean electronic payment has nothing to worry about. Whether the program design for electronic payment application meets relevant regulations of information security, whether the verification of user identity and control system are complete, and whether the carrier devices might be lost or stolen are important issues that affect the security of electronic payment. To protect data security of card holders of the payment, Payment Card Industry Security Standards Council (PCI SSC) establishes a series of security standards from technical and operational aspects respectively. Other than closely related to storing, processing, or transmitting data of the card holder, part of the security standards is also related to the developing manufacturers for the equipment or application programs used during the process of data processing. "PCI Data Security Standards" (hereinafter referred to as PCI DSS) that must be strictly followed by service providers and merchants also enhances business threshold directly or indirectly.

B. Security verification time and huge expense of credit card payment

All of the necessary security functions for mobile payment and password keyboard must be integrated. To pass PCI-PTS certification, products provided by the equipment providers must get through the attack testing of more and more strict differential power analysis and simple power analysis (DPA/SPA). It is a big test for an encrypted database with protection function of mature algorithm to allow PCI-PTS products pass the challenging DPA/SPA certification test. The requirement of presenting security assessment report issued by an independent lab (LoA) hugely enhances the time cost and expense of PCI-PTS products during the process of development and certification. Although the electronic payment system was not regarded as possessing system significance in the past, it will affect the whole financial system and the confidence of the public if there is any weakness in the security and reliability.

(2) Smart home products

The application of smart homes covers a wide range. Even though our Company controls very good skills and technology in the aspect of communications, we are still not as experienced as traditional home DIY manufacturers in some of the scenes in the smart home, such as

air-conditioning and heating control and garden sprinkler that have its domain knowledge. It is a little bit similar to the situation of network communication equipment industry entering IP camera. There will be no problem in IP modular technology but insufficient in the front end of optics. How to absorb the knowledge and experience (there are a lot of them not directly related to the skills) in these fields as soon as possible and incorporate them into the design will be a big challenge.

In addition, the wireless application protocols used at the moment, including Bluetooth, Wi-Fi, Zigbee, Z-Wave, Thread, and exclusive network, have different characteristics and perform their functions in the IoT connection. To integrate and interchange with other products, we need to learn relevant knowledge and accumulate experience rapidly.

Coping strategy:

We have informed our customers that we will increase the selling prices according to the situation to reflect the increase in component costs and depreciation of US dollars. Our customers generally understood and agreed with it.

Our Company has abundant experience and professional skills in the development and manufacturing of electronic trading products. Other than upgrading and innovating the existing products to enhance production efficiency and reduce costs, we also have in-depth understanding and research in the new financial transaction security regulations. Except the establishment of “Design Verification Department” to ensue each stage of product development and the design process meet requirements, we also purchased verification and testing equipment that are in the same specification as in the testing lab to speed up period of time and performance of product development in order to control the schedule for development and verification more precisely.

(2) Usage and manufacturing processes for the main products:

1. Usage of the main products

(1) Magnetic card reader:

The main application is on point-of-sale terminal system and bank card, credit/ debit card system, membership card, employee badge, and access security system.

(2) Integrated magnetic card reader:

The main application is on point-of-sale terminal system and bank card as well as credit/ debit card system.

(3) Integrated IC card reader:

The main application is on point-of-sale terminal system and bank card as well as credit/ debit card system.

(4) Contactless card reader:

The main application is the usage of the point-of-sale terminal system. Its function is to read the contactless credit/ debit card issued by international organizations, such VISA PayWave, PayPass for MASTERCARD, ExpressPay for American Express, and D-PAS point-of-sale terminal for Discover/ Diners Club.

(5) Credit/ debit card payment terminal:

The main application is on the electronic banking and trading tools, like credit card and debit card.

(6) Financial password identifier:

The main application is on point-of-sale terminal system, bank card, and credit/ debit card system. Its function is to identify the personal password entered.

(7) Card reader for kiosk and encrypted pin pad:

Main application is on e-commerce information service station (kiosk), automated teller machine (ATM), top-up machine, and fuel dispenser. Its function is to read information on personal bank cards and identify password entered.

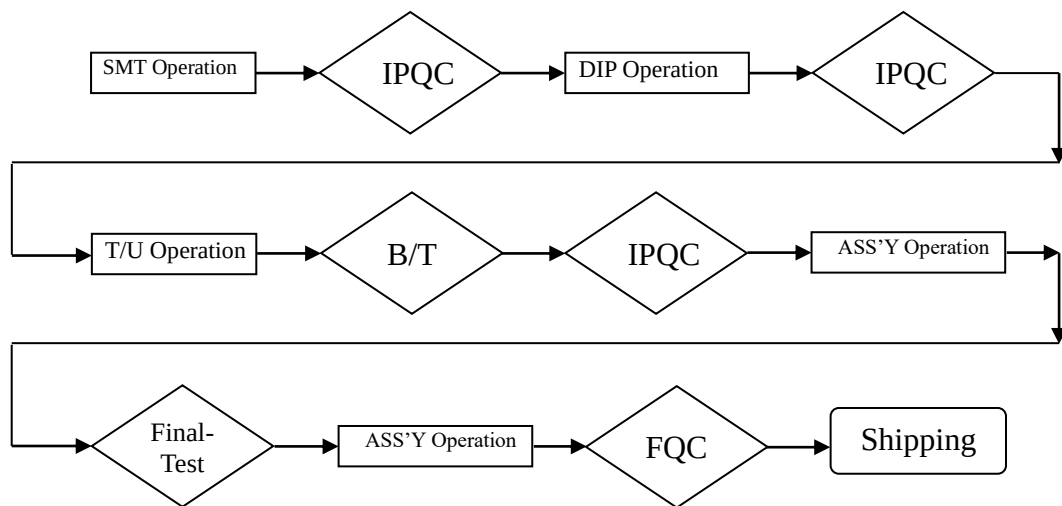
(8) Cheque reader:

The main application is for banks and financial institutions to read cheques and exchange bill.

(9) Tablet POS and payment machine:

It is mainly for the front desk in the catering industry, retailing industry, and service industry as well as electronic banking and trading payment tools, like credit card and debit card.

2. Manufacturing process



(3) Supply situation for the main materials:

Name of the main material	Main suppliers
Magnetic head	Techreco, MTI
Printed circuit board (PCB)	ExPlus, Cheer Time, Plotech, Golden Sum
Integrated circuit (IC)	Toneling, World Peace, WT, Arrow, Avnet, Future
Cable	Chirue, Wanshun, Goalray, Chengpeng
Optoelectronic element	Emerging Display, Qianle, Nan Ya
Plastics and hardware	Chenggong, Yuan Jiuh, Cher Dar, Dong Shing

(4) A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the two most recent fiscal years

1. Information on main suppliers in the most recent two fiscal years

Unit: NT\$ Thousand

Year	2022				2021			
Item	Name(Note 1)	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name (Note 1)	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	Supplier A	86,838	12.08	None	Supplier A	53,808	13.25	None
2	Others	632,264	87.92	None	Others	352,207	86.75	None
3	Net purchases	719,102	100.00		Net purchases	406,015	100.00	

Note: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

2. Information on major customers for the most recent two fiscal years

Unit: NT\$ Thousand

Year	2022				2021			
Item	Name (Note 1)	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name (Note 1)	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	Customer A	740,111	58.84	None	Customer A	0	0	None
2	Customer B	9,165	0.73	None	Customer B	410,074	49.57	None
	Others	508,459	40.43	None	Others	417,131	50.43	None
	Net sales	1,257,735	100.00		Net sales	827,205	100.00	

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: The cause of changes of increase or deduction is the change of market trend and the customers' demand for products.

(5) An indication of the production volume for the most recent two fiscal years

Unit: SET/ Thousand

Year Production volume Main product (or department)	2022			2021		
	Capacity	Volume	Output value	Capacity	Volume	Output value
Card reader	400,000	611,184	536,753	400,000	430,013	283,634
Integrated card reader	1,000	227	755	5,000	290	966
Cheque reader	3,000	3,422	5,656	10,000	4,849	7,555
Point-of-Sale terminal	25,000	20	70	10,000	1,200	5,782
Personal password identifier	500	1,300	4,870	10,000	5,156	15,918
Decoded IC	450,000	286,000	7,358	150,000	64,000	1,533
Others	800,000	74,310	38,266	375,000	140,491	69,404
Total	1,679,000	976,463	593,728	960,000	645,999	384,792

(6) An indication of the volume of units sold for the more recent two fiscal years

Unit: SET/ Thousand

Year Sales volume Main product (or department)	2022				2021			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Card reader	18,524	17,335	618,551	887,000	14,190	12,150	629,328	653,775
Integrated card reader	0	0	270	2,029	0	0	324	2,177
Cheque reader	10	49	4,499	18,899	115	421	6,200	23,331
Point-of-Sale terminal	0	0	1,895	12,897	0	0	2,437	16,705
Personal password identifier	336	901	6,901	30,571	814	2,623	6,890	20,262
Decoded IC	14,162	686	437,104	33,487	28,000	2,112	301,509	16,802
Others	205	18,682	3,681,518	235,099	6,457	14,948	371,886	61,899
Total	33,237	37,653	4,750,738	1,220,082	49,576	32,254	1,318,574	794,951

3. The number of employees employed for the more recent two fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels:

Unit: people

Year		2021	2022	Up to March 31, 2023
Number of employees	Staff	137	144	145
	Worker	41	58	70
	Total	178	202	215
Average age		44 years old	44 years old	43 years old
Average years of service		10.04 years	9.32 years	8.97 years
Education level	PhD	0%	0%	0%
	Master	19.66%	16.83%	15.81%
	University	51.69%	47.52%	46.51%
	Senior high school	18.54%	21.29%	22.33%
	Below senior high school	10.11%	14.36%	15.35%

4. Disbursements for environmental protection:

The Company has not involved with any loss and punishment due to environmental pollution in the three most recent years. There is no environmental pollution at the moment. It is estimated no significant expenditure on environmental protection in the future year.

Based on the commitment Uniform made to protect the environment as well as the response to the international trend on product environmental protection and meeting customers' demand, the Company continues studying and implementing the legal requirements from EU, USA, China, and Japan. We also promote the certification of ISO14001 environmental management system to ensure the perfection and implementation of the environmental protection system. The details are as below:

1. EU regulations

In response to the restriction regulated by RoHS that the products exported to EU must not contain excessive restricted substances, including lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr+6), polybrominated biphenyls (PBB), and polybrominated diphenyl ethers (PBDE), we added restrictions on four plasticizers in 2019. Uniform has established relevant regulations, implantation schedule, testing standards, and enforcement rules. Besides, we also established a monitoring and control mechanism for the manufacturing process of SMT, soldering line, assembly line, and maintenance as well as material numbers. To ensure the production equipment is good for executing lead-free operation and the production materials meet RoHS regulations, the Company has replaced two units of surface mount reflow oven and purchased 3D X-ray surface mount testing equipment, handheld XRF heavy metal analyzer, and lead-free soldering iron required for production, maintenance, R&D, engineering, and quality control as well as relevant equipment.

For the compliance of WEEE regulations on the requirements of 3R ratio (Reuse/Recycling rate > 65% and Recovery rate > 75%) for products, we started to introduce green design rules, the reduction of using harmful substances, design for disassembly, and construction of 3R evaluation system since 2007. The concepts of environmental protection are implemented from the beginning of design to enhance the efficiency and effect of product reutilization.

In addition, in terms of EuP/ErP (energy related products) regulations, we started to introduce eco-design requirements on energy-using products since 2011 to enhance green value of the products and satisfy customer demands and the organizational commitment to environmental protection. We continue paying attention on the development of emerging EU rules for environmental protection, and carry out

investigation and discussion with field experts from Industrial Development Bureau, Foundation of Taiwan Industry Service, Plastics Industry Development Centre, and Taiwan Testing and Certification Centre to respond to legal regulations and the trend of market demands in order to plan implementation step by step.

2. USA regulations

In USA, the main rules are based on California Proposition, and the content of these regulations is similar to RoHS requirements. To ensure compliance with the rules, they are fully implemented and are incorporated into the Company's internal regulations. In addition, the Company introduced eco-design management procedures on energy-using products in 2011 to save energy consumption caused by products. We carry out product examination and modification of the power supply design on our products according to the above principles. All the implementation has been completed in 2015. Subsequent new product development projects all followed the same procedures for product planning and design to enhance the green value of our products as well as satisfy customer demands and organizational commitment to environmental protection.

On August 22, 2012, Securities and Exchange Commission (SEC) approved Article 1052 the final provision related to "conflict minerals" in "Dodd-Frank Wall Street Reform and Consumer Protection Act". The article restricts the listed companies in USA to implementing reasonable questioning as well as monitoring actively whether the source of product materials and the chain of custody involve with conflict minerals. Besides, they should disclose the information on whether the conflict minerals are from Democratic Republic of Congo and illegal armed groups in the countries nearby or are the source of their income. The conflict minerals mentioned in the article include tantalum, tin, tungsten, and gold. Although we didn't purchase any minerals directly from suppliers, the components purchased from suppliers actually contain metal, which might be from Democratic Republic of Congo and the countries nearby. From 2013, Uniform started to receive requests from customers for the investigation of conflict minerals. We have completed the investigation into all of the existing suppliers and will list it as the necessary investigation item for new supplier assessment.

3. Regulations in China

Government in China published "Administrative Measures for Pollution Control of Electronic Information Products" and its relevant sub-regulations in 2006. It is mainly for the management and control of items and standards of harmful substances, similar to RoHS requirements. However, its content is hugely different from the regulations in Europe and USA, including no requirements on exclusion clauses, key inventory management, labelling method of harmful substances, and evaluation of the years of safety for environmental protection. For these, the Company reviews the compliance of each product sold to China and establishes controlling and labelling systems to ensure legal compliance.

4.ISO14001 environmental management system certification

To ensure the completeness and proper implementation of the Company's environmental protection system, we commissioned a professional consultation company, Kind Management Consulting Co., to carry out system implementation consultation and relevant educational training based on ISO14001 environmental management system. We passed the audit by the verification unit, TUV, and obtained the certificate. For many years, Uniform has always maintained the effectiveness of ISO14001 environmental management system certification, continued moving towards to the goal of implementing environmental protection, persisted in the improvement of internal process, and worked hard to fulfill our corporate social responsibility. The validity is from June 23, 2020, to June 22, 2023.

Based on the attention on global green environmental protection and customer demands, Uniform continues actively developing and enhancing our product and

manufacturing capability as well as strictly follows the requirements of international regulations and updates our understanding and cooperation to legal rules and state of technical development in different countries to ensure the Company implements the commitments on enhancement of environment, management of green UIC, and prevention of pollution.

5. Promotion of environmental protection information and internal communication

Over the past few years, the increasing global warming and extreme climate urge the Climate Summit to be held by the international organization. Various domestic and overseas regulations for environmental protection, international standards, and industrial news also continue updating. Chairman specially requested the quality assurance unit to collect relevant information and deliver presentation on topics of EU carbon border tax and greenhouse gas inventory at an organizational level to ensure personnel at each functional unit can fully obtain information related to environmental protection.

6. Product carbon footprint verification

In response to the crisis of global warming, Uniform has always looked for methods of reducing impact and influence on the environment caused by manufacturing, production, and utilization of consumers. Carbon footprint refers to the direct and indirect CO₂ emission volume generated from acquisition of raw materials, product manufacturing, transportation, utilization, and the final disposal. Before determining and implementing carbon reduction policies, enterprises must thoroughly understand all the possible channels for greenhouse gas generation during the life cycle of products and block all the possibilities; that is, reducing product carbon footprint. In 2015, we chose to complete product carbon footprint verification on our representative product, UIC680, under the collaboration of relevant departments and suppliers as well as passed product carbon footprint verification by TUV, Taiwan. UIC680 is a contact-free card reader that is the first one to complete and be approved by the international standards, including ISO/TS 14067:2013 and PAS 2050:2011 product carbon footprint and life cycle evaluation.

Through the analysis of product footprint, we analyze the impact and influence on global climate change caused at different stages from raw material exploitation, product manufacturing, delivery, utilization by consumers, and disposal. Based on the results, the carbon footprint caused during the acquisition and manufacturing of materials is most significant. In the future, Uniform will focus on these two stages to plan and take actions on reduction.

5. Labor relations:

(1) List any employee benefit plans, retirement systems, and the status of the implementation, and the status of labor-management agreement

1. Measures of employee benefits

- (1) Labor insurance: Labor insurance will be provided to employees on the first day reported to work.
- (2) National health insurance: National health insurance will be provided to employees on the first day reported to work.
- (3) Group insurance: Group insurance will be provided to employees on the first day reported to work.
- (4) Regular health examination: The Company holds an employee health examination regularly every year, and it will be fully funded by the Company.
- (5) On-site doctors and nurses: We work with medical institutions to arrange the service of on-site medical and nursing personnel for employee health consultation. Besides, we hold courses related to environmental safety and health regularly and encourage employees to participate.
- (6) Training courses: To enhance professional competence and release work pressure of employees to achieve the required tasks, the Company

irregularly holds internal training or assigns employees to participate in external training. The cost of external training courses will be fully funded by the Company.

- (7) End-of-year bonus: It will be issued before Chinese New Year based on employee performance and the state of operation of the Company.
- (8) Employee dividend: It will be distributed according to employee position, performance, and service of years.
- (9) Cash gift: It will be provided for Dragon Boat Festival and Moon Festival.
- (10) Annual trip: The Company will subsidize part of the expenses for domestic and overseas trips.
- (11) Special leave for new employees: New employees will be entitled to holiday benefits better than the regulation specified in Labor Standards Act after being on board for three months.
- (12) Subsidy for electronic scooters: To make efforts for environmental protection, the Company provides a subsidy of more than NT\$25,000 for employees who purchase electronic scooters or replace old scooters.

2. Establishment of the employee welfare committee

It deals with various employee welfare measures, including subsidies for marriage, funeral, giving birth, hospitalization, traditional holidays, company trip, and club activities, as well as holds arts and recreational activities to enhance exchange among employees and relieve their tension, and increase employee adhesion.

3. Employees' continuing education and training

To enhance professional competence and release work pressure of employees to achieve the required tasks, the Company irregularly holds internal training or assigns employees to participate in external training. The cost of external training courses will be fully funded by the Company.

4. Retirement systems and the status of implementation

The Company established retirement systems based on the Labor Standards Act and relevant regulations in 1987 as well as set up the Supervisory Committee for Custodian Pension. It has been approved by the New Taipei City Government with a record filed. The Company also commissions actuaries to list accrued pension liabilities on a monthly basis, and 2% of total monthly employee salary will be deposited to Retirement Reserve Fund, Bank of Taiwan every month. In response to the regulations of the new retirement scheme announced by the government, the Company will appropriate 6% of labor pension every month for employees who choose to follow the new scheme. It will be deposited in the Labor Pension Personal Account established by the Labor Insurance Bureau. The total pension that the Company and its subsidiaries appropriated for employees in 2022 was NT\$7,433 thousand.

5. The status of labor-management agreement and measures for preserving employees' rights and interests

The Company invites the representatives from labor and management regularly every three months for a labor-management meeting. Before the meeting, representatives from both parties submitted proposals for employee welfare measures and rights. Other than actual discussion on proposals during the meeting, the management team will also report the current state of Company's business operation for labors to understand the situation. Through two-way communication, it enhances harmony between labor and management.

- (2) Losses suffered by the Company in the most recent two fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of

the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and future, and measures being or to be taken: None.

(3) Protective measures for employee working environment and personal safety:

The Company has access control in the office area, and it is implemented fully. Besides, we hold employee health examination regularly and strengthen supervising labor safety and health management at each department to strictly maintain employee safety in the working environment and protect their physical and mental health. We fully promote occupational safety and health policies to ensure all the employees develop correct concepts and maintain healthy mind and body. The relevant measures implemented are as below:

Category	Item	Content
Employee safety	Access security	1. The Company implements strict access monitoring systems in the building for the daytime and at night. 2. The Company signed contract with security companies for the night and holidays to maintain office security.
	Maintenance and inspection of equipment	1. According to the Regulations for Inspecting and Reporting Building Public Security, the Management Committee will entrust an external professional company to carry out public security inspection every two years. 2. According to the Fire Services Act, fire-fighting inspection should be entrusted to an external company every year. 3. According to the Work Rules for Labor Safety and Health established by the Company, the maintenance on water dispenser should be implemented every three months. The maintenance and inspection of high- and low-pressure electronic equipment, air conditioner, and fire-fighting tools should be done once every year. Vehicles should be maintained based on mileage.
	Disaster prevention measures and response	1. The Company established "Occupational Safety and Health Management Regulations" and "Work Rules for Safety and Health" to clearly specify the prevention of disaster, notice for rescue, and occupational accident and disasters reporting procedures. 2. To maintain employee safety and health and promote safety and health business, the Company has set occupational safety and health administrators, the business manager, and several personnel for first aid.
Employee insurance	Social insurance	We purchase labor insurance and health insurance for employees according to legal rules.
	Group insurance	We purchase life insurance, casualty insurance, casualty medical insurance, general medical insurance, cancer insurance, and occupational disaster excess insurance for employees.
	Travel safety insurance	Employees on business trip will be provided with extra travel safety insurance (including aviation insurance) to protect personal safety during the business trip.

6. Cyber security management

(1) Describe the cyber security management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security management framework

- The chief information officer concurrently takes the post of information security manager to be in charge of coordinating with each department, as a whole, as well as establishing and regularly discussing and updating operating procedures or information security operation to ensure the implementation of information security policies.
- The manager of each department is responsible for the custody of information assets under the department to ensure it is under proper protection. Besides, they should supervise the implementation of various information security regulations, procedures, or mechanisms in the daily operation.
- Managers in charge of information security shall inspect information systems and network equipment irregularly. If there is any non-conforming matter, it should be listed in “Non-Conforming Information Security Matter and Improvement Schedule” and propose improvement proposals and the date of completion to submit to General Manager for approval before reporting to the Chairman and the Board of Directors.

2. Cyber security policies

- Preventing the risk of information security and reducing the impact caused by information security incidents.
- Protecting the information of the Company and avoiding unauthorized access and modification to ensure correctness and completeness.
- Enhancing the availability of information systems and equipment to ensure the normal operation of information systems.
- Executing risk evaluation mechanism of information security and enhancing effectiveness and timeliness of information security management.
- Implementing information security educational training, promoting employee awareness on information security, and strengthening recognition of relevant responsibility.

3. Concrete management programs for information security

- Holding information security educational training regularly, promoting employee awareness on information security, and strengthening recognition on relevant responsibilities.
- Established “Password Complexity and Screen Protection Measure Regulations”. With system explanation and requirements, we request employees to change network password every 90 days as well as the lockup when the screen is idle for more than 10 minutes. It can only be unlocked by entering the network password.
- Established “Information Security Incident Reporting and Handling Procedures”. Information security incidents are classified into four levels with description of handling procedures and responsibilities to deal with information security incidents timely.
- Established “Regulations Governing Information Security on Employees, Visitors, and Suppliers” as the standards for information security. It can be divided into “General Information Security Regulations” and “Important Information Security Regulations” as the accordance for employees, visitors, and suppliers to follow.
- Established “Email and Network Communication Management Methods” to ensure the Company provides employees email and the network is used for

normal purposes.

- Important information systems or equipment should establish proper backup or monitoring mechanisms. It should implement “Disaster Recovery Exercise Plan” once every year and keep the relevant record to maintain its availability.
- Personal computers and servers should be installed antivirus software, and the system should be forcibly implemented the update of virus pattern. It is forbidden to use unauthorized software.
- Conduct regular social engineering drill to enhance employees’ awareness on fishing emails/BEC scan emails/ ransomware emails to verify the level of employees’ awareness towards information security.

(2) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonably estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Important contracts

Nature of contract	Party	Beginning and end dates of contract	Main content	Restrictive clauses
Sales Contract	IBM	From January 1, 2000,	Sales rights for Series 4777 and 4778	Do not use the trademark of IBM. Additional 3% should be paid to IBM as royalty.

VI. Overview of the company's financial status

1. Condensed balance sheets and statements of comprehensive income for the past five fiscal years, the name of the certified public accountants, and auditor's opinion

(1) Condensed consolidated balance sheet (international financial reporting standards) for 2022

Unit: NT\$ Thousand

Fiscal year		Financial information for most recent five fiscal years (Note 1)				
Item		2022	2021	2020	2019	2018
Current assets		1,186,397	751,635	691,739	733,961	685,625
Property, plant and equipment (Note 2)		159,666	162,120	207,639	214,829	217,327
Intangible assets		4,528	21,544	26,688	33,148	34,149
Other assets (Note 2)		145,847	246,040	212,800	195,029	184,282
Total assets		1,496,438	1,181,339	1,138,866	1,176,967	1,121,383
Current liabilities	Before distribution	299,667	164,591	296,289	315,848	286,607
	After distribution	416,313 (Note3)	164,591	296,289	315,848	286,607
Non-current liabilities		46,436	174,617	113,061	96,314	91,298
Total liabilities	Before distribution	346,103	339,208	409,350	412,162	377,905
	After distribution	462,749 (Note3)	339,208	409,350	412,162	377,905
Equity attributable to owners of the parent company		1,150,326	842,121	729,495	764,774	743,409
Capital		777,562	689,658	620,725	620,725	620,725
Capital reserve		146,259	126,669	80,744	80,744	80,744
Retained earnings	Before distribution	263,296	41,791	34,604	65,701	43,268
	After distribution	146,550 (Note3)	41,791	34,604	65,701	43,268
Other equity		(36,691)	(15,997)	(6,578)	(2,396)	(1,328)
Treasury shares		—	—	—	—	—
Non-controlling interests		9	10	21	31	69
Total equity	Before distribution	1,150,335	842,131	729,516	764,805	743,478
	After distribution	1,033,689 (Note3)	842,131	729,516	764,805	743,478

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: No asset reappraisal has been implemented in each fiscal year.

