

**RUBY TECH CORPORATION**

**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**AND INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2023 AND 2022**

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

## **INDEPENDENT AUDITORS' REPORT**

Ruby Tech Corp.

### **Audit Opinion**

We have audited the accompanying parent company only balance sheet of Ruby Tech Corp. as of December 31, 2023 and 2022, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows for the years then ended January 1, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022, as well as the notes to the parent company only financial statements and a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Ruby Tech Corp. as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinions**

We conduct the audit work in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The accountant's responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section. The personnel of the firm to which the accountant belongs have remained independent of Ruby Tech Corp. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China ("the Code") and have fulfilled other responsibilities in accordance with the Code. The accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

### **Key Audit Matters**

The 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 of Ruby Tech Corp. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following describes the key audit matters relating to the parent company only financial statements of Ruby Tech Corp. for the year ended December 31, 2023:

### Revenue Recognition from Specific Customers

Management is under pressure to achieve forecasted financial targets, and therefore auditing standards presume the risk of fraud in revenue recognition. Ruby Tech Corp.'s sales of goods from specific customers for the year ended December 31, 2023 amounted to \$1,108,706 thousand representing approximately 62% of its total operating revenue. We believe that there is a significant risk in the authenticity of sales revenue from specific customers, and therefore lists it as a key audit matter. For the accounting policies on revenue recognition, please refer to Note 4(12) of the parent company only financial statements.

The primary audit procedures performed were as follows:

1. Understand and evaluate the design and implementation effectiveness of key internal controls over the revenue recognition process.
2. Select samples from the sales details of specific customers, cross-check them against external sources such as customer orders and customs declarations, and review the payment status to verify the authenticity of the sales transactions.

### **The Responsibilities of the Management and the Governance Entity for the Parent Company Only Financial Statements**

The responsibility of management is to prepare parent company only financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain the necessary internal controls relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement resulting from fraud or error.

The management, in preparing the parent company only financial statements, is responsible for assessing the ability of Ruby Tech Corp. to continue as a going concern, disclosing matters related to going concern and adopting the going concern basis of accounting unless the management either intends to liquidate Ruby Tech Corp. or to cease its operations, or has no practical alternative other than liquidation or suspension of business.

Ruby Tech Corp.'s governance entity is responsible for overseeing the financial reporting process.

### **The Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements**

The audit of the parent company only financial statements by the CPA was intended to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement resulting from fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance but does not guarantee that a properly planned and performed audit will always detect any material misstatement that might exist. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered

material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

The independent auditor applies professional judgment and maintains professional skepticism throughout the audit in accordance with auditing standards. The auditor also performs the following tasks:

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 appropriate responses to those risks; and obtain sufficient and appropriate audit evidence 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ruby Tech Corp. internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management, and the reasonableness of accounting estimates and related disclosures made.
4. The auditors are required to 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 Ruby Tech Corp.'s ability to continue as a going concern. If the auditors conclude that a material uncertainty exists, they are required to draw attention in the auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify their opinion. The auditors' conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause Ruby Tech Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only Financial Statements (including related notes), and whether the parent company only financial statements appropriately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Ruby Tech Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit engagement as well as forming the audit opinion on Ruby Tech Corp.

The matters communicated with those charged with governance included the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the governance unit with a statement affirming that personnel at the accountant's firm have adhered to the independence requirements set forth in the professional code of ethics for accountants. Additionally, the accountant communicated with the governance unit regarding all relationships and other factors that could potentially impact the accountant's independence, including the implementation of relevant 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 of Ruby Tech Corp. for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Lin, Shu-Ju and Chang, Chun-I.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 12, 2024

Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. 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.*

RUBY TECH CORPORATION  
**PARENT COMPANY ONLY BALANCE SHEETS**

December 31, 2023 and December 31, 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 281,940	17	\$ 286,680	21
1110	Current financial assets measured at fair value through profit or loss (Notes 4 and 7)	33,621	2	34,962	2
1120	Current financial assets measured at fair value through other comprehensive income (Notes 4 and 8)	75,796	5	67,063	5
1136	Financial Assets at Amortized Cost - Current (Notes 4, 9 and 30)	244,525	15	184,100	13
1150	Notes receivable (Notes 4 and 10)	3,547	-	331	-
1170	Accounts receivable (Notes 4, 10 and 23)	351,534	21	96,763	7
1200	Other receivables (Notes 4, 10 and 28)	33,392	2	138,850	10
130X	Inventories (Notes 4, 5, and 11)	339,201	20	303,376	22
1470	Other current assets (Note 16)	<u>6,523</u>	<u>-</u>	<u>3,159</u>	<u>-</u>
11XX	<b>Total Current Assets</b>	<u>1,370,079</u>	<u>82</u>	<u>1,115,284</u>	<u>80</u>
	<b>Non-Current Assets</b>				
1550	Investments accounted for using the equity method (Notes 4 and 12)	27,812	2	29,033	2
1600	Property, plant and equipment (Notes 4 and 13)	235,905	14	232,894	17
1755	Right-of-use assets (Notes 4 and 14)	6,351	1	1,788	-
1780	Other intangible assets (Notes 4 and 15)	5,041	-	6,162	-
1840	Deferred income tax assets (Notes 4 and 25)	16,664	1	9,211	1
1990	Other non-current assets (Note 16)	<u>3,706</u>	<u>-</u>	<u>3,286</u>	<u>-</u>
15XX	<b>Total Non-Current Assets</b>	<u>295,479</u>	<u>18</u>	<u>282,374</u>	<u>20</u>
1XXX	<b>Total Assets</b>	<u>\$ 1,665,558</u>	<u>100</u>	<u>\$ 1,397,658</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2130	Contract liabilities - current (Notes 4 and 23)	21,182	1	26,121	2
2150	Notes payable (Note 17)	96,003	6	67,754	5
2170	Accounts payable (Note 17)	120,198	7	100,212	7
2219	Other payables (Note 18)	122,847	8	84,446	6
2230	Income tax payable for the current period (Notes 4 and 25)	74,369	5	30,524	3
2250	Liability provisions - current (Notes 4 and 19)	1,582	-	1,133	-
2280	Current lease liabilities (Notes 4 and 14)	4,717	-	1,270	-
2399	Other current liabilities (Note 18)	<u>2,795</u>	<u>-</u>	<u>2,216</u>	<u>-</u>
21XX	<b>Total Current Liabilities</b>	<u>443,693</u>	<u>27</u>	<u>313,676</u>	<u>23</u>
	<b>Non-Current Liabilities</b>				
2570	Deferred income tax liabilities (Notes 4 and 25)	905	-	419	-
2580	Lease liabilities - non-current (Notes 4 and 14)	1,649	-	520	-
2640	Net defined benefit liability - non-current (Notes 4 and 20)	12,450	1	14,338	1
2670	Other non-current liabilities (Note 18)	<u>23</u>	<u>-</u>	<u>24</u>	<u>-</u>
25XX	<b>Total Non-Current Liabilities</b>	<u>15,027</u>	<u>1</u>	<u>15,301</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>	<u>458,720</u>	<u>28</u>	<u>328,977</u>	<u>24</u>
	<b>Equity (Note 21)</b>				
3110	Capital – common stock	<u>561,030</u>	<u>34</u>	<u>544,712</u>	<u>39</u>
3200	Capital surplus	<u>38,969</u>	<u>2</u>	<u>38,969</u>	<u>3</u>
	Retained earnings				
3310	Legal reserve	185,474	11	165,827	11
3350	undistributed earnings	<u>405,749</u>	<u>24</u>	<u>306,276</u>	<u>22</u>
3300	Total retained earnings	<u>591,223</u>	<u>35</u>	<u>472,103</u>	<u>33</u>
3400	Other equity interest	<u>17,957</u>	<u>1</u>	<u>15,238</u>	<u>1</u>
3500	Treasury share (Note 22)	( <u>2,341</u> )	<u>-</u>	( <u>2,341</u> )	<u>-</u>
3XXX	<b>Total Equity</b>	<u>1,206,838</u>	<u>72</u>	<u>1,068,681</u>	<u>76</u>
	<b>Total Liabilities and Equity</b>	<u>\$ 1,665,558</u>	<u>100</u>	<u>\$ 1,397,658</u>	<u>100</u>

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORPORATION  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand, except Earnings per Share (NT dollars)

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 4 and 23)				
4100	Sales revenue	\$ 1,747,234	98	\$ 1,016,216	94
4800	Other operating revenue	<u>44,212</u>	<u>2</u>	<u>68,083</u>	<u>6</u>
4000	Total operating revenue	<u>1,791,446</u>	<u>100</u>	<u>1,084,299</u>	<u>100</u>
	Operating costs (Notes 4, 11, 20 and 24)				
5110	Cost of goods sold	1,239,848	69	694,695	64
5800	Other operating costs	<u>40,721</u>	<u>2</u>	<u>63,590</u>	<u>6</u>
5000	Total operating costs	<u>1,280,569</u>	<u>71</u>	<u>758,285</u>	<u>70</u>
5900	Gross profit	510,877	29	326,014	30
5910	Unrealized sales profit	( 21 )	-	( 21 )	-
5920	Realized sales profit	<u>21</u>	<u>-</u>	<u>21</u>	<u>-</u>
5950	Gross operating profit realized	<u>510,877</u>	<u>29</u>	<u>326,014</u>	<u>30</u>
	Operating expenses (Notes 20 and 24)				
6100	Marketing expenses	88,483	5	60,404	6
6200	Administrative expenses	43,957	3	36,590	3
6300	Research and development expenses	95,812	5	84,127	8
6450	Expected credit loss (Note 10)	<u>1,933</u>	<u>-</u>	<u>29</u>	<u>-</u>
6000	Total operating expenses	<u>230,185</u>	<u>13</u>	<u>181,150</u>	<u>17</u>
6900	Operating net profit	<u>280,692</u>	<u>16</u>	<u>144,864</u>	<u>13</u>
	Non-operating revenue and expenses (Note 24)				
7010	Other revenue	3,285	-	5,096	1
7020	Other gain and losses	11,904	1	2,474	-
7050	Finance costs	( 46 )	-	( 24 )	-
7070	Share of losses of subsidiaries accounted for using the equity method	( 660 )	-	( 1,313 )	-
7100	Interest income	<u>10,763</u>	<u>-</u>	<u>4,373</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>25,246</u>	<u>1</u>	<u>10,606</u>	<u>1</u>
7900	<b>Net Profit Before Tax</b>	305,938	17	155,470	14
7950	Income tax expense (Notes 4 and 25)	<u>60,713</u>	<u>4</u>	<u>23,242</u>	<u>2</u>
8200	<b>Total Comprehensive Income for the Year</b>	<u>245,225</u>	<u>13</u>	<u>132,228</u>	<u>12</u>
	<b>Other Comprehensive Income (Loss) (Notes 20 and 21)</b>				
8310	Items that may not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plan.	892	-	5,910	-
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	12,332	1	( 68,479 )	( 6 )
8349	Income tax related to items that may not be reclassified (Notes 4 and 25)	( <u>178</u> )	<u>-</u>	( <u>1,182</u> )	<u>-</u>
		<u>13,046</u>	<u>1</u>	( <u>63,751</u> )	( <u>6</u> )
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	( 561 )	-	547	-
8399	Income tax relating to items that may be reclassified (Notes 4 and 25)	<u>112</u>	<u>-</u>	( <u>110</u> )	<u>-</u>
		( <u>449</u> )	<u>-</u>	<u>437</u>	<u>-</u>
8300	<b>Profit or Loss for the Year of Other Comprehensive Income (Net of Tax)</b>	<u>12,597</u>	<u>1</u>	( <u>63,314</u> )	( <u>6</u> )
8500	<b>Total Comprehensive Income for the Year</b>	<u>\$ 257,822</u>	<u>14</u>	<u>\$ 68,914</u>	<u>6</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 4.38</u>		<u>\$ 2.36</u>	
9850	Dilution	<u>\$ 4.33</u>		<u>\$ 2.33</u>	

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand

Code		Capital Surplus				Retained Earnings		Other Equity Interest		Treasury Shares	Total Equity
		Capital – Common Stock	Share Premium	Received Gift(s)	Treasury Share Transactions	Legal Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) From Financial Assets Measured at Fair Value Through Other Comprehensive Income		
A1	Balance as of January 1, 2022	\$ 544,712	\$ 26,756	\$ 173	\$ 12,040	\$ 149,942	\$ 245,352	( \$ 2,486 )	\$ 145,284	( \$ 2,341 )	\$ 1,119,432
	Appropriation and distribution of earnings in 2021										
B1	Legal reserve	-	-	-	-	15,885	( 15,885 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
D1	Net profit for 2022	-	-	-	-	-	132,228	-	-	-	132,228
D3	Other comprehensive income (loss) after tax for 2022	-	-	-	-	-	4,728	437	( 68,479 )	-	( 63,314 )
D5	Total comprehensive income for 2022	-	-	-	-	-	136,956	437	( 68,479 )	-	68,914
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	-	-	-	-	-	59,518	-	( 59,518 )	-	-
Z1	Balance as of December 31, 2022	544,712	26,756	173	12,040	165,827	306,276	( 2,049 )	17,287	( 2,341 )	1,068,681
	Appropriation and distribution of earnings for 2022										
B1	Legal reserve	-	-	-	-	19,647	( 19,647 )	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	( 119,665 )	-	-	-	( 119,665 )
B9	Shareholders' share dividends	16,318	-	-	-	-	( 16,318 )	-	-	-	-
D1	Net Profit for 2023	-	-	-	-	-	245,225	-	-	-	245,225
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	-	714	( 449 )	12,332	-	12,597
D5	Total comprehensive income for 2023	-	-	-	-	-	245,939	( 449 )	12,332	-	257,822
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income.	-	-	-	-	-	9,164	-	( 9,164 )	-	-
Z1	Balance as of December 31, 2023	<u>\$ 561,030</u>	<u>\$ 26,756</u>	<u>\$ 173</u>	<u>\$ 12,040</u>	<u>\$ 185,474</u>	<u>\$ 405,749</u>	( <u>\$ 2,498</u> )	<u>\$ 20,455</u>	( <u>\$ 2,341</u> )	<u>\$ 1,206,838</u>

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen



RUBY TECH CORP  
**PARENT COMPANY ONLY STATEMENT OF CASH FLOWS**

For the period from January 1 to December 31, 2023 and 2022.

