

ASIX Electronics Corporation
Parent-Company-Only Financial
Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

Table of Contents

Contents	Page
1 、 Cover Page	1
2 、 Table of Contents	2
3 、 Independent Auditors' Report	3~6
4 、 Balance Sheets	7
5 、 Statements of Comprehensive Income	8
6 、 Statements of Changes in Equity	9
7 、 Statements of Cash Flows	10
8 、 Notes to the Parent-Company-Only Financial Statements	
(1) Company history	11
(2) Approval date and procedures of the financial statements	11
(3) New standards, amendments and interpretations adopted	11~12
(4) Summary of significant accounting policies	12~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	27~28
(6) Explanation of significant accounts	28~53
(7) Related-party transaction	53~54
(8) Pledged assets	54
(9) Commitments and contingencies	54
(10) Losses Due to Major Disasters	54
(11) Subsequent Events	54
(12) Others	54~56
(13) Other disclosures	
a. Information on significant transactions	56~57
b. Information on investees	58
c. Information on investment in mainland China	58
d. Major shareholders	58
(14) Segment information	58
9 、 List of major accounting items	59~70

Independent Auditors' Report

To the Board of Directors of ASIX Electronics Corporation:

Opinion

We have audited the parent-company-only financial statements of ASIX Electronics Corporation (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its 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 Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. 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. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

Evaluation of inventory

Please refer to Note 4(h) and Note 5(A) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information regarding the inventory is shown in Note 6(E) of the financial statements.

Description of key audit matters :

The company is a chip design house engaged in the research, development, production and sales of its own chips. Due to the continuous shortening of high-tech innovation and product cycles, the speed of product replacement continues to accelerate, resulting in large fluctuations in sales prices, outdated or no market sales value, the cost of inventories shall be written down to the net realizable value. These inventory evaluations are mainly based on estimates based on the demand for products in a specific period in the future, so there may be significant changes, so they are listed as the key audit items for the accountant.

How the matter was addressed in our audit :

Our principal audit procedures included: check the completeness of the inventory aging analysis reports and test whether the last valid transaction document of the inventory is valid and correct, and confirm the correctness of the interval division of the inventory aging analysis table; evaluate whether the basis of the net realizable value used is reasonable and check the relevant documents to verify the correctness of the management's estimated inventory allowance evaluation; for the inventory with a longer age, discuss with the management and evaluate the reasonableness of the sluggish loss; evaluate the reasonableness of the accounting policy for inventory depreciation or sluggish provision, and review the accuracy of the inventory allowance provision in the past. Also, assess the appropriateness of management's disclosures regarding the assessment of inventory allowances.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Jun-Yuan Wu and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)

February 21, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ASIX Electronics Corporation
PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31,2023		December 31,2022				December 31,2023		December 31,2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 1,320,478	68	1,416,498	67	2170	Accounts payable	\$ 10,735	1	20,560	1
1136	Financial assets at amortized cost (note 6(3))	85,500	4	85,500	4	2181	Accounts payable-related parties (note 7)	7,830	0	16,671	1
1170	Notes and accounts receivable, net (note 6(4))	107,437	6	88,689	4	2201	Salary and bonus payable	23,921	1	23,725	1
130X	Inventories (note 6(5))	112,768	6	220,664	11	2206	Accrued compensation to employees and directors (notes 6(16))	70,355	3	127,133	6
1470	Other current assets	3,030	-	2,960	0	2220	Other payables-related parties (note 7)	315	-	664	-
1476	Other financial assets	788	-	533	-	2230	Current tax liabilities	39,042	2	40,654	2
	Total current assets	<u>1,630,001</u>	<u>84</u>	<u>1,814,844</u>	<u>86</u>	2280	Current lease liabilities (notes 6(10))	1,191	-	1,107	-
						2300	Other current liabilities (notes 6(11))	31,063	2	53,988	2
							Total current liabilities	<u>184,452</u>	<u>9</u>	<u>284,502</u>	<u>13</u>
Non-current assets:						Non-Current liabilities:					
1517	Financial assets at fair value through other comprehensive income (note 6(2))	3,905	-	2,825	0	2580	Non-current lease liabilities (notes 6(10))	11,154	1	11,227	1
1550	Investments accounted for using equity method (note 6(6))	207,302	11	198,603	9		Total non-current liabilities	<u>11,154</u>	<u>1</u>	<u>11,227</u>	<u>1</u>
1600	Property, plant and equipment (notes 6(7) and 7)	58,110	3	53,289	3		Total liabilities	<u>195,606</u>	<u>10</u>	<u>295,729</u>	<u>14</u>
1755	Right-of-use assets (note 6(8))	11,393	1	11,546	1						
1780	Intangible assets (note 6(9))	8,029	-	4,656	-		Equity (note 6(13)):				
1840	Deferred tax assets (note 6(12))	15,938	1	16,911	1	3110	Capital stock	627,770	32	624,270	30
1900	Other non-current assets (note 8)	2,539	-	8,444	0	3200	Capital surplus	440,113	23	465,090	22
	Total non-current assets	<u>307,216</u>	<u>16</u>	<u>296,274</u>	<u>14</u>	3300	Retained earnings	695,216	36	747,383	35
						3400	Others	(21,488)	(1)	(21,354)	(1)
							Total equity	<u>1,741,611</u>	<u>90</u>	<u>1,815,389</u>	<u>86</u>
Total assets		<u>\$ 1,937,217</u>	<u>100</u>	<u>2,111,118</u>	<u>100</u>		Total liabilities and equity	<u>\$ 1,937,217</u>	<u>100</u>	<u>2,111,118</u>	<u>100</u>