Note 3: Up to the publication date, 2022 earnings distribution proposal has been approved by the Board of Directors on March 9, 2023, but has not been approved by the shareholders' meeting.

Note.4: As of the date of publication, the financial information of 2023 Q1 have not been reviewed by CPA and have not been disclosed.

Note 5: Above financial information has not been notified by the competent authority for self-correction or restatement.

(2) Condensed consolidated comprehensive income (international financial reporting standards) for 2022

Unit: NT\$ Thousand

Fiscal year Item	Financial information for most recent five fiscal years (Note 1)				
	2022	2021	2020	2019	2018
Operating revenue	1,257,735	827,205	815,658	986,727	1,013,873
Gross profit	526,821	304,258	318,234	410,416	400,775
Operating income	201,316	(228)	(26,047)	31,886	7,267
Non-operating income and expenses	87,686	9,062	(5,255)	4,843	4,472
Profit before income tax	289,002	8,834	(31,302)	36,729	11,739
Net income for the period from continuing operations	219,827	6,530	(30,775)	23,849	3,336
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the period	219,827	6,530	(30,775)	23,849	3,336
Other comprehensive income (loss) for the period (net of income tax)	(19,117)	(8,773)	(4,514)	(1,392)	3,362
Total comprehensive income for the period	200,710	(2,243)	(35,289)	22,457	6,698
Net income attributable to owners of parent	219,838	6,559	(30,740)	23,913	3,478
Net income (loss) attributable to non-controlling interests	(11)	(29)	(35)	(64)	(142)
Total comprehensive income attributable to owners of parent	200,721	(2,214)	(35,254)	22,521	6,840
Total comprehensive income, attributable to non-controlling interests	(11)	(29)	(35)	(64)	(142)
Earnings per share (\$)	2.98	0.11	(0.5)	0.39	0.06

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: Above financial information has not been notified by the competent authority for self-correction or restatement.

(3) Condensed parent company only balance sheet (international financial reporting standards) for 2022

Unit: NT\$ Thousand

Fiscal year Item		Financial information for most recent five fiscal years (Note 1)				
		2022	2021	2020	2019	2018
Current asset		1,035,797	646,738	630,614	652,076	579,545
Property, plant and equipment (Note 2)		156,426	158,475	203,367	212,772	213,365
Intangible assets		1,630	1,128	2,746	4,852	2,753
Other assets (Note 2)		229,982	302,682	260,156	286,961	310,587
Total assets		1,423,835	1,109,023	1,096,883	1,156,661	1,106,250
Current liabilities	Before distribution	248,133	130,532	285,711	297,360	271,543
	After distribution (Note3)	364,779	130,532	285,711	297,360	271,543
Non-current liabilities		25,376	136,370	81,677	94,527	91,298
Total liabilities	Before distribution	273,509	266,902	367,388	391,887	362,841
	After distribution (Note3)	390,155	266,902	367,388	391,887	362,841
Capital		777,562	689,658	620,725	620,725	620,725
Capital surplus		146,259	126,669	80,744	80,744	80,744
Retained earnings	Before distribution	263,196	41,791	34,604	65,701	43,268
	After distribution (Note3)	146,550	41,791	34,604	65,701	43,268
Other equity interest		(36,691)	(15,997)	(6,578)	(2,396)	(1,328)
Treasury stock		—	—	—	—	—
Total equity	Before distribution	1,150,326	842,121	729,495	764,774	743,409
	After distribution (Note3)	1,033,680	842,121	729,495	764,774	743,409

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: No asset reappraisal has been implemented in each fiscal year.

Note 3: Up to the publication date, 2022 earnings distribution proposal has been approved by the Board of Directors on March 9, 2023, but not been approved by the shareholders' meeting.

Note.4: As of the date of publication, the financial information of 2023 Q1 have not been reviewed by CPA and have not been disclosed.

Note 5: Above financial information has not been notified by the competent authority for self-correction or restatement.

(4) Condensed parent company only comprehensive income statement (international financial reporting standards) for 2022

Unit: NT\$ Thousand

Fiscal year Item	Financial information for most recent five fiscal years (Note 1)				
	2022	2021	2020	2019	2018
Operating revenue	1,083,100	633,792	739,566	881,932	905,509
Gross profit	390,558	188,705	233,235	296,459	283,526
Operating income	210,694	33,994	10,188	56,833	48,348
Non-operating income and expense	78,232	(25,410)	(41,727)	(20,471)	(36,467)
Net income (net loss) before tax	288,926	8,584	(31,539)	36,362	11,881
Income or loss from continuing operations	219,838	6,559	(30,740)	23,913	3,478
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the period	219,838	6,559	(30,740)	23,913	3,478
Other comprehensive income or loss for the period (net amount after tax)	(19,117)	(8,773)	(4,514)	(1,392)	3,362
Total comprehensive income or loss for the period	200,721	(2,214)	(35,254)	22,521	6,840
Earnings per share (\$)	2.98	0.11	(0.50)	0.39	0.06

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: Above financial information has not been notified by the competent authority for self-correction or restatement.

(5) List of names of CPA in the most recent five years and the opinion of audit:

Year	Name of the company	Name of CPA	Opinion of audit
2018	Baker Tilly Clock & CO	Kuo-Fu Tseng Chia-Yu Lai	No reserved opinion added to the paragraph
2019	Baker Tilly Clock & CO	Kuo-Fu Tseng Chia-Yu Lai	No reserved opinion
2020	Baker Tilly Clock & CO	Kuo-Fu Tseng Chia-Yu Lai	No reserved opinion
2021	Baker Tilly Clock & CO	Kuo-Fu Tseng Chia-Yu Lai	No reserved opinion
2022	Baker Tilly Clock & CO	Kuo-Fu Tseng Chia-Yu Lai	No reserved opinion

2. Financial analysis for the past five fiscal years

(1) Consolidated financial analysis (international financial reporting standards) for 2022:

Fiscal year (Note 1) Item (Note 2)		Financial information for the most recent five years				
		2022	2021	2020	2019	2018
Financial structure (%)	Debt to assets ratio	23.13	28.71	35.94	35.02	33.70
	Ratio of long-term capital to property, plant and equipment	749.55	627.16	405.79	400.84	384.11
Solvency (%)	Current ratio	395.91	456.67	233.47	232.38	239.22
	Quick ratio	280.40	316.73	140.91	139.69	146.66
	Times interest earned	155.69	4.19	(7.45)	12.34	5.85
Operating performance	Accounts receivable turnover (times)	8.55	11.81	10.46	8.45	7.43
	Average collection days	42.69	30.90	34.89	43.19	49.12
	Inventory turnover (times)	2.61	2.18	1.87	2.23	2.68
	Accounts payable turnover (times)	8.74	9.67	6.91	7.26	7.57
	Average days in sales	139.84	167.43	195.19	163.67	136.19
	Property, plant and equipment turnover (times)	7.82	4.47	3.86	4.57	4.44
	Total asset turnover (times)	0.94	0.71	0.70	0.86	0.92
Profitability	Return on total assets (%)	16.56	0.84	(2.41)	2.30	0.48
	Return on equity (%)	22.07	0.83	(4.12)	3.16	0.45
	Ratio of income before tax to paid-in capital (%)	37.28	1.42	(5.04)	5.92	1.89
	Net profit margin (%)	17.48	0.79	(3.77)	2.42	0.33
	Earnings per share (\$)	2.98	0.11	(0.50)	0.39	0.06
Cash flow	Cash flow ratio (%)	50.22	27.94	8.93	22.43	1.75
	Cash flow adequacy ratio (%)	114.92	66.60	34.30	52.31	36.43
	Cash reinvestment ratio (%)	11.33	4.23	2.88	6.94	0.47
Leverage	Operating leverage	1.12	—	—	2.05	4.31
	Financial leverage	1.01	—	—	1.11	1.50

Please explain the reasons for the changes of each financial ratios in the most recent two fiscal years (for items with at least 20% increase or decrease):

1. The increase of the times interest earned and profitability was because of the increase of the revenue in 2022, the decrease of exchange losses impacted by the fluctuation of the exchange rate, and the increase of net income in 2022 caused by the disposal of investment property interests.
2. The decrease of the accounts receivable turnover rate and the increase of the average collection days were because the sales amount in Q4, 2022, increased compared to that in the same period last year.
3. The increase of property turnover rate and total asset turnover rate was because the net sales increased in 2022 compared to that in the same period last year.
4. The increase of the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio was because of the increase of the operating income causing the increase of the net cash inflow.

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: Formulas for the calculation:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities/ total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/ net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/ current liabilities
 - (2) Quick ratio = (current assets – inventory – prepaid expenses)/ current liabilities
 - (3) Times interest earned = earnings before tax and interest expense/ current interest expenses
3. Operating performance
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 3)
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 4)
6. Leverage
 - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5).
 - (2) Financial leverage = operating income / (operating income – interest expenses).

Note 3: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 4: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 5: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

(2) Comprehensive analysis of parent company only financial information (international financial reporting standards) for 2022:

Fiscal year (Note 1) Item (Note 2)		Financial information for the most recent five years				
		2022	2021	2020	2019	2018
Financial structure (%)	Debt to assets ratio	19.21	24.07	33.49	33.88	32.80
	Ratio of long-term capital to property, plant and equipment	751.60	617.44	398.87	403.86	391.21
Solvency (%)	Current ratio	417.44	495.46	220.72	219.29	213.43
	Quick ratio	300.60	365.24	172.04	165.65	159.64
	Times interest earned	789.83	6.63	(10.04)	13.86	5.91
Operating performance	Accounts receivable turnover (times)	4.09	3.75	3.46	3.69	3.83
	Average collection days	89.25	97.33	105.44	98.91	95.38
	Inventory turnover (times)	3.05	2.96	3.49	3.93	4.58
	Accounts payable turnover (times)	7.30	7.39	6.60	7.10	7.41
	Average days in sales	119.67	123.31	104.65	92.76	79.67
	Property, plant and equipment turnover (times)	6.88	3.50	3.55	4.14	4.03
	Total asset turnover (times)	0.86	0.57	0.66	0.78	0.83
Profitability	Return on total assets (%)	17.42	0.79	(2.53)	2.31	0.50
	Return on equity (%)	22.07	0.83	(4.11)	3.17	0.47
	Ratio of income before tax to paid-in capital (%)	37.27	1.38	(5.08)	5.86	1.91
	Net profit margin (%)	20.30	1.03	(4.16)	2.71	0.38
	Earnings per share (\$)	2.98	0.11	(0.50)	0.39	0.06
Cash flow	Cash flow ratio (%)	9.03	10.91	16.04	28.82	15.85
	Cash flow adequacy ratio (%)	83.27	106.60	118.79	93.30	69.16
	Cash reinvestment ratio (%)	1.72	1.36	5.20	8.46	4.14
Leverage	Operating leverage	1.07	1.62	—	1.41	1.44
	Financial leverage	1.00	1.09	—	1.05	1.05
Please explain the reasons for the changes of each financial ratios in the most recent two fiscal years (for items with at least 20% increase or decrease): 1. The increase of the ratio of long-term capital to property, plant and equipment was because of the increase of the revenue in 2022 causing the increase of long-term capitals. 2. The increase of the times interest earned and profitability was because of the increase of the revenue in 2022, the decrease of exchange losses impacted by the fluctuation of the exchange rate, and the increase of net income in 2022 caused by the disposal of investment property interests. 3. The increase of property turnover rate and total asset turnover rate and the decrease of the operating leverage were because the net sales increased in 2022 compared to that in the same period last year. 4. The increase of the cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio was because of the increase of the operating income causing the increase of the net cash inflow.						

Note 1: Financial information for the most recent five fiscal years have been audited by CPA according to international financial reporting standards.

Note 2: Formulas for the calculation:

1. Financial structure

(1) Debt to assets ratio = total liabilities/ total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/ net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/ current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses)/ current liabilities

(3) Times interest earned = earnings before tax and interest expense/ current interest expenses

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 3)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 4)

6. Leverage

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5).

(2) Financial leverage = operating income / (operating income – interest expenses).

Note 3: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 4: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 5: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

3. Audit committee's review report for 2022 financial statement

Audit Committee's Review Report

The Board of Directors prepared and submitted 2022 business reports, consolidated financial statements (including parent company only financial statement), and proposal for earnings distribution. The financial statements have been audited by Baker Tilly Clock & CO and been provided with the audit report. The above business reports, financial statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

Annual Shareholders' Meeting for 2023, Uniform Industrial Corp.

Uniform Industrial Corp.

Convenor of the Audit Committee: Chih-Hong Wang

March 9, 2023

4. 2022 consolidated financial report: Please refer to Appendix 1 on Page 100- Page 181 in the annual report.

5. 2022 parent company-only financial statement: Please refer to Appendix 2 on Page 182-Page 270 in the annual report.

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year and up to the date of publication of the annual report, explain how said difficulties will affect the company's financial situation: None.

VII. Review and analysis of the company's financial position and financial performance, and a list of risks

1. Financial position

Comparison of Financial Position

Unit: NT\$ Thousand

Item \ Fiscal year	2022	2021	Difference	
			Amount	%
Current assets	1,186,397	751,635	434,762	57.84
Property, plant and equipment	159,666	162,120	(2,454)	(1.51)
Intangible assets	4,528	21,544	(17,016)	(78.98)
Other assets	145,847	246,040	(100,193)	(40.72)
Total assets	1,496,438	1,181,339	315,099	26.67
Current liabilities	299,667	164,591	135,076	82.07
Non-current liabilities	46,436	174,617	(128,181)	(73.41)
Total liabilities	346,103	339,208	6,895	2.03
Stock capital	777,562	689,658	87,904	12.75
Capital reserve	146,259	126,669	19,590	15.47
Retained earnings	263,196	41,791	221,405	529.79
Other equity	(36,691)	(15,997)	(20,694)	129.36
Non-controlling equity	9	10	(1)	(10.00)
Total equity	1,150,335	842,131	308,204	36.6-

Explanation for the item of significant changes:

- 1.The increase of the current assets: It was because the sales amount in Q4, 2022, increased from that in the same period last year, causing the increase of the accounts receivable as well as the disposal of investment property.
- 2.The decrease of the intangible assets and other assets: It was because of the losses caused by the financial assets end-of-period provision for intangible assets and non-current assets.
- 3.The increase of the current liabilities: It was because the accounts payable for purchasing materials increased and the provisions of remuneration for employees and directors according to the Articles of Incorporation.
- 4.The decrease in non-current liabilities: It was because most of the issuance of convertible corporate bonds was transferred to capital stocks.
- 5.The increase of retained earnings: It was because of the increase of profit margin in 2022.
- 6.The decrease in other equity: It was because of the exchange differences on the financial statements of overseas operating institutions and the unrealized value of financial assets measured by the fair value though other comprehensive income or loss.

2. Financial performance`

Comparison and Analysis of Financial Performance

Unit: NT\$ Thousand

Item \ Fiscal year	2022	2021	Difference	
			Amount	%
Operating revenue	1,257,735	827,205	430,530	52.05
Operating cost	730,914	522,947	207,967	39.77
Gross profit	526,821	304,258	222,563	73.15
Operating expense	325,505	304,486	21,019	6.90
Operating margin	201,316	(228)	201,544	(88,396.49)
Non-operating income and expense	87,686	9,062	78,624	867.62
Net profit before tax	289,002	8,834	280,168	3,171.47
Deduct: income tax	(69,175)	(2,304)	(66,871)	2,902.39
Net profit after tax	219,827	6,530	213,297	3,266.42

Analysis and explanation of the changes on the ratio of increase or decrease:

- 1.The increase of operating revenue, gross profit, operating margin, income tax, and net profit after tax:
It was because the profits from revenue in 2022 increased from last year.
- 2.The increase of non-operating income and expense: It was because of the exchange loss caused by exchange rate fluctuation and the disposal gain from the disposal of investment property.

3. Analysis of cash flow

(1) Liquidity analysis for the most recent two years

Fiscal year Item	2022	2021	Ratio of increase (decrease) %
Cash flow ratio	50.22	27.94	79.74
Cash flow adequacy ratio	114.92	66.60	72.55
Cash reinvestment ratio	11.33	4.23	167.85

Analysis and explanation of the changes on the ratio of increase or decrease:

- 1.The increase of cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: It was because the operating income increased, causing the increase of net cash inflow from business activities.
- (2) Corrective measures for insufficient amount of cash and liquidity analysis: There is no such situation in the Company.
- (3) Analysis of cash liquidity for the coming year

Unit: NT\$ Thousand

Cash balance the beginning	Estimated net cash flow from business activities in the whole year	Estimated net cash flow from investment and fund-raising activities	Cash balance (insufficient) amount	Corrective measures for insufficient cash	
				Investment plan	Investment plan
474,985	133,152	(141,651)	466,486	—	—

Analysis of cash flow in the year:

- (1) Business activities: It is estimated there will be profits from operating revenue in 2023, and it generates cash inflow after deducting business expenditure and income tax.
- (2) Investment activities: It is the estimate of cash inflow caused by the disposal of property and plant equipment.
- (3) Fund-raising activities: It is the estimate of cash outflow caused by the repayment of the long-term loans due and the issuance of cash dividends, causing the cash outflow from fund-raising activities.

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

5. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses generated, the plan for improving re-investment profitability, and investment plans for the coming year:

Reinvestment company	Purpose of investment	Main reason for profits (losses)	Improvement plan
Uniform Industrial (USA)Corp.	To actively expand markets in Europe and in USA as well as enhance business scale	The Company's main business premise in USA	—
Newsline Holding Inc.	To expand reinvestment business	Engage with no operating behavior now	—
Riseup Investments Ltd.	To expand reinvestment business	Engage with no operating behavior now	—
UIC-Group Holdings Inc.	To expand reinvestment business	Engage with no operating behavior now	—
NewPOS Technology Corporation	To expand reinvestment business	Under the adjustment of operation framework	Actively develop new business scope and invest R&D for relevant products (services)

6. Analysis of risk management:

- (1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Effect: 97% of the Company's products are exported. The main area of exports is Europe and the USA, accounting for 93.92% of net sales. The ratio of materials bought by the Company is around 57.22%. Although materials purchased from overseas absorb part of the exchange position of exportation, the change of exchange, on a whole, still generates a risk to the operation.

Response measures to be taken in the future:

- (a) Financial personnel keep close contact with banks and collect information related to exchange rates to keep alert of the trend of exchange rates in order to respond to the risk caused by the change in exchange rate.
 - (b) Choose a good time to deal with foreign exchange settlement in advance or pay off the loan in foreign currency.
 - (c) Provide quotation for export in USD, if possible, to absorb part exchange position of export and reduce the risk of the change of foreign exchange rate.
 - (d) Remark on the selling price adjustment along with the change of foreign exchange rate in the quotation or the process of signing sales contracts to protect due profits.
- (2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The Company did not get involved with any behavior related to high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions in the most recent year.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Products to be developed in the future:

Electronic trading products:

- (a) UIC680FG-PAJ: Its main application is in aviation cabins. We rely on customers for aviation related legal regulations and product specification. The working relationship and development budget must be paid extra attention.
- (b) Bezel8-SP: Color (touch) screen is the trend demanded by the market; IK specification needs to be enhanced; must go through various tests.
- (c) EVPay: Comprehensive consideration must be taken when adding network communication applications; network technology and knowledge require complete learning plans and implementation; must have sufficient knowledge in cloud technology services.
- (d) Develop the flexibility of customization; expand cloud network knowledge; match with shared platform and Common Kernel basis to achieve the effects of flexibility and cost reduction.

Smart home products:

- (a) Taptap III enhance: It is with AI function to generate the abundance related to music automatically as well as diverse and precise light effect. Continue strengthening original AI functions to be applicable to various types of music and songs.
- (b) Products for the application of strengthening garage door control: Collect images with camera lens of Garage Viewer and establish models with AI machine learning to identify whether the garage door is open or closed.

The R&D expense that the Company plans to invest in the future will be maintained at 12%-20% of business revenue every year, and it will be adjusted according to the status of operations.

- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The main market for sales of the Company is in America and Europe. While most countries in Europe are developed countries, their regulations and important policies related to banking are

more stable compared to other areas. Therefore, it is anticipated that the Company will not suffer from significant unfavored impact caused by the change of policies and regulations in the countries we trade with. Meanwhile, the Company follows international financial standards and meets the applicability of IFRS' new criteria and interpretation.

- (5) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company has "Innovative Technology Lab" and assigns dedicated personnel to evaluate and study the change of technology and the state of industrial change for the Company to adopt relevant response measures. In recent years, the coverage rate of consumers using mobile payment has developed rapidly. The trend of the payment links the two industries of POS and Payment closely and further generates the increasing demand of cross border and O2O (online to offline) money flow service payment products. The Company will adjust our product strategies accordingly to grasp the opportunity that comes along with the change.

Recently, there are frequent information security matters related to cyber-attack and ransomware. Therefore, we particularly focus on the control and protection of information security risks. The Company has information security policies in place to regularly evaluate the security and risk of information communications and strengthen internal knowledge towards security of information communications. In addition, we increased our investment in information security software/ hardware equipment, established a complete network and computer security protection system as well as carried out regular updates. Up to the publication date of the annual report, there has been no impact on financial business caused by the change of technology (including information communication security and risk) and industrial change.

- (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company maintains a good corporate image, and there has been no significant change in the most recent year causing the management of corporate crisis.

- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: No such situation.
- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: No such situation.
- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The outbreak of COVID-19 caused imbalance issue in the upstream material supply chain to the global electronics industry in 2022 especially products related to semiconductor; it caused issues in the delay of supply of components. According to the feedback of upstream suppliers, it has not yet caused too many problems with delivery. We will continue paying attention to the change in the trend as well as developing diverse purchasing channels and adopting design changes to reduce the impact. The main potential credit risk of the Company is from financial assets of account receivable, and the main objects of sales use the investment company, UICUSA, as the main trading window for sales in the USAA. The customers of UICUSA are mainly famous factories in the USA. To reduce credit risks, we have regularly assessed the operating status of the customer and the possibility of recovering accounts receivable. Because the end customer has huge amount of customers and good credit records on the past transaction, there is no concern of significant concentration of the credit risk of the accounts receivable.

- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: No such situation.
- (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: No such situation.
- (12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2)

have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: No such situation.

(13) Other important risks, and mitigation measures being or to be taken: No such situation.

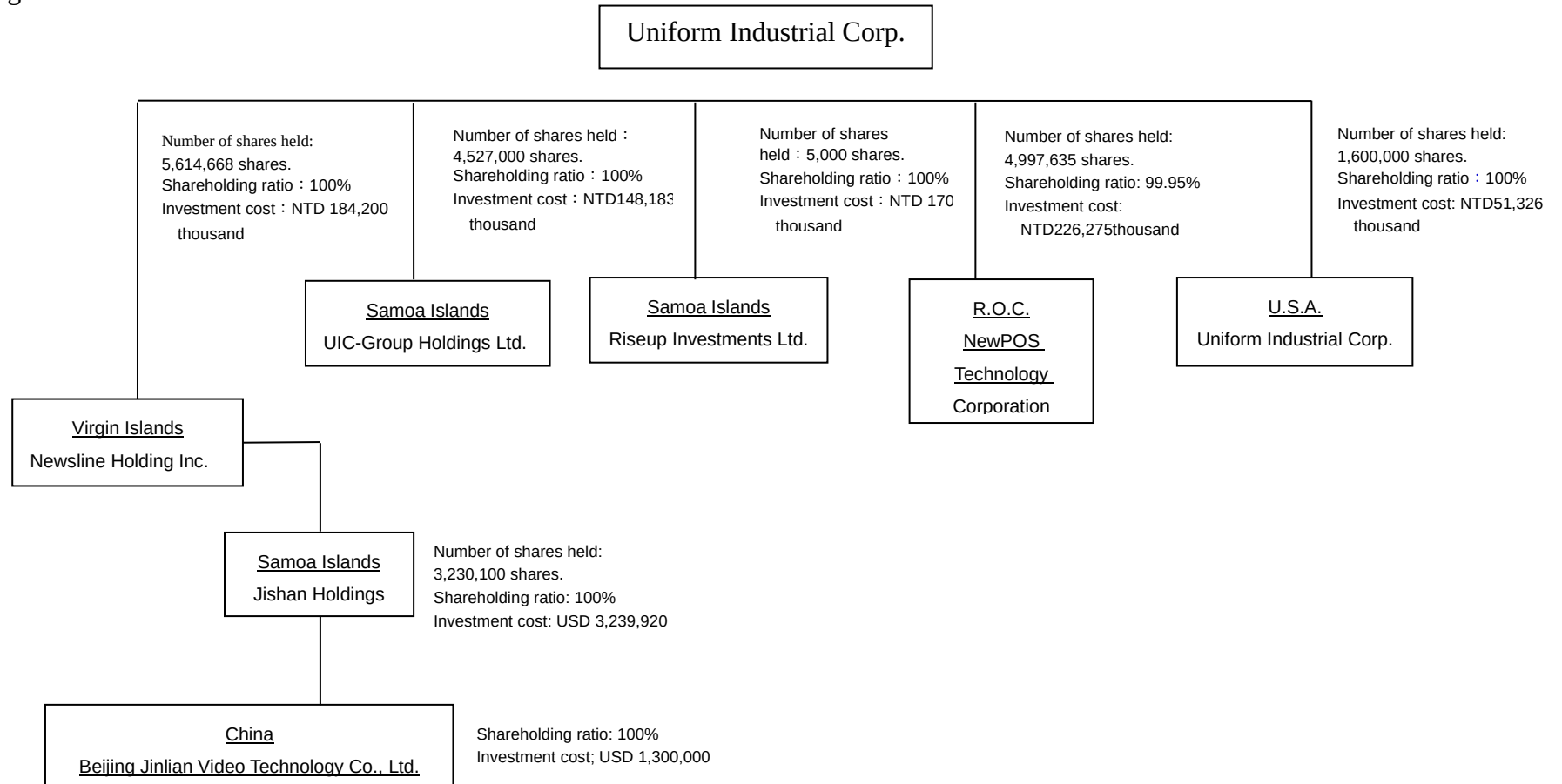
7. Other important matters: None.