Unit: NT\$ thousand

Code		2023	2022
<b>Cash Flows from Operating Activities</b>			
A10000	Net profit before tax for the year	\$ 305,938	\$ 155,470
A20010	Income and expense items:		
A20100	Depreciation expense	13,761	12,462
A20200	Amortization expenses	1,877	2,417
A20300	Expected credit impairment losses	1,933	29
A20400	Net (gains) losses on financial assets at fair value through profit or loss	( 6,827 )	20,595
A20900	Finance costs	46	24
A21200	Interest income	( 10,763 )	( 4,373 )
A21300	Dividend revenue	( 2,918 )	( 4,505 )
A22400	Share of losses of subsidiaries accounted for using the equity method	660	1,313
A23700	Loss for inventory depreciation and slow-moving inventories	25,375	7,022
A23900	Unrealized sales profit	21	21
A24000	Realized sales profit	( 21 )	( 21 )
A24100	Unrealized foreign exchange net losses	12,360	1,697
A29900	Net pension costs unprovisioned	( 996 )	( 962 )
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 3,216 )	( 328 )
A31150	Accounts receivable	( 269,488 )	( 35,538 )
A31180	Other receivables	104,039	( 32,859 )
A31200	Inventories	( 61,200 )	( 63,831 )
A31240	Other current assets	( 3,219 )	450
A32125	Contract liabilities - current	( 4,939 )	( 7,456 )
A32130	Notes payable	28,249	( 8,873 )
A32150	Accounts payable	24,323	25,021
A32180	Other payables	38,563	( 526 )
A32200	Provisions for liabilities - current	449	189
A32230	Other Current Liabilities	579	141
A33000	Operating cash flows	194,586	67,579
A33100	Interest income	11,117	3,821
A33300	Interest paid	( 46 )	( 24 )
A33500	Income tax paid	( 23,901 )	( 26,147 )
AAAA	Net cash inflows from operating activities	<u>181,756</u>	<u>45,229</u>
<b>Cash Flows from Investing Activities</b>			
B00010	Gain on financial assets at fair value through other comprehensive income	( 29,967 )	( 5,577 )
B00020	Disposal of financial assets at fair value through other comprehensive income	33,566	76,888
B00040	Obtain financial assets measured at amortized cost	( 61,540 )	( 114 )
B00050	Disposal of financial assets measured at amortized cost	-	16,267
B00100	Obtain financial assets at fair value through profit or loss	( 766 )	( 15,415 )
B00200	Disposal of financial assets measured at fair value through profit or loss	8,934	9,140
B02700	Procurement of property, plant, and equipment	( 12,582 )	( 9,315 )
B03700	Increase in refundable deposits	( 420 )	( 1,550 )
B04500	Procurement of intangible assets	( 756 )	( 3,928 )
B07600	Receipt other dividends	2,918	4,505
BBBB	Net cash flows (used in) from investing activities	<u>( 60,613 )</u>	<u>70,901</u>
<b>Cash Flows from Financing Activities</b>			
C03100	Deposit refunded	( 1 )	( 1 )
C04020	Repayment of the principal portion of lease liabilities	( 4,177 )	( 3,345 )
C04500	Distribution of cash dividends	( 119,665 )	( 119,665 )
CCCC	Cash outflows from financing activities.	<u>( 123,843 )</u>	<u>( 123,011 )</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 2,040 )</u>	<u>( 1,075 )</u>
EEEE	Net decrease in cash and cash equivalents	( 4,740 )	( 7,956 )
E00100	Cash and cash equivalent balances at the beginning of the year	<u>286,680</u>	<u>294,636</u>
E00200	Cash and cash equivalent balances at the end of the year	<u>\$ 281,940</u>	<u>\$ 286,680</u>

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

Ruby Tech Corp. for your reference:

## **Notes to the Parent Company Only Financial Statements**

**For the period from January 1 to December 31, 2023 and 2022**

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

### **1. Company History**

Ruby Tech Corp. (hereinafter referred to as the “Company”) was established in Taipei in July 1981, and commenced operations in the same month, with its principal business being the research, manufacturing, and trading of optical fiber network equipment for central offices and customer premises, network management switches, and outdoor wireless networking equipment.

The company’s shares have been traded on the TPEx since September 8, 2009.

The parent company only financial statements are expressed in New Taiwan dollars, which is the functional currency of the Company.

### **2. Date and Procedures for Approving Financial Reports**

The parent company only financial report was approved by the Board of Directors on February 27, 2024.

### **3. New Standards, Amendments and Interpretations Adoptions**

- (1) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”).

The Company’s adoption of the amended IFRSs endorsed and issued into effect by the FSC will not result in any material changes to the accounting policies of the Company.

- (2) IFRSs approved by the FSC applicable in 2024

<b>New/Amendment/Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB (Note 1)</b>
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier Finance Arrangements	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: The seller-lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: Upon the first application of this amendment, partial disclosure requirements are exempted.

1. Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of an asset satisfies the requirements in IFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale of the asset, the liability arising from the leaseback for the seller-lessee shall be accounted for in accordance with the lease liability requirements under IFRS 16. However, if the lease payments involve payments that are not based on an index or rate, the seller-lessee shall measure the liability in a manner that does not recognize any gain or loss relating to the right of use retained. Subsequently, the difference between the lease payments included in the calculation of the lease liability and the actual payments shall be recognized in profit or loss.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (2020 amendments) and “Non-current Liabilities with Covenants” (2022 amendments)

The amendment in 2020 clarifies that in determining whether a liability is classified as non-current, an entity shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If the entity has such a right, the liability is classified as non-current, regardless of whether the entity expects to exercise that right.

The amendments in 2020 further stipulated that if the Company is required to comply with specific conditions in order to have the right to defer settlement of a liability, it must comply with those conditions as of the end of the reporting period, even if the lender does not test for compliance until a later date. The 2022 amendment further clarifies that only the contractual terms that must be complied with before the end of the reporting period will affect the classification of liabilities. While the contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable financial statement users to understand the risk that the company may not comply with the contractual terms and have to repay within 12 months after the reporting period.

The 2020 amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources, or the Company’s equity instruments to the counterparty, resulting in the extinguishment of the liability. However, if the terms of the liability could result in its settlement by the transfer of equity instruments of the company at the option of

the counterparty, and if that option meets the criteria for separate recognition in equity under IAS 32 “Financial Instruments: Presentation,” then such a term does not affect the classification of the liability.

### 3. Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

The characteristics of a supplier finance arrangement are that one or more finance providers undertake to pay amounts owed by an entity to its suppliers, and the entity undertakes to pay the finance providers on the dates that the suppliers are paid, or at a later date, in accordance with the terms and conditions of the arrangement. The amendment requires an entity to disclose information that enables users of financial statements to evaluate the effect of supplier finance arrangements on its liabilities, cash flows, and liquidity risk exposure.

Except for the aforementioned impacts, as of the date of issuance of these parent company only financial statements, the Company assessed that the amendments to other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

<b><u>New/Amendment/Amended Standards and Interpretations</u></b>	<b><u>Effective Date Issued by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be confirmed
IFRS 17 “Insurance Contracts”	January 1, 2023
IFRS 17 “Amendments”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the cumulative effect will be recognized in retained earnings at the date of initial application. When the Company uses a non-functional currency as the presentation currency, the cumulative effect will be adjusted against the foreign currency translation reserve under equity on the initial application date.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

If the Company sells or contributes assets to an associate or joint venture, or loses control of a subsidiary while retaining significant influence (or joint control) over that former subsidiary, and the assets or former subsidiary constitutes a “business” as defined in IFRS 3 Business Combinations, the Company shall recognize the full gain or loss on such transactions.

Furthermore, if the Company sells or contributes assets to an associate (or a joint venture), or loses control of a subsidiary but retains significant influence (or joint control) over that former subsidiary in a transaction with an associate (or a joint venture), the Company recognizes only the portion of the gain or loss on the sale or contribution relating to the unrelated investors’ interests in the associate (or joint venture). That is, the portion of the gain or loss attributable to the Company’s interests is eliminated unless the assets sold or contributed do not constitute a business as defined in IFRS 3 “Business Combinations.

2. Amendment to IAS 21 “Lack of Exchangeability”

The amendment specifies that when an enterprise can enter into an exchange transaction with an executable right and obligation through the market or exchange mechanism within the normal management delay period to exchange one currency for another, the currency is considered convertible. When the currency is not convertible on the measurement date, the Company should estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction considering the economic circumstances prevailing on the measurement date. In this case, the Company should also disclose information to enable financial statement users to evaluate how the lack of currency convertibility affects or is expected to affect its operating results, financial position and cash flows.

Apart from the aforementioned impacts, as of the date the parent company only financial statements were authorized for issuance, the Company is continuously evaluating the impact of amendments to other standards and interpretations on its financial position and financial performance, and the relevant impact will be disclosed upon completion of the evaluation.

#### **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 parent company only financial statements, except for financial instruments measured at fair value and net defined benefit liabilities recognized as the present value of defined benefit obligations less the fair value of plan assets, have been prepared on a historical cost basis.

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:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 inputs refer to an unobservable input for an asset or liability.

For the preparation of the parent company only financial statements, the Company used the equity method in evaluating the investment in subsidiaries. Certain adjustments have been made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries accounted for by the equity method, and related equity components, for the parent company only income, other comprehensive income and equity to be identical to the consolidated income, other comprehensive income and equity attributable to owners of the Company.

##### **(3) The Criteria for Classification of Assets and Liabilities as Current or Non-current**

Current assets including:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within twelve months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities due after more than 12 months from the balance sheet date).

Current liabilities including:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

#### (4) Foreign Currency

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured in terms of historical cost shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

At the end of each reporting period, foreign currency monetary items are translated at the closing rate of exchange. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of such items are recognized in profit or loss for the period, except for exchange differences arising on the translation of items whose fair value changes are recognized in other comprehensive income, in which case such exchange differences are recognized in other comprehensive income.

At the cost of historical measurement, foreign currency non-monetary items are translated at the exchange rates prevailing on the transaction dates and are not restated.

#### (5) Inventories

Inventories consist of merchandise, finished goods, work in progress, and raw materials. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is conducted on an item-by-item basis, except for items within the same category of inventories. 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. The cost of inventories is calculated using the weighted-average method.

## (6) Investments in Subsidiaries

The Company accounts for investments in subsidiaries using the equity method.

A subsidiary refers to an entity over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. In addition, changes in the Company's share of the equity of the subsidiary are recognized based on the shareholding ratio.

When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), losses are continued to be recognized based on the shareholding ratio.

The Company assesses impairment by considering the cash-generating unit as a whole and comparing its recoverable amount with the carrying amount in the financial statements. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain. However, the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized, net of amortization. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

Unrealized gains or losses from downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. The unrealized profit or loss resulting from upstream, downstream, and sidestream transactions between the Company and its subsidiaries has been eliminated from the parent company only financial statements to the extent of the Company's interest in the subsidiaries.