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

ASIX Electronics Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(15) and 7)	\$ 887,618	100	1,335,476	100
5000	Operating costs (notes 6(5) 、(9) 、(10) 、(11) 、(16) and 7)	413,976	47	572,671	43
	Gross profit	<u>473,642</u>	<u>53</u>	<u>762,805</u>	<u>57</u>
	Operating expenses (notes 6(9) 、(10) 、(11) 、(16) and 7):				
6100	Selling expenses	53,561	6	69,508	5
6200	Administrative expenses	54,677	6	76,360	6
6300	Research and development expenses	118,137	13	143,830	11
	Total operating expenses	<u>226,375</u>	<u>25</u>	<u>289,698</u>	<u>22</u>
	Net operating income	<u>247,267</u>	<u>28</u>	<u>473,107</u>	<u>35</u>
	Non-operating income and expenses:				
7010	Interest income (note 6(17))	17,221	2	8,309	1
7020	Other gains and losses (notes 6(17))	(2,264)	-	18,201	1
7050	Finance costs (notes 6(10))	(558)	-	(560)	-
7070	Share of loss of subsidiaries accounted for using equity method (notes 6(6))	8,866	1	3,473	0
	Total non-operating income and expenses	<u>23,265</u>	<u>3</u>	<u>29,423</u>	<u>2</u>
	Income before tax	<u>270,532</u>	<u>31</u>	<u>502,530</u>	<u>37</u>
7950	Income tax expense (note 6(12))	40,203	5	86,860	7
	Net income	<u>230,329</u>	<u>26</u>	<u>415,670</u>	<u>30</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized gain/(loss) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(3,695)	-
	Total items that may not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(3,695)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(167)	-	19,374	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss (note 6(12))	33	-	(3,875)	-
	Total items that may be reclassified subsequently to profit or loss	<u>(134)</u>	<u>-</u>	<u>15,499</u>	<u>1</u>
8300	Other comprehensive income (after tax)	<u>(134)</u>	<u>-</u>	<u>11,804</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 230,195</u>	<u>26</u>	<u>427,474</u>	<u>31</u>
	Earnings per share (NT Dollars) (note 6(14))				
9750	Basic earnings per share	<u>\$</u>	<u>3.67</u>	<u></u>	<u>6.66</u>
9850	Diluted earnings per share	<u>\$</u>	<u>3.64</u>	<u></u>	<u>6.54</u>

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

ASIX Electronics Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital stock -Common Stock	Capital surplus	Retained Earnings				Other equity interest		Total	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gain(loss) on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2022	\$ 621,970	480,827	165,785	26,544	389,092	581,421	(23,229)	(9,929)	(33,158)	1,651,060
Net income	-	-	-	-	415,670	415,670	-	-	-	415,670
Other comprehensive income	-	-	-	-	-	-	15,499	3,695	11,804	11,804
Total comprehensive income	-	-	-	-	415,670	415,670	15,499	3,695	11,804	427,474
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	38,412	-	(38,412)	-	-	-	-	-
Special reserve	-	-	-	6,614	(6,614)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(249,708)	(249,708)	-	-	-	(249,708)
Cash dividends from capital surplus	-	62,427	-	-	-	-	-	-	-	62,427
Employees' compensation transferred to common shares	2,300	46,690	-	-	-	-	-	-	-	48,990
Balance on December 31, 2022	624,270	465,090	204,197	33,158	510,028	747,383	(7,730)	(13,624)	(21,354)	1,815,389
Net income	-	-	-	-	230,329	230,329	-	-	-	230,329
Other comprehensive income	-	-	-	-	-	-	(134)	0	(134)	(134)
Total comprehensive income	-	-	-	-	230,329	230,329	(134)	0	(134)	230,195
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	41,567	-	(41,567)	-	-	-	-	-
Special reserve	-	-	-	(11,804)	11,804	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(282,496)	(282,496)	-	-	-	(282,496)
Employees' compensation transferred to common shares	3,500	37,800	-	-	-	-	-	-	-	41,300
Cash dividends from capital surplus	-	(62,777)	-	-	-	-	-	-	-	(62,777)
Balance on December 31, 2023	\$ 627,770	440,113	245,764	21,354	428,098	695,216	(7,864)	(13,624)	(21,488)	1,741,611