VIII. Other items deserving special mention

1. Information related to the company's affiliates

(1) Overview of affiliated organizations

(a) Organizational chart



Note 1: The Company is the controlling company and the subordinate company for the companies above. (Number of shares held and the ratio is up to December 31, 2022)

Note 2: The affiliates mentioned above are based on the regulations of Article 369-1 of the Company Act.

(b) Basic information of each affiliate

December 31, 2022; Unit: NT\$ Thousand

Affiliate	Date of establishment	Location	Main business	Actual paid-in capital
Uniform Industrial Corp. (USA)	1990.11.01	USA	Integrated card reader, point-of-sales terminal, and video conference system	51,326
Newsline Holding Inc.	2001.06.08	British Virgin Islands	Investment holdings	184,200
UIC-Group Holdings Ltd.	2007.01.18	Somoa	Investment holdings	148,183
Riseup Investments Ltd.	2004.11.02	Somoa	Investment holdings	170
NewPOS Technology Corporation	2004.04.13	Taiwan	Computer R&D and product design, sales of POS system and equipment	50,000
Jishan Holdings	2006.12.06	Somoa	Investment holdings	99,500
Beijing Jinlian Video Technology Co., Ltd.	2007.12.08	Mainland China	Selling network monitoring equipment	39,923

Note: UIC Australia Pty Ltd. completed liquidation procedures in 2020.

(2) Operating status

December 31, 2022; Unit: NT\$ Thousand

Affiliate	Actual paid-in capital	Investment cost	Total assets	Total liabilities	Net worth	Business revenue	Business profits	Profit and loss for the period (after tax)
Uniform Industrial Corp. (USA)	51,326	51,326	556,878	452,538	104,340	1,315,438	6,146	5,060
Newsline Holding Inc.	184,200	184,200	118	0	118	0	0	0
UIC-Group Holdings Ltd.	148,183	148,183	834	0	834	0	(91)	(88)
Riseup Investments Ltd.	170	170	57	0	57	0	0	0
NewPOS Technology Corporation	50,000	226,275	40,599	22,231	18,368	11,434	(17,234)	(14,906)
Jishan Holdings	99,500	99,500	0	0	0	0	0	0
Beijing Jinlian Video Technology Co., Ltd.	39,923	39,923	0	0	0	0	0	0

(3) Consolidated financial statements of affiliates

The Company has prepared consolidated financial statements of the parent company and its affiliates according to the relevant regulations, and it has been disclosed in the above consolidated statements.

2. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

- 3. Status of holding or the disposal of shares in the company by the company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: None.**
- 4. Other matters that require additional description: None.**
- 5. Situations listed in Article 36, paragraph 3, subparagraph 2 of Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities occurred in the most recent fiscal year and up to the date of publication of the annual report: None.**

Declaration of Consolidated Financial Statements of Affiliated Companies

The affiliate companies that should be included into the preparation of 2022 (from January 1, 2022, to December 31, 2022) affiliates consolidated financial statements according to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required by International Financial Reporting Standards No. 10. The consolidated financial statements of affiliated companies have disclosed all the relevant information in the above consolidated financial statements of parent company and its subsidiaries. There will be no additional consolidated report provided.

It is hereby to declare.

Name of the company: Uniform Industrial Corp.

Accountable person: Ba Lo

March 9, 2023

INDEPENDENT AUDITORS' REPORT

No : 22341110ECA

To UNIFORM INDUSTRIAL CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of Uniform Industrial Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Consolidated Financial Statements section of our report. We are independent of Uniform Industrial Corporation and its subsidiaries in accordance with the Certified Public Accountant code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 were those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Uniform Industrial Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Impairment of property, plant and equipment, right-of-use assets and intangible assets

For the accounting policy of property, plant and equipment, right-of-use assets and intangible assets impairment, please refer to Note 4(13); for the uncertainty of accounting estimates and assumptions of the assessment of property, plant and equipment, right-of-use assets and intangible assets impairment, please refer to Note 5(1); for the uncertainty of accounting estimates and assumptions of the assessment of goodwill impairment, please refer to Note 5(2).

The description of the key audit matter

As of December 31, 2022, the consolidated balance sheet of Uniform Industrial Corporation and its subsidiaries recognized property, plant and equipment, right-of-use assets and intangible assets of NT\$186,632 thousand and impairment loss is NT\$16,784 thousand. Uniform Industrial Corporation and its subsidiaries performed property, plant and equipment, right-of-use assets and intangible assets impairment tests annually. The related tests were performed by estimating those future cash flows and the discount rate to assess the recoverable amount of property, plant and equipment, right-of-use assets and intangible assets of a cash-generating unit. Estimating future cash flows and discount rates involved management's subjective judgment and significant uncertainty. As a result, the goodwill impairment assessment was deemed to be a key audit matter in our audit of Uniform Industrial Corporation and its subsidiaries' consolidated financial statements.

How our audit addressed the matter

The key audit procedures included the following:

- Verify the management's calculation of the recoverable amount of a cash-generating unit is accurate.
- Assess the assumption adopted by management to estimate future cash flows and discounted rate when performing impairment test, by acquiring relevant data of internal and external resources is reasonable.

2. Fair value assessment of financial assets at fair value through other comprehensive income

For the accounting policy of financial assets at fair value through other comprehensive income, please refer to note 4(6); For the disclosure of financial assets at fair value through other comprehensive income, please refer to note 6(3).

The description of the key audit matter

The financial assets at fair value through other comprehensive income are evaluated at fair value. The financial assets at fair value through other comprehensive income held by Uniform Industrial Corporation and its subsidiaries are unlisted shares. The fair value cannot be obtained from the active market, so the market-based method is used for evaluation. Due to the need for relatively subjective and complex evaluation technical judgments, it has a significant impact on the results of fair value measurement, which in turn affects financial assets at fair value through other comprehensive income. Fair value assessment of financial assets at fair value through other comprehensive income was deemed to be a key audit matter in our audit of Uniform Industrial Corporation and its subsidiaries' consolidated financial statements.

How our audit addressed the matter

The key audit procedures included the following

- Obtain external expert opinions, and inquire about the professional qualifications, experience, and reputation of external experts to understand the rationality of the experts' skills and abilities.

- Check the objectivity of external experts to confirm the rationality of external expert opinions.
- Assessed the reasonableness of assumptions on comparable companies and parameters setting, including the relevance and reliability of business nature and financial information between comparable companies and the companies being valued, and reviewed relevant basic data and corroborating documents.
- Assessed whether external appraisers adopted an adequate measurement method and valuation model which were commonly adopted in the same industry.

Other Matters

Uniform Industrial Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, (inclusive of the Audit Committee), are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Uniform Industrial Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Uniform Industrial Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Uniform Industrial Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tseng, Kuo-Fu and Lai, Chia-Yu.

Baker Tilly Clock & Co

March 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flow 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 (or review) such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	ASSETS	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 474,985	32	\$ 325,639	28
1110	Financial assets at fair value through profit or loss - current	6(2)	56,631	4	26,309	2
1136	Financial assets at amortized cost - current	6(4)	86,437	6	52,380	4
1170	Accounts receivable	6(5)	213,142	14	80,897	7
1200	Other receivables		9,079	1	6,545	1
1220	Current tax assets	6(26)	—	—	141	—
130x	Inventories, net	6(6)	340,007	23	219,658	19
1460	Non-current assets held for sale	6(7)	—	—	29,405	2
1479	Other current assets		6,116	—	10,661	1
11xx	Total current assets		1,186,397	80	751,635	64
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	84,008	6	112,728	10
1600	Property, plant and equipment	6(8)	159,666	11	162,120	14
1755	Right-of-use assets	6(9)	22,438	1	39,917	3
1760	Investment property, net	6(10)	16,935	1	17,249	1
1780	Intangible assets	6(11)	4,528	—	21,544	2
1840	Deferred tax assets	6(26)	17,192	1	62,319	5
1915	Prepayment for equipment		2,951	—	295	—
1920	Guarantee deposits paid		2,323	—	13,532	1
15xx	Total non-current assets		310,041	20	429,704	36
	Total assets		\$ 1,496,438	100	\$ 1,181,339	100

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

(Continued)

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	LIABILITIES AND EQUITY	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
21xx	Current Liabilities					
2100	Short-term borrowings	6(12)	\$ —	—	\$ 30,000	3
2130	Contract liabilities	6(20)	22,816	2	10,126	1
2150	Notes payable		437	—	876	—
2170	Accounts payable	6(15)	121,266	8	44,584	4
2200	Other payables	6(16)	103,106	7	51,876	4
2230	Current tax liabilities	6(26)	22,515	2	—	—
2280	Lease liabilities - current	6(9)	5,027	—	7,004	1
2322	Current portion of long-term borrowings	6(13)	5,005	—	4,983	—
2399	Other current liabilities		19,495	1	15,142	1
21xx	Total current liabilities		299,667	20	164,591	14
25xx	Non-Current liabilities					
2530	Bonds payable	6(14)	1,570	—	109,293	9
2540	Long-term borrowings	6(13)	5,879	—	10,874	1
2570	Deferred tax liabilities	6(26)	15,768	1	14,250	1
2580	Lease liabilities - non-current	6(9)	19,860	2	34,647	3
2640	Net defined benefit liabilities-non-current	6(17)	3,213	—	5,386	1
2645	Guarantee deposits received		146	—	167	—
25xx	Total non-current liabilities		46,436	3	174,617	15
2xxx	Total liabilities		346,103	23	339,208	29
3xxx	Equity attributable to shareholders of the parent	6(18)				
3100	Capital					
3110	Common stock		775,270	52	620,725	52
3130	Certificate of Entitlement to New Shares from Convertible Bond		2,292	—	68,933	6
3200	Capital surplus		146,259	10	126,669	10
3300	Retained earnings					
3310	Legal reserve		35,323	2	34,604	3
3320	Special reserve		6,468	—	—	—
3350	Unappropriated retained earnings		221,405	15	7,187	1
3400	Other equity		(36,691)	(2)	(15,997)	(1)
31xx	Total equity attributable to shareholders of the parent		1,150,326	77	842,121	71
36xx	Non-controlling interests		9	—	10	—
3xxx	Total equity		1,150,335	77	842,131	71
	Total liabilities and equity		\$ 1,496,438	100	\$ 1,181,339	100

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

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars, except for earnings per share amount)

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(20)	\$ 1,257,735	100	\$ 827,205	100
5000	Operating costs		(730,914)	(58)	(522,947)	(63)
5900	Gross profit		526,821	42	304,258	37
6000	Operating expenses					
6100	Selling and marketing expenses		(105,073)	(9)	(88,972)	(11)
6200	General and administrative expense		(139,624)	(11)	(113,690)	(14)
6300	Research and development expenses		(76,902)	(6)	(101,208)	(12)
6450	Expected credit impairment loss		(3,906)	—	(616)	—
6000	Total operating expenses		(325,505)	(26)	(304,486)	(37)
6900	Net operating income		201,316	16	(228)	—
7000	Non-operating income and expenses					
7100	Interest income	6(21)	2,507	—	492	—
7010	Other income	6(22)	1,981	—	15,887	2
7020	Other gains and losses	6(23)	85,643	7	(3,273)	—
7050	Finance costs	6(24)	(2,445)	—	(4,044)	(1)
7000	Total non-operating income and expenses		87,686	7	9,062	1
7900	Profit from continuing operations before income tax		289,002	23	8,834	1
7950	Income tax expenses	6(26)	(69,175)	(6)	(2,304)	—
8200	Net income		219,827	17	6,530	1
8300	Other comprehensive income/(loss)					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans		1,971	—	807	—
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(28,720)	(2)	(7,247)	(1)
8349	Income tax relating to items that will not be reclassified subsequently	6(26)	(394)	—	(161)	—
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		10,033	1	(2,715)	—
8399	Income tax relating to the item that will be reclassified subsequently	6(26)	(2,007)	—	543	—
8300	Other comprehensive income/(loss)		(19,117)	(1)	(8,773)	(1)
8500	Total comprehensive income/(loss)		\$ 200,710	16	\$ (2,243)	—
8600	Net profit/(loss) attributable to:					
8610	Shareholders of the parent		\$ 219,838	17	\$ 6,559	1
8620	Non-controlling interests		(11)	—	(29)	—
			\$ 219,827	17	\$ 6,530	1
8700	Total comprehensive income/(loss) attributable to:					
8710	Shareholders of the parent		\$ 200,721	16	\$ (2,214)	—
8720	Non-controlling interests		(11)	—	(29)	—
			\$ 200,710	16	\$ (2,243)	—
	Earnings per share					
9750	Basic		\$ 2.98		\$ 0.11	
9850	Diluted		\$ 2.95		\$ 0.10	

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

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent company									Non-controlling	Total equity
		Share capital		Capital surplus	Retained earnings			Other equity		Total		
		Common stock	Certificate of Entitlement to New Shares from Convertible Bond		Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income			
A1	Balance on January 1, 2021	\$ 620,725	\$ —	\$ 80,744	\$ 106,393	\$ —	\$ (71,789)	\$ (6,578)	\$ —	\$ 729,495	\$ 21	\$ 729,516
B13	Legal reserve for cover accumulated deficits	—	—	—	(71,789)	—	71,789	—	—	—	—	—
C5	Equity component of convertible bonds issued by the Company	—	—	30,651	—	—	—	—	—	30,651	—	30,651
D1	Net income in 2021	—	—	—	—	—	6,559	—	—	6,559	(29)	6,530
D3	Other comprehensive income in 2021	—	—	—	—	—	646	(2,172)	(7,247)	(8,773)	—	(8,773)
D5	Comprehensive income in 2021	—	—	—	—	—	7,205	(2,172)	(7,247)	(2,214)	(29)	(2,243)
I1	Convertible bonds converted to ordinary shares		68,933	15,274	—	—	—	—	—	84,207	—	84,207
M5	Difference between consideration and the carrying amount of subsidiaries acquired or disposed	—	—	—	—	—	(18)	—	—	(18)	18	—
Z1	Balance on December 31, 2021	620,725	68,933	126,669	34,604	—	7,187	(8,750)	(7,247)	842,121	10	842,131
B1	Legal reserve	—	—	—	719	—	(719)	—	—	—	—	—
B3	Special reserve	—	—	—	—	6,468	(6,468)	—	—	—	—	—
D1	Net income in 2022	—	—	—	—	—	219,838	—	—	219,838	(11)	219,827
D3	Other comprehensive income in 2022	—	—	—	—	—	1,577	8,026	(28,720)	(19,117)	—	(19,117)
D5	Comprehensive income in 2022	—	—	—	—	—	221,415	8,026	(28,720)	200,721	(11)	200,710
I1	Convertible bonds converted to ordinary shares	154,545	(66,641)	19,590	—	—	—	—	—	107,494	—	107,494
M5	Difference between consideration and the carrying amount of subsidiaries acquired or disposed	—	—	—	—	—	(10)	—	—	(10)	10	—
Z1	Balance on December 31, 2022	\$ 775,270	\$ 2,292	\$ 146,259	\$ 35,323	\$ 6,468	\$ 221,405	\$ (724)	\$ (35,967)	\$ 1,150,326	\$ 9	\$ 1,150,335

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

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	Description	2022	2021
		Amount	Amount
AAAA	Cash flows from (used in) operating activities		
A10000	Profit from continuing operations before tax	\$ 289,002	\$ 8,834
A20010	Adjustments:		
A20100	Depreciation expense	21,998	27,391
A20200	Amortization expense	2,520	2,789
A20300	Expected credit impairment loss	3,906	616
A20400	Net profit on financial assets at fair value through profit or loss	(441)	1,001
A20900	Interest expense	2,445	4,044
A21200	Interest income	(2,507)	(492)
A22500	Gain on disposal of property, plant and equipment	—	(472)
A22700	Gain on disposal of investment property	—	(7,071)
A23000	Gain on disposal of non-current assets held for sale	(70,168)	—
A23700	Impairment loss on non-financial assets	16,784	2,932
A29900	Other adjustments to reconcile profit	(173)	(138)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	(136,416)	(22,330)
A31180	Other receivables	(2,375)	(5,695)
A31200	Inventories	(121,163)	40,240
A31240	Other current assets	4,527	3,839
A32125	Contract liability	12,690	5,049
A32130	Notes payable	(439)	(522)
A32150	Accounts payable	76,682	(16,661)
A32180	Other payables	51,257	(210)
A32230	Other current liabilities	4,353	5,808
A32240	Net defined benefit liabilities	(202)	(199)
A33000	Cash inflow generated from operations	152,280	48,753
A33100	Interest received	2,348	512
A33300	Interest paid	(1,872)	(3,070)
A33500	Income taxes paid	(2,249)	(201)
AAAA	Net cash flows from operating activities	\$ 150,507	\$ 45,994

(Continued)

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan dollars)

Code	Description	2022	2021
		Amount	Amount
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ —	\$ (119,975)
B00040	Acquisition of financial assets at amortized cost	(34,057)	—
B00050	Proceeds from disposal of financial assets at amortized cost - current	—	57,613
B00100	Acquisition of financial assets at fair value through profit or loss	(30,710)	—
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	—	41,023
B02600	Proceeds from disposal of non-current assets held for sale	99,573	—
B02700	Acquisition of property, plant and equipment	(10,715)	(2,615)
B02800	Proceeds from disposal of property, plant and equipment	—	960
B03700	Increase in refundable deposits	—	(5,182)
B03800	Decrease in guarantee deposits paid	11,209	—
B04500	Acquisition of intangible assets	(2,135)	(632)
B05500	Proceeds from disposal of investment properties	—	87,382
B07100	Increase in prepayment of equipment	(2,831)	(225)
BBBB	Net cash flows from investing activities	30,334	58,349
CCCC	Cash flows from (used in) financing activities		
C00200	Decrease in short-term borrowings	(30,000)	(120,000)
C01200	Proceeds from issuance of convertible bonds	—	223,147
C01700	Repayments of long-term borrowings	(4,973)	(51,036)
C03100	Decrease in guarantee deposits received	(21)	(480)
C04020	Payment of lease liabilities	(7,314)	(6,523)
CCCC	Net cash flows (used in) from financing activities	(42,308)	45,108
DDDD	Effect of exchange rate changes on cash and cash equivalents	10,813	(2,796)
EEEE	Net increase in cash and cash equivalents	149,346	146,655
E00100	Cash and cash equivalents at beginning of year	325,639	178,984
E00200	Cash and cash equivalents at end of year	\$ 474,985	\$ 325,639

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

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

1. HISTORY AND ORGANIZATION

UNIFORM INDUSTRIAL CORPORATION (“the Company”) was incorporated on October 6, 1983 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of its registered office and principal place of business is 1F., No.1, Ln. 15, Ziqiang St, Tucheng District, New Taipei City, Taiwan. The Company and its subsidiaries (the “Group”) are primarily engaged in the manufacture, processing and sales of various card readers, check readers, point-of-sale terminal, pin-pad payment device and encrypted keypad reader.

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on September 19, 2001.

The consolidated financial statements are presented in the Thousands of New Taiwan Dollars.

2. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issuance by the Board of Directors on March 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on Group accounting policies:

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

New Standards, Interpretations and Amendments	Effective Date
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.	

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

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

New Standards, Interpretations and Amendments	Effective Date (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.	
Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.	

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety. The levels of inputs are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the assets or liability.

(3) The basis for the consolidated financial statements

1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

2) Subsidiaries included in consolidated financial statements

The detail information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main business	Percentage of Ownership		Note
			December 31, 2022	December 31, 2021	
The Company	Uniform Industrial Corporation (UICU)	Sale of the card reader, POS system and video conference system	100.00%	100.00%	
The Company	Newsline Holding Inc. (Newsline)	Investment holding	100.00%	100.00%	Note 1
The Company	Riseup Investments Ltd. (Riseup)	Investment holding	100.00%	100.00%	Note 1
The Company	UIC Group Holdings Ltd. (UIC Group)	Investment holding	100.00%	100.00%	Note 1
The Company	NewPOS Technology Corporation (NewPOS)	Computer development, product design and sale of POS system and equipment	99.95%	99.92%	
Newsline	Elite Hill Holdings Limited	Investment holding	100.00%	100.00%	Note 1
Elite	Bei Jing Jin Lian Shi Xun Technology Co., Ltd.	Selling network monitoring equipment	100.00%	100.00%	Note 1

Note 1: Above the table, the subsidiaries' financial report without auditing by accountant except UICU and NewPOS; The Company management recognized financial reports without auditing by accountants will not have major adjustments.

3) Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

1) Foreign currency transactions

Foreign currency transactions are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, and in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations excluding foreign operations in hyperinflationary economies, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that is considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(6) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

A. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss and amortized cost.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI.

ii. Financial assets at amortized costs

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Interest income 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 which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
 - b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.
- iii. Investments in equity instruments at financial assets at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at financial assets at fair value through other comprehensive income. Designation as at financial assets at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECLs.

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

The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The loss allowance is a charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

C. Derecognition of financial assets

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

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Derecognition of an investment in an equity instrument at financial assets at fair value through other comprehensive income, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

(7) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. Variable production overheads are allocated based on direct labor hours. Then, the inventories are measured at the lower of cost and net realizable value (NRV). Cost of inventories that are assigned using weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. The net realizable value represents the estimated selling price in the ordinary course of business, less all estimated cost of completion and necessary selling expense.

(8) Investment property

An investment property is a property held to earn rentals or for capital appreciation or for both, but not for sale in ordinary course of business or administrative purpose. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over each component of an item of property. Each significant item of property, plant and equipment shall be evaluated individually and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss. The land has an unlimited useful life and therefore is not depreciated. Buildings estimated useful life is 50 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

(9) Property, plant and equipment

1) Recognition and measurement

Item of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expense.

2) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

3) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

4) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Item of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. Land is not depreciated.

The estimated useful lives for the current and comparative periods of significant items of property, plant and equipment are as follows:

	Useful lives
Buildings	3-50 years
Machinery and equipment	2-10 years
Transportation equipment	3 years
Other equipment	3-5 years

(10) Lease

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

1) The Group as lessor

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

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying for a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

(11) Intangible assets

1) Goodwill

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

2) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. The estimated useful lives for the current and comparative periods are as follows:

	Useful lives
Software	1-8 years
Trademark rights	8 years

The residual values, amortization periods and amortization methods for an intangible asset shall be reviewed at least annually at each fiscal year-end.

Any changes shall be accounted for as changes in accounting estimates.

(12) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

(13) Impairment of non-financial assets

1) Goodwill

Goodwill has been allocated is tested for impairment annually when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

2) Tangible and intangible assets

The carrying amounts of the Group's non-financial assets, other than assets arising from inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the assets or a CGU shall be reduced to its recoverable amount and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. If any such indication exists, the recoverable amount of that asset is estimated.

(14) Revenue

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

1) Revenue from the sale of goods

The Group shall recognize revenue when control of the products has transferred to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2) Revenue from the rendering of services

A. System Service Revenue

The Group provides cloud POS system, membership management system and other services, and the customers obtain and consume performance benefits at the same time, and the Group recognizes revenue using the straight-line method during the performance period.

B. Fee income

The transaction fee income is clearly related to satisfy each partitionable cash flow processing service, so the income is recognized when the transaction is processed.