## (7) Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant portion. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss.



## (8) Intangible Assets

### 1. Acquired Separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. The estimated useful life, residual value, and amortization method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

### 2. Derecognition

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

## (9) Impairment of Property, Plant and Equipment, Right-Of-Use Assets and Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of the parent company only asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with indefinite useful lives, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs to sell and its value in use. When the recoverable amount of a parent company only asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years, net of amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

## (10) Financial Instruments

The management of the Company when the Company becomes a party to the contractual provisions of a financial instrument, financial assets and financial liabilities are recognized on the balance sheet.

When originally recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs incurred in acquiring or issuing the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## 1. Financial Assets

The conventional trading of financial assets adopts trade date accounting for recognition and derecognition.

### (1) Types of Measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

#### A. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated as at fair value through other comprehensive income.

Through profit or loss, financial assets at fair value are measured at fair value, with dividends and interest recognized as other income and interest income, respectively, while remeasurement gains or losses are recognized as other gains and losses. For the determination of fair value, please refer to Note 28.

#### B. Financial Assets at Amortized Cost

The following sentence is classified as financial assets measured at amortized cost if the Company's investment in financial assets meet the following two conditions simultaneously:

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

Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and other receivables) are measured at amortized cost less any impairment loss after initial recognition, with any foreign exchange gain or loss recognized in profit or loss, using the effective interest method to determine the total carrying amount.

Except for the following two situations, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that were not purchased or originated as credit-impaired, but subsequently became credit-impaired, interest revenue should be calculated by applying the effective interest rate to the amortized cost of the financial assets from the reporting period after the credit impairment occurred.

Cash equivalents include time deposits and securities sold under repurchase agreements that are highly liquid and can be converted into fixed amounts of cash at any time with minimal risk of value changes within three months from the date of acquisition, and are used to meet short-term cash commitments.

#### C. Equity Investments Measured at Fair Value Through Other Comprehensive Income

At the time of initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held for trading and not contingent consideration recognized by an acquirer in a business combination as at fair value through other comprehensive income.

The investments in equity instruments at fair value through other comprehensive income are measured at fair value, with subsequent fair value changes presented in other comprehensive income and accumulated in other equity. Upon disposal of the investments, the accumulated gains or losses are directly transferred to retained earnings, not reclassified to profit or loss.

When the Company's right to receive dividends from an investment in equity instruments measured at fair value through other comprehensive

income is established, such dividends are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

## (2) Impairment of Financial Assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses on each balance sheet date.

Accounts receivable are recognized with an allowance for expected credit losses over the remaining period. For other financial assets, an assessment is made at each reporting date as to whether the credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, an allowance for 12-month expected credit losses is recognized.

The expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss arising from possible default events within 12 months after the reporting date of the financial instrument, while the lifetime expected credit loss represents the expected credit losses arising from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, irrespective of any collateral held, the Company considers the following situations as constituting an event of default of a financial asset:

- A. There is internal or external information indicating that it is no longer probable that the debtor will be able to pay its credit obligations in full.
- B. Over 180 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

With respect to impairment of financial assets, impairment losses on all financial assets are deducted through an allowance account from their carrying amounts, except for investments in equity instruments measured at fair value through other comprehensive income, for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

### (3) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to receive the cash flows from the financial asset expire or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. Upon derecognition of an investment in an equity instrument measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings without reclassification to profit or loss.

## 2. Financial Liabilities

### (1) Subsequent Measurement

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

### (2) Derecognition of Financial Liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (11) Provisions for Liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

The obligation for product warranties to guarantee that products comply with agreed-upon specifications is recognized as revenue is recognized for the related goods, based on management's best estimate of the expenditure required to settle the Company's obligation.

### (12) Recognition of Revenue

When the Company identifies performance obligations in a customer contract, the transaction price is allocated to the performance obligations, and revenue is recognized when the performance obligations are satisfied.

## 1. Sales of Goods Revenue

Revenue from the sale of goods is derived from the sale of optical fiber network equipment. As the customer has obtained control over the products with a fixed price and the right to use after satisfying the performance obligations under the transaction terms, and bears the primary responsibility for resale and the risk of obsolescence, the Company recognizes revenue and accounts receivable at that point in time. Advance receipts from product sales are recognized as contract liabilities prior to satisfying the performance obligations under the transaction terms.

During toll processing, the control of ownership over the processed products does not transfer, so revenue is not recognized at the time of toll processing.

## 2. Provision of Services

The services revenue is derived from commodity inspection services revenue, which is recognized when the services are rendered.

## (13) Leases

The Company assesses whether a contract is or contains a lease on the date of establishment of the contract.

### 1. The Company as a Lessor

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

Under operating leases, lease payments, net of lease incentives received, are recognized as income on a straight-line basis over the respective lease terms.

### 2. The Company as a Lessee

Except for low-value asset leases and short-term leases to which recognition exemptions apply, and for which lease payments are recognized as an expense on a straight-line basis over the lease term, right-of-use assets and lease liabilities are recognized for all other leases at the commencement date of the lease.

The right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for any remeasurement of the lease liabilities. The right-of-use assets are presented separately in the parent company only balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments (including fixed payments). If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are allocated over the lease term. The lease liabilities are presented separately on the parent company only balance sheet.

#### (14) Employee Benefits

##### 1. Short-Term Employee Benefits

The short-term employee benefits related liabilities are measured at the undiscounted amount of the consideration expected to be paid in exchange for that service rendered by employees.

##### 2. Retirement Benefits

The retirement benefits under the defined contribution pension plan are recognized as expenses when employees have rendered services entitling them to the contributions.

The defined benefit costs (including service cost, net interest, and remeasurements) of the defined benefit retirement plan are actuarially calculated using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense when incurred. Remeasurements (including actuarial gains and losses and return on plan assets excluding interest) are recognized in other comprehensive income and included in retained earnings when incurred, and will not be reclassified to profit or loss subsequently.

The net defined benefit liability (asset) is the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset may not exceed the present value of any available future refund or reduction in contributions to the plan.

## (15) Income Tax

The income tax expense is the sum of current income tax and deferred income tax.

### 1. Current Income Tax

In accordance with the laws and regulations established by each income tax filing jurisdiction, the Company determines its current income and calculates the income tax payable accordingly.

According to the Income Tax Act of the Republic of China, the undistributed earnings additional tax is recognized in the year of shareholders' resolution.

The adjustment of prior years' income tax payable is included in the current income tax.

### 2. Deferred Tax

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and their respective tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets that were previously unrecognized are also reviewed at each balance sheet date, and the carrying amount is increased to the extent that it has become probable that future taxable profit will allow the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax



consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

### 3. Current and Deferred Income Taxes

The current and deferred income taxes shall be recognized in profit or loss, except for those related to items recognized in other comprehensive income or directly in equity, which shall be respectively recognized in other comprehensive income or directly in equity.

## 5. **Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty**

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

The management will continually review the estimates and basic assumptions. If the modification of estimates affects only the current period, it is recognized in the period of modification; if the modification of accounting estimates affects both the current period and future periods, it is recognized in the period of modification and future periods.

### Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

#### Impairment of Inventories

The net realizable value of inventories is estimated based on 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, which is estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially impact these estimates.

## 6. Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on Hand	\$ 366	\$ 370
Checks and demand deposits	17,037	13,800
Cash equivalents		
Bank time deposits with an original maturity within 3 months	149,000	156,672
Securities sold under repurchase agreements	<u>115,537</u>	<u>115,838</u>
	<u>\$ 281,940</u>	<u>\$ 286,680</u>

The market interest rate ranges for bank deposits and securities sold under repurchase agreements on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash in Banks	0.005% ~ 1.45%	0.005% ~ 5.20%
Securities sold under repurchase agreements	0.71% ~ 5.50%	0.54% ~ 3.50%

## 7. Current Financial Assets Measured at Fair Value Through Profit or Loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed and emerging shares	\$ 4,911	\$ 15,430
Domestic unlisted shares	<u>28,710</u>	<u>19,532</u>
	<u>\$ 33,621</u>	<u>\$ 34,962</u>

The Company recognized dividend income of \$1,042 thousand and \$1,042 thousand for the years ended December 31, 2023 and 2022, respectively, which were all related to those still held as of December 31, 2023 and 2022, respectively.

## 8. Current Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic Investment</u>		
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ 47,531
Domestic unlisted shares	<u>48,710</u>	<u>19,532</u>
	<u>\$ 75,796</u>	<u>\$ 67,063</u>

The Company invests in accordance with its medium and long-term strategic objectives and expects to profit from long-term investments. The management of the Company believes that recognizing short-term fluctuations in fair value of these investments in profit or loss is inconsistent with the aforementioned long-term investment plans. Therefore, the Company has elected to designate these investments as measured at fair value through other comprehensive income.

The Company recognized dividend income of \$1,876 thousand and \$3,463 thousand for the years ended December 31, 2023 and 2022, respectively. Of the dividend income recognized in 2022, \$2,050 thousand pertained to investments that have been entirely disposed of, while the remaining amounts were related to investments still held as of December 31, 2023 and 2022, respectively.

## 9. Financial Assets at Amortized Cost - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities over 3 months (1)	\$ 228,525	\$ 168,100
Pledged time deposit certificates (2)	<u>16,000</u>	<u>16,000</u>
	<u>\$ 244,525</u>	<u>\$ 184,100</u>

(1) As of December 31, 2023 and 2022, the range of interest rates on time deposits with original maturities over 3 months was 1.30% to 5.62% and 1.195% to 1.44% per annum, respectively.

(2) As of December 31, 2023 and 2022, the interest rate ranges for pledged time deposits were 1.16% to 1.565% and 1.035% to 1.44% per annum, respectively. For information on pledged financial assets measured at amortized cost, refer to Note 30.

## 10. Notes Receivable, Accounts Receivable and Other Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Arising from operations.	\$ <u>3,547</u>	\$ <u>331</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 353,706	\$ 96,857
Less: Allowance for loss	( <u>2,172</u> )	( <u>94</u> )
	<u>\$ 351,534</u>	<u>\$ 96,763</u>
<u>Other receivables</u>		
Other receivables - Hua Nan Commercial		
Bank	\$ 28,415	\$ 132,087
Receivable tax refund - business tax	4,665	6,143
Others	<u>312</u>	<u>620</u>
	33,392	138,850
Less: Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 33,392</u>	<u>\$ 138,850</u>

### Accounts receivable

The average credit period on sales of goods and finished products of the Company ranges from 30 to 60 days. The Company's policy is to evaluate the creditworthiness of major customers using available financial information and transaction records.

To mitigate credit risk, the management of the Company has assigned a dedicated unit responsible for determining credit limits, approving credit, and other monitoring procedures to ensure appropriate actions have been taken to recover overdue receivables. Furthermore, the Company reviews the recoverable amount of each receivable on the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. When necessary, the Company also purchases accounts receivable factoring agreements or accounts receivable insurance to reduce the risk of financial losses arising from delinquencies. Accordingly, the management of the Company believes that its credit risk has been significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance for credit losses for accounts receivable based on expected credit losses over the duration. Expected credit losses over the duration are calculated using a provision matrix that considers the customer's past default records, current financial position, industry economic situation, and also takes into account GDP forecasts and industry prospects. Since the credit loss experience of the Company shows no significant differences in the patterns of losses among different customer groups, the provision matrix does not further distinguish customer groups, but

establishes the expected credit loss rate solely based on the number of days accounts receivable are past due.

If there is evidence indicating that the counterparty is experiencing severe financial difficulties and the Company cannot reasonably expect to recover the amount due, for instance when the counterparty has commenced dissolution or reorganization proceedings, or the receivable is overdue for more than 180 days, the Company recognizes 100% allowance for impairment loss. However, the Company continues its pursuit for recovery, and any amount recovered is recognized in profit or loss.