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

ASIX Electronics Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:	\$ 270,532	502,530
Income before income tax		
Adjustments:		
Depreciation expense	18,783	17,419
Amortization expense	15,254	8,048
Interest expense	558	560
Interest income	(17,221)	(8,309)
Shares of loss of subsidiaries accounted for using equity method	(8,866)	(3,473)
Others	5,044	(1,480)
	<u>13,552</u>	<u>12,765</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(18,748)	47,616
Accounts receivable-related parties	-	1,680
Inventories	102,852	(64,716)
Other operating assets	(70)	6,676
Accounts payable	(9,825)	(25,744)
Accounts payable-related parties	(8,841)	(12,486)
Other payables-related parties	(349)	(267)
Other operating liabilities	(38,209)	52,864
Total changes in operating assets and liabilities	<u>26,810</u>	<u>5,623</u>
Total adjustments	<u>40,362</u>	<u>18,388</u>
Cash generated from operations	310,894	520,918
Interest received	16,966	7,887
Interest paid	(558)	(560)
Income taxes paid	(40,807)	(110,329)
Net cash generated by operating activities	<u>286,495</u>	<u>417,916</u>
Cash flows from investing activities:		
Financial assets at fair value through other comprehensive income	(1,080)	-
Financial assets at amortized cost	-	521,000
Property, plant and equipment	(22,234)	(22,577)
Intangible assets	(18,627)	(8,530)
Other non-current assets	5,905	(5,285)
Net cash generated by(used in) investing activities	<u>(36,036)</u>	<u>484,608</u>
Cash flows from financing activities:		
Payment of lease liabilities	(1,206)	(1,207)
Cash dividends paid	(345,273)	(312,135)
Net cash generated by(used in) financing activities	<u>(346,479)</u>	<u>(313,342)</u>
Net increase in cash and cash equivalents	<u>(96,020)</u>	<u>589,182</u>
Cash and cash equivalents at beginning of period	<u>1,416,498</u>	<u>827,316</u>
Cash and cash equivalents at end of period	<u>\$ 1,320,478</u>	<u>1,416,498</u>

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousand dollars of TWD, Unless Otherwise Specified)

(1) Company history

ASIX Electronics Corporation (the “Company”) was incorporated in May 12, 1995 at 4F, No. 8, Hsin-Ann Road, Hsinchu Science Park, Hsinchu, Taiwan (R.O.C.). The Company is primarily engaged in the research, development, manufacture and sale of communication and mixed-signal receiving and processing chips, multimedia graphics ICs and graphics boards, asynchronous transmission mode chips, interface transmission chips, display driver chips and white light emitting diode driver chips. The company's stock has been listed for trading on the Republic of China Securities OTC Center since November 24, 2009.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the Board of Directors on February 21, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023.

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

The parent-company-only financial statements is prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(b) Basis of preparation

i. Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on the historical cost basis:

- 1) Financial assets at fair value through other comprehensive income (loss) are measured at fair value;
- 2) The defined benefit liability recognized is the net of pension assets less the present value of defined benefit obligation and the limit of recognized assets.

ii. Functional and presentation currency

The functional currency of the company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

ii. Foreign operations

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

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

An asset is classified as current under one of the following criteria, and all other asset are classified as non-current:

- i. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is expected to be realized within twelve months after the reporting period; or
- iv. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- i. It is expected to be settled in the normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

(f) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

i. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) – financial assets, or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instruments are subsequently measured at fair value. Dividend income calculated gains and losses (unless it clearly represents the recovery of part of the investment cost). Other net gains and losses are recognized in other comprehensive income and is not reclassified to profit or loss. Dividend income from equity investments is recognized on the date when the company is entitled to receive dividends (usually the ex-dividend date).

3) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, refundable deposits and other financial assets, etc.) and contractual assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default on the expected duration of the financial instruments) has not increased significantly since the initial recognition.