The Group provision of third-party payment cash flow is the performance obligation of being ready to provide services at any time, so it is based on the time basis to measure the degree of completion of the performance obligation.

3) Financial components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customers exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(15) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

(16) Employee benefits

1) Short-term employee benefits

When an employee has rendered service during an accounting period, the Group shall recognize the undiscounted amount of short-term employee benefits. A liability is recognized for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2) Retirement benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurement of the net defined benefit liability (asset), which comprises (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling is recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(17) Taxation

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivable on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following:

- 1) Assets and liabilities that are initially recognized but are not related to the business combination and that affect neither net income nor taxable gains (losses) at the time of the transaction.
- 2) Temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- 3) Initial recognition of goodwill

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- 1) The entity has the legally enforceable right to settle current tax assets and current tax liabilities on a net basis; and
- 2) The taxing of deferred tax assets and deferred tax liabilities fulfills one of the below scenarios:
 - A. levied by the same taxing authority; or

B. levied by difference taxing authorities, but where each such authority intends to settle tax assets and liabilities on a net basis every year of the period of expected realization or debt liquidation, or what the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carrying forward of unused tax losses, unused tax credits, and temporary deductible differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and temporary deductible differences can be utilized. Such unused tax losses, unused tax credits, and temporary deductible differences are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and temporary deductible differences can be utilized.

(18) Earning per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible corporate bonds and employee bonus and employee compensation.

(19) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follow:

(1) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Impairment of property, plant and equipment, right-of-use assets and intangible assets is evaluated based on the recoverable amount of assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. For the impairment of goodwill, please refer to consolidated financial statement Note 6(11).

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 410	\$ 388
Demand deposits	474,575	325,251
	<u>\$ 474,985</u>	<u>\$ 325,639</u>

Please refer to note 6(4) for the deposit with the original maturities more than three months of the Group on December 31, 2022 and 2021.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mandatorily at fair value through profit or loss		
Derivative financial assets (not under hedge accounting)		
Redemption rights of convertible bond	\$ 9	\$ 541
Non-derivative financial assets		
Trust beneficiary certificates	56,622	25,768
Total	<u>\$ 56,631</u>	<u>\$ 26,309</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unlisted shares	<u>\$ 84,008</u>	<u>\$ 112,728</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at financial assets at fair value through other comprehensive income. The Group did not provide any financial assets at fair value through other comprehensive income as collateral.

(4) Financial assets at amortized cost-current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with an original maturity of more than 3 months	<u>\$ 86,437</u>	<u>\$ 52,380</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.85%~3.93% and 0.35%~0.535% per annum as of December 31, 2022 and 2021, respectively.

(5) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable		
At amortized cost		
Accounts receivable	\$ 219,154	\$ 82,738
Less: Loss allowance	(6,012)	(1,841)
Total	<u>\$ 213,142</u>	<u>\$ 80,897</u>

1) In principle, the payment term granted to customers is due 60 days, The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. The recovered amount is recognized in profit or loss.

2) The loss allowance of trade receivables based on the Group's allowance matrix was as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Non pass due	\$ 170,401	—	\$ —
1-30 days	44,889	4.87%	2,188
31-60 days	3,227	99.07%	3,197
61-90 days	1	100.00%	1
Over 90 days	636	98.43%	626
	<u>\$ 219,154</u>		<u>\$ 6,012</u>

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Non pass due	\$ 75,445	—	\$ —
1-30 days	4,671	0.64%	30
31-60 days	2,151	62.30%	1,340
61-90 days	132	100%	132
Over 90 days	339	100%	339
	<u>\$ 82,738</u>		<u>\$ 1,841</u>

3) The movement in the allowance for accounts receivable was as follows:

	2022	2021
Balance at January 1	\$ 1,841	\$ 1,947
Add: Impairment losses recognized (reversed)	3,906	616
Less: Amounts that are written off	—	(687)
Foreign exchange gains/(losses)	265	(35)
Balance at December 31	<u>\$ 6,012</u>	<u>\$ 1,841</u>

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$ 212,666	\$ 141,363
Work in process	74,076	19,082
Finished goods	1,523	5,350
Merchandise	51,742	53,863
Total	<u>\$ 340,007</u>	<u>\$ 219,658</u>
Allowance to reduce inventory to the market	<u>\$ 54,361</u>	<u>\$ 58,127</u>

1) The details of the cost of goods sold were as follows:

	2022	2021
Cost of inventories sold	\$ 707,444	\$ 503,600
Write-down of inventories (reversal of write-down)	23,967	18,932
Others	(497)	415
	<u>\$ 730,914</u>	<u>\$ 522,947</u>

2) As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral.

3) As of December 31, 2022 and 2021, the Group writes off allowance for inventory obsolescence was \$28,547 thousand and \$4,806 thousand, respectively.

(7) Non-current assets held for sale

	December 31, 2022	December 31, 2021
Property, plant and equipment held for sale	\$ —	\$ 29,405

On September 15, 2021, the board of directors of the Group approved the plan to sell part of the factory in Tucheng District, and signed a real estate sales contract with HON SHAN PRINTING CO., LTD. on December 30, 2021. The total contract price is \$100,000 thousand. The transfer procedure was completed in March 2022, and the contract price has been received. Please refer to Note 6 (23) for the profit and loss of disposal.

(8) Property, plant and equipment

For the year ended December 31, 2022						
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2022
<u>Cost</u>						
Land	\$ 130,427	\$ —	\$ —	\$ —	\$ —	\$ 130,427
Buildings	100,497	3,962	—	—	—	104,459
Machinery and equipment	30,940	928	—	—	683	32,551
Transportation equipment	800	6,000	—	—	—	6,800
Other equipment	33,608	—	—	—	408	34,016
Subtotal	296,272	10,890	—	—	1,091	308,253
<u>Accumulated depreciation</u>						
Buildings	93,471	2,849	—	—	—	96,320
Machinery and equipment	17,544	3,351	—	—	586	21,481
Transportation equipment	800	900	—	—	—	1,700
Other equipment	22,337	6,585	—	—	164	29,086
Subtotal	134,152	13,685	—	—	750	148,587
Net value	\$ 162,120	\$ (2,795)	\$ —	\$ —	\$ 341	\$ 159,666

For the year ended December 31, 2021						
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2021
<u>Cost</u>						
Land	\$ 158,203	\$ —	\$ —	\$ (27,776)	\$ —	\$ 130,427
Buildings	122,875	1,164	(2,076)	(21,466)	—	100,497
Machinery and equipment	30,903	250	(35)	—	(178)	30,940
Transportation equipment	2,900	—	(2,100)	—	—	800
Other equipment	35,871	2,412	(4,568)	—	(107)	33,608
Subtotal	350,752	3,826	(8,779)	(49,242)	(285)	296,272
<u>Accumulated depreciation</u>						
Buildings	110,303	5,081	(2,076)	(19,837)	—	93,471
Machinery and equipment	14,421	3,299	(27)	—	(149)	17,544
Transportation equipment	1,847	586	(1,633)	—	—	800
Other equipment	16,542	10,380	(4,555)	—	(30)	22,337
Subtotal	143,113	19,346	(8,291)	(19,837)	(179)	134,152
Net value	\$ 207,639	\$ (15,520)	\$ (488)	\$ (29,405)	\$ (106)	\$ 162,120

1) The Group of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

	Useful lives
Buildings	3-50 years
Machinery and equipment	2-10 years
Transportation equipment	3 years
Other equipment	3-5 years

2) As of December 31, 2022 and 2021, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(9) Lease arrangements

1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Buildings	\$ 22,438	\$ 39,917

	2022	2021
Additions to right-of-use assets	\$ —	\$ 16,028
Lease modification	(12,015)	(7,087)
The depreciation charge for right-of-use assets		
Buildings	\$ 7,999	\$ 7,225
Transportation equipment	—	120
Other equipment	—	11
	\$ 7,999	\$ 7,356

2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	\$ 5,027	\$ 7,004
Non-current	\$ 19,860	\$ 34,647

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	2.345%~4.50%	1.845%~4.50%

3) Other lease information

	2022	2021
Expenses relating to short-term leases	\$ 122	\$ 250
Expenses relating to low-value asset leases	\$ 182	\$ 174
Total cash outflow for leases	\$ (9,035)	\$ (8,279)

(10) Investment property

For the year ended December 31, 2022						
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2022
<u>Cost</u>						
Land	\$ 8,751	\$ —	\$ —	\$ —	\$ —	\$ 8,751
Buildings	16,002	—	—	—	—	16,002
Subtotal	24,753	—	—	—	—	24,753
<u>Accumulated depreciation</u>						
Buildings	7,504	314	—	—	—	7,818
Net value	\$ 17,249	\$ (314)	\$ —	\$ —	\$ —	\$ 16,935

For the year ended December 31, 2021						
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2021
<u>Cost</u>						
Land	\$ 78,492	\$ —	\$ (69,741)	\$ —	\$ —	\$ 8,751
Buildings	30,921	—	(14,919)	—	—	16,002
Subtotal	109,413	—	(84,660)	—	—	24,753
<u>Accumulated depreciation</u>						
Buildings	11,164	689	(4,349)	—	—	7,504
Net value	\$ 98,249	\$ (689)	\$ (80,311)	\$ —	\$ —	\$ 17,249

1) The maturity analysis of lease payments receivable under operating lease payments was as follows.

	December 31, 2022	December 31, 2021
Year 1	\$ 876	\$ 876
Year 2	876	219
Year 3	219	—
Total	\$ 1,971	\$ 1,095

2) The fair value of the investment property which is based on the latest market price of similar investment property in the same area.

3) As of December 31, 2022 and 2021, the investment property held by the Group were pledged as collateral, please refer to Note 8.

(11) Intangible assets

For the year ended December 31, 2022						
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2022
<u>Cost</u>						
Goodwill	\$ 23,350	\$ —	\$ —	\$ —	\$ —	\$ 23,350
Trademark right	450	—	—	—	—	450
Software	11,785	2,135	(92)	—	411	14,239
Subtotal	35,585	2,135	(92)	—	411	38,039
<u>Accumulated amortization</u>						
Goodwill	6,566	—	—	16,784	—	23,350
Trademark right	229	57	—	—	—	286
Software	7,246	2,463	(92)	—	258	9,875
Subtotal	14,041	2,520	(92)	16,784	258	33,511
Net value	\$ 21,544	\$ (385)	\$ —	\$ (16,784)	\$ 153	\$ 4,528

For the year ended December 31, 2021						
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of exchange rate changes	Balance at December 31, 2021
<u>Cost</u>						
Goodwill	\$ 23,350	\$ —	\$ —	\$ —	\$ —	\$ 23,350
Trademark right	450	—	—	—	—	450
Software	13,765	632	(2,504)	—	(108)	11,785
Subtotal	37,565	632	(2,504)	—	(108)	35,585
<u>Accumulated amortization</u>						
Goodwill	3,634	—	—	2,932	—	6,566
Trademark right	173	56	—	—	—	229
Software	7,070	2,733	(2,504)	—	(53)	7,246
Subtotal	10,877	2,789	(2,504)	2,932	(53)	14,041
Net value	\$ 26,688	\$ (2,157)	\$ —	\$ (2,932)	\$ (55)	\$ 21,544

The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was calculated based on the cash flow forecast from the financial budgets covering the future five-year period, and the Company used an annual discount rate of 5.69% and 6.35% in its test of impairment as of December 31, 2022 and 2021 to reflect the relevant specific risk in the cash-generating unit. The Group recognized goodwill impairment was \$ 16,784 thousand and \$2,932 thousand in 2022 and 2021.

(12) Short-term borrowings

	December 31, 2022	December 31, 2021
account loans		
Secured loans	\$ —	\$ 30,000
Range of interest rates	—	1.08%

For the collateral for short-term borrowings, please refer to Note 8.

(13) Long-term borrowings

	Loan period	December 31, 2022	December 31, 2021
<u>Unsecured loans</u>			
CHB	From 01/2022 to 06/2024	\$ 3,600	\$ 6,000
<u>Secured loans</u>			
CHB	From 10/2018 to 09/2025	7,284	9,857
Subtotal		10,884	15,857
Less: current portion		(5,005)	(4,983)
Long-term borrowings		\$ 5,879	\$ 10,874
Range of interest rates		1.77%~2.345%	1.00%~1.27%

For the collateral for long-term borrowings, please refer to note 8.

(14) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The second domestic secured convertible bonds	\$ 1,570	\$ 109,293

The conditions for the issuance of the second secured domestic convertible bonds of the Company are as follows:

1) The company issued secured 3-year convertible bonds at July 12, 2021. The issuance period was from July 12, 2021, to July 12, 2024. The face value of this bond is 100 thousand each, 2,000 units, amounted to 200,000 thousand, coupon rate is 0%, and was issued at 114.15% of the face value. The convertible bonds shall be repaid at face value in cash in one lump sum upon maturity.

2) Conversion right of bondholders

Except for the period of suspension of transfer according to regulations or laws, the bondholders will have the right to convert their bonds at any time during the conversion period which starts from the next day since the convertible bonds have been issued for three months (October 13, 2021) until the maturity date (July 12, 2024). The rights and obligations of ordinary shares after conversion are the same as those of ordinary shares that were originally issued. The conversion price of the converted bonds is 12.65 per share. Afterwards, it will be adjusted according to the conversion price adjustment formula.

3) Put-back rights of bondholders

Two years after the issuance of the above-mentioned convertible bonds (July 12, 2023) is the base date for holders sold back the above-mentioned convertible bonds in advance. Bondholders may follow the measures set by the company exercising the put-back right, requiring the company to redeem the bonds held by the company at the bond face value plus interest compensation (100.20% of the bond face value after two years (real yield 0.1%)).

4) Redeem the bonds right of the company

A. The conversion of the bonds from the next day of three months from the issuance of the convertible bonds (October 13, 2021) to the forty days before the expiry of the issuance period (June 2, 2024), if the closing price of the Company's ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive). In case, the company may redeem the outstanding bonds in cash at the bond face value according to the regulations.

B. The conversion of the bonds from the next day of three months from the issuance of the convertible bonds (October 13, 2021) to the forty days before the expiry of the issuance period (June 2, 2024), if the outstanding balance of the bonds is less than 10% of the original issued total the company may recover the outstanding bonds in cash at the bond face value according to the regulations.

5) The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share warrants. The effective interest rate of the liability component was 1.248% per annum on initial recognition.

	Amount
Proceeds from issuance (less transaction costs of \$5,151 thousand)	\$ 223,147
Equity component (less transaction costs allocated to the equity component of \$707 thousand)	(30,651)
Derivatives of redemption and putback rights (accounted as financial assets at fair value through profit or loss - current) and apportionment of transaction costs recognized in profit or loss	160
Liability component at the date of issue (less transaction costs allocated to the liability component of \$4,444 thousand)	192,656
Interest charged at an effective interest rate of 1.248%	1,032
Convertible bonds converted into ordinary shares	(84,395)
Liability component at December 31, 2021	109,293
Interest charged at an effective interest rate of 1.248%	600
Convertible bonds converted into ordinary shares	(108,323)
Liability component at December 31, 2022	\$ 1,570

(15) Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable		
Operating	<u>\$ 121,266</u>	<u>\$ 44,584</u>

(16) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payable for salaries and bonuses	\$ 54,692	\$ 32,067
Payable for employee' compensation	20,000	452
Payable for remuneration of directors	5,000	780
Payable for insurance	2,653	2,391
Others	20,761	16,186
Total	<u>\$ 103,106</u>	<u>\$ 51,876</u>

(17) Retirement benefit plans**1) Defined contribution plans**

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages. Furthermore, the employees of the Group's subsidiaries in the overseas also make monthly contributions at certain percentages of the basic salary of their employees. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The Group recognized retirement cost was \$12,041 thousand and \$9,798 thousand in 2022 and 2021.

2) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The present value of the defined benefit obligation	\$ 8,923	\$ 10,434
The fair value of plan assets	(5,710)	(5,048)
Net defined benefit liabilities	<u>\$ 3,213</u>	<u>\$ 5,386</u>

The defined benefit plans were adopted by the Company of the Group in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of totally monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment policy and strategy.

A. Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$5,710 thousand and \$5,048 thousand at the end of December 31, 2022 and 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

B. Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations for the Company in 2022 and 2021 was as follows:

	2022	2021
Defined benefit obligations at January 1	\$ 10,434	\$ 11,112
Current service costs and interest cost	79	83
Remeasurement on the net defined benefit liabilities		
Actuarial loss - changes in financial assumptions	(2,015)	326
Actuarial loss - experience adjustments	425	(1,087)
Defined benefit obligations at December 31	\$ 8,923	\$ 10,434

C. The fair value of the plan assets

The movements in the fair value of the plan assets for the Company in 2022 and 2021 were as follows:

	2022	2021
The fair value of plan assets at January 1	\$ 5,048	\$ 4,720
Interest income	39	36
Remeasurement on the net defined benefit liabilities (assets)		
Return on plan assets excluding interest income	381	46
Contributions made	242	246
Fair value of plan assets at December 31	\$ 5,710	\$ 5,048

D. Changes in the effect of the asset ceiling

In 2022 and 2021, there was no effect of the asset ceiling.

E. Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company in 2022 and 2021 were as follows:

	2022	2021
Net interest of net liabilities for defined benefit obligations	\$ 40	\$ 47
Operating costs	\$ 19	\$ 22
Selling and marketing expenses	8	9
General and administrative expenses	3	3
Research and development expenses	10	13
	\$ 40	\$ 47

F. Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

	2022	2021
The accumulated amount at January 1	\$ (6,966)	\$ (7,773)
Recognized during the period	1,971	807
The accumulated amount at December 31	\$ (4,995)	\$ (6,966)

G. Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	2.000%	0.750%
Future salary increases rate	3.000%	3.000%

The Company expects to make a contribution of \$243 to the defined benefit plans in the year following December 31, 2022.

The weighted-average duration of the defined benefit plan range is 15.69 years.

H. Sensitivity assumptions

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% Increase	\$ (352)	\$ (443)
0.25% Decrease	\$ 368	\$ 464
Future salary change		
0.25% Increase	\$ 358	\$ 448
0.25% Decrease	\$ (345)	\$ (429)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(18) Equity

1) Capital

	December 31, 2022	December 31, 2021
Number of stocks authorized (in thousands)	100,000	100,000
Stocks authorized	\$ 1,000,000	\$ 1,000,000
Stocks issued (in thousands)	77,527	62,073
Stocks issued	\$ 775,270	\$ 620,725
Certificate of Entitlement to New Shares from Convertible Bond (in thousands)	229	6,893
Certificate of Entitlement to New Shares from Convertible Bond	\$ 2,292	\$ 68,933

A.The company's secured convertible bonds holders exercise the conversion right to convert common shares. Due to the registration procedure has not been completed as of the balance sheet date, it is included in the bond conversion rights certificate.

B.The par value of issued common stock is \$10 (dollars) per share, and each share with one vote and a right to dividend.

2) Capital surplus

	December 31, 2022	December 31, 2021
<u>May be able to be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Additional paid-in capital arising from common stock	\$ 8,138	\$ 8,138
Additional paid-in capital arising from bond conversion	136,960	100,328
Gain on disposals of assets	916	916
<u>May not be used for any purpose</u>		
Share warrants	245	17,287
Total	\$ 146,259	\$ 126,669

In accordance with the Company Act, realized capital reserves could only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the offering and Insurance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

3) Retained earnings and dividend policy

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior year's deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholder's meeting for approval.

The Company shall take into consideration its operating environment, industry developments, and the future capital needs and long-term financial plan, and the Company distributed earning more than 20% and less than 80% to withdraw share dividends. However, the accumulated distributed earning is less than 5% of capital, which is not qualified for earnings distribution; therefore, the Company should distribute the undistributed earnings in the form of shares or in cash. The cash dividends shall not be less than 10% of the total dividends. However, the cash dividend of value less than 0.5 dollars should be distributed by shares.

The appropriation of earnings for 2021 and 2020 had been proposed by the Company's board of directors on June 8, 2022 and July 7, 2021.

4) Special reserve

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items (Exchange differences on translating the financial statements of foreign operations, financial assets at fair value through other comprehensive income, gain (losses) on the effective portion of cash flow hedges, excluding treasury stock) at the end of the financial reporting period before distributing earnings. When the debit balance on other equity items is reserved subsequently, the reserved amount could be included in the distributable earnings.

(19) Earnings per share

1) Basic earnings per share

The calculation of basic earnings per share and the weighted average number of ordinary shares were as follows:

	2022	2021
Profit attributable to ordinary shareholders of the parent (in thousands)	\$ 219,838	\$ 6,559
Weighted-average number of ordinary shares (thousand shares)	73,711	62,367
Basic earnings per share (dollars)	\$ 2.98	\$ 0.11

2) Diluted earnings per share

The calculation of diluted earnings per share and the weighted average number of ordinary shares were as follows:

	2022	2021
Profit attributable to ordinary shareholders of the parent (in \$ thousands)	219,838	\$ 6,559
Effect of potentially dilutive ordinary shares	242	170
Profit attributable to ordinary shareholders of the parent (in thousands)	\$ 220,080	\$ 6,729
Weighted-average number of ordinary shares (thousand shares)	73,711	62,367
Effect of potentially dilutive ordinary shares:		
Convertible bonds (thousand shares)	126	1,930
Employee share options (thousand shares)	840	26
Weighted average number of ordinary shares in computation of diluted earnings per share (thousand shares)	74,677	64,323
Diluted earnings per share (dollars)	\$ 2.95	\$ 0.10

Since the Group offered to settle the compensation or bonuses paid to employees in cash or stocks, the Group assumed the entire amount of the compensation or bonus would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect dilutive. Such a dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

(20) Revenue from contracts

	2022	2021
Revenue from the sale of goods	\$ 1,247,073	\$ 822,386
System Service Revenue	8,761	4,175
Fee income	1,901	644
Total	\$ 1,257,735	\$ 827,205

1) Contact balances

A. Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 219,154	\$ 82,738
Less: Loss allowance	(6,012)	(1,841)
Total	\$ 213,142	\$ 80,897

B. Contract liability

	December 31, 2022	December 31, 2021
Advance sale receipts	\$ 22,816	\$ 10,126

2) Details of revenue

	2022			
	UIC	UICU	Others	Total
Primary geographical markets:				
Asia	\$ 46,922	\$ 6,828	\$ 10,996	\$ 64,746
Americas	1,380	1,080,795	—	1,082,175
Europe	49,777	49,253	—	99,030
Oceania	630	9,590	—	10,220
Others	1,564	—	—	1,564
Total	\$ 100,273	\$ 1,146,466	\$ 10,996	\$ 1,257,735
Main products:				
Card reader	\$ 57,908	\$ 846,527	\$ —	\$ 904,435
Card reader & writer	618	1,411	—	2,029
Check reader	1,863	17,085	—	18,948
POS system	96	12,801	—	12,897
Personal password recognizer	905	30,567	—	31,472
Video conference system	—	876	—	876
Decoding IC	25,218	8,955	—	34,173
Others	13,665	228,244	10,996	252,905
Total	\$ 100,273	\$ 1,146,466	\$ 10,996	\$ 1,257,735

	2021			
	UIC	UICU	Others	Total
Primary geographical markets:				
Asia	\$ 49,559	\$ 4,332	\$ 7,877	\$ 61,768
Americas	706	680,045	—	680,751
Europe	32,803	46,126	—	78,929
Oceania	758	3,234	—	3,992
Others	1,765	—	—	1,765
Total	<u>\$ 85,591</u>	<u>\$ 733,737</u>	<u>\$ 7,877</u>	<u>\$ 827,205</u>
Main products:				
Card reader	\$ 38,794	\$ 627,131	\$ —	\$ 665,925
Card reader & writer	1,205	972	—	2,177
Check reader	2,377	21,375	—	23,752
POS system	—	16,705	—	16,705
Personal password recognizer	10,012	12,873	—	22,885
Video conference system	—	1,093	—	1,093
Decoding IC	18,354	560	—	18,914
Others	14,849	53,028	7,877	75,754
Total	<u>\$ 85,591</u>	<u>\$ 733,737</u>	<u>\$ 7,877</u>	<u>\$ 827,205</u>

(21) Interest income

	2022	2021
Bank deposits	\$ 2,502	\$ 485
Other	5	7
Total	<u>\$ 2,507</u>	<u>\$ 492</u>

(22) Other income

	2022	2021
Rent income	\$ 664	\$ 1,853
Other income	1,314	1,384
Government grants income	3	12,650
Total	<u>\$ 1,981</u>	<u>\$ 15,887</u>

The group applied for the subsidy program from the Ministry of Economics and “Paycheck Protection Program”. They have separately received \$3 thousand and \$528 thousand during the years ended December 31, 2022 and 2021, respectively; The group applied “Paycheck Protection Program” from the U.S. Federal Government. They have received \$12,122 thousand during the years ended December 31, 2021.