Based on the provision matrix, the Company measures the allowance for credit losses on accounts receivable as follows:

#### December 31, 2023

	<u>Not overdue</u>	<u>1 to 30 days overdue</u>	<u>31 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Overdue for more than 181 days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	21.16%	100%	
Total carrying amount	\$ 291,979	\$ 58,853	\$ 307	\$ 589	\$ -	\$ 1,978	\$ 353,706
Allowance for losses (expected credit losses during the duration)	( 91 )	( 80 )	( 3 )	( 20 )	-	( 1,978 )	( 2,172 )
Amortized cost	<u>\$ 291,888</u>	<u>\$ 58,773</u>	<u>\$ 304</u>	<u>\$ 569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,534</u>

#### December 31, 2022

	<u>Not overdue</u>	<u>1 to 30 days overdue</u>	<u>31 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Overdue for more than 181 days</u>	<u>Total</u>
Expected credit losses	0.03%	0.13%	1.16%	3.30%	13.39%	100%	
Total carrying amount	\$ 66,295	\$ 27,585	\$ 2,975	\$ -	\$ -	\$ 2	\$ 96,857
Allowance for losses (expected credit losses during the duration)	( 21 )	( 36 )	( 35 )	-	-	( 2 )	( 94 )
Amortized cost	<u>\$ 66,274</u>	<u>\$ 27,549</u>	<u>\$ 2,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,763</u>

The changes in allowance for doubtful accounts are as follows:

	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 94	\$ 65
Add: Provision for impairment losses in the current year	<u>2,078</u>	<u>29</u>
Year-end balance	<u>\$ 2,172</u>	<u>\$ 94</u>

Compared to the beginning balance, the total carrying amount of accounts receivable increased by \$256,849 thousand and \$33,762 thousand as of December 31, 2023 and 2022, respectively, and the allowance for losses increased by \$2,078 thousand and \$29 thousand respectively.

### Other Receivables

The Company's other receivables as of December 31, 2023 and 2022 were primarily factored but unutilized accounts and receivables from tax refunds. Except for receivables from tax refunds, the remaining accounts were mainly within 90 days (based on the entry date).

The Company assesses the provision for impairment loss of other receivables based on the possibility of collection. After evaluating the possibility of collection, it is unlikely that the receivables cannot be recovered, and therefore no provision for impairment loss is required.

The amount of accounts receivable securitization undertaken by the Company and related information are provided in Note 28(5) Transferred Financial Assets.

## **11. Inventories**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Merchandise	\$ 718	\$ 851
Finished good	116,572	22,301
Work in progress	31,097	33,703
Raw materials	<u>190,814</u>	<u>246,521</u>
	<u>\$ 339,201</u>	<u>\$ 303,376</u>

The nature of cost of goods sold is as follows:

	<b>2023</b>	<b>2022</b>
Cost of goods sold	\$ 1,214,473	\$ 687,673
Loss for inventory depreciation and slow-moving inventories	<u>25,375</u>	<u>7,022</u>
	<u>\$ 1,239,848</u>	<u>\$ 694,695</u>

The net realizable value of inventories decreased in 2023 and 2022 due to the recognition of inventory valuation losses resulting from an increase in the age of inventories.

## 12. Investments Accounted for Using the Equity Method

### Investment in Subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GRAND IMPACT TECHNOLOGY LIMITED	<u>\$ 27,812</u>	<u>\$ 29,033</u>

<u>Name of Subsidiaries</u>	<u>Percentage of ownership and voting rights</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GRAND IMPACT TECHNOLOGY LIMITED	100%	100%
Ruby Tech (Beijing) Co., Ltd.	100%	100%

The share of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method for 2023 and 2022 was recognized based on the audited financial statements of each subsidiary for the same periods.

## 13. Property, Plant and Equipment

	<u>Self-owned land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office Equipment</u>	<u>Lease improvements</u>	<u>Other Equipment</u>	<u>Equipment Awaiting Inspection (Work in Progress)</u>	<u>Total</u>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 185,892	\$ 49,100	\$ 37,287	\$ 5,274	\$ 10,881	\$ 974	\$ 29,894	\$ -	\$ 319,302
Addition	-	-	2,530	-	245	-	9,807	-	12,582
Disposal	-	-	(163)	-	(109)	-	(821)	-	(1,093)
Balance as of December 31, 2023	<u>\$ 185,892</u>	<u>\$ 49,100</u>	<u>\$ 39,654</u>	<u>\$ 5,274</u>	<u>\$ 11,017</u>	<u>\$ 974</u>	<u>\$ 38,880</u>	<u>\$ -</u>	<u>\$ 330,791</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 23,777	\$ 25,887	\$ 4,262	\$ 7,818	\$ 840	\$ 23,824	\$ -	\$ 86,408
Depreciation expense	-	1,845	3,155	270	828	134	3,339	-	9,571
Disposal	-	-	(163)	-	(109)	-	(821)	-	(1,093)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 25,622</u>	<u>\$ 28,879</u>	<u>\$ 4,532</u>	<u>\$ 8,537</u>	<u>\$ 974</u>	<u>\$ 26,342</u>	<u>\$ -</u>	<u>\$ 94,886</u>
Net amount as of December 31, 2023	<u>\$ 185,892</u>	<u>\$ 23,478</u>	<u>\$ 10,775</u>	<u>\$ 742</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 12,538</u>	<u>\$ -</u>	<u>\$ 235,905</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 185,892	\$ 40,835	\$ 33,755	\$ 5,274	\$ 9,496	\$ 974	\$ 33,553	\$ 7,566	\$ 317,345
Addition	-	3,712	4,060	-	661	-	732	150	9,315
Reclassification	-	4,553	-	-	1,135	-	2,028	(7,716)	-
Disposal	-	-	(528)	-	(411)	-	(6,419)	-	(7,358)
balance as of December 31, 2022	<u>\$ 185,892</u>	<u>\$ 49,100</u>	<u>\$ 37,287</u>	<u>\$ 5,274</u>	<u>\$ 10,881</u>	<u>\$ 974</u>	<u>\$ 29,894</u>	<u>\$ -</u>	<u>\$ 319,302</u>
<u>Accumulated Depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 21,864	\$ 23,563	\$ 3,992	\$ 7,457	\$ 620	\$ 27,152	\$ -	\$ 84,648
Depreciation expense	-	1,913	2,852	270	772	220	3,091	-	9,118
Disposal	-	-	(528)	-	(411)	-	(6,419)	-	(7,358)
balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 23,777</u>	<u>\$ 25,887</u>	<u>\$ 4,262</u>	<u>\$ 7,818</u>	<u>\$ 840</u>	<u>\$ 23,824</u>	<u>\$ -</u>	<u>\$ 86,408</u>
Net amount as of December 31, 2022	<u>\$ 185,892</u>	<u>\$ 25,323</u>	<u>\$ 11,400</u>	<u>\$ 1,012</u>	<u>\$ 3,063</u>	<u>\$ 134</u>	<u>\$ 6,070</u>	<u>\$ -</u>	<u>\$ 232,894</u>

For the years 2023 and 2022, as there were no indications of impairment, the Company did not perform an impairment assessment.

The depreciation expenses are provided on a straight-line basis over the following estimated useful lives:

Buildings	
Plant main buildings	21 - 50 years
Electromechanical Power Equipment	5 - 8 years
Engineering systems	3 - 5 years
Parking Lot	18 years
Machinery and equipment	3 - 5 years
Transportation equipment	5 years
Office Equipment	3 - 8 years
Lease improvements	Over the shorter of the useful life or lease term
Other Equipment	3 years

#### 14. Lease Agreements

##### (1) Right-Of-Use Assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use asset		
Buildings	\$ 5,833	\$ 935
Transportation equipment	<u>518</u>	<u>853</u>
	<u>\$ 6,351</u>	<u>\$ 1,788</u>
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 8,753</u>	<u>\$ 1,007</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 3,855	\$ 2,673
Transportation equipment	<u>335</u>	<u>671</u>
	<u>\$ 4,190</u>	<u>\$ 3,344</u>

The Company's right-of-use assets did not have any material sublease or impairment circumstances in 2023 and 2022, other than the aforementioned additions and recognition of depreciation expenses.

##### (2) Lease Liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 4,717</u>	<u>\$ 1,270</u>
Non-current	<u>\$ 1,649</u>	<u>\$ 520</u>



The discount rate range for lease liabilities is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Buildings	1.00%	0.125% ~ 0.25%
Transportation equipment	0.75%	0.75%

The Company leases certain buildings for use as factories, with a lease term of 2 years. Upon the expiration of the lease term, the Company has no preferential right to purchase the leased buildings, and it is stipulated that without the consent of the lessor, the Company shall not sublease, transfer, assign or allow any third party to use the entire or a portion of the leased premises in any indirect manner.

The Company also leases transportation equipment for use as official vehicles, with a lease term of 3 years.

(3) Other Lease Information

	<b>2023</b>	<b>2022</b>
Short-term lease expense	\$ <u>239</u>	\$ <u>-</u>
Low-value asset lease expenses	\$ <u>73</u>	\$ <u>98</u>
Total cash outflow from leases	\$ <u>4,535</u>	\$ <u>3,451</u>

The Company elected to apply the recognition exemption for short-term leases of buildings and low-value asset leases of certain office equipment, and did not recognize right-of-use assets and lease liabilities for these leases.

## 15. Other Intangible Assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Computer Software Cost</u>	<u>Golf Club Membership Certificate</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2023	\$ 500	\$ 1,705	\$ 27,614	\$ 2,900	\$ 32,719
Acquired separately	-	-	756	-	756
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,499</u>	<u>\$ 2,900</u>	<u>\$ 32,604</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2023	\$ 500	\$ 423	\$ 25,634	\$ -	\$ 26,557
Amortization expenses	-	94	1,783	-	1,877
Disposal	-	-	( 871)	-	( 871)
Balance as of December 31, 2023	<u>\$ 500</u>	<u>\$ 517</u>	<u>\$ 26,546</u>	<u>\$ -</u>	<u>\$ 27,563</u>
Net amount as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,188</u>	<u>\$ 953</u>	<u>\$ 2,900</u>	<u>\$ 5,041</u>
<u>Cost</u>					
Balance as of January 1, 2022	\$ 500	\$ 1,705	\$ 27,111	\$ -	\$ 29,316
Acquired separately	-	-	1,028	2,900	3,928
Disposal	-	-	( 525)	-	( 525)
balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 1,705</u>	<u>\$ 27,614</u>	<u>\$ 2,900</u>	<u>\$ 32,719</u>
<u>Accumulated Amortization and Impairment</u>					
Balance as of January 1, 2022	\$ 500	\$ 329	\$ 23,836	\$ -	\$ 24,665
Amortization expenses	-	94	2,323	-	2,417
Disposal	-	-	( 525)	-	( 525)
balance as of December 31, 2022	<u>\$ 500</u>	<u>\$ 423</u>	<u>\$ 25,634</u>	<u>\$ -</u>	<u>\$ 26,557</u>
Net amount as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,282</u>	<u>\$ 1,980</u>	<u>\$ 2,900</u>	<u>\$ 6,162</u>

The Company's golf club memberships are deemed as rights to use, and the management of the Company believes that the Company has the intention and ability to renew the memberships continuously, therefore they are considered as intangible assets with indefinite useful lives. However, regardless of any impairment indicators, impairment tests are conducted annually. The entrance fees of \$2,200 thousand for the golf club memberships are recorded as refundable deposits.

The amortization expense is provided on a straight-line basis over the following estimated useful lives:

Trademarks	10 years
Patents	10 - 18.58 years
Computer software costs	1 - 5 years

Summarized amortization expenses by function:

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 77	\$ 43
Marketing expenses	92	45
Administrative expenses	482	391
Research and development expenses	<u>1,226</u>	<u>1,938</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

## 16. Other Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments	\$ 5,929	\$ 2,788
Provisional payments	154	-
Others	<u>440</u>	<u>371</u>
	<u>\$ 6,523</u>	<u>\$ 3,159</u>
<u>Non-Current</u>		
Refundable deposits	\$ 3,706	\$ 3,286
Overdue receivables	5,675	5,675
Less: Allowance for loss	( <u>5,675</u> )	( <u>5,675</u> )
	<u>\$ 3,706</u>	<u>\$ 3,286</u>

Accounts receivable overdue are subject to legal collection procedures by the Company, with adequate allowance for doubtful accounts provided.

## 17. Notes Payable and Accounts Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes Payable</u>		
Arising from operations.	<u>\$ 96,003</u>	<u>\$ 67,754</u>
<u>Accounts Payable</u>		
Arising from operations.	<u>\$ 120,198</u>	<u>\$ 100,212</u>

The average credit period of accounts payable of the Company range from 30 to 90 days. The Company has a financial risk management policy to ensure that all accounts payable are repaid within the agreed credit period.

## 18. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Salaries and bonus payable	\$ 45,650	\$ 35,473
Employee compensation payable	36,767	21,391
Directors' remuneration payable	6,953	3,534
Leave payment payable	4,481	4,748
Others	<u>28,996</u>	<u>19,300</u>
	<u>\$ 122,847</u>	<u>\$ 84,446</u>
Other Liabilities		
Receivables under custody	\$ 2,483	\$ 2,011
Others	<u>312</u>	<u>205</u>
	<u>\$ 2,795</u>	<u>\$ 2,216</u>
<u>Non-Current</u>		
Guarantee deposits received	\$ 2	\$ 3
Others	<u>21</u>	<u>21</u>
	<u>\$ 23</u>	<u>\$ 24</u>

## 19. Provisions for Liabilities - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Warranty	<u>\$ 1,582</u>	<u>\$ 1,133</u>

	<u>Year-Begin Balance</u>	<u>Provision for the Year</u>	<u>Year-End Balance</u>
<u>2023</u>			
Product warranty provision	\$ 1,133	\$ 449	\$ 1,582
<u>2022</u>			
Product warranty provision	944	189	1,133

The warranty liability reserve is the present value of the company's management's best estimate of future economic benefits outflows arising from warranty obligations, based on the terms of the sales contract. This estimate is based on historical warranty experience and adjusted for new materials, process changes, or other events affecting product quality.

## 20. Retirement Benefit Plans

### (1) Defined Contribution Plans

The pension system applicable to the Company under the "Labor Pension Act" is a defined contribution plan administered by the government. The Company contributes an amount equal to 6% of each employee's monthly salary to parent company only pension accounts at the Bureau of Labor Insurance.

### (2) Defined Benefit Plan

The Company's retirement plan in accordance with the Labor Standards Act of Taiwan is a defined benefit pension plan administered by the government. Employee retirement benefits are calculated based on years of service and the average monthly salaries for the six months before the approved retirement date. The Company contributes an amount equivalent to 3% of employees' total salaries and wages on a monthly basis to the retirement fund deposited with the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. Before the end of each year, the Company assesses whether the balance in the retirement fund is adequate to pay prospective retirees in the following year. Since the retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment strategy.

The amounts recognized in the parent company only balance sheet arising from the defined benefit plans are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 46,545	\$ 47,223
Plan asset fair value	( <u>34,095</u> )	( <u>32,885</u> )
Net defined benefit liability	<u>\$ 12,450</u>	<u>\$ 14,338</u>

Changes in Net defined benefit liability are as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Plan Asset Fair Value</b>	<b>Net Defined Benefit Liability</b>
January 1, 2022	\$ 50,448	( \$ 29,238 )	\$ 21,210
Service cost			
Service cost for the current period	176	-	176
Interest expenses (revenue)	<u>359</u>	( <u>208</u> )	<u>151</u>
Recognized in profit or loss	<u>535</u>	( <u>208</u> )	<u>327</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( 3,190 )	-	( 3,190 )
Actuarial losses - experience adjustments	( <u>570</u> )	( <u>2,150</u> )	( <u>2,720</u> )
Recognized in other comprehensive income	( <u>3,760</u> )	( <u>2,150</u> )	( <u>5,910</u> )
Contributions by employer	<u>-</u>	( <u>1,289</u> )	( <u>1,289</u> )
December 31, 2022	<u>47,223</u>	( <u>32,885</u> )	<u>14,338</u>
Service cost			
Service cost for the current period	155	-	155
Interest expenses (revenue)	<u>614</u>	( <u>428</u> )	<u>186</u>
Recognized in profit or loss	<u>769</u>	( <u>428</u> )	<u>341</u>
Remeasurement Amount:			
Actuarial losses - changes in financial assumptions	( 1,805 )	-	( 1,805 )
Actuarial gains - experience adjustments	<u>1,034</u>	( <u>121</u> )	<u>913</u>
Recognized in other comprehensive income	( <u>771</u> )	( <u>121</u> )	( <u>892</u> )
Contributions by employer	-	( 1,337 )	( 1,337 )
Benefits payment	( <u>676</u> )	<u>676</u>	<u>-</u>
December 31, 2023	<u>\$ 46,545</u>	( <u>\$ 34,095</u> )	<u>\$ 12,450</u>

The amounts recognized in profit or loss for defined benefit plans are aggregated by function as follows:

	<b>2023</b>	<b>2022</b>
Operating costs	\$ 94	\$ 90
Marketing expenses	51	52
Administrative expenses	46	44
Research and development expenses	<u>150</u>	<u>141</u>
	<u>\$ 341</u>	<u>\$ 327</u>

The Company is exposed to the following risks from the retirement benefit plan under the Labor Standards Act:

1. **Investment Risks:** The Bureau of Labor Funds, Ministry of Labor, invests labor retirement funds through self-operation and commissioned operation in domestic and foreign equity securities, debt securities, bank deposits, and other investment targets. However, the allocable amount of the Company's plan assets is calculated based on the returns derived from the local banks' two-year time deposit interest rates or higher.
2. **Interest Rate Risk:** A decrease in government bond interest rates will increase the present value of the defined benefit obligation; however, the investment returns on debt investments of plan assets will also increase, resulting in a partial offsetting effect on the net defined benefit liability.
3. **Salary Risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Therefore, an increase in the salaries of the plan participants will lead to an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is actuarially valued by qualified actuaries, and the significant assumptions used for the measurement are presented as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.20%	1.30%
The expected rate of return on plan assets.	1.20%	1.30%
Expected Salary Increase Rate	1.50%	2%

If significant actuarial assumptions change reasonably and favorably (unfavorably), while holding all other assumptions constant, the present value of the defined benefit obligations would increase (decrease) by the following amounts:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.5%	( \$ <u>1,393</u> )	( \$ <u>2,189</u> )
Decreased by 0.5%	<u>\$ 2,329</u>	<u>\$ 2,682</u>
Expected Salary Increase Rate		
Increase by 0.5%	<u>\$ 2,309</u>	<u>\$ 2,649</u>
Decreased by 0.5%	( \$ <u>1,396</u> )	( \$ <u>2,186</u> )

Since the actuarial assumptions may be correlated, the possibility of a single assumption varying is remote; therefore, the aforementioned sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount to be allocated within one year	<u>\$ 1,337</u>	<u>\$ 1,396</u>
Determining the average maturity period of the defined benefit obligation.	8 years	10 years

## 21. Equity

### (1) Capital –Common Stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>70,000</u>	<u>70,000</u>
Authorized capital.	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in thousands)	<u>56,103</u>	<u>54,471</u>
Issued capital	<u>\$ 561,030</u>	<u>\$ 544,712</u>

The par value of each issued ordinary share is \$10, with one voting right and the entitlement to receive dividends per share.

The registered share capital reserved for the issuance of employee share option certificates is 2,000 thousand shares.

The Company, after obtaining approval from the shareholders' meeting on June 9, 2023, and the resolution of the Board of Directors on the same date authorizing the Chairman to proceed, conducted a capital increase by issuing 1,632 thousand new shares for free distribution. The record date for the capital increase was July 12, 2023, and the paid-in capital of the Company after the capital increase amounted to \$561,030 thousand.



## (2) Capital Surplus

The capital surplus arising from paid-in capital in excess of par value of issuance of shares (including the issuance of ordinary shares or treasury share transactions, etc.) and the portion from donated assets may be used to offset deficits; or if the Company has no deficit, the capital surplus may be distributed as cash dividends or capitalized, provided that a certain ratio of paid-in capital shall be set aside as capital reserve each year.

The capital reserve arising from investments accounted for using the equity method, employee share options, and share warrants shall not be used for any purpose.

## (3) Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the profit distribution policy, if there is profit after the annual final accounting, taxes shall be paid, accumulated losses shall be covered, and 10% shall be appropriated as legal reserve except when the accumulated legal reserve has reached the Company's paid-in capital. After appropriating or reversing special reserve as required by laws or the competent authority, the Board of Directors shall propose a profit distribution proposal for the undistributed profits at the beginning of the period and submit it to the shareholders' meeting for resolution. For the policy on the distribution of employee and director remuneration as stipulated in the Articles of Incorporation, please refer to Note 24 (7) Employee and Director Remuneration.

The Company is engaged in the high-tech industry and is currently in the growth stage of its corporate life cycle. In order to maintain a sound financial structure, meet capital expenditure requirements for sustainable development, and protect the interests of investors, the distribution of surplus is comprehensively determined by considering factors such as retained earnings, capital surplus, financial structure, and operating conditions. The company's dividends are distributed in the form of share dividends and cash dividends, with the distribution ratio determined by the company's capital, financial structure, and future funding requirements for its plans. Cash dividends shall account for no less than 10%, but the distribution method and ratio may be adjusted by resolution of the general shareholders' meeting.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the company's paid-in capital. The legal reserve may be used to offset deficits. When the company has no deficit, the portion of legal reserve exceeding 25% of paid-in capital may be distributed in cash or capitalized.

In accordance with Order No. 1090150022 issued by the Financial Supervisory Commission, Order No. 10901500221 issued by the Financial Supervisory Commission, and the "Q&A on the Appropriation and Reversal of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)," the Company has appropriated and reversed special reserves.

The Company convened the Annual General Shareholders' Meetings on June 9, 2023 and June 14, 2022, respectively, at which the proposals for distribution of surplus earnings for the years 2022 and 2021 were approved as follows:

	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 19,647</u>	<u>\$ 15,885</u>
Cash dividend	<u>\$ 119,665</u>	<u>\$ 119,665</u>
Share dividends	<u>\$ 16,318</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 2.2	\$ 2.2
Share dividend per share (NT\$)	\$ 0.3	\$ -

The Company's Board of Directors on February 27, 2024 has proposed the following profit distribution for 2023:

	<b>Proposed Surplus Distribution.</b>	<b>Dividend per Share (NT\$)</b>
Legal reserve	\$ 25,510	
Cash dividend	168,075	\$ 3.0
Share dividends	16,808	0.3

With respect to the earnings distribution for 2023, it is still subject to the resolution to be adopted at the Annual General Shareholders' Meeting scheduled for June 19, 2024.

#### (4) Other Equity Items

##### 1. Exchange differences on translation of foreign financial statements:

	<b>2023</b>	<b>2022</b>
Year-begin balance	( \$ 2,049 )	( \$ 2,486 )
Arising in the year		
Exchange differences arising from the translation of the financial statements of foreign operations	( 449 )	437
Other comprehensive income for the year	( 449 )	437
Year-end balance	( <u>\$ 2,498</u> )	( <u>\$ 2,049</u> )

##### 2. Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income:

	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 17,287	\$ 145,284
Arising in the year		
Unrealized gains (losses) on equity instruments	<u>12,332</u>	( <u>68,479</u> )
Other comprehensive income for the year	<u>12,332</u>	( <u>68,479</u> )
Cumulative gains or losses on disposal of equity instruments transferred to retained earnings		
Retained earnings	( <u>9,164</u> )	( <u>59,518</u> )
Year-end balance	<u>\$ 20,455</u>	<u>\$ 17,287</u>

## 22. Treasury Shares

- (1) The reasons for share buyback and the changes in the number of shares are as follows (in thousands of shares):

<u>Reasons for Buyback</u>	<u>Number of Shares at the Beginning of the Year</u>	<u>Increase for the Year</u>	<u>Decrease for the year</u>	<u>Number of Shares at the end of the Year</u>
<u>2023</u>				
Transfer of shares to employees	78	-	-	78
<u>2022</u>				
Transfer of shares to employees	78	-	-	78

- (2) The Company's Board of Directors resolved on March 23, 2020 to repurchase 800 thousand shares from March 24, 2020 to May 22, 2020 at a price ranging from \$25 to \$32 per share, and if the market price fell below the lower limit of the originally determined price range, the repurchase would continue. By the end of the execution period, a total of 78 thousand shares had been repurchased at a total cost of \$2,341 thousand.
- (3) The Securities and Exchange Act prescribes that the number of shares repurchased by a company shall not exceed 10% of the total number of issued shares, and the total amount of repurchased shares shall not exceed the sum of retained earnings, share premium, and realized capital surplus. As of the date of the Board's resolution, the Company is in compliance with the provisions of the Securities and Exchange Act.
- (4) The Company's treasury shares, in accordance with securities trading laws and regulations, shall not be pledged, nor shall they entitle the Company to the distribution of dividends or voting rights.

## 23. Revenue

(1) Contract Balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (Note 10)	<u>\$ 351,534</u>	<u>\$ 96,763</u>	<u>\$ 63,030</u>
Contract liabilities - current			
Sales of goods	<u>\$ 21,182</u>	<u>\$ 26,121</u>	<u>\$ 33,577</u>

(2) Unfinished Customer Contracts

The Company's unsatisfied performance obligations have an expected duration of no more than one year for all customer contracts.