(23) Other gains and losses

	2022	2021
Foreign exchange gains (losses)	\$ 31,645	\$ (7,021)
Gain (loss) on financial assets at fair value through profit or loss	441	(1,001)
Gain on disposal of non-current assets held for sale	70,168	—
Gain on disposal of property, plant and equipment	—	472
Gain on disposal of investment property	—	7,071
Lease modification gain	173	138
Impairment loss on non-financial assets	(16,784)	(2,932)
Total	<u>\$ 85,643</u>	<u>\$ (3,273)</u>

(24) Finance costs

	2022	2021
Interest on bank borrowing	\$ (428)	\$ (1,680)
Interest on convertible bonds	(600)	(1,032)
Interest on lease liabilities	(1,417)	(1,332)
	<u>\$ (2,445)</u>	<u>\$ (4,044)</u>

(25) Compensation of employees and remuneration of directors

In accordance the Company's Articles of Incorporation, annual earning shall first be offset against any deficit, then, a minimum of 5% shall be allocated as employee compensation, and a maximum of 5% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee compensation, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

The compensation of employees and the remuneration of directors for 2022 and 2021 are as follows:

	2022	2021
Compensation of employees	\$ 20,000	\$ 452
Remuneration of directors	4,220	—
Total	\$ 24,220	\$ 452

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

There is no profit in 2020, so there is no actual distribution of compensation of employees and remuneration of directors.

Information about the appropriation of employee's compensation and remuneration of directors by the Company as approved by the Board of Directors is posted in the Market Observation Post System website of the Taiwan Stock Exchange.

(26) Income taxes

1) Major components of tax expense recognized in profit or loss:

	2022	2021
Current tax expense		
Current period	\$ 24,903	\$ 205
Adjustment for prior period	24	18
Deferred tax expense		
Current period	44,027	(2,038)
Adjustment for prior period	221	4,119
Total	\$ 69,175	\$ 2,304

2) A reconciliation of accounting profit and income tax expenses was as follows:

	2022	2021
Income tax expense calculated at the statutory rate	\$ 54,804	\$ (1,613)
Nondeductible expenses in determining taxable income	(429)	1,165
Tax - exempt income	(11,862)	(2,140)
Domestic investment gain(loss) using the equity method	6,258	(24,786)
Adjustment in respect of current income tax of prior periods	—	18
Adjustment in respect of deferred tax of prior periods	221	4,119
Land value increment tax	2,200	183
Unrecognized temporary differences	36,683	71
Unrecognized loss carrying forwards	(19,185)	25,549
Other	485	(262)
Income tax recognized in profit or loss	\$ 69,175	\$ 2,304

3) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Current period		
Exchange differences on translating the financial statements of foreign operations	\$ 2,007	\$ (543)
Remeasurements of defined benefit plan	394	161
Total	\$ 2,401	\$ (382)

4) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	\$ —	\$ 141
Current tax liabilities		
Income tax payable	\$ 22,515	\$ —

5) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	2022				
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance at December 31, 2022
<u>Deferred tax assets</u>					
Temporary differences					
Inventory loss from the falling price	\$ 9,808	\$ 333	\$ —	\$ —	\$ 10,141
Unrealized gain on inter-affiliate accounts	2,117	1,227	—	—	3,344
Exchange differences on translating the financial statements of foreign operations	2,188	—	(2,007)	—	181
Payable for annual leave	1,306	240	—	—	1,546
Unrealized exchange losses	370	644	—	—	1,014
Net operating loss carryforwards	8,417	(8,417)	—	—	—
Defined benefit pension plans	1,078	(42)	(394)	—	642
Investment accounted for using the equity method	36,688	(36,665)	—	—	23
Other	347	(50)	—	4	301
	<u>\$ 62,319</u>	<u>\$ (42,730)</u>	<u>\$ (2,401)</u>	<u>\$ 4</u>	<u>\$ 17,192</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment accounted for using the equity method	\$ (14,250)	\$ (1,518)	\$ —	\$ —	\$ (15,768)

	2021				
	Balance at January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance at December 31, 2021
<u>Deferred tax assets</u>					
Temporary differences					
Inventory loss from the falling price	\$ 7,936	\$ 1,872	\$ —	\$ —	\$ 9,808
Unrealized gain on inter-affiliate accounts	8,608	(6,491)	—	—	2,117
Exchange differences on translating the financial statements of foreign operations	1,645	—	543	—	2,188
Payable for annual leave	1,306	—	—	—	1,306
Unrealized exchange losses	1,616	(1,246)	—	—	370
Net operating loss carryforwards	2,286	6,131	—	—	8,417
Defined benefit pension plans	1,279	(40)	(161)	—	1,078
Investment accounted for using the equity method	36,688	—	—	—	36,688
Other	4,440	(4,087)	—	(6)	347
	<u>\$ 65,804</u>	<u>\$ (3,861)</u>	<u>\$ 382</u>	<u>\$ (6)</u>	<u>\$ 62,319</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investment accounted for using the equity method	\$ (16,030)	\$ 1,780	\$ —	\$ —	\$ (14,250)

6) Unrecognized deferred tax assets:

	December 31, 2022	December 31, 2021
Operating loss carryforwards	\$ 169,465	\$ 265,741
Deductible temporary differences	330,356	146,942
	<u>\$ 499,821</u>	<u>\$ 412,683</u>

7) As of December 31, 2022, the information of unused tax losses was as follows:

Year of loss	Unused tax loss	Expiry date
NewPos		
2015	\$ 2,636	2025
2016	30,162	2026
2017	31,250	2027
2018	38,211	2028
2019	20,266	2029
2020	15,468	2030
2021	16,559	2031
2022	14,913	2032
Total	<u>\$ 169,465</u>	

8) Assessment of tax

The Company and the Company subsidiaries NewPOS tax returns for the years through 2020 were assessed by Taipei National Tax Administration.

(25) Additional information of expense by nature

The Group of employee benefit expenses, depreciation and amortization as of December 31, 2022 were as follow:

	2022			2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expenses						
Salary and bonus	\$ 62,647	\$ 203,603	\$ 266,250	\$ 41,781	\$ 182,136	\$ 223,917
Labor and Health Insurance	5,507	16,281	21,788	4,638	16,664	21,302
Pension	2,604	9,477	12,081	2,240	7,605	9,845
Directors' remuneration	—	5,000	5,000	—	550	550
Other employees benefit expenses	2,812	9,931	12,743	2,364	3,991	6,355
Depreciation	8,471	13,213	21,684	11,546	15,156	26,702
Amortization	—	2,520	2,520	—	2,789	2,789

Note: For the years ended December 31, 2022, and 2021, the investment property depreciation recognized \$314 thousand and \$689 thousand, respectively, which classified other revenue and expense – deduction of other revenue.

(26) Financial instruments

1) Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Cash and cash equivalents	\$ 474,985	\$ 325,639
Financial assets at fair value through profit or loss-current	56,631	26,309
Financial assets at amortized cost-current	86,437	52,380
Accounts receivable	213,142	80,897
Other receivables	9,079	6,545
Financial assets at fair value through other comprehensive income	84,008	112,728
Guarantee deposits paid	2,323	13,532
Total	<u>\$ 926,605</u>	<u>\$ 618,030</u>
<u>Financial liabilities</u>		
Short-term borrowings	\$ —	\$ 30,000
Note payable	437	876
Accounts payable	121,266	44,584
Other payables	15,807	13,090
Long term borrowing (including current portion of long-term borrowing)	10,884	15,857
Bonds payable	1,570	109,293
Lease liabilities	24,887	41,651
Guarantee deposits received	146	167
Total	<u>\$ 174,997</u>	<u>\$ 255,518</u>

2) The fair value of financial instruments

A. Fair value of financial instruments not measured at fair value

i. Except those listed in the table below, the Group's management considers that the carrying amounts of loans and receivables (including cash and cash equivalents, financial assets at amortized cost - current, note and accounts receivable, other receivable, refundable deposit and other financial assets - current) and financial liabilities at amortized cost (including long-term and short-term borrowing, note and accounts payable, other payable, guarantee deposit and other financial assets - current) in the consolidated financial statements that are not measured at fair value approximate their fair values.

Item	December 31, 2022				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>					
Convertible bonds	\$ 1,570	\$ —	\$ 1,567	\$ —	\$ 1,567

Item	December 31, 2021				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>					
Convertible bonds	\$109,293	\$ —	\$111,345	\$ —	\$111,345

ii. Valuation techniques and inputs applied for Level 2 fair value measurement

For the secured convertible bonds issued by the Group, the fair value evaluation is based on the reference interest rate of the corporate bonds announced by the Taipei Exchange, the reference interest rate is selected according to the credit rating and duration, and the evaluation interest rate is calculated by interpolation method, and then estimate the price of hundred.

B. The fair value of financial instruments that are measured at fair value on a recurring basis

i. Fair value hierarchy

		December 31, 2022			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>					
Derivative financial assets					
Convertible bond redemption right		\$ —	\$ —	\$ 9	\$ 9
Non-derivative financial assets					
Trust beneficiary certificates		56,622	—	—	56,622
<u>Financial assets at FVTOCI</u>					
Unlisted shares		—	—	84,008	84,008
		<u>\$ 56,622</u>	<u>\$ —</u>	<u>\$ 84,017</u>	<u>\$140,639</u>
		December 31, 2021			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>					
Derivative financial assets					
Convertible bond redemption right		\$ —	\$ —	\$ 541	\$ 541
Non-derivative financial assets					
Trust beneficiary certificates		25,768	—	—	25,768
<u>Financial assets at FVTOCI</u>					
Unlisted shares		—	—	112,728	112,728
		<u>\$ 25,768</u>	<u>\$ —</u>	<u>\$113,269</u>	<u>\$139,037</u>

- ii. There were no transfers between Level 1 and 2 in 2022 and 2021.
- iii. Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured by the third level fair value of the Group are financial assets at fair value through profit or loss and investments in equity instruments at financial assets at fair value through other comprehensive income. The adjustment in 2022 and 2021 is as follows:

Financial Assets	2022	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Derivatives	Equity Instruments
Balance at January 1, 2022	\$ 541	\$ 112,728
Recognized in profit or loss	297	—
Recognized in other comprehensive income	—	(28,720)
Convert common stock	(829)	—
Balance at December 31, 2022	\$ 9	\$ 84,008
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	\$ 297	
Financial Assets	2021	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Derivatives	Equity Instruments
Balance at January 1, 2021	\$ —	\$ —
Additions	160	119,975
Recognized in profit or loss	569	—
Recognized in other comprehensive income	—	(7,247)
Convert common stock	(188)	—
Balance at December 31, 2021	\$ 541	\$ 112,728
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	\$ 569	

iv Valuation techniques and inputs applied for Level 3 fair value measurement

a. Convertible bond redemption right

The fair values of redemption right of the convertible bonds are determined using the binary tree convertible bond evaluation model where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. At December 31, 2022 and 2021, the volatility rate used were 63.52% and 50.90%, respectively.

b. Unlisted shares

Domestic unlisted shares, the fair value is mainly estimated by the market method.

The market method is based on the transaction price of comparable targets, considers the difference between the evaluation target and comparable targets, and estimates the value of the evaluation target with an appropriate multiplier. The unobservable input values used by the Group on December 31, 2022 and 2021 were liquidity discounts of 32.62% and 33.32% ,respectively.

3) Financial risk management objectives

The Group are exposed to the credit risks, liquidity risk and market risk (currency risk, interest rate risk and other price risks) due to its operating activities. This note presents information about the Group exposure to each of the above risks and the objectives, policies, and processes for measuring and managing risk. Please refer to other related notes for quantitative information.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's supervisor is assisted in its oversight role by the Internal Audit. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arises principally from the Group's cash and cash equivalents, trust beneficiary certificates and receivables from customers. The Group's maximum exposure to credit risk which is financial assets book value was as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Maximum exposure to credit risk amount	<u>\$ 926,605</u>	<u>\$ 618,030</u>

The Group bank deposits and trust beneficiary certificate were in financial institutions with good credit and believed that will not have any significant credit risk.

As of December 31, 2022 and 2021, three clients accounted for a total of 80.24% and 65.62%, respectively, of the Group's accounts receivable credit risk. In order to reduce credit risk, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize credit risk.

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's finance department shall monitor and forecast the Group's liquidity needs, ensure sufficient funds to meet operational needs. As of December 31, 2022 and 2021, the financial limit was \$212,716 thousand and \$215,144 thousand. The table below summarizes the maturity profile of the Group's financial liabilities based on the undiscounted contractual payment:

	December 31, 2022					
	Carrying Amount	Contractual cash flow	Within 6 months	Over 6 months to 12 months	Over 1 year to 2 years	More than 2 years
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 437	\$ 437	\$ 437	\$ —	\$ —	\$ —
Accounts payable	121,266	121,266	121,266	—	—	—
Other payables	15,807	15,807	15,807	—	—	—
Long-term borrowings (including current portion of long-term borrowing)	10,884	11,150	2,598	2,583	3,929	2,040
Bonds payable	1,570	1,600	—	—	1,600	—
Lease liabilities	24,887	27,466	3,104	2,913	5,913	15,536
Guarantee deposits received	146	146	—	—	—	146
Total	<u>\$ 174,997</u>	<u>\$ 177,872</u>	<u>\$ 143,212</u>	<u>\$ 5,496</u>	<u>\$ 11,442</u>	<u>\$ 17,722</u>
	December 31, 2021					
	Carrying Amount	Contractual cash flow	Within 6 months	Over 6 months to 12 months	Over 1 year to 2 years	More than 2 years
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 30,000	\$ 30,012	\$ 30,012	\$ —	\$ —	\$ —
Notes payable	876	876	876	—	—	—
Accounts payable	44,584	44,584	44,584	—	—	—
Other payables	13,090	13,090	13,090	—	—	—
Long-term borrowings (including current portion of long-term borrowing)	15,857	16,225	2,583	2,584	5,139	5,919
Bonds payable	109,293	112,800	—	—	112,800	—
Lease liabilities	41,651	45,749	4,132	4,206	8,489	28,922
Guarantee deposits received	167	167	—	—	167	—
Total	<u>\$ 255,518</u>	<u>\$ 263,503</u>	<u>\$ 95,277</u>	<u>\$ 6,790</u>	<u>\$ 126,595</u>	<u>\$ 34,841</u>

The Group did not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

i. Currency risk and sensitivity analysis

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities.

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and payable, other receivable and payable. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities were as follows:

December 31, 2022					
	Foreign currency	Exchange rate	NTD	Extent of variation	Effect on profit or loss (before income tax)
<u>Financial assets</u>					
USD	\$ 8,319	30.71	\$ 255,476	1%	\$ 2,555
<u>Financial liabilities</u>					
USD	962	30.71	29,531	1%	295
December 31, 2021					
	Foreign currency	Exchange rate	NTD	Extent of variation	Effect on profit or loss (before income tax)
<u>Financial assets</u>					
USD	\$ 7,365	27.68	\$ 203,863	1%	\$ 2,039
<u>Financial liabilities</u>					
USD	590	27.68	16,331	1%	163

ii. Interest rate risk

The sensitivity analyses below have been determined on the basis of the exposure to interest rates for long-term and short-term borrowing at balance sheet dates. For floating rate liabilities, the analysis is prepared to assume the amount of the liability outstanding at the balance sheet dates outstanding for the entire period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$109 thousand and \$459 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on bank loans.

iii. Other market price risk

- i) The Group held open-end funds that the main investment targets were bond and money market funds (classified financial assets at fair value through profit or loss). The Group anticipates that there is no significant market risk related to the funds.
- ii) The Group invests in equity instruments issued by domestic companies (accounted for Financial assets at fair value through other comprehensive income – non-current), and the price of these equity instruments will be affected by the uncertainty of the future value of the investment target.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$4,200 thousand and \$5,636 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

(29) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Group uses the liability-to-equity ratio to manage capital.

The Group's liability-to-equity ratio was as follow:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 346,103	\$ 339,208
Total equity	\$ 1,150,335	\$ 842,131
Liability-to-equity ratio	30.09%	40.28%

The Group's unaltered capital management in 2022.

7. RELATED-PARTY TRANSACTION

Uniform Industrial Corporation is both the parent company and the ultimate controlling party of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below:

Compensation of key management personnel:

	2022	2021
Short-term employee benefits	\$ 12,356	\$ 7,418

8. PLEDGED ASSETS

The carrying values of pledge assets were as follows:

Pledge assets	Object	Book value	
		December 31, 2022	December 31, 2021
Property, plant and equipment - land	Short-term and long-term guarantee borrowing	\$ 130,427	\$ 130,427
Property, plant and equipment - property	Short-term and long-term guarantee borrowing	8,139	6,671
Pledge deposits (classified as a guarantee deposit paid)	Customs guarantee deposits	600	11,600
Non-current assets held for sale	Short-term and long-term guarantee borrowing	—	29,405
Investment property - land	Short-term and long-term guarantee borrowing	8,751	8,751
Investment property - buildings	Short-term and long-term guarantee borrowing	8,184	8,498
Total		\$ 156,101	\$ 195,352

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS: None;

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for UIC: (2) Information on investees

1) Financings provided to other parties: None;

2) Endorsement and guarantee provided to other parties: None;

3) Marketable securities held at the reporting date: Please refer to table 1 attached;

4) Marketable securities for which accumulated purchase or sale amount exceed NT\$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate exceeds NT\$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate exceeds NT\$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties which exceed NT\$100 million or 20% of the paid-in capital: Please refer to table 2 attached;

8) Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital: Please refer to table 3 attached;

9) Transactions about derivative instruments: None;

10) Others: The business relationships and significant inter-company transactions: Please refer to table 4 attached;

11) Information of investee companies: Please refer to table 5 attached;

(3) Information on investments in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, the share of profits/losses of an investee, ending balance, amount received as dividends from the investee, and the limitation on investee:

Please refer to table 6 attached;

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None;

(4) Information of main shareholders

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 7 attached.

14. OPERATING SEGMENT INFORMATION

(1) Operating segments

The Group has two reportable segments: UIC (Taiwan operating segment) and UICU (the United States operating segment). UIC engages mainly in the manufacturing and selling card reader, card reader & writer, check reader, POS system, digital signature and personal password recognizer; UICU is the subsidiaries that engage mainly in the selling and promoting in The United States.

The classification of the segments is based on the sales location of the respective segment. Each segment manages and caters to the different needs of its customers, as well as needs different marketing strategies, and thus, should be managed separately.

The operating segment's accounting policies are the same as disclosed in Note 4. The group uses the income (before tax) as the measurement for the basis of performance assessment. Sales and transfers among reportable segments are recorded in line with sales to third-party customers.

(2) The Group's operating segment information and reconciliation were as follows:

	2022				
	UIC	UICU	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 100,273	\$ 1,146,466	\$ 10,996	\$ —	\$ 1,257,735
Intra-group revenue	982,827	168,972	438	(1,152,237)	—
Total segment revenue	\$ 1,083,100	\$ 1,315,438	\$ 11,434	\$(1,152,237)	\$ 1,257,735
Interest expense	\$ (940)	\$ (1,162)	\$ (343)	\$ —	\$ (2,445)
Depreciation and amortization	\$ 14,778	\$ 6,197	\$ 3,930	\$ (387)	\$ 24,518
Impairment of Assets	\$ (16,784)	\$ —	\$ —	\$ —	\$ (16,784)
Share of loss of associates and joint ventures accounted for using the equity method	\$ (9,537)	\$ —	\$ —	\$ 9,537	\$ —
Segment income	\$ 288,926	\$ 5,147	\$ (14,994)	\$ 9,923	\$ 289,002
Assets					
Investment accounted for using the equity method	\$ 107,783	\$ —	\$ —	\$ (107,783)	\$ —
Non-current assets expense	\$ 12,917	\$ 108	\$ —	\$ —	\$ 13,025
Segment assets	\$ 1,423,835	\$ 556,877	\$ 41,609	\$ (525,883)	\$ 1,496,438
Segment liabilities	\$ 273,509	\$ 452,539	\$ 22,231	\$ (402,176)	\$ 346,103
	2021				
	UIC	UICU	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 85,591	\$ 733,737	\$ 7,877	\$ —	\$ 827,205
Intra-group revenue	548,201	50,442	459	(599,102)	—
Total segment revenue	\$ 633,792	\$ 784,179	\$ 8,336	\$ (599,102)	\$ 827,205
Interest expense	\$ (2,666)	\$ (1,262)	\$ (116)	\$ —	\$ (4,044)
Depreciation and amortization	\$ 21,606	\$ 5,858	\$ 3,380	\$ (664)	\$ 30,180
Impairment of Assets	\$ (2,932)	\$ —	\$ —	\$ —	\$ (2,932)
Share of loss of associates and joint ventures accounted for using the equity method	\$ (21,975)	\$ —	\$ —	\$ 21,975	\$ —
Segment income	\$ 8,584	\$ (5,651)	\$ (16,737)	\$ 22,638	\$ 8,834
Assets					
Investment accounted for using the equity method	\$ 109,024	\$ —	\$ —	\$ (109,024)	\$ —
Non-current assets expense	\$ 3,724	\$ 153	\$ 581	\$ —	\$ 4,458
Segment assets	\$ 1,109,023	\$ 262,698	\$ 49,202	\$ (239,584)	\$ 1,181,339
Segment liabilities	\$ 266,902	\$ 173,346	\$ 35,837	\$ (136,877)	\$ 339,208

(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

1) Revenue

	2022	2021
Asia	\$ 64,746	\$ 61,768
Americas	1,082,175	680,751
Europe	99,030	78,929
Oceania	10,220	3,992
Others	1,564	1,765
Total	<u>\$ 1,257,735</u>	<u>\$ 827,205</u>

2) Non-current assets

	December 31, 2022	December 31, 2021
Taiwan	\$ 180,323	\$ 211,870
Others	26,195	29,255
Total	<u>\$ 206,518</u>	<u>\$ 241,125</u>

Non-current assets included property, plant and equipment, intangible assets, and other assets - non-current, but did not include financial instruments and deferred income tax assets.

(5) Major customer information:

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follow:

	2022	2021
Customer A	\$ 740,111	\$ —
Customer B	9,165	410,074
Total	<u>\$ 749,276</u>	<u>\$ 410,074</u>

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
HOLDING OF MARKETABLE SECURITIES
DECEMBER 31, 2022

Table 1

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investor	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Uniform Industrial Corporation	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	1,136,263	\$ 18,618	—	\$ 18,618	-
≈	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	572,762	7,294	—	7,294	-
≈	GOGOLOOK CO., LTD. company stock	-	Financial assets at fair value through other comprehensive income	1,183,212	84,008	3.8293%	84,008	-
Uniform Industrial Corporation	SCHWAB TREASURY OBLIGATIONS MONEY FUND-ULTRA SHARES	-	Financial assets at fair value through profit or loss	—	30,710	—	30,710	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note2: The column is left blank if the issuer of marketable securities is a non-related party.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT100 MILLION OR 20% OF PAID-IN
CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

(In Thousands of New Taiwan dollars)

Purchaser	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivables (payable)		Note 2
			Purchases (sales)	Amount	Percentage of total purchase (sales) (Note5)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (Note 5)	
Uniform Industrial Corporation	Uniform Industrial Corporation (USA)	Subsidiary	Sales	\$ 982,728	41%	30 天~90 天	Same	Same	373,952	61%	—
"	"	"	Purchase	168,972	8%	30 天~90 天	Same	Same	28,151	5%	—
Uniform Industrial Corporation (USA)	Uniform Industrial Corporation	Subsidiary	Purchase	982,728	49%	30 天~90 天	Same	Same	373,952	71%	—
"	"	"	Sales	168,972	7%	30 天~90 天	Same	Same	28,151	5%	—

Note 1: If the transaction conditions of related parties are different from the general transaction conditions, the differences and reasons should be described in the fields of unit price and credit period.

Note 2: If there has payable or in the advance situation, it should describe the reason, contractual terms, amount and transaction difference.

Note 3: It's the parent's paid-in capital. If the stock has no par value or the par value do not equal to NT\$10, according to the regulation of 20% paid-in capital transaction amount, the par value will be calculated by 10% of the total parent equity.

Note 4: The intercompany transaction has been eliminated when preparing the consolidated financial statements.

Note 5: The ratio of total sales or total purchase before eliminating when preparing the consolidated financial statements.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

(In Thousands of New Taiwan dollars)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2022	Turnover rate	Overdue receivable		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Uniform Industrial Corporation	Uniform Industrial Corporation (USA)	Subsidiary	\$ 373,952	3.86	\$ -	-	\$ 103,074	\$ -

Note: The relevant transactions are eliminated in comprehensive financial reports.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
SIGNIFICANT INTER-COMPANY TRANSACTION DURING THE REPORTING PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

(In Thousands of New Taiwan dollars, Unless Stated Otherwise)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 3)
0	Uniform Industrial Corporation	Uniform Industrial Corporation (USA)	1	Accounts receivable	\$ 373,952	Note 4	25%
			"	Accounts payable	28,151	Note 4	2%
			"	Operating revenue	982,728	Note 4	78%
			"	Operating cost	168,972	Note 4	13%
		NewPOS Technology Corporation	1	Other payables	73	Note 4	-
			"	Operating revenue	99	Note 4	-
			"	Selling and marketing expense	438	Note 4	-
			"	General and administrative expense	1,414	Note 4	-

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column:

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

Note 4: The relevant transactions are eliminated in comprehensive financial reports.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5

(In Thousands of New Taiwan dollars/USD)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2)	Note
				Balance as of December 31, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Book value			
Uniform Industrial Corporation	Uniform Industrial Corporation	United State	Sale of card reader, POS system and video conference system	\$ 51,326	\$ 51,326	1,600,000	100.00	\$ 88,416	\$ 5,060	\$ 5,060	Subsidiary
	Newsline Holding Inc.	British Virgin Island	Investment holding	184,200	184,200	5,614,668	100.00	118	—	—	Subsidiary
	Riseup Investments Ltd.	Independent State of Samoa	Investment holding	170	170	5,000	100.00	57	—	—	Subsidiary
	UIC Group Holdings Ltd.	Independent State of Samoa	Investment holding	148,183	148,183	4,527,000	100.00	834	(88)	(88)	Subsidiary
	NewPOS Technology Corporation	Taiwan	Computer development, product design and sale of POS system	226,275	205,375	4,997,635	99.95	18,358	(14,906)	(14,509)	Subsidiary (Note 4)
Newsline Holding Inc.	Zhishan Investment Holding Company	Independent State of Samoa	Investment holding	99,500 (USD3,240)	99,500 (USD3,240)	3,230,100	100.00	—	—	—	Subsidiary

Note 1: Information on investments in Mainland China, please refer to table 6.

Note 2: The intercompany transaction has been eliminated when preparing the consolidated financial statements.

Note 3: The exchange rate on December 31, 2022 is USD\$1=NT\$30.71.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

(In Thousands of New Taiwan dollars/USD (unless stated otherwise))

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	The accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flow		The accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of the investee company	Percentage of ownership	Investment income (loss) recognized by the Company as of December 31, 2022	Book value of investments as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Footnote
					Outflow	Inflow							
Uniform (Shanghai) Industrial Corp.	Automatic software development and system integration for plant and office, retail and catering industry ifront and back-end software development and system integration	\$ —	(2)	\$ 35,317 (USD 1,150)	\$ —	\$ —	\$ 35,317 (USD 1,150)	\$ —	—	\$ —	\$ —	\$ —	Note 3
Bei Jing Jin Lian Shi Xun Technology Co., Ltd.	Sale of networking monitoring equipment	39,923 (USD 1,300)	(2)	39,923 (USD 1,300)	—	—	39,923 (USD 1,300)	—	100.00%	—	—	—	—

The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	The ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
\$ 75,240 (USD 2,450)	\$ 92,130 (USD 3,000)	\$ 690,196

Note 1: Investment method is classified into the following three categories:

- (1) Direct investment in a company in Mainland China.
- (2) Through investing in the third area, which then invested in the investee in Mainland China (please refer to Table 5).
- (3) Other methods.

Note 2: The calculating method is using the equity of 60% as of December 31, 2022.

Note 3: It has completed the liquidation procedures in 2016.

Note 4: The exchange rate on December 31, 2022 is USD\$1=NT\$30.71.

UNIFORM INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 7

[illegible]

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

No : 22341110EA

To UNIFORM INDUSTRIAL CORPORATION

Opinion

We have audited the accompanying parent company only financial statements of Uniform Industrial Corporation, which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Uniform Industrial Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with 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 Financial Statements section of our report. We are independent of Uniform Industrial Corporation in accordance with the Certified Public Accountant code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2022 are as follows:

1. Impairment of property, plant and equipment and intangible assets

For the accounting policy of property, plant and equipment and intangible assets impairment, please refer to Note 4(12); for the uncertainty of accounting estimates and assumptions of the assessment of property, plant and equipment and intangible assets impairment, please refer to Note 5(1); for the uncertainty of accounting estimates and assumptions of the assessment of goodwill impairment, please refer to Note 5(2).

The description of the key audit matter

As of December 31, 2022, the parent company only balance sheet of Uniform Industrial Corporation recognized property, plant and equipment and intangible assets of NT\$158,056 thousand and impairment loss is NT\$16,784 thousand. Uniform Industrial Corporation performed property, plant and equipment and intangible assets impairment tests annually. The related tests were performed by estimating those future cash flows and the discount rate to assess the recoverable amount of property, plant and equipment and intangible assets of a cash-generating unit. Estimating future cash flows and discount rates involved management's subjective judgment and significant uncertainty. As a result, the goodwill impairment assessment was deemed to be a key audit matter in our audit of the parent company only financial statements of Uniform Industrial Corporation.

How our audit addressed the matter

The key audit procedures included the following:

- Verify the management's calculation of the recoverable amount of a cash-generating unit is accurate.
- Assess the assumption adopted by management to estimate future cash flows and discounted rate when performing impairment test, by acquiring relevant data of internal and external resources is reasonable.

2. Fair value assessment of financial assets at fair value through other comprehensive income

For the accounting policy of financial assets at fair value through other comprehensive income, please refer to note 4(5); For the disclosure of financial assets at fair value through other comprehensive income, please refer to note 6(3).

The description of the key audit matter

The financial assets at fair value through other comprehensive income are evaluated at fair value. The financial assets at fair value through other comprehensive income held by Uniform Industrial Corporation are unlisted shares. The fair value cannot be obtained from the active market, so the market-based method is used for evaluation. Due to the need for relatively subjective and complex evaluation technical judgments, it has a significant impact on the results of fair value measurement, which in turn affects financial assets at fair value through other comprehensive income. Fair value assessment of financial assets at fair value through other comprehensive income was deemed to be a key audit matter in our audit of Uniform Industrial Corporation's consolidated financial statements.

How our audit addressed the matter

The key audit procedures included the following

- Obtain external expert opinions, and inquire about the professional qualifications, experience, and reputation of external experts to understand the rationality of the experts' skills and abilities.
- Check the objectivity of external experts to confirm the rationality of external expert opinions.
- Assessed the reasonableness of assumptions on comparable companies and parameters setting, including the relevance and reliability of business nature and financial information between comparable companies and the companies being valued, and reviewed relevant basic data and corroborating documents.
- Assessed whether external appraisers adopted an adequate measurement method and valuation model which were commonly adopted in the same industry.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines necessary to enable the preparation of 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 Uniform Industrial Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Uniform Industrial Corporation or to cease its operations or has no realistic alternative but to do so.

Those charged with governance, (including members of Audit Committee), are responsible for overseeing Uniform Industrial Corporation's financial reporting process.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 professional skepticism. 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 Uniform Industrial Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Uniform Industrial Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause Uniform Industrial Corporation 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 disclosures and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Uniform Industrial Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tseng, Kuo-Fu and Lai, Chia-Yu.

Baker Tilly Clock & Co
March 9, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flow 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(or review) such parent company only financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 308,647	22	\$ 255,744	23
1110	Financial assets at fair value through profit or loss - current	6(2)	25,921	2	26,309	2
1136	Financial assets at amortized cost - current	6(4)	23,000	2	23,000	2
1170	Accounts receivable	6(5)	14,126	1	6,961	1
1180	Accounts receivable - related parties	7	373,952	26	134,956	12
1200	Other receivables		250	—	243	—
1220	Current tax assets	6(26)	—	—	141	—
130x	Inventories, net	6(6)	288,265	20	165,795	15
1460	Non-current assets held for sale	6(7)	—	—	29,405	3
1479	Other current assets		1,636	—	4,184	—
11xx	Total current assets		1,035,797	73	646,738	58
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	6(3)	84,008	6	112,728	10
1550	Investments accounted for using equity method	6(8)	107,783	8	109,024	10
1600	Property, plant and equipment	6(9)	156,426	11	158,475	14
1760	Investment property, net	6(10)	16,935	1	17,249	2
1780	Intangible assets	6(11)	1,630	—	1,128	—
1840	Deferred tax assets	6(26)	17,192	1	62,273	6
1915	Prepayment for equipment		2,951	—	295	—
1920	Guarantee deposits paid	8	1,113	—	1,113	—
15xx	Total non-current assets		388,038	27	462,285	42
	Total assets		\$ 1,423,835	100	\$ 1,109,023	100

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

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	LIABILITIES AND EQUITY	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
21xx	Current Liabilities					
2100	Short-term borrowings	6(12)	\$ —	—	\$ 30,000	3
2130	Contract liabilities	6(20)	2,914	—	629	—
2150	Notes payable		437	—	876	—
2170	Accounts payable	6(15)	108,217	8	43,991	4
2180	Accounts payable - related parties	7	28,151	2	8,059	1
2200	Other payables	6(16)	72,809	5	35,140	3
2220	Other payables - related parties	7	73	—	81	—
2230	Current tax liabilities	6(26)	22,515	2	—	—
2322	Current portion of long-term borrowings	6(13)	2,605	—	2,583	—
2399	Other current liabilities		10,412	1	9,173	1
21xx	Total current liabilities		248,133	18	130,532	12
25xx	Non-Current liabilities					
2530	Bonds payable	6(14)	1,570	—	109,293	10
2540	Long-term borrowings	6(13)	4,679	—	7,274	1
2570	Deferred tax liabilities	6(26)	15,768	1	14,250	1
2640	Net defined benefit liabilities - non current	6(17)	3,213	—	5,386	—
2645	Guarantee deposits received		146	—	167	—
25xx	Total non-current liabilities		25,376	1	136,370	12
2xxx	Total liabilities		273,509	19	266,902	24
3xxx	Equity attributable to shareholders of the parent	6(18)				
3100	Capital					
3110	Common stock		775,270	55	620,725	56
3130	Certificate of Entitlement to New Shares from Convertible Bond		2,292	—	68,933	6
3200	Capital surplus		146,259	10	126,669	12
3300	Retained earnings					
3310	Legal reserve		35,323	3	34,604	3
3320	Special reserve		6,468	—	—	—
3350	Unappropriated retained earnings		221,405	16	7,187	1
3400	Other equity		(36,691)	(3)	(15,997)	(2)
3xxx	Total equity		1,150,326	81	842,121	76
	Total liabilities and equity		\$ 1,423,835	100	\$ 1,109,023	100

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

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars, except for earnings per share)

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6(20)	\$ 1,083,100	100	\$ 633,792	100
5000	Operating costs		(692,542)	(64)	(445,087)	(70)
5900	Gross profit		390,558	36	188,705	30
5910	Unrealized gain on the transaction		(5,843)	(1)	30,909	5
5950	Net gross profit		384,715	35	219,614	35
6000	Operating expenses					
6100	Selling and marketing expenses		(50,568)	(5)	(49,783)	(8)
6200	General and administrative expense		(59,865)	(5)	(47,799)	(8)
6300	Research and development expenses		(63,588)	(6)	(88,038)	(14)
6000	Total operating expenses		(174,021)	(16)	(185,620)	(30)
6900	Net operating income		210,694	19	33,994	5
7000	Non-operating income and expenses					
7100	Interest income	6(21)	2,306	—	267	—
7010	Other income	6(22)	937	—	2,235	—
7020	Other gains and losses	6(23)	85,466	8	(3,271)	(1)
7050	Finance costs	6(24)	(940)	—	(2,666)	—
7070	Share of loss of subsidiaries		(9,537)	(1)	(21,975)	(3)
7000	Total non-operating income and expenses		78,232	7	(25,410)	(4)
7900	Profit from continuing operations before income tax from continuing operations		288,926	26	8,584	1
7950	Income tax expenses	6(26)	(69,088)	(6)	(2,025)	—
8200	Net income		219,838	20	6,559	1
8300	Other comprehensive income/(loss)					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	6(17)	1,971	—	807	—
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(28,720)	(3)	(7,247)	(1)
8349	Income tax relating to items that will not be reclassified subsequently	6(26)	(394)	—	(161)	—
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations		10,033	1	(2,715)	—
8399	Income tax relating to item that will be reclassified subsequently	6(26)	(2,007)	—	543	—
8300	Other comprehensive income/(loss)		(19,117)	(2)	(8,773)	(1)
8500	Total comprehensive income/(loss)		\$ 200,721	18	\$ (2,214)	—
	Earnings per share	6(19)				
9750	Basic		\$ 2.98		\$ 0.11	
9850	Diluted		\$ 2.95		\$ 0.10	

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

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent company								Total equity
		Share capital		Capital surplus	Retained earnings			Other equity		
		Common stock	Certificate of Entitlement to New Shares from Convertible Bond		Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	
A1	Balance on January 1, 2021	\$ 620,725	\$ —	\$ 80,744	\$ 106,393	\$ —	\$ (71,789)	\$ (6,578)	\$ —	\$ 729,495
B13	Legal reserve for cover accumulated deficits	—	—	—	(71,789)	—	71,789	—	—	—
C5	Equity component of convertible bonds issued by the Company	—	—	30,651	—	—	—	—	—	30,651
D1	Net income in 2021	—	—	—	—	—	6,559	—	—	6,559
D3	Other comprehensive income in 2021	—	—	—	—	—	646	(2,172)	(7,247)	(8,773)
D5	Comprehensive income in 2021	—	—	—	—	—	7,205	(2,172)	(7,247)	(2,214)
I1	Convertible bonds converted to ordinary shares		68,933	15,274	—	—	—	—	—	84,207
M5	Difference between consideration and the carrying amount of subsidiaries acquired or disposed	—	—	—	—	—	(18)	—	—	(18)
Z1	Balance on December 31, 2021	620,725	68,933	126,669	34,604	—	7,187	(8,750)	(7,247)	842,121
B1	Legal reserve	—	—	—	719	—	(719)	—	—	—
B3	Special reserve	—	—	—	—	6,468	(6,468)	—	—	—
D1	Net income in 2022	—	—	—	—	—	219,838	—	—	219,838
D3	Other comprehensive income in 2022	—	—	—	—	—	1,577	8,026	(28,720)	(19,117)
D5	Comprehensive income in 2022	—	—	—	—	—	221,415	8,026	(28,720)	200,721
I1	Convertible bonds converted to ordinary shares	154,545	(66,641)	19,590	—	—	—	—	—	107,494
M5	Difference between consideration and the carrying amount of subsidiaries acquired or disposed	—	—	—	—	—	(10)	—	—	(10)
Z1	Balance on December 31, 2022	\$ 775,270	\$ 2,292	\$ 146,259	\$ 35,323	\$ 6,468	\$ 221,405	\$ (724)	\$ (35,967)	\$ 1,150,326

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

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	Description	2022	2021
		Amount	Amount
AAAA	Cash flows from (used in) operating activities		
A10000	Profit from continuing operations before tax	\$ 288,926	\$ 8,584
A20010	Adjustments:		
A20100	Depreciation expense	13,145	19,378
A20200	Amortization expense	1,633	2,227
A20400	Net profit on financial assets at fair value through profit or loss	(441)	1,001
A20900	Interest expense	940	2,666
A21200	Interest income	(2,306)	(267)
A22400	Share of profit or loss of associates & joint ventures accounted for using the equity method	9,537	21,975
A22500	Gain on disposal of property, plant and equipment	—	(471)
A22700	Gain on disposal of investment property	—	(7,071)
A23000	Gain on disposal of non-current assets held for sale	(70,168)	—
A23700	Impairment loss on non-financial assets	16,784	2,932
A23900	Unrealized gain(loss) on the transaction	5,843	(30,909)
A29900	Other adjustments to reconcile profit	—	(138)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	(7,165)	2,796
A31160	Accounts receivable - related parties	(238,996)	51,675
A31180	Other receivables	154	211
A31200	Inventories	(122,470)	(31,027)
A31240	Other current assets	2,548	121
A32125	Contract liability	2,285	(1,316)
A32130	Notes payable	(439)	(522)
A32150	Accounts payable	64,226	(15,774)
A32160	Accounts payable - related parties	20,092	1,629
A32180	Other payables	37,696	(9,093)
A32190	Other payables - related parties	(8)	(2,481)
A32230	Other current liabilities	1,239	(73)
A32240	Net defined benefit liabilities	(202)	(199)
A33000	Cash inflow generated from operations	22,853	15,854
A33100	Interest received	2,145	287
A33300	Interest paid	(367)	(1,696)
A33500	Income taxes paid	(2,234)	(201)
AAAA	Net cash flows from operating activities	\$ 22,397	\$ 14,244

(Continued)

UNIFORM INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan dollars)

Code	Description	2022	2021
		Amount	Amount
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ —	\$ (119,975)
B00050	Proceeds from disposal of financial assets at amortized cost - current	—	56,960
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	—	41,023
B01800	Acquisition of investments accounted for under the equity method	(20,900)	(20,000)
B02600	Proceeds from disposal of non-current assets held for sale	99,573	—
B02700	Acquisition of property, plant and equipment	(10,607)	(2,090)
B02800	Proceeds from disposal of property, plant and equipment	—	950
B03800	Decrease in guarantee deposits paid	—	796
B04500	Acquisition of intangible assets	(2,135)	(609)
B05500	Proceeds from disposal of investment properties	—	87,382
B07100	Increase in prepayment of equipment	(2,831)	(225)
BBBB	Net cash flows from investing activities	63,100	44,212
CCCC	Cash flows from (used in) financing activities		
C00200	Decrease in short-term borrowings	(30,000)	(120,000)
C01200	Proceeds from issuance of convertible bonds	—	223,147
C01700	Repayments of long-term borrowings	(2,573)	(51,036)
C03100	Decrease in guarantee deposits received	(21)	(480)
C04020	Payment of lease liabilities	—	(560)
CCCC	Net cash flows (used in) from financing activities	(32,594)	51,071
EEEE	Net increase in cash and cash equivalents	52,903	109,527
E00100	Cash and cash equivalents at beginning of year	255,744	146,217
E00200	Cash and cash equivalents at end of year	\$ 308,647	\$ 255,744

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

UNIFORM INDUSTRIAL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

1. HISTORY AND ORGANIZATION

UNIFORM INDUSTRIAL CORPORATION (“the Company”) was incorporated on October 6, 1983 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of its registered office and principal place of business is 1F., No.1, Ln. 15, Ziqiang St., Tucheng District, New Taipei City, Taiwan. The Company is primarily engaged in the manufacture, processing and sales of various card readers, check readers, point-of-sale terminal, pin-pad payment device and encrypted keypad reader.

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on September 19, 2001.

The parent company only financial statements are presented in the Thousands of New Taiwan Dollars.

2. AUTHORIZATION OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

These parent company only financial statements were authorized for issuance by the Board of Directors on March 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on Company accounting policies.

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

New Standards, Interpretations and Amendments	Effective Date
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.	

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

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

New Standards, Interpretations and Amendments	Effective Date (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.	
Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.	

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the its financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety. The levels of inputs are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the assets or liability.

(3) Foreign currencies

1) Foreign currency transactions

Foreign currency transactions are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, and in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations excluding foreign operations in hyperinflationary economies, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that is considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(5) Financial instruments

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

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

1) Financial assets

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

A. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss and amortized cost.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI.

ii. Financial assets at amortized costs

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Interest income 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 which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets.
- b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

iii. Investments in equity instruments at financial assets at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at financial assets at fair value through other comprehensive income. Designation as at financial assets at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-months ECLs.

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

The Company recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

C. Derecognition of financial assets

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

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Derecognition of an investment in an equity instrument at financial assets at fair value through other comprehensive income, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

B. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

(6) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. Variable production overheads are allocated based on direct labor hours. Then, the inventories are measured at the lower of cost and net realizable value (NRV). Cost of inventories that are assigned using weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. The net realizable value represents the estimated selling price in the ordinary course of business, less all estimated cost of completion and necessary selling expense.

(7) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries that are controlled by the Company is accounted for using the equity method. The book value of the investment in subsidiaries is included the goodwill of original investment and subtract accumulated impairment loss. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(8) Investment property

An investment property is a property held to earn rentals or for capital appreciation or for both, but not for sale in ordinary course of business or administrative purpose. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over each component of an item of property. Each significant item of property, plant and equipment shall be evaluated individually and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss. The land has an unlimited useful life and therefore is not depreciated. Buildings estimated useful life is 50 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

(9) Property, plant and equipment

1) Recognition and measurement

Item of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expense.

2) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

3) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

4) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Item of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative periods of significant items of property, plant and equipment are as follows:

	Useful lives
Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	3 years
Other equipment	3 years

(10) Intangible assets

Intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses. The estimated useful lives for the current and comparative periods are as follows:

	Useful lives
Software	1-5 years

The residual values, amortization periods and amortization methods for an intangible asset shall be reviewed at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(11) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

(12) Impairment of non-financial assets

1) Goodwill

Goodwill has been allocated is tested for impairment annually when there is an indication that the unit may be impaired by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

2) Tangible and intangible assets

The carrying amounts of the Company's non-financial assets, other than assets arising from inventories, deferred tax assets and assets arising from employee benefits are reviewed at each reporting date to determine whether there is any indication of impairment. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the assets or a CGU shall be reduced to its recoverable amount and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. If any such indication exists, the recoverable amount of that asset is estimated.

(13) Revenue

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

1) Revenue from the sale of goods

The Company shall recognize revenue when control of the products has transferred to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

2) Financial components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customers exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(14) Employee benefits

1) Short-term employee benefits

When an employee has rendered service during an accounting period, the Company shall recognize the undiscounted amount of short-term employee benefits. A liability is recognized for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2) Retirement benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurement of the net defined benefit liability (asset), which comprises (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling is recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(15) Taxation

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following:

- 1) Assets and liabilities that are initially recognized but are not related to the business combination and that affect neither net income nor taxable gains (losses) at the time of the transaction.

2) Temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

3) Initial recognition of goodwill

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1) The entity has the legally enforceable right to settle current tax assets and current tax liabilities on a net basis; and

2) The taxing of deferred tax assets and deferred tax liabilities fulfills one of the below scenarios:

A. levied by the same taxing authority; or

B. levied by difference taxing authorities, but where each such authority intends to settle tax assets and liabilities on a net basis every year of the period of expected realization or debt liquidation, or what the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carrying forward of unused tax losses, unused tax credits, and temporary deductible differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and temporary deductible differences can be utilized. Such unused tax losses, unused tax credits, and temporary deductible differences are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and temporary deductible differences can be utilized.

(16) Earning per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible corporate bonds and employee bonus and employee compensation.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

For the assumptions and estimation uncertainties, there were no significant risk resulting in a material adjustment within the next financial year is as below:

(1) Impairment of property, plant and equipment and intangible assets

Impairment of property, plant and equipment and intangible assets is evaluated based on the recoverable amount of assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

(2) Impairment of goodwill from investment in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. For the impairment of goodwill, please refer to consolidated financial statement Note 6(11).

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 240	\$ 230
Demand deposits	308,407	255,514
Total	<u>\$ 308,647</u>	<u>\$ 255,744</u>

Please refer to note 6(4) for the deposit with the original maturities more than three months of the Company on December 31, 2022 and 2021.

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

	December 31, 2022	December 31, 2021
Mandatorily at fair value through profit or loss		
Derivative financial assets (not under hedge accounting)		
Redemption rights of convertible bond	\$ 9	\$ 541
Non-derivative financial assets		
Trust beneficiary certificates	25,912	25,768
Total	<u>\$ 25,921</u>	<u>\$ 26,309</u>

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

	December 31, 2022	December 31, 2021
Unlisted shares	<u>\$ 84,008</u>	<u>\$ 112,728</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at financial assets at fair value through other comprehensive income. The Company did not provide any financial assets at fair value through other comprehensive income as collateral.

(4) Financial assets at amortized cost-current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with an original maturity of more than 3 months	\$ 23,000	\$ 23,000

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.85%~ 0.97% and 0.35%~0.41% per annum as of December 31, 2022 and 2021, respectively.

(5) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable		
At amortized cost		
Accounts receivable	\$ 14,283	\$ 7,118
Less: Loss allowance	(157)	(157)
Total	<u>\$ 14,126</u>	<u>\$ 6,961</u>

- 1) In principle, the payment term granted to customers is due 60 days. The Company applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. The recovered amount is recognized in profit or loss.

- 2) The loss allowance of trade receivables based on the Company's allowance matrix was as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Non-pass due	\$ 12,880	—	\$ —
1-30 days	1,403	11.19%	157
31-60 days	—	—	—
61-90 days	—	—	—
Over 90 days	—	—	—
	<u>\$ 14,283</u>		<u>\$ 157</u>

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Non-pass due	\$ 6,916	—	\$ —
1-30 days	75	40%	30
31-60 days	127	100%	127
61-90 days	—	—	—
Over 90 days	—	—	—
	<u>\$ 7,118</u>		<u>\$ 157</u>

- 3) The movement in the allowance for accounts receivable was as follows:

	2022	2021
Balance at January 1	\$ 157	\$ 844
Less: Amounts that are written off	—	(687)
Balance at December 31	<u>\$ 157</u>	<u>\$ 157</u>

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$ 212,666	\$ 141,363
Work in process	74,076	19,082
Finished goods	1,523	5,350
Total	<u>\$ 288,265</u>	<u>\$ 165,795</u>
Allowance to reduce inventory to the market	<u>\$ 50,708</u>	<u>\$ 49,045</u>

1) The details of the cost of goods sold were as follows:

	2022	2021
Cost of inventories sold	\$ 669,267	\$ 431,057
Write-down of inventories	25,328	14,167
Others	(2,053)	(137)
	<u>\$ 692,542</u>	<u>\$ 445,087</u>

2) As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral.