**24. Net income from Continuing Operations**

(1) Interest Income

	<b>2023</b>	<b>2022</b>
Bank deposits and others	<u>\$ 10,763</u>	<u>\$ 4,373</u>

(2) Other Revenue

	<b>2023</b>	<b>2022</b>
Dividend revenue	\$ 2,918	\$ 4,505
Miscellaneous income	<u>367</u>	<u>591</u>
	<u>\$ 3,285</u>	<u>\$ 5,096</u>

(3) Other Gain and Losses

	<b>2023</b>	<b>2022</b>
Gain (loss) on financial assets		
Financial assets designated as fair value through profit or loss	\$ 6,827	( \$ 20,595 )
Net foreign exchange gains	<u>5,077</u>	<u>23,069</u>
	<u>\$ 11,904</u>	<u>\$ 2,474</u>

(4) Financial Costs

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 46	\$ 8
Others	<u>-</u>	<u>16</u>
	<u>\$ 46</u>	<u>\$ 24</u>

(5) Depreciation and Amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses summarized by function		
Operating costs	\$ 7,674	\$ 6,198
Operating expenses	<u>6,087</u>	<u>6,264</u>
	<u>\$ 13,761</u>	<u>\$ 12,462</u>
Amortization expenses summarized by function		
Operating costs	\$ 77	\$ 43
Operating expenses	<u>1,800</u>	<u>2,374</u>
	<u>\$ 1,877</u>	<u>\$ 2,417</u>

(6) Employee Benefit Expenses

	<u>2023</u>	<u>2022</u>
Retirement benefits (Note 20)		
Defined contribution plans	\$ 5,246	\$ 5,078
Defined benefit plan	<u>341</u>	<u>327</u>
	<u>5,587</u>	<u>5,405</u>
Other Employee Benefits		
Salaries and wages	173,025	140,278
Labor and health insurance expenses	11,274	10,493
Other Employee Benefits	<u>8,556</u>	<u>5,393</u>
	<u>192,855</u>	<u>156,164</u>
Total employee benefit expenses	<u>\$ 198,442</u>	<u>\$ 161,569</u>
Summarized by function		
Operating costs	\$ 35,539	\$ 31,580
Operating expenses	<u>162,903</u>	<u>129,989</u>
	<u>\$ 198,442</u>	<u>\$ 161,569</u>

(7) Employee and Directors' Remuneration

In accordance with the Articles of Incorporation, this Company shall appropriate employee compensation at the rate of 7% to 10% and director compensation at a maximum rate of 2% from the pre-tax net income of the current year before deduction of the compensation for employees and directors.

The estimated employee and director compensation for 2023 and 2022 were approved by the Board of Directors on February 27, 2024 and March 10, 2023, respectively, as follows:

Estimated Ratio

	<u>2023</u>	<u>2022</u>
Employee' remuneration	10%	10%
Directors' Remuneration	2%	2%

Amount

	<u>2023</u>	<u>2022</u>
Employee' remuneration	\$ 34,766	\$ 17,667
Directors' Remuneration	6,953	3,534

After the release date of the annual parent company only financial statements, if the amount is still changed, it will be treated as a change in accounting estimate and adjusted in the next .

The actual distribution amounts of employee and director compensation for 2022 and 2021 are consistent with the recognized amounts disclosed in the parent company only financial statements for 2022 and 2021.

With regard to the information on employee and director remuneration resolved by the Company's Board of Directors, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign Currency Translation (Gain) Loss

	<u>2023</u>	<u>2022</u>
Total foreign exchange gain	\$ 38,565	\$ 34,558
Total foreign exchange loss	( <u>33,488</u> )	( <u>11,489</u> )
Net gain	<u>\$ 5,077</u>	<u>\$ 23,069</u>

## 25. Income Tax

### (1) Income Taxes Recognized in Profit or Loss

The main components of income tax expense are as follows:

	<u>2023</u>	<u>2022</u>
Current Income Tax		
Arising in the year	\$ 66,511	\$ 29,347
Undistributed earnings surtax	2,042	1,165
Adjustment of previous years	( <u>807</u> )	( <u>5,779</u> )
	<u>67,746</u>	<u>24,733</u>
Deferred tax		
Arising in the year	( <u>7,033</u> )	( <u>1,491</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

The reconciliation of accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 305,938</u>	<u>\$ 155,470</u>
Income tax expense calculated based on statutory tax rate on net profit before tax (20%)	\$ 61,188	\$ 31,094
Tax-exempt income	1,793	( 561 )
Undistributed earnings surtax	2,042	1,165
Deductible temporary differences not recognized	( 3,503 )	( 2,677 )
Adjustments of current income tax for prior periods in the current year	( <u>807</u> )	( <u>5,779</u> )
Income tax expense recognized in profit or loss	<u>\$ 60,713</u>	<u>\$ 23,242</u>

### (2) Income Tax Recognized in Other Comprehensive Income

	<u>2023</u>	<u>2022</u>
<u>Deferred Tax</u>		
Arising in the year		
Translation of the financial statements of foreign operations	\$ 112	( \$ 110 )
Remeasurements of defined benefit plan.	( <u>178</u> )	( <u>1,182</u> )
Income tax recognized in other comprehensive income.	( <u>\$ 66</u> )	( <u>\$ 1,292</u> )

### (3) Current Tax Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payable	\$ <u>74,369</u>	\$ <u>30,524</u>

### (4) Deferred Income Tax Assets

The changes in deferred income tax assets are as follows:

#### 2023

Deferred Income Tax Assets	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Foreign operations currency translation differences	\$ 512	\$ -	\$ 112	\$ 624
Remeasurements of defined benefit plan.	1,303	-	( 178 )	1,125
Defined benefit retirement plan	1,564	( 199 )	-	1,365
Leave payment payable	950	( 54 )	-	896
Provision for inventory devaluation and obsolescence loss	3,892	5,075	-	8,967
Unrealized exchange loss	759	2,608	-	3,367
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	<u>227</u>	<u>89</u>	<u>-</u>	<u>316</u>
	<u>\$ 9,211</u>	<u>\$ 7,519</u>	<u>( \$ 66 )</u>	<u>\$ 16,664</u>

#### 2022

Deferred Income Tax Assets	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Foreign operations currency translation differences	\$ 622	\$ -	( \$ 110 )	\$ 512
Remeasurements of defined benefit plan.	2,485	-	( 1,182 )	1,303
Defined benefit retirement plan	1,757	( 193 )	-	1,564
Leave payment payable	926	24	-	950
Provision for inventory devaluation and obsolescence loss	2,488	1,404	-	3,892
Unrealized exchange loss	457	302	-	759
Unrealized gross profit on sales of goods	4	-	-	4
Provisions for unrealized product warranties	189	38	-	227
Others	( <u>335</u> )	<u>335</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,593</u>	<u>\$ 1,910</u>	<u>( \$ 1,292 )</u>	<u>\$ 9,211</u>



(5) Deferred Income Tax Liabilities

The changes in deferred income tax liabilities are as follows:

2023

Deferred Income Tax Liabilities	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Unrealized exchange gain	\$ 419	\$ 486	\$ -	\$ 905

2022

Deferred Income Tax Liabilities	Year-Begin Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Year-End Balance
Temporary difference				
Unrealized exchange gain	\$ -	\$ 419	\$ -	\$ 419

(6) Income Tax Assessments Status

The Income Tax returns of the Company's profit-seeking enterprise through 2021 have been examined and assessed by the Tax Authorities. The discrepancies between the assessed amount and filed amount have been properly adjusted in the respective year.

**26. Earnings per share**

Units: NT\$ per share

	2023	2022
Basic earnings per share	\$ 4.38	\$ 2.36
Diluted earnings per share	\$ 4.33	\$ 2.33

When calculating earnings per share, the effect of the share dividends has been retrospectively adjusted, with the ex-rights date being July 12, 2023. Due to the retroactive adjustment, the basic and diluted earnings per share for 2022 were changed as follows:

Units: NT\$ per share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ 2.43	\$ 2.36
Diluted earnings per share	\$ 2.40	\$ 2.33

The following presents profit and weighted average numbers of ordinary shares outstanding for calculation of earnings per share:

### Total Comprehensive Income for the year

	<u>2023</u>	<u>2022</u>
Net income used to calculate basic and diluted earnings per share	\$ <u>245,225</u>	\$ <u>132,228</u>

### Number of Shares

	Unit of shares: Thousands of shares	
	<u>2023</u>	<u>2022</u>
The weighted average number of ordinary shares used to calculate basic earnings per share.	56,025	56,025
Effect of potential dilutive ordinary shares		
Employee' remuneration	<u>603</u>	<u>666</u>
The weighted average number of common shares used to calculate diluted earnings per share	<u>56,628</u>	<u>56,691</u>

If the Company may settle the employee compensation in shares or cash, the Company shall presume that the entire amount of the compensation will be settled in shares and the resulting potential shares should be included in the weighted average number of outstanding shares when computing the diluted earnings per share, provided the shares have a dilutive effect. Such dilutive effect of the potential shares should continue to be considered until approval of number of shares to be distributed to employees as compensation in the following year.

## **27. Capital Risk Management**

The Company conducts capital management to ensure that entities within the Group are able to continue as going concerns while maximizing returns to shareholders through the optimization of the debt and equity balance.

The Company's capital structure consists of net debt and equity (comprising share capital, capital surplus, retained earnings and other equity items).

The Company is not subject to other external capital requirements.

## **28. Financial Instruments**

### (1) Fair Value Information - Financial Instruments not Measured at Fair Value

The company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

(2) Fair Value Information - Financial Instruments Measured at Fair Value on a Recurring Basis

1. Fair Value Measurement Hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 4,911	\$ -	\$ -	\$ 4,911
Domestic unlisted shares	-	-	28,710	28,710
	<u>\$ 4,911</u>	<u>\$ -</u>	<u>\$ 28,710</u>	<u>\$ 33,621</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ -	\$ -	\$ 27,086
Domestic unlisted shares	-	-	48,710	48,710
	<u>\$ 27,086</u>	<u>\$ -</u>	<u>\$ 48,710</u>	<u>\$ 75,796</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets Measured at Fair Value Through Profit or Loss</u>				
Domestic listed (OTC) and emerging shares	\$ 15,430	\$ -	\$ -	\$ 15,430
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 15,430</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 34,962</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 47,531	\$ -	\$ -	\$ 47,531
Domestic unlisted shares	-	-	19,532	19,532
	<u>\$ 47,531</u>	<u>\$ -</u>	<u>\$ 19,532</u>	<u>\$ 67,063</u>

There were no transfers between Level 1 and Level 3 fair value measurements in 2023 and 2022.

## 2. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

<u>Class of Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic unlisted shares	<ol style="list-style-type: none"> <li>1. The market approach using comparable companies listed on the Taiwan Stock Exchange or Over-the-Counter market is based on the transaction prices of comparable targets, taking into account the differences between the subject company and the comparable companies, and estimating the value of the subject company using appropriate valuation multiples.</li> <li>2. The market approach using comparable transactions involves referencing the transaction prices of similar or identical assets, considering the implied valuation multiples and relevant transaction information from these prices, to determine the value of the subject company.</li> </ol>

### (3) Types of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss – Designated as at fair value through profit or loss	\$ 33,621	\$ 34,962
Amortized cost financial assets (Note 1)	910,273	700,581
Financial assets measured at fair value through other comprehensive profit or loss – Equity instrument investment	75,796	67,063
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	245,197	187,266

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and a portion of other receivables that are financial assets measured at amortized cost.

Note 2: The balances include notes payable, accounts payable and a portion of other payables that are financial liabilities measured at amortized cost.

### (4) Financial Risk Management Objectives and Policies

The Company's principal financial instruments include equity investments, accounts receivable, accounts payable and lease liabilities. The Company's financial management department provides services to the business units, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the Company's operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

This company has established the “Procedures for Acquisition or Disposal of Assets” in accordance with the regulations of the competent authority, which outlines the control procedures for the acquisition, management, and disposal of various assets. If risks are assessed and derivative financial instruments are used to hedge exposures to mitigate such risks, the use of derivative financial instruments is governed by the policies approved by the company’s board of directors, which are the written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. The internal auditors continuously review compliance with policies and exposure limits. This company did not engage in derivative financial instrument transactions in 2023 and 2022.

## 1. Market Risk

The Company’s operations expose it to the following major financial risks:

### (1) Foreign Exchange Risk

The Company engages mainly in sales and purchases transactions denominated in U.S. dollars, which naturally hedge foreign currency positions and mitigate the effect of exchange rate fluctuations.

At the balance sheet date, please refer to Note 33 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company.

With respect to the sensitivity analysis of foreign currency risk, it primarily addresses the adverse effects arising from changes in exchange rates on foreign currency monetary items as of the end of the reporting period. A 1% change in foreign currency exchange rates against the New Taiwan Dollar would result in a decrease of \$2,892 thousand and \$2,491 thousand in the Company’s net income after tax for the years 2023 and 2022, respectively.

### (2) Risk of Interest Rate Fluctuations

In respect of the interest rate risk, the Company’s operations are mainly financed by its own funds, and thus the impact arising from changes in interest rates is insignificant.

The Company’s exposures to market risk of financial instruments, and its policies and processes for managing and measuring such exposures remained unchanged.

## 2. Credit Risk

The credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk that could cause financial loss to the Company due to the failure of counterparties to perform their obligations is mainly from the carrying amount of financial assets recognized in the parent company only balance sheet.

The Company does not have material credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. The concentration of credit risk from counterparties did not exceed 10% of the total monetary assets for the years 2023 and 2022.

The Company's credit risk is mainly concentrated on its American and European customers. As of December 31, 2023, European customers accounted for approximately 66.53% of total accounts receivable, while American customers accounted for approximately 18.67% and 81.71% of total accounts receivable as of December 31, 2023 and 2022, respectively.

## 3. Liquidity Risk

The Company maintains adequate cash and cash equivalents through appropriate management to cope with operational needs and mitigate the impacts of fluctuations in cash flows. The Company's working capital is sufficient to meet its needs, and there is no liquidity risk arising from inability to raise funds to fulfill contractual obligations.

### December 31, 2023

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 288,521	\$ 50,527	\$ -
Lease liabilities	<u>1,175</u>	<u>3,542</u>	<u>1,649</u>
	<u>\$ 289,696</u>	<u>\$ 54,069</u>	<u>\$ 1,649</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 4,756</u>	<u>\$ 1,654</u>

December 31, 2022

	<u>1 - 3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-3 Years</u>
<u>Non-Derivative Financial Liabilities</u>			
Non-interest bearing liabilities	\$ 219,960	\$ 32,452	\$ -
Lease liabilities	<u>599</u>	<u>671</u>	<u>520</u>
	<u>\$ 220,559</u>	<u>\$ 33,123</u>	<u>\$ 520</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Lease liabilities	<u>\$ 1,276</u>	<u>\$ 523</u>

(5) Information on Transfer of Financial Assets

The relevant information regarding the factoring of the Company's outstanding accounts receivable at the end of the year is as follows:

December 31, 2023

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ 28,415</u>	<u>\$ -</u>	0.85%~0.90%

December 31, 2022

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
Hua Nan Commercial Bank	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ 132,087</u>	<u>\$ -</u>	0.85%~0.95%

In accordance with the terms of the underwriting agreements, losses arising from commercial disputes shall be borne by the Company, while losses arising from credit risks shall be borne by such banks.

## 29. Related Party Transactions

Related party transactions were as follows:

### (1) Names of Related Parties and Their Relationships

<u>Stakeholder Names</u>	<u>With Respect to the Company</u>
Ruby Tech (Beijing) Co., Ltd.	Second-tier Subsidiary of the Company

### (2) Compensation of Key Management Personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 22,888</u>	<u>\$ 19,889</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on parent company only performance and market trends.

## 30. Pledged Assets

The following assets of the Company have been pledged as collateral for customs duty deferral:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	<u>\$ 16,000</u>	<u>\$ 16,000</u>

## 31. Other matters: None.

## 32. Significant subsequent events: None.



### 33. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in currencies other than the functional currencies of the company, with the disclosed exchange rates being the rates at which those currencies are translated into the functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

Unit: Each Foreign Currency /NT\$ thousand

#### December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b>Financial Assets</b>			
<u>Monetary Items</u>			
US dollars	\$ 15,407	30.725	\$ 473,390
<u>Non-monetary items</u>			
Investments accounted for using equity method			
US dollars	905	30.725	27,812
<b>Financial Liabilities</b>			
<u>Monetary Items</u>			
US dollars	3,642	30.725	111,903

#### December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<b>Financial Assets</b>			
<u>Monetary Items</u>			
US dollars	\$ 13,013	30.72	\$ 399,757
<u>Non-Monetary Items</u>			
Investments accounted for using equity method			
US dollars	945	30.72	29,033
<b>Financial Liabilities</b>			
<u>Monetary Items</u>			
US dollars	2,876	30.72	88,350

The Company's foreign currency exchange (loss) gain is as follows:

	<u>2023</u>	<u>2022</u>
Realized	\$ 17,412	\$ 24,716
Unrealized	( <u>12,336</u> )	( <u>1,672</u> )
	<u>\$ 5,076</u>	<u>\$ 23,044</u>

### 34. Notes on Disclosures

#### (1) Major Transaction Matters and

#### (2) Information Related to Reinvested Enterprises:

1. Funds loaned to others: None.
2. Endorsements/guarantees for others: None.
3. The end-of-period securities holding status (excluding investments in subsidiaries, associates, and joint ventures equity): Appendix 1.
4. The cumulative amount of buying or selling the same securities has reached \$300 million or 20% of the paid-in capital: None.
5. Disposal of real estate with an amount reaching \$300 million or 20% of the paid-in capital: None.
6. Acquisition of real estate with amount reaching \$300 million or 20% of paid-in capital: None.
7. The amount of purchases or sales with related parties exceeding \$100 million or 20% of the paid-in capital: None.
8. Accounts receivable from related parties reaching \$100 million or 20% of the paid-in capital: None
9. Engaging in derivative product transactions: None.
10. Information on reinvested businesses: Appendix 2.

#### (3) Information on Investments in China

1. The name of the invested company in China, its main business activities, paid-in capital, investment methods, fund inward and outward remittance situations, shareholding ratio, investment gains and losses, carrying amount of investments at the end of the period, repatriated investment gains and losses, and the limit on investments in China: Appendix 3.

2. The significant transactions with investee companies in China, either directly or indirectly through a third area, their prices, payment terms, and unrealized gains or losses: None.
  - (1) The amount and percentage of purchases and the ending balances and percentages of related accounts payable.
  - (2) The amount and percentage of sales revenue, and the ending balance and percentage of related accounts receivable.
  - (3) The amount of property transactions and the amount of profits or losses arising therefrom.
  - (4) The outstanding balance of endorsed or guaranteed notes receivable or provision of collaterals as of the balance sheet date and the purpose thereof.
  - (5) The highest balance, ending balance, range of interest rates, and total interest amount for the period of financing facilities.
  - (6) Other transactions that have a material impact on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on Major Shareholders: Names, shareholding amounts and proportions of shareholders with a shareholding ratio of more than 5%: Appendix 4.

RUBY TECH CORP.  
**HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD**

December 31, 2023

**Appendix 1**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Holding Company	Type and Name of Marketable Securities	The Relationship Between the Issuer of Marketable Securities and the Company	Accounts	End of Period				Remarks
				Number of Shares/Units	Carrying Amount	Shareholding Ratio	Fair Value (Note 2)	
Ruby Tech Corp.	<u>Equity Securities</u>							
	Green Energy Technology Inc.	—	Current financial assets measured at fair value through profit or loss.	212,000	\$ -	0.05	\$ -	Notes 2 and 4
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through profit or loss.	1,041,707	28,710	0.08	28,710	Note 2
	DEXIN CORP	—	Current financial assets measured at fair value through profit or loss.	284,720	4,911	0.71	4,911	Notes 2 and 3
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through other comprehensive income	1,041,707	28,710	0.08	28,710	Note 2
	Vactronics Technologies Inc	—	Current financial assets measured at fair value through other comprehensive income	262,825	16,558	0.37	16,558	Notes 2 and 3
	Solar Applied Materials Technology Corp	—	Current financial assets measured at fair value through other comprehensive income	271,000	10,528	0.05	10,528	Notes 2 and 3
	Videosoft Global Co., Ltd.	—	Current financial assets measured at fair value through other comprehensive income	500,000	20,000	4.50	20,000	Note 2

Note 1: The term “securities” as used in this statement refers to shares, bonds, beneficial interest certificates, and securities derived from the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.

Note 2: For those measured at fair value, the carrying amounts are presented as the balances after fair value adjustments; for those not measured at fair value, the carrying amounts are presented as the amortized cost (net of allowance for losses).

Note 3: Calculated based on the closing prices as of the end of December 2023.

Note 4: Green Energy Technology Co., Ltd. has announced the termination of its listing, and the Company has evaluated that the investment has no fair value.

RUBY TECH CORP

NAMES OF INVESTED COMPANIES, LOCATIONS, AND OTHER RELEVANT INFORMATION

2023

Appendix 2

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of Investee	Name of Investee	Place of Operation	Major Business Activity	Original Investment Amount		Held at the End of the Period			Gain (Loss) Income of the Invested Company for the Current Period	Investment (Gains) Losses Recognized for the Period (Note 1)	Remarks
				At the End of the Current Period	At the End of the Last Period	Number of Shares	Percentage (%)	Carrying Amount			
Ruby Tech Corp.	GRAND IMPACT TECHNOLOGY LIMITED	British Virgin Islands	Investment in related businesses	\$ 58,581	\$ 58,581	1,800,000	100	\$ 27,812	( \$ 660 )	( \$ 660 )	Invested companies evaluated using the equity method
GRAND IMPACT TECHNOLOGY LIMITED	Ruby Tech (Beijing) Co., Ltd.	Beijing (China)	Computer peripheral equipment trading business.	53,471	53,471	-	100	27,812	( 660 )	( 660 )	Invested companies evaluated using the equity method

Note 1: The equity in net gain (loss) of subsidiaries accounted for using the equity method is calculated based on the financial statements audited by certified public accountants.

Note 2: For information regarding investee companies in China, please refer to Appendix 3.

RUBY TECH CORP  
**INFORMATION ON INVESTMENT IN CHINA**

2023

**Appendix 3**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

Name of the Invested Company in China	Major Business Activity	Paid-In Capital	Method of Investments	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Period	Amount of Investments Exported or Recovered This Period		Accumulated Investment Amount Remitted from Taiwan at the end of the Period (Note 2)	Gain (Loss) Income of the Invested Company for the Current Period	The Direct or Indirect Investment Shareholding Ratio of the Company	Current Recognition Investment (Loss) Gain (Note 3)	Carrying Amount of Investment at end of Period (Note 3)	Cumulative Investment Income Repatriated up to the Current Period
					Exported	Recovered						
Ruby Tech (Beijing) Co., Ltd.	Computer peripheral equipment trading business.	\$ 53,471	(Note 1)	\$ 53,471	\$ -	\$ -	\$ 53,471	(\$ 660)	100%	(\$ 660)	\$ 27,812	\$ -

Accumulated Outward Remittances from Taiwan to China at the End of the Period (Note 2)	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (Note 2)	Limit of Investment in China in Accordance with the Regulations of the Investment Commission of the Ministry of Economic Affairs M.O.E.A. (Note 4)
\$53,471 (USD1,650,000)	\$53,471 (USD1,650,000)	\$724,103

- Note 1: Reinvested in China through Grand Impact Technology Limited.
- Note 2: Investments denominated in foreign currencies were recorded using the exchange rates prevailing at the time of the transactions.
- Note 3: Recognized based on the financial statements audited by the certified public accountants engaged by the Company in Taiwan.
- Note 4: The investment limit is the higher of 60% of net worth or \$80 million.

RUBY TECH CORP  
**MAJOR SHAREHOLDERS' INFORMATION**

December 31, 2023

Appendix 4

Unit: Share

Major Shareholders' Name	Shares	
	Shares Held	Shareholding Ratio
Premier Capital Management Corp.	5,020,717	8.94%
Wang, Peng-Sen	3,068,115	5.46%

Note 1: The major shareholder information in this table is provided by Taiwan Depository & Clearing Corporation (TDCC), calculated based on the shareholders holding 5% or more of the Company's total issued and outstanding ordinary shares and special shares, including treasury shares, on the last business day of the current quarter. The share capital recorded in the Company's parent company only financial statements and the actual outstanding shares registered electronically may differ due to different calculation bases.

Note 2: For shareholders who have deposited their shares into trust, the shares of the trust account opened by the trustee are disclosed by the respective parent company only sub-accounts of the trustors. As for shareholders whose shareholding ratios exceed 10% and are required to report their insider shareholdings in accordance with relevant securities regulations, their shareholdings include their personal shareholdings plus the shares they have entrusted and have the decision power over. Please refer to the Market Observation Post System for insider shareholding data.

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**Ruby Tech Corporation**  
Details of Cash and Cash Equivalents  
December 31, 2023

Table 1

Unit: Unless otherwise stated,  
amounts are in NT\$ thousand

Item	Amount
Cash on Hand	<u>\$ 366</u>
Cash in Banks	
Demand and Checking Deposits	12,692
Foreign Currency Demand Deposits (Note 1)	<u>4,345</u>
	<u>17,037</u>
Cash equivalents	
Bank Time Deposits With an Original Maturity Within 3 Months (Note 1)	149,000
Securities Sold Under Repurchase Agreements (Note 2)	<u>115,537</u>
	<u>264,537</u>
Total	<u>\$ 281,940</u>

Note 1: Comprising US\$134,419.57 translated at the exchange rate of US\$1=NT\$30.725, €156.43 translated at EUR€1=NT\$34.028, and RMB48,365.82 translated at RMB¥1=NT\$4.33.