3) As of December 31, 2022, and 2021, the Company writes off allowance for inventory obsolescence was \$23,665 thousand and \$4,806 thousand, respectively.

(7) Non-current assets held for sale

	December 31, 2022	December 31, 2021
Property, plant and equipment held for sale	<u>\$ —</u>	<u>\$ 29,405</u>

On September 15, 2021, the board of directors of the Group approved the plan to sell part of the factory in Tucheng District, and signed a real estate sales contract with HON SHAN PRINTING CO., LTD. on December 30, 2021. The total contract price is \$100,000 thousand. The transfer procedure was completed in March 2022, and the contract price has been received. Please refer to Note 6 (23) for the profit and loss of disposal.

(8) Investments accounted for using the equity method

1) Investment in subsidiaries:

Subsidiaries	December 31, 2022		December 31, 2021	
	Book value	Ownership %	Book value	Ownership %
Uniform Industrial Corporation (UICU)	\$ 88,416	100	\$ 79,272	100
Newsline Holding Inc. (Newsline)	118	100	106	100
Riseup Investments Ltd. (Riseup)	57	100	51	100
UIC Group Holdings Ltd. (UIC Group)	834	100	834	100
NewPOS Technology Corporation (NewPOS)	18,358	99.95	28,761	99.92
Total	<u>\$ 107,783</u>		<u>\$ 109,024</u>	

A. For the information about the Company indirectly invest subsidiaries, please refer to Table 4.

B. The subsidiaries' financial report without auditing by accountant except for UICU and NewPOS; The Company management recognized financial reports without auditing by accountants will not have major adjustments.

C. The company conducts impairment tests on subsidiaries at the end of the annual financial reporting period to compare whether the book value of the investment is lower than the recoverable amount one by one. The calculation of value in use is based on the company's estimated cash flow of the subsidiary's financial forecast for the next 5 years as the estimation basis, and calculated at a discount rate of 5.69% and 6.35% in 2022 and 2021, respectively, to reflect the specific risks of the relevant cash-generating unit. The Company recognized impairment loss on non-financial assets \$16,784 thousand and \$2,932 thousand during 2022 and 2021, respectively.

(9) Property, plant and equipment

For the year ended December 31, 2022					
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
<u>Cost</u>					
Land	\$ 130,427	\$ —	\$ —	\$ —	\$ 130,427
Buildings	100,497	3,962	—	—	104,459
Machinery and equipment	24,736	820	—	—	25,556
Transportation equipment	800	6,000	—	—	6,800
Other equipment	29,504	—	—	—	29,504
Subtotal	285,964	10,782	—	—	296,746
<u>Accumulated depreciation</u>					
Buildings	93,472	2,849	—	—	96,321
Machinery and equipment	12,247	3,100	—	—	15,347
Transportation equipment	800	900	—	—	1,700
Other equipment	20,970	5,982	—	—	26,952
Subtotal	127,489	12,831	—	—	140,320
Net value	\$ 158,475	\$ (2,049)	\$ —	\$ —	\$ 156,426
For the year ended December 31, 2021					
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Balance at December 31, 2021
<u>Cost</u>					
Land	\$ 158,203	\$ —	\$ —	\$ (27,776)	\$ 130,427
Buildings	121,522	980	(539)	(21,466)	100,497
Machinery and equipment	24,642	94	—	—	24,736
Transportation equipment	2,900	—	(2,100)	—	800
Other equipment	32,031	2,041	(4,568)	—	29,504
Subtotal	339,298	3,115	(7,207)	(49,242)	285,964
<u>Accumulated depreciation</u>					
Buildings	109,200	4,648	(539)	(19,837)	93,472
Machinery and equipment	9,184	3,063	—	—	12,247
Transportation equipment	1,847	586	(1,633)	—	800
Other equipment	15,700	9,826	(4,556)	—	20,970
Subtotal	135,931	18,123	(6,728)	(19,837)	127,489
Net value	\$ 203,367	\$ (15,008)	\$ (479)	\$ (29,405)	\$ 158,475

- 1) The Company of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

	Useful lives
Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	3 years
Other equipment	3 years

- 2) As of December 31, 2022 and 2021, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(10) Investment property

For the year ended December 31, 2022					
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
<u>Cost</u>					
Land	\$ 8,751	\$ —	\$ —	\$ —	\$ 8,751
Buildings	16,002	—	—	—	16,002
Subtotal	24,753	—	—	—	24,753
<u>Accumulated depreciation</u>					
Buildings	7,504	314	—	—	7,818
Net value	\$ 17,249	\$ (314)	\$ —	\$ —	\$ 16,935

For the year ended December 31, 2021					
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Balance at December 31, 2021
<u>Cost</u>					
Land	\$ 78,492	\$ —	\$ (69,741)	\$ —	\$ 8,751
Buildings	30,921	—	(14,919)	—	16,002
Subtotal	109,413	—	(84,660)	—	24,753
<u>Accumulated depreciation</u>					
Buildings	11,164	689	(4,349)	—	7,504
Net value	\$ 98,249	\$ (689)	\$ (80,311)	\$ —	\$ 17,249

- 1) The maturity analysis of lease payments receivable under operating lease payments was as follows.

	December 31, 2022	December 31, 2021
Year 1	\$ 876	\$ 876
Year 2	876	219
Year 3	219	—
Total	<u>\$ 1,971</u>	<u>\$ 1,095</u>

2) The fair value of the investment property which is based on the latest market price of similar investment property in the same area.

3) As of December 31, 2022 and 2021, the investment property held by the Company were pledged as collateral, please refer to Note 8.

(11) Intangible assets

For the year ended December 31, 2022					
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
<u>Cost</u>					
Software	\$ 5,457	\$ 2,135	\$ (69)	\$ —	\$ 7,523
<u>Accumulated amortization</u>					
Software	4,329	1,633	(69)	—	5,893
Net value	<u>\$ 1,128</u>	<u>\$ 502</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,630</u>
For the year ended December 31, 2021					
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Balance at December 31, 2021
<u>Cost</u>					
Software	\$ 7,321	\$ 609	\$ (2,473)	\$ —	\$ 5,457
<u>Accumulated amortization</u>					
Software	4,575	2,227	(2,473)	—	4,329
Net value	<u>\$ 2,746</u>	<u>\$ (1,618)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,128</u>

(12) Short-term borrowings

	December 31, 2022	December 31, 2021
Bank loans		
Secured loans	<u>\$ —</u>	<u>\$ 30,000</u>
Range of interest rates	<u>—</u>	<u>1.08%</u>

For the collateral for short-term borrowings, please refer to note 8.

(13) Long-term borrowings

	Loan period	December 31, 2022	December 31, 2021
<u>Secured loans</u>			
CHB	From 10/2018 to 09/2025	\$ 7,284	\$ 9,857
Subtotal		7,284	9,857
Less: current portion		(2,605)	(2,583)
Long-term borrowings		\$ 4,679	\$ 7,274
Range of interest rates		1.77%~1.895%	1.27%

For the collateral for long-term borrowings, please refer to Note 8.

(14) Bonds payable

	December 31, 2022	December 31, 2021
The second domestic secured convertible bonds	\$ 1,570	\$ 109,293

The conditions for the issuance of the second domestic secured convertible bonds of the Company are as follows:

1)The company issued secured 3-year convertible bonds at July 12, 2021. The issuance period was from July 12, 2021, to July 12, 2024. The face value of this bond is 100 thousand each, 2,000 units, amounted to 200,000 thousand, coupon rate is 0%, and was issued at 114.15% of the face value. The convertible bonds shall be repaid at face value in cash in one lump sum upon maturity.

2)Conversion right of bondholders

Except for the period of suspension of transfer according to regulations or laws, the bondholders will have the right to convert their bonds at any time during the conversion period which starts from the next day since the convertible bonds have been issued for three months (October 13, 2021) until the maturity date (July 12, 2024).The rights and obligations of ordinary shares after conversion are the same as those of ordinary shares that were originally issued.The conversion price of the converted bonds is 12.65 per share.Afterwards, it will be adjusted according to the conversion price adjustment formula.

3) Put-back rights of bondholders

Two years after the issuance of the above-mentioned convertible bonds (July 12, 2023) is the base date for holders sold back the above-mentioned convertible bonds in advance. Bondholders may follow the measures set by the company exercising the put-back right, requiring the company to redeem the bonds held by the company at the bond face value plus interest compensation (100.20% of the bond face value after two years (real yield 0.1%)).

4) Redeem the bonds right of the company

A. The conversion of the bonds from the next day of three months from the issuance of the convertible bonds (October 13, 2021) to the forty days before the expiry of the issuance period (June 2, 2024), if the closing price of the Company's ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive). In case, the company may redeem the outstanding bonds in cash at the bond face value according to the regulations.

B. The conversion of the bonds from the next day of three months from the issuance of the convertible bonds (October 13, 2021) to the forty days before the expiry of the issuance period (June 2, 2024), if the outstanding balance of the bonds is less than 10% of the original issued total, the company may recover the outstanding bonds in cash at the bond face value according to the regulations.

5) The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share warrants. The effective interest rate of the liability component was 1.248% per annum on initial recognition.

	Amount
Proceeds from issuance (less transaction costs of \$5,151 thousand)	\$ 223,147
Equity component (less transaction costs allocated to the equity component of \$707 thousand)	(30,651)
Derivatives of redemption and putback rights (accounted as financial assets at fair value through profit or loss - current) and apportionment of transaction costs recognized in profit or loss	160
Liability component at the date of issue (less transaction costs allocated to the liability component of \$4,444 thousand)	192,656
Interest charged at an effective interest rate of 1.248%	1,032
Convertible bonds converted into ordinary shares	(84,395)
Liability component at December 31, 2021	\$ 109,293
Interest charged at an effective interest rate of 1.248%	600
Convertible bonds converted into ordinary shares	(108,323)
Liability component at December 31, 2022	\$ 1,570

(15) Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable		
Operating	\$ 108,217	\$ 43,991

(16) Other payables

	December 31, 2022	December 31, 2021
Payable for salaries and bonuses	\$ 37,283	\$ 23,260
Payable for employee' compensation	20,000	452
Payable for remuneration of directors	5,000	780
Payable for insurance	2,393	2,101
Others	8,133	8,547
Total	\$ 72,809	\$ 35,140

(17) Retirement benefit plans

1) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages. The Company recognized retirement costs were \$7,412 thousand and \$7,477 thousand in 2022 and 2021.

2) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

	December 31, 2022	December 31, 2021
The present value of the defined benefit obligation	\$ 8,923	\$ 10,434
The fair value of plan assets	(5,710)	(5,048)
Net defined benefit liabilities	\$ 3,213	\$ 5,386

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of totally monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment policy and strategy.

A. Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance

amounted to \$5,710 thousand and \$5,048 thousand at the end of December 31, 2022 and 2021. For information on the utilization of the labor pension fund assets, including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

B. Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations for the Company in 2022 and 2021 was as follows:

	2022	2021
Defined benefit obligations at January 1	\$ 10,434	\$ 11,112
Current service costs and interest cost	79	83
Remeasurement on the net defined benefit liabilities		
Actuarial loss - changes in financial assumptions	(2,015)	326
Actuarial loss - experience adjustments	425	(1,087)
Defined benefit obligations at December 31	\$ 8,923	\$ 10,434

C. The fair value of the plan assets

The movements in the fair value of the plan assets for the Company in 2022 and 2021 were as follows:

	2022	2021
The fair value of plan assets at January 1	\$ 5,048	\$ 4,720
Interest income	39	36
Remeasurement on the net defined benefit liabilities (assets)		
Return on plan assets excluding interest income	381	46
Contributions made	242	246
The fair value of plan assets at December 31	\$ 5,710	\$ 5,048

D. Changes in the effect of the asset ceiling

In 2022 and 2021, there was no effect of the asset ceiling.

E. Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company in 2022 and 2021 were as follows:

	2022	2021
Net interest of net liabilities for defined benefits obligations	\$ 40	\$ 47
Operating costs	\$ 19	\$ 22
Selling and marketing expenses	8	9
General and administrative expenses	3	3
Research and development expenses	10	13
	\$ 40	\$ 47

F. Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

	2022	2021
The accumulated amount at January 1	\$ (6,966)	\$ (7,773)
Recognized during the period	1,971	807
The accumulated amount at December 31	\$ (4,995)	\$ (6,966)

G. Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	2.000%	0.750%
Future salary increases rate	3.000%	3.000%

The Company expects to make a contribution of \$243 thousand to the defined benefit plans in the year following December 31, 2022.

The weighted-average duration of the defined benefit plan range is 15.69 years.

H. Sensitivity assumptions

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% Increase	\$ (352)	\$ (443)
0.25% Decrease	\$ 368	\$ 464
Future salary change		
0.25% Increase	\$ 358	\$ 448
0.25% Decrease	\$ (345)	\$ (429)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(18) Equity

1) Capital

	December 31, 2022	December 31, 2021
Number of stocks authorized (in thousands)	100,000	100,000
Stocks authorized	\$ 1,000,000	\$ 1,000,000
Stocks issued (in thousands)	77,527	62,073
Stocks issued	\$ 775,270	\$ 620,725
Certificate of Entitlement to New Shares from Convertible Bond (in thousands)	229	6,893
Certificate of Entitlement to New Shares from Convertible Bond	\$ 2,292	\$ 68,933

A.The company's secured convertible bonds holders exercise the conversion right to convert common shares. Due to the registration procedure has not been completed as of the balance sheet date, it is included in the bond conversion rights certificate.

B.The par value of issued common stock is \$10 (dollars) per share, and each share with one vote and a right to dividend.

2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be able to be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Additional paid-in capital arising from common stock	\$ 8,138	\$ 8,138
Additional paid-in capital arising from bond conversion	136,960	100,328
Gain on disposals of assets	916	916
<u>May not be used for any purpose</u>		
Share warrants	245	17,287
Total	<u>\$ 146,259</u>	<u>\$ 126,669</u>

In accordance with the Company Act, realized capital reserves could only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the offering and Insurance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10 % of the actual share capital amount.

3) Retained earnings and dividend policy

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior year's deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholder's meeting for approval.

The Company shall take into consideration its operating environment, industry developments, and the future capital needs and long-term financial plan, and the Company distributed earning more than 20% and less than 80% to withdraw share dividends. However, the accumulated distributed earning is less than 5% of capital, which is not qualified for earnings distribution; therefore, the Company should distribute the undistributed earnings in the form of shares or in cash. The cash dividends shall not be less than 10% of the total dividends. However, the cash dividend of value less than 0.5 dollars should be distributed by shares.

The appropriation of earnings for 2021 and 2020 had been proposed by the Company's board of directors on June 8, 2022 and July 7, 2021.

4) Special reserve

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items (Exchange differences on translating the financial statements of foreign operations, financial assets at fair value through other comprehensive income, gain (losses) on the effective portion of cash flow hedges, excluding treasury stock) at the end of the financial reporting period before distributing earnings. When the debit balance on other equity items is reserved subsequently, the reserved amount could be included in the distributable earnings.

(19) Earnings per share

1) Basic earnings per share

The calculation of basic earnings per share and the weighted average number of ordinary shares were as follows:

	2022	2021
Profit of the Company for the year (in thousands)	\$ 219,838	\$ 6,559
Weighted-average number of ordinary shares (thousand shares)	73,711	62,367
Basic earnings per share (dollars)	\$ 2.98	\$ 0.11

2) Diluted earnings per share

The calculation of diluted earnings per share and the weighted average number of ordinary shares were as follows:

	2022	2021
Profit of the Company for the year (in thousands)	\$ 219,838	\$ 6,559
Effect of potentially dilutive ordinary shares	242	170
Profit attributable to ordinary shareholders of the parent (in thousands)	\$ 220,080	\$ 6,729
The weighted average number of ordinary shares (thousand shares)	73,711	62,367
Effect of all dilutive potential ordinary shares:		
Convertible bonds (thousand shares)	126	1,930
Employee share options (thousand shares)	840	26
The weighted average number of ordinary shares in computation of diluted earnings per share (thousand shares)	74,677	64,323
Diluted earnings per share (dollars)	\$ 2.95	\$ 0.10

Since the Company offered to settle the compensation or bonuses paid to employees in cash or stocks, the Company assumed the entire amount of the compensation or bonus would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect dilutive. Such a dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

(20) Revenue from contracts

	2022	2021
Revenue from the sale of goods	\$ 1,083,100	\$ 633,792
1) Contact balances		
A. Accounts receivable		
	December 31, 2022	December 31, 2021
Accounts receivable	\$ 388,235	\$ 142,074
Less: Loss allowance	(157)	(157)
Total	\$ 388,078	\$ 141,917
B. Contract liability		
	December 31, 2022	December 31, 2021
Advance sale receipts	\$ 2,914	\$ 629
2) Details of revenue		
	2022	2021
Primary geographical markets:		
Asia	\$ 47,021	\$ 49,647
Americas	984,108	548,819
Europe	49,777	32,803
Oceania	630	758
Others	1,564	1,765
Total	\$ 1,083,100	\$ 633,792
Main products:		
Card reader	\$ 840,756	\$ 535,222
Card reader & writer	1,740	2,053
Check reader	11,343	15,994
POS system	96	208
Personal password recognizer	5,270	13,906
Decoding IC	114,433	18,844
Other	109,462	47,565
Total	\$ 1,083,100	\$ 633,792

(21) Interest income

	2022	2021
Bank Deposits	\$ 2,305	\$ 262
Other	1	5
Total	<u>\$ 2,306</u>	<u>\$ 267</u>

(22) Other income

	2022	2021
Rent income	\$ 662	\$ 1,853
Other income	275	382
Total	<u>\$ 937</u>	<u>\$ 2,235</u>

(23) Other gains and losses

	2022	2021
Foreign exchange gains (losses)	\$ 31,641	\$ (7,018)
Gain on financial assets at fair value through profit or loss	441	(1,001)
Gain on disposal of non-current assets held for sale	70,168	—
Gain on disposal of property, plant and equipment	—	471
Gain on disposal of investment property	—	7,071
Lease modification gain	—	138
Impairment loss on non-financial assets	(16,784)	(2,932)
Total	<u>\$ 85,466</u>	<u>\$ (3,271)</u>

(24) Finance costs

	2022	2021
Interest on bank borrowing	\$ (340)	\$ (1,621)
Interest on convertible bonds	(600)	(1,032)
Interest on lease liabilities	—	(13)
	<u>\$ (940)</u>	<u>\$ (2,666)</u>

(25) Compensation of employees and remuneration of directors

In accordance the Company's Articles of Incorporation, annual earning shall first be offset against any deficit, then, a minimum of 5% shall be allocated as employee compensation, and a maximum of 5% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee compensation, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

The compensation of employees and the remuneration of directors for 2022 and 2021 are as follows:

	2022	2021
Compensation of employees	\$ 20,000	\$ 452
Remuneration of directors	4,220	—
Total	<u>\$ 24,220</u>	<u>\$ 452</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

There is no profit in 2020, so there is no actual distribution of compensation of employees and remuneration of directors.

Information about the appropriation of employee's compensation and remuneration of directors by the Company as approved by the Board of Directors is posted in the Market Observation Post System website of the Taiwan Stock Exchange.

(26) Income taxes

1) Major components of tax expense recognized in profit or loss:

	2022	2021
Current tax expense		
Current period	\$ 24,890	\$ 183
Adjustment for prior periods	—	18
Deferred tax expense		
Current period	44,027	(2,038)
Adjustment for prior periods	171	3,862
Total	<u>\$ 69,088</u>	<u>\$ 2,025</u>

2) A reconciliation of accounting profit and income tax expenses was as follows:

	2022	2021
Income tax expense calculated at the statutory rate	\$ 57,785	\$ 1,717
Nondeductible expenses in determining taxable income	(429)	1,270
Tax - exempt income	(11,862)	(2,140)
Domestic investment gain(loss) using the equity method	6,258	(24,786)
Adjustment in respect of current income tax of prior periods	—	18
Adjustment in respect of deferred tax of prior periods	171	3,862
Land value increment tax	2,200	183
Unrecognized temporary differences	36,684	17
Unrecognized loss carrying forwards	(22,167)	22,168
Other	448	(284)
Income tax recognized in profit or loss	<u>\$ 69,088</u>	<u>\$ 2,025</u>

3) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Current period		
Exchange differences on translating the financial statements of foreign operations	\$ 2,007	\$ (543)
Remeasurements of defined benefit plan	394	161
Total	<u>\$ 2,401</u>	<u>\$ (382)</u>

4) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	<u>\$ —</u>	<u>\$ 141</u>
Current tax liabilities		
Income tax payable	<u>\$ 22,515</u>	<u>\$ —</u>

5) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	2022			
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2022
<u>Deferred tax assets</u>				
Temporary differences				
Inventory loss from the falling price	\$ 9,808	\$ 333	\$ —	\$ 10,141
Unrealized gain on inter-affiliate accounts	2,117	1,227	—	3,344
Exchange differences on translating the financial statements of foreign operations	2,188	—	(2,007)	181
Payable for annual leave	1,306	240	—	1,546
Unrealized exchange losses	370	644	—	1,014
Net operating loss carryforwards	8,417	(8,417)	—	—
Defined benefit pension plans	1,078	(42)	(394)	642
Investments accounted for using the equity method	36,688	(36,665)	—	23
Other	301	—	—	301
	<u>\$ 62,273</u>	<u>\$ (42,680)</u>	<u>\$ (2,401)</u>	<u>\$ 17,192</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ (14,250)	\$ (1,518)	\$ —	\$ (15,768)

2021				
	Balance at January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance at December 31, 2021
<u>Deferred tax assets</u>				
Temporary differences				
Inventory loss from the falling price	\$ 7,936	\$ 1,872	\$ —	\$ 9,808
Unrealized gain on inter-affiliate accounts	8,608	(6,491)	—	2,117
Exchange differences on translating the financial statements of foreign operations	1,645	—	543	2,188
Payable for annual leave	1,306	—	—	1,306
Unrealized exchange losses	1,616	(1,246)	—	370
Net operating loss carryforwards	2,286	6,131	—	8,417
Defined benefit pension plans	1,279	(40)	(161)	1,078
Investments accounted for using the equity method	36,688	—	—	36,688
Other	4,131	(3,830)	—	301
	<u>\$ 65,495</u>	<u>\$ (3,604)</u>	<u>\$ 382</u>	<u>\$ 62,273</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ (16,030)	\$ 1,780	\$ —	\$ (14,250)

6) Unrecognized deferred tax assets:

	December 31, 2022	December 31, 2021
Operating loss carryforwards	\$ —	\$ 110,838
Deductible temporary differences	330,074	146,653
Total	<u>\$ 330,074</u>	<u>\$ 257,491</u>

7) Assessment of tax

The Company tax returns for the years through 2020 were assessed by Taipei National Tax Administration.

(27) Additional information of expense by nature

The Company of employee benefit expenses, depreciation and amortization as of December 31, 2022 were as follow:

	2022			2021		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expenses						
Salary and bonus	\$ 62,647	\$ 112,117	\$ 174,764	\$ 41,781	\$ 108,630	\$ 150,411
Labor and Health Insurance	5,507	8,276	13,783	4,638	8,989	13,627
Pension	2,604	4,848	7,452	2,240	5,284	7,524
Directors' remuneration	—	5,000	5,000	—	550	550
Other employees benefit expenses	2,812	3,908	6,720	2,364	3,376	5,740
Depreciation	8,471	4,360	12,831	11,546	7,143	18,689
Amortization	—	1,633	1,633	—	2,227	2,227

- 1) As of December 31, 2022, and 2021, the Company had 196 and 198 employees. Furthermore, non-employees directors both are 6.
- 2) Companies whose stocks are listed on the Taiwan Stock Exchange or listed on the Taipei Exchange should disclose the following information:
 - A. The average employee benefit expenses for the years ended December 31, 2022 and 2021 were \$1,067 thousand and \$923 thousand, respectively.
 - B. The average employee salary expenses for the years ended December 31, 2022 and 2021 were \$920 thousand and \$783 thousand, respectively.
 - C. The change in adjustments of average employee salary expense was 17%.
 - D. The remuneration of directors is based on their participation in the company's operations, performance evaluation and contribution value, and in accordance with the company's "Directors and Supervisors Performance Evaluation Method." At the end of each year, the measurement items evaluated in the method include: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, and internal control. After the comprehensive evaluation, it shall be submitted to the Remuneration Committee for resolution.

Manager's remuneration is based on the company's "Managers' Performance Evaluation Measures", with reference to the usual level of the same industry, and pays salaries and bonuses in consideration of their performance and the achievement of company goals. At the same time, when the company has a surplus in the company's annual final accounts, in accordance with the company's articles of association, the company considered the individual's annual work performance and determined the allotment amount of its employees' compensation.

Employee remuneration is handled in accordance with the company's "Employee Salary Management Measures" and is based on job responsibilities, professional skills and performance.

- 3) For the years ended December 31, 2022, and 2021, the investment property depreciation recognized \$314 thousand and \$689 thousand, respectively, which classified other revenue and expense – deduction of other revenue.

(28) Financial instruments

1) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Cash and cash equivalents	\$ 308,647	\$ 255,744
Financial assets at fair value through profit or loss-current	25,921	26,309
Financial assets at amortized cost	23,000	23,000
Accounts receivable (including related parties)	388,078	141,917
Other receivables	250	243
Financial assets at fair value through other comprehensive income	84,008	112,728
Guarantee deposits paid	1,113	1,113
Total	<u>\$ 831,017</u>	<u>\$ 561,054</u>

	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
Short-term borrowings	\$ —	\$ 30,000
Notes payable	437	876
Accounts payable (including related parties)	136,368	52,050
Other payables	6,763	7,244
Long term borrowing (including current portion of long-term borrowing)	7,284	9,857
Bonds payable	1,570	109,293
Guarantee deposit received	146	167
Total	<u>\$ 152,568</u>	<u>\$ 209,487</u>

2) The fair value of financial instruments

A. The fair value of financial instruments that are not measured at fair value

i. Except those listed in the table below, the Company's management considers that the carrying amounts of loans and receivables (including cash and cash equivalents, financial assets at amortized cost - current, note and accounts receivable, other receivable, refundable deposit and other financial assets - current) and financial liabilities at amortized cost (including long-term and short-term borrowing, note and accounts payable, other payable, guarantee deposit and other financial assets - current) in the financial statements that are not measured at fair value approximate their fair values.

	December 31, 2022				
	Carrying	Fair Value			
Item	Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>					
Convertible bonds	\$ 1,570	\$ —	\$ 1,567	\$ —	\$ 1,567

Item	December 31, 2021				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>					
Convertible bonds	\$109,293	\$ —	\$111,345	\$ —	\$111,345

ii.Valuation techniques and inputs applied for Level 2 fair value measurement

For the secured convertible corporate bonds issued by the Company, the fair value evaluation is based on the reference interest rate of the corporate bonds announced by the Taipei Exchange, the reference interest rate is selected according to the credit rating and duration, and the evaluation interest rate is calculated by interpolation method, and then estimate the price of hundred.

B. The fair value of financial instruments that are measured at fair value on a recurring basis

i Fair value hierarchy

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets				
Convertible bond redemption right	\$ —	\$ —	\$ 9	\$ 9
Non-derivative financial assets				
Trust beneficiary certificates	56,622	—	—	56,622
<u>Financial assets at FVTOCI</u>				
Unlisted shares	—	—	84,008	84,008
	<u>\$ 56,622</u>	<u>\$ —</u>	<u>\$ 84,017</u>	<u>\$ 140,639</u>

		December 31, 2021			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>					
Derivative financial assets					
Convertible bond redemption right	\$	—	\$	—	\$ 541
Non-derivative financial assets					
Trust beneficiary certificates		25,768	—	—	25,768
<u>Financial assets at FVTOCI</u>					
Unlisted shares		—	—	112,728	112,728
	\$	25,768	\$	—	\$ 113,269
					\$ 139,037

ii There were no transfers between Level 1 and 2 in 2022 and 2021.

iii Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured by the third level fair value of the Company are financial assets at fair value through profit or loss and investments in equity instruments at financial assets at fair value through other comprehensive income. The adjustment in 2022 and 2021 is as follows:

		2022	
		Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets		Derivatives	Equity Instruments
Balance at January 1, 2022	\$	541	\$ 112,728
Recognized in profit or loss		297	—
Recognized in other comprehensive income		—	(28,720)
Convert common stock		(829)	—
Balance at December 31, 2022	\$	9	\$ 84,008
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	\$	297	

Financial Assets	2021	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Derivatives	Equity Instruments
Balance at January 1, 2021	\$ —	\$ —
Additions	160	119,975
Recognized in profit or loss	569	—
Recognized in other comprehensive income	—	(7,247)
Convert common stock	(188)	—
Balance at December 31, 2021	\$ 541	\$ 112,728
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	\$ 569	

iv Valuation techniques and inputs applied for Level 3 fair value measurement

a. Convertible bond redemption right

The fair values of redemption right of the convertible bonds are determined using the binary tree convertible bond evaluation model where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. At December 31, 2022 and 2021, the volatility rate used were 63.52% and 50.90%, respectively.

b. Unlisted shares

Domestic unlisted shares, the fair value is mainly estimated by the market method.

The market method is based on the transaction price of comparable targets, considers the difference between the evaluation target and comparable targets, and estimates the value of the evaluation target with an appropriate multiplier. The unobservable input values used by the Group on December 31, 2022 and 2021 were liquidity discounts of 32.62% and 33.32% ,respectively.

3) Financial risk management objectives

The Company are exposed to the credit risks, liquidity risk and market risk (currency risk, interest rate risk and other price risks) due to its operating activities. This note presents information about the Company's exposure to each of the above risks and the objectives, policies, and processes for measuring and managing risk. Please refer to other related notes for quantitative information.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's supervisor is assisted in its oversight role by the Internal Audit. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arises principally from the Company's cash and cash equivalents, trust beneficiary certificates and receivables from customers. The Company's maximum exposure to credit risk which is financial assets book value was as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Maximum exposure to credit risk amount	<u>\$ 831,017</u>	<u>\$ 561,054</u>

The Company bank deposits and trust beneficiary certificate were in financial institutions with good credit and believed that will not have any significant credit risk.

The Company's subsidiaries Uniform Industrial Corporation (U.S.A) (UICU) that selling to America. As of December 31, 2022 and 2021, accounts receivable was mainly concentrated on UICU which was 96.36% and 95.08%. The Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize credit risk.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's finance department shall monitor and forecast the Company's liquidity needs, ensure sufficient funds to meet operational needs. As of December 31, 2022 and 2021, the financial limit was \$212,716 thousand and \$215,144 thousand.

The table below summarizes the maturity profile of the Company's financial liabilities based on undiscounted contractual payment:

	December 31, 2022					
	Carrying Amount	Contractual cash flow	Within 6 months	Over 6 months to 12 months	Over 1 year to 2 years	More than 2 years
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 437	\$ 437	\$ 437	\$ —	\$ —	\$ —
Accounts payable (including related parties)	136,368	136,368	136,368	—	—	—
Other payables (including related parties)	6,763	6,763	6,763	—	—	—
Long-term borrowings (including current portion of long-term borrowing)	7,284	7,480	1,360	1,360	2,720	2,040
Bonds payable	1,570	1,600	—	—	1,600	—
Guarantee deposits received	146	146	—	—	—	146
Total	<u>\$ 152,568</u>	<u>\$ 152,794</u>	<u>\$ 144,928</u>	<u>\$ 1,360</u>	<u>\$ 4,320</u>	<u>\$ 2,186</u>

	December 31, 2021					
	Carrying Amount	Contractual cash flow	Within 6 months	Over 6 months to 12 months	Over 1 year to 2 years	More than 2 years
<u>Non-derivative financial liabilities</u>						
Short-term borrowings	\$ 30,000	\$ 30,012	\$ 30,012	\$ —	\$ —	\$ —
Notes payable	876	876	876	—	—	—
Accounts payable (including related parties)	52,050	52,050	52,050	—	—	—
Other payables (including related parties)	7,244	7,244	7,244	—	—	—
Long-term borrowings (including current portion of long-term borrowing)	9,857	10,097	1,346	1,346	2,693	4,712
Bonds payable	109,293	112,800	—	—	112,800	—
Guarantee deposits received	167	167	—	—	167	—
Total	<u>\$ 209,487</u>	<u>\$ 213,246</u>	<u>\$ 91,528</u>	<u>\$ 1,346</u>	<u>\$ 115,660</u>	<u>\$ 4,712</u>

The Company did not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

i. Currency risk and sensitivity analysis

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities.

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and payable, other receivable and payable. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities were as follows:

December 31, 2022					
	Foreign currency	Exchange rate	NTD	Extent of variation	Effect on profit or loss (before income tax)
<u>Financial assets</u>					
USD	\$ 20,495	30.71	\$ 629,394	1%	\$ 6,294
<u>Financial liabilities</u>					
USD	1,878	30.71	57,682	1%	577
December 31, 2021					
	Foreign currency	Exchange rate	NTD	Extent of variation	Effect on profit or loss (before income tax)
<u>Financial assets</u>					
USD	\$ 12,239	27.68	\$ 338,775	1%	\$ 3,388
<u>Financial liabilities</u>					
USD	881	27.68	24,386	1%	244

ii. Interest rate risk

The sensitivity analyses below have been determined on the basis of the exposure to interest rates for long-term and short-term borrowing at balance sheet dates. For floating rate liabilities, the analysis is prepared to assume the amount of the liability outstanding at the balance sheet dates outstanding for the entire period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$73 thousand and \$399 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on bank loans.

iii. Other market price risk

- i) The Company held open-end funds that the main investment targets were bond and money market funds (classified financial assets at fair value through profit or loss). The Company anticipates that there is no significant market risk related to the funds.

ii) The Company invests in equity instruments issued by domestic companies (accounted for Financial assets at fair value through other comprehensive income – non-current), and the price of these equity instruments will be affected by the uncertainty of the future value of the investment target.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$4,200 thousand and \$5,636 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

(29) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Company uses the liability-to-equity ratio to manage capital.

The Company's liability-to-equity ratio was as follow:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 273,509	\$ 266,902
Total equity	\$ 1,150,326	\$ 842,121
Liability-to-equity ratio	23.78%	31.69%

The Company's unaltered capital management in 2022.

7. RELATED-PARTY TRANSACTION

Uniform Industrial Corporation is both the parent company and the ultimate controlling party of the Group.

(1) Names and relationship with related parties:

Name of related party	Relationship with the Company
Uniform Industrial Corporation (UICU)	Subsidiary
Newsline Holding Inc. (Newsline)	Subsidiary
Riseup Investments Ltd. (Riseup)	Subsidiary
UIC Group Holdings Ltd. (UIC Group)	Subsidiary
NewPOS Technology Corporation (NewPOS)	Subsidiary

(2) Operating revenue:

	2022	2021
Subsidiaries — UICU	\$ 982,728	\$ 548,113
Subsidiaries — NewPOS	99	88
Total	\$ 982,827	\$ 548,201

The collection terms for the sales to related parties are 30 to 90 days that are not significantly different from those third-party customers. The selling price is considered by the promotion of products and subsidiaries market competitions.

(3) Purchases:

	2022	2021
Subsidiaries — UICU	\$ 168,972	\$ 50,344

The Company purchase at the cost of the above subsidiaries. The transaction terms were not significantly different from those with third parties.

(4) Receivables – related parties

	December 31, 2022	December 31, 2021
Accounts receivable		
Subsidiaries — UICU	\$ 373,952	\$ 134,934
Subsidiaries — NewPOS	—	22
Total	\$ 373,952	\$ 134,956

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

(5) Payables – related parties

	December 31, 2022	December 31, 2021
Accounts payable		
Subsidiaries – UICU	\$ 28,151	\$ 8,059
Other payables		
Subsidiaries – NewPOS	\$ 73	\$ 81

(6) Compensation of key management personnel:

	2022	2021
Short-term employee benefits	\$ 12,356	\$ 7,418

(7) Other transaction

	2022	2021
Operating expenses		
Subsidiaries – UICU	\$ —	\$ 98
Subsidiaries – NewPOS	1,852	459
	\$ 1,852	\$ 557

8. PLEDGED ASSETS

The carrying values of pledge assets were as follows:

Pledge assets	Object	Book value	
		December 31, 2022	December 31, 2021
Property, plant and equipment - land	Short-term and long-term guarantee borrowing	\$ 130,427	\$ 130,427
Property, plant and equipment - property	Short-term and long-term guarantee borrowing	8,139	6,671
Pledge deposits (classified as a guarantee deposit paid)	Customs guarantee deposits	600	600
Non-current assets held for sale	Short-term and long-term guarantee borrowing	—	29,405
Investment property - land	Short-term and long-term guarantee borrowing	8,751	8,751
Investment property - buildings	Short-term and long-term guarantee borrowing	8,184	8,498
Total		\$ 156,101	\$ 184,352

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED

COMMITMENTS: None;

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for UIC: (2) Information on investees

1) Financings provided to other parties: None;

2) Endorsement and guarantee provided to other parties: None;

3) Marketable securities held at the reporting date: Please refer to table 1 attached;

4) Marketable securities for which accumulated purchase or sale amount exceed NT\$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate exceeds NT\$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate exceeds NT\$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties which exceed NT\$100 million or 20% of the paid-in capital: Please refer to table 2 attached;

8) Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital: Please refer to table 3 attached;

9) Transactions about derivative instruments: None;

10) Information of investee companies: Please refer to table 4 attached;

(3) Information on investments in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, the share of profits/losses of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please refer to table 5 attached;

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None;

(4) Information of main shareholders

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to table 6 attached.

14. OPERATING SEGMENT INFORMATION

Please refer to the consolidated financial statements in 2022.

UNIFORM INDUSTRIAL CORPORATION
HOLDING OF MARKETABLE SECURITIES
DECEMBER 31, 2022

Table 1

(In Thousands of New Taiwan dollars, unless stated otherwise)

Investor	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2022				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Uniform Industrial Corporation	Capital Money Market Fund	—	Financial assets at fair value through profit or loss	1,136,263	\$ 18,618	—	\$ 18,618	—
//	Allianz Global Investors Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss	572,762	7,294	—	7,294	—
//	GOGOLOOK CO., LTD. stock	—	Financial assets at fair value through other comprehensive income	1,183,212	84,008	3.8293%	84,008	—

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note2: The column is left blank if the issuer of marketable securities is a non-related party.

UNIFORM INDUSTRIAL CORPORATION
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT100 MILLION OR 20% OF PAID-IN
CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

(In Thousands of New Taiwan dollars)

Purchaser	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivables (payable)		Note 2
			Purchases (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Uniform Industrial Corporation	Uniform Industrial Corporation (USA)	Subsidiary	Sales	\$ 982,728	91%	30-90 days	Same	Same	373,952	96%	—
"	"	"	Purchase	168,972	21%	30-90 days	Same	Same	28,151	21%	—

Note 1: If the transaction conditions of related parties are different from the general transaction conditions, the differences and reasons should be described in the fields of unit price and credit period.

Note 2: If there has payable or in the advance situation, it should describe the reason, contractual terms, amount and transaction difference.

UNIFORM INDUSTRIAL CORPORATION
RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

(In Thousands of New Taiwan dollars)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2022	Turnover rate	Overdue receivable		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Uniform Industrial Corporation	Uniform Industrial Corporation (USA)	Subsidiary	\$ 373,952	3.86	\$ —	—	\$ 103,074	\$ —

UNIFORM INDUSTRIAL CORPORATION
INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

(In Thousands of New Taiwan dollars/USD)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Note
				Balance as of December 31, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Book value			
Uniform Industrial Corporation	Uniform Industrial Corporation(USA)	United State	Sale of card reader, POS system and video conference system	\$ 51,326	\$ 51,326	1,600,000	100.00	\$ 88,416	\$ 5,060	\$ 5,060	Subsidiary
	Newslane Holding Inc.	British Virgin Island	Investment holding	184,200	184,200	5,614,668	100.00	118	—	—	Subsidiary
	Riseup Investments Ltd.	Independent State of Samoa	Investment holding	170	170	5,000	100.00	57	—	—	Subsidiary
	UIC Group Holdings Ltd.	Independent State of Samoa	Investment holding	148,183	148,183	4,527,000	100.00	834	(88)	(88)	Subsidiary
	NewPOS Technology Corporation	Taiwan	Computer development, product design and sale of POS system and equipment	226,275	205,375	4,997,635	99.95	18,358	(14,906)	(14,509)	Subsidiary
Newslane Holding Inc.	Zhishan Investment Holding Company	Independent State of Samoa	Investment holding	99,500 (USD3,240)	99,500 (USD3,240)	3,230,100	100.00	—	—	—	Subsidiary

Note 1: Information on investments in Mainland China, please refer to table 5.

Note 2: The exchange rate on December 31, 2022 is USD\$1=NT\$30.71.

UNIFORM INDUSTRIAL CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5

(In Thousands of New Taiwan dollars/USD (unless stated otherwise))

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	The accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flow		The accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (loss) of the investee company	Percentage of ownership	Investment income (loss) recognized by the Company as of December 31, 2022	Book value of investments as of December 31, 2022	Accumulated inward remittance of earnings as of December 31, 2022	Note
					Outflow	Inflow							
Uniform (Shanghai) Industrial Corp.	Automatic software development and system integration for plant and office, retail and catering industry ifront and back-end software development and system integration	\$ —	(2)	\$ 35,317 (USD 1,150)	\$ —	\$ —	\$ 35,317 (USD 1,150)	\$ —	—	\$ —	\$ —	\$ —	Note 3
Bei Jing Jin Lian Shi Xun Technology Co., Ltd.	Sale of networking monitoring equipment	39,923 (USD 1,300)	(2)	39,923 (USD 1,300)	—	—	39,923 (USD 1,300)	—	100.00%	—	—	—	—

The accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	The ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
\$ 75,240 (USD 2,450)	\$ 92,130 (USD 3,000)	\$ 690,196

Note 1: Investment method is classified into the following three categories:

- (1) Direct investment in a company in Mainland China.
- (2) Through investing in the third area, which then invested in the investee in Mainland China (please refer to Table 4).
- (3) Other methods.

Note 2: The calculating method is using the equity of 60% as of December 31, 2022.

Note 3: It has completed the liquidation procedures in 2016.

Note 4: The exchange rate in December 31, 2022 is USD\$1=NT\$30.71.

UNIFORM INDUSTRIAL CORPORATION
INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

Name of Major Shareholder	Shares	
	Number of Shares	Ownership Percentage(%)
Lian Ching Investment co., Ltd.	13,858,338	17.82%
Ba Lo	5,674,942	7.29%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.

UNIFORM INDUSTRIAL CORPORATION
THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

2022

(In Thousands of New Taiwan dollars, Unless Stated Otherwise)

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UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

Statement 1

Item	Description	Amount	Note
Cash		\$ 240	
Demand deposits			
Checking accounts		2	
Current deposits		55,621	
Time deposit		61,420	
Foreign currency deposits	Main foreign currency: USD \$5,947 thousand	191,364	Note
Total		\$ 308,647	

Note: Exchange rate: USD/NTD=30.71.

UNIFORM INDUSTRIAL CORPORATION

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2022

Statement 2

Name of financial product	Description	Shares	Par value	Amount	Interest rate	Acquisition cost	Fair value		Note
							Unit price	Amount	
Capital Money Market Fund		1,136,263	—	\$ 18,618	—	\$ 17,437	16.38	\$ 18,618	
Allianz Global Investors Taiwan Money Market Fund		572,762	—	7,294	—	6,789	12.74	7,294	
Total				\$ 25,912		\$ 24,226		\$ 25,912	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022

Statement 3

Client Name	Amount	Note
Unrelated parties:		
Client A	\$ 3,145	
Client B	2,414	
Client C	1,658	
Client D	1,544	
Client E	1,189	
Client F	926	
Client G	750	
Client H	730	
Client I	730	
Others	1,197	The amount of individual client included in others does not exceed 5% of the account balance
Subtotal	14,283	
Less: Allowance for bad debts	(157)	
Net value	14,126	
Related parties:		
UICU	373,952	
Total	\$ 388,078	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2022

Statement 4

Item	Description	Amount	Note
Unrelated parties:			
Interest receivable		\$ 169	
Tax refund receivable – business tax		76	
Other receivable - other		5	
Total		\$ 250	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2022

Statement 5

Item	Amount		Note
	Cost	Net realizable value	
Raw materials	\$ 249,633	\$ 242,274	
Work in process	76,658	92,066	
Finished goods	12,682	17,143	
Subtotal	\$ 338,973	\$ 351,483	
Less: Allowance to reduce inventory to the market	(50,708)		
Total	\$ 288,265		

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2022

Statement 6

Item	Description	Amount	Note
Prepayment		\$ 1,636	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 7

Name of financial product	Balance at January 1, 2022		Additions in investment		Decrease in investment		Balance at December 31, 2022		Cumulative impairment	Guarantee or pledge	Note
	Shares	Fair value	Shares	Fair value	Shares	Fair value	Shares	Fair value			
GOGOLOOK CO., LTD. stock	671,000	\$ 112,728	512,212	\$ —	—	\$ (28,720)	1,183,212	\$ 84,008	\$ —	None	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2022

Statement 8

Name	Balance at January 1, 2022		Additions in investment		Decrease in investment		Balance at December 31, 2022			Market value or net assets value		Guarantee or pledge	Note
	Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Amount	Shares (In thousand)	Ownership %	Amount	Unit price	Total amount		
Uniform Industrial Corporation	1,600	\$ 79,272	—	\$ 9,144	—	\$ —	1,600	100.00%	\$ 88,416	\$ —	\$ 104,339	None	
Newslane Holding Inc.	5,615	106	—	12	—	—	5,615	100.00%	118	—	118	None	
Riseup Investments Ltd.	5	51	—	6	—	—	5	100.00%	57	—	57	None	
UIC Group Holdings Ltd.	4,527	834	—	—	—	—	4,527	100.00%	834	—	834	None	
NewPOS Technology Corporation	2,907	28,761	2,090	20,900	—	(31,303)	4,997	99.95%	18,358	—	18,368	None	
Total		\$ 109,024		\$ 30,062		\$ (31,303)			\$ 107,783		\$ 123,716		

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF GUARANTEE DEPOSITS PAID
DECEMBER 31, 2022

Statement 9

Item	Description	Amount	Note
Guarantee deposits paid			
Performance bond		\$ 500	
Customs guarantee deposits		600	
Other		13	
Total		\$ 1,113	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2022

Statement 10

Vendor name	Amount	Note
Unrelated parties:		
Vendor A	\$ 437	
Total	\$ 437	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2022

Statement 11

Vendor name	Amount	Note
Unrelated parties:		
Vendor A	\$ 23,455	
Vendor B	21,058	
Vendor C	7,417	
Vendor D	6,460	
Other	49,827	The amount of individual vendor included in others does not exceed 5% of the account balance
Subtotal	108,217	
Related parties:		
UICU	28,151	
Total	\$ 136,368	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2022

Statement 12

Item	Amount	Note
Payable for annual leave	\$ 7,731	
Provision for contingent service cost	1,500	
Receipt under custody – labor and health insurance	1,145	
Other	36	
Total	\$ 10,412	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF GUARANTEE DEPOSITS RECEIVED
DECEMBER 31, 2022

Statement 13

Item	Amount	Note
Lease deposit	\$ 146	

UNIFORM INDUSTRIAL CORPORATION

STATEMENT OF OPERATION COSTS

FOR THE YEAR ENDED 2022

Statement 14

Item	Description	Amount	Note
Cost of goods sold from manufacturing:			
Direct raw materials			
Direct raw materials – the beginning of the year		\$ 187,083	
Add: Purchase		719,102	
Raw material surplus		48	
Less: Direct raw materials – end of year		(249,633)	
Sale raw materials		(68,737)	
Transfer to expense		(22,838)	
Direct raw materials consumed		565,025	
Direct labor		34,471	
Manufacturing overhead		63,914	Statement 15
Manufacturing costs		663,410	
Goods-in-process – the beginning of the year		21,569	
Add: Goods-in-process surplus		14	
Less: Goods-in-process – end of year		(76,658)	
Transfer to expense		(33)	
Sale work in process		(84)	
Cost of finished goods		608,218	
Finished goods – beginning of the year		6,188	
Less: Finished goods – end of year		(12,682)	
Transfer to expense		(1,278)	
Cost of goods sold		600,446	
Other operating costs			
Sale raw materials		68,737	
Sale goods-in-process		84	
Inventory loss from the falling price		25,328	
Other		(2,053)	
Other operating costs		92,096	
Operating costs		\$ 692,542	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED 2022

Statement 15

Item	Description	Amount	Note
Salary and bonus		\$ 35,080	
Depreciation expense		8,471	
Consumable expense		3,914	
Other expense		16,449	The amount of each item in others does not exceed 5% of the account balance.
Total		\$ 63,914	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED 2022

Statement 16

Item	Description	Amount	Note
Salary and bonus		\$ 37,747	
Insurance expense		2,827	
Other expense		9,994	The amount of each item in others does not exceed 5% of the account balance.
Total		\$ 50,568	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 2022

Statement 17

Item	Description	Amount	Note
Salary and bonus		\$ 29,535	
Professional service expense		5,680	
Remuneration of directors and supervisors		5,100	
Other expense		19,550	The amount of each item in others does not exceed 5% of the account balance.
Total		\$ 59,865	

UNIFORM INDUSTRIAL CORPORATION
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED 2022

Statement 18

Item	Description	Amount	Note
Salary and bonus		\$ 45,694	
Professional service expense		5,056	
Insurance expense		3,326	
Other expense		9,512	The amount of each item in others does not exceed 5% of the account balance.
Total		\$ 63,588	