Note 2: During the period of Oct. 23, 2023 to Jan. 15, 2024 the annual interest rate ranges from 0.71% to 5.50%.

**Ruby Tech Corporation**  
Details of Notes Receivable  
December 31, 2023

Table 2

Unit: NT\$ thousand

Customer name	Summary	Amount
Non-Related Party		
A	Payment	\$ 3,267
Others (note)	Payment	<u>280</u>
Total		<u>\$ 3,547</u>

Note: The balance of each customer has not exceeded 5% of the balance in this category.

**Ruby Tech Corporation**  
Details of Accounts Receivable  
December 31, 2023

Table 3

Unit: NT\$ thousand

Client	Summary	Amount
Non-Related Party		
B	Payment	\$ 162,311
C	Payment	47,287
D	Payment	39,494
E	Payment	36,665
F	Payment	24,027
Others (note)	Payment	<u>43,922</u>
Subtotal		353,706
Less: Allowance for Losses		( <u>2,172</u> )
Net Amount		<u>\$ 351,534</u>

Note: The balance of each customer has not exceeded 5% of the balance in this category.

**Ruby Tech Corporation**

## Details of Inventories

December 31, 2023

Table 4

Unit: NT\$ thousand

Item	Amount	
	Costs	Market Value (Note 1)
Merchandise	\$ 718	\$ 861
Finished Good	116,572	149,173
Work in Progress	31,097	54,502
Raw Materials	<u>190,814</u>	<u>230,596</u>
Total	<u>\$ 339,201</u>	<u>\$ 435,132</u>

Note 1: It is valued at net realizable value.

Note 2: An allowance of NT\$44,835 thousand has been made for inventory devaluation and obsolescence.

**Ruby Tech Corporation**  
Details of Changes in Equity-Accounted Investments  
2023

Table 5

Unit: Unless otherwise stated,  
amounts are in NT\$ thousand

				Profit (loss) of Investments Accounted for Using Equity Method (Note 1)	Cumulative Translation Adjustment					Remarks	
		Beginning Balance				Ending Balance					
		Number of Shares	Amount			Number of Shares	Shareholding %	Amount			
Name of Investee	Value per Share		Number of Shares	Amount			Number of Shares	Shareholding %	Amount	Net Equity Value	
Long-term Investments at Equity											
Grand Impact Technology Limited	US\$	1	1,800,000	<u>\$ 29,033</u>	( <u>\$ 660</u> )	( <u>\$ 561</u> )	1,800,000	100.00	<u>\$ 27,812</u>	<u>\$ 27,812</u>	Note 1

Note 1: The amount for the current year is calculated based on the audited financial statements of the invested company for 2023, according to the shareholding ratio.

**Ruby Tech Corporation**

Details of Changes in Right-of-Use Assets and Accumulated Depreciation

2023

Table 6

Unit: NT\$ thousand

Item	Beginning Balance	Increase during the current year	Decrease during the current year	Ending Balance
<b>Right-of-Use Assets</b>				
Buildings	\$ 5,347	\$ 8,753	( \$ 5,348 )	\$ 8,752
Transportation Equipment	<u>1,007</u>	<u>-</u>	<u>-</u>	<u>1,007</u>
Total	<u>\$ 6,354</u>	<u>\$ 8,753</u>	<u>( \$ 5,348 )</u>	<u>\$ 9,759</u>
<b>Accumulated Depreciation</b>				
Buildings	\$ 4,412	\$ 3,855	( \$ 5,348 )	\$ 2,919
Transportation Equipment	<u>154</u>	<u>335</u>	<u>-</u>	<u>489</u>
Total	<u>\$ 4,566</u>	<u>\$ 4,190</u>	<u>( \$ 5,348 )</u>	<u>\$ 3,408</u>

**Ruby Tech Corporation**

## Details of Notes Payable

December 31, 2023

Table 7

Unit: NT\$ thousand

Supplier name	Summary	Amount
Non-Related Party		
A	Payment	\$ 16,056
B	Payment	13,362
C	Payment	10,141
D	Payment	7,042
E	Payment	6,106
F	Payment	5,379
Others (note)		<u>37,917</u>
Total		<u>\$ 96,003</u>

Note: The balance of each supplier has not exceeded 5% of the balance in this category.

**Ruby Tech Corporation**  
Details of Accounts Payable  
December 31, 2023

Table 8

Unit: NT\$ thousand

Supplier name	Summary	Amount
Non-Related Party		
G	Payment	\$ 51,083
H	Payment	15,836
I	Payment	12,024
J	Payment	11,356
Others (note)		<u>29,899</u>
Total		<u>\$ 120,198</u>

Note: The balance of each supplier has not exceeded 5% of the balance in this category.



**Ruby Tech Corporation**  
Details of Lease Liabilities  
December 31, 2023

Table 9

Unit: NT\$ thousand

Item	Lease term	Discount rate	Balance
Buildings	March 2023 ~ February 2025	1%	\$ 2,554
Buildings	October 2023 ~ September 2025	1%	1,520
Buildings	May 2023 ~ April 2025	1%	1,772
Transportation Equipment	July 2022 ~ July 2025	0.75%	<u>520</u>
Total			<u>\$ 6,366</u>

**Ruby Tech Corporation**  
Details of Operating Revenue  
2023

Table 10

Unit: NT\$ thousand

Item	Amount
Net Sales Revenue	
Fiber Switch	\$ 1,439,294
Industrial Fiber Switch	222,277
Others	<u>86,738</u>
Subtotal	1,748,309
Less: Sales Returns and Discounts	( <u>1,075</u> )
	1,747,234
 Other Operating Revenue	 <u>44,212</u>
 Net Operating Revenue	 <u><u>\$ 1,791,446</u></u>

**Ruby Tech Corporation**  
Details of Operating Costs  
2023

Table 11

Unit: NT\$ thousand

Item	Amount
Inventory at Beginning of Year	\$ 851
Merchandise Purchased During the Period	4,789
Departmental Issuance and Return	( 40 )
Merchandise Transferred to Work in Progress	( 4,902 )
Inventory at End of Year	( <u>718</u> )
Cost of Goods Sold	( <u>20</u> )
Raw Materials	
Beginning Raw Materials	246,521
Current Input Raw Materials	1,130,427
Raw Materials Sold	( 4,078 )
Departmental Issuance and Return	( 7,341 )
Raw Material Scrap Loss	( 981 )
Raw Material at Year End	( <u>190,814</u> )
Raw Material Consumption	1,173,734
Direct Labor	8,140
Manufacturing Overhead	<u>140,227</u>
Cost of Goods Manufactured	1,322,101
Work-in-Process at Beginning of Year	33,703
Work-in-Process at End of Year	( 31,097 )
Cost of Goods Sold	( 359 )
Work-in-Process Scrap Loss	( 344 )
Departmental Issuance and Return	( 475 )
Cost of Goods Transferred From	<u>4,902</u>
Cost of Finished Goods	1,328,431
Beginning Finished Goods	22,301
Ending Finished Goods	( 116,572 )
Finished Goods Scrapped Loss	( 91 )
Departmental Issuance and Return	( <u>54</u> )
Subtotal	1,234,015
Raw Materials Sold	4,078
Cost of Goods Sold	359
Inventory Write-off Losses	<u>1,416</u>
Cost of Goods Manufactured and Sold	<u>1,239,868</u>
Other Operating Costs	<u>40,721</u>
Total Operating Costs	<u>\$ 1,280,569</u>

**Ruby Tech Corporation**  
Details of Manufacturing Overhead  
2023

Table 12

Unit: NT\$ thousand

Item	Amount
Processing Expense	\$ 89,330
Salary (Including Pension)	21,993
Depreciation	7,674
Others (note)	<u>21,230</u>
Total	<u>\$ 140,227</u>

Note: The balance of each manufacturing overhead has not exceeded 5% of the balance in this category.

**Ruby Tech Corporation**  
Details of Operating Expenses  
2023

Table 13

Unit: NT\$ thousand

	Selling Expenses	Administrative Expenses	Research and Development Expense	Expected credit losses	Total
Salary (Including Pension)	\$ 62,043	\$ 32,712	\$ 54,673	\$ -	\$ 149,428
Management Fees - Accounts Receivable	7,908	-	-	-	7,908
Export Expenses	5,403	-	-	-	5,403
Depreciation	470	619	4,998	-	6,087
Research and Development Consumables	-	-	13,624	-	13,624
Expected Credit Losses on Accounts Receivable	-	-	-	1,933	1,933
Services Expense	95	2,433	426	-	2,954
Others (note)	<u>12,564</u>	<u>8,193</u>	<u>22,091</u>	<u>-</u>	<u>42,848</u>
Total	<u>\$ 88,483</u>	<u>\$ 43,957</u>	<u>\$ 95,812</u>	<u>\$ 1,933</u>	<u>\$ 230,185</u>

Note: The balance of each operating expense has not exceeded 5% of the balance in this category.

# Ruby Tech Corporation

## Details of Employee Benefits, Depreciation and Amortization Expenses for the Current Period

2023 and 2022

Table 14

Unit: NT\$ thousand

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Salaries and Wages	\$ 28,122	\$ 136,810	\$ 164,932	\$ 25,588	\$ 110,027	\$ 135,615
Labor and Health Insurance Expenses	3,025	8,249	11,274	2,804	7,689	10,493
Pension Cost	1,452	4,135	5,587	1,390	4,015	5,405
Directors' Compensation	-	8,093	8,093	-	4,663	4,663
Other Employee Benefits	<u>2,940</u>	<u>5,616</u>	<u>8,556</u>	<u>1,798</u>	<u>3,595</u>	<u>5,393</u>
Total Employee Benefit Expenses	<u>\$ 35,539</u>	<u>\$ 162,903</u>	<u>\$ 198,442</u>	<u>\$ 31,580</u>	<u>\$ 129,989</u>	<u>\$ 161,569</u>
Depreciation Expense	<u>\$ 7,674</u>	<u>\$ 6,087</u>	<u>\$ 13,761</u>	<u>\$ 6,198</u>	<u>\$ 6,264</u>	<u>\$ 12,462</u>
Amortization expenses	<u>\$ 77</u>	<u>\$ 1,800</u>	<u>\$ 1,877</u>	<u>\$ 43</u>	<u>\$ 2,374</u>	<u>\$ 2,417</u>

Note:

- (1) The number of employees in 2023 and 2022 was 129 and 131, respectively, with 7 non-executive directors in both years. Calculation basis aligns with employee benefits expenses.
- (2) The average employee benefit expenses in 2023 and 2022 were \$1,560 thousand and \$1,265 thousand, respectively.
- (3) The average employee salary expenses in 2023 and 2022 were \$1,352 thousand and \$1,094 thousand, respectively. The average employee salary expense in 2023 increased by 23.58% compared to 2022.
- (4) The Company's policies for remuneration of directors, managers and employees are as follows:

### 1. Directors

According to the Company's Articles of Incorporation, if the Company makes a profit (referring to the net profit before tax, after deducting employee compensation and director compensation), 7% to 10% shall be allocated as employee compensation, and no more than 2% as director compensation. However, if the Company still has accumulated losses (including adjustments to unappropriated retained earnings), the amount to offset losses shall be retained in advance. The Board of Directors is authorized to determine the directors' remuneration according to the extent of their participation in the operation of the Company and the value of their contribution while with reference to the general industry standards.

### 2. Managers

Employee compensation, including year-end bonuses, is contingent upon the Company's annual profit, factoring in future operational risks and development trends. Individual compensation amounts are determined by performance evaluation results. The Company's articles of association clearly outline the provision for employee compensation, as previously mentioned.

### 3. Employees

- A. The Company's "Salary Management Regulations" categorize job positions according to their nature, with corresponding salary standards established based on the complexity and level of responsibility of each position.
- B. Year-end bonus: The issuance of year-end bonuses is determined by the Company's operational performance, following the guidelines outlined in the "Year-end Bonus Issuance Regulations". These bonuses are contingent upon individual performance evaluations and tenure.
- C. Issuance of employee compensation: In accordance with the Company's articles of incorporation, a portion of the profits, ranging from 7% to 10%, shall be designated for employee compensation, contingent upon the Company's net profit before tax and deductions for employee and director compensation. The employee compensation may be paid in stock or cash to qualified subsidiary employees as determined by the board.