The allowance for receivables and contractual assets is measured at the amount of expected credit losses during the lifetime.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company historical experience and informed credit assessment as well as forward looking information.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The allowance for losses on investments in debt instruments at fair value through other comprehensive profit or loss is adjusted to profit or loss and recognized in other comprehensive profit or loss (without reducing the asset's carrying amount).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

ii. Financial liabilities and equity instrument

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

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

(h) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent-company-only financial statement. The profit, other comprehensive income and equity in the parent-company-only financial statement are equal to the profit, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(i) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

ii. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

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

- 1) Buildings: 40 to 55 years
- 2) Building improvement: 3 to 5 years
- 3) Machinery, equipment and Mask: 3 to 5 years
- 4) R&D equipment: 3 to 5 years
- 5) Office and other equipment: 2 to 5 years

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

(j) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) Fixed payments, including in-substance fixed payments;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

- 1) There is a change in future lease payments arising from the change in an index or rate;
or
- 2) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) There is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) There are any lease modifications.

When the lease liability is re-measured, other than lease, modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is re-measured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the re-measurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

The Company has elected not to recognize right of-use assets and lease liabilities for short-term leases with 12 months or less and leases of low value assets, including other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- 1) The rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) The change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) Any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2023; and
- 4) There is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(k) Intangible assets

i. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

iii. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software: 1 to 5 years

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

(1) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of or depreciation amortization, if no impairment loss had been recognized.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

(m) Revenue recognition

i. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

1) Sale of goods

The Company engages in the research, development, production, manufacture, and sale all kinds of chip. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The average credit period for sales is 30 to 75 days, which is consistent with the practice of peers.

2) NRE service charge

The Company provides NRE services and recognizes related income during the financial reporting period for the provision of NRE services. For fixed-price contracts, revenue is recognized on the basis of the ratio of services actually provided to total services as of the reporting date, which is the percentage of services performed as a percentage of the total amount of services to be performed.

Estimates of revenue, costs and degree of completion are revised if circumstances change and the resulting increase or decrease is reflected in profit or loss for the period in which management becomes aware of the change and makes the revision.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

ii. Financing components

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

(n) Government grants

When the company may receive government grants related to research and development projects, the unconditional grants are recognized as other income.

(o) Employee benefits

i. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

ii. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

When the results of the calculation may be beneficial to the Company, the recognized asset is limited to the present value of any economic benefits that could be obtained in the form of a refund of the plan or a reduction of future contributions to the plan. In calculating the present value of economic benefits, any minimum funding requirements of the Company are taken into account.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). Net interest expense and other expenses

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

related to defined benefit plans are recognized in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related services are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related services at the vesting date.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset if the following criteria are met:

- i. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that could be settled in the form of stock.

(s) Operating segment

Please refer to the Company's consolidated financial statements for the years ended December 31, 2023 and 2022, for further details.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

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

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

(A) Inventory valuation

The company is a chip design house engaged in the research, development, production and sales of its own chips. Due to the continuous shortening of high-tech innovation and product cycles, the speed of product replacement continues to accelerate, resulting in large fluctuations in sales prices, outdated or no market sales value, the cost of inventories shall be written down to the net realizable value. These inventory evaluations are mainly based on estimates based on the demand for products in a specific period in the future, so there may be significant changes. The relevant information, please refer to Note (6) (E).

(B) Long-term equity investment impairment assessment

The intangible assets (professional technology and customer relationship) acquired by the Company's acquisition of subsidiaries, as well as the goodwill arising from this acquisition, are affected by the fluctuation of various factors such as the market environment in the electronics industry where the Company operates; This long-term equity investment The assessment of impairment is important; The long-term equity investment impairment assessment includes processes such as identifying cash-generating units, determining the evaluation model, determining important assumptions, and calculating the recoverable amount. The assessment process is complex and involves the subjective judgment of the company's management.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

The Company's accounting policies and disclosures include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's finance and accounting departments conduct independent verification on fair value by using data sources that are independent, reliable, and representative of the exercise prices. The Company also periodically adjusts its valuation models, conducts retrospective testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The relevant information, please refer to Note (6) (F) and Note (6) (R).

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note (6) (R) of the financial instruments.

(6) Explanation of significant accounts:

(A) Cash and cash equivalents

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Cash on hand	\$ 208	\$ 249
Demand deposits	212,270	208,289
Time deposits	<u>1,108,000</u>	<u>1,207,960</u>
	<u>\$ 1,320,478</u>	<u>\$ 1,416,498</u>

Please refer to note (6) (R) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

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

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Unlisted stock - C-LiFe Technologies, Inc.	\$ 1,225	\$ 1,225
Unlisted stock –NEXTW Technology CO., LTD.	<u>2,680</u>	<u>1,600</u>
	<u>\$ 3,905</u>	<u>\$ 2,825</u>

The Company investments in these equity instruments are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive income.

The Company did not dispose of the aforementioned strategic investments in 2023 and 2022, and the accumulated profits and losses during these periods were not transferred in equity.

For the disclosure of market risk, please refer to note (6) (R).

None of the above financial assets has been provided as a pledge.

(C) Financial assets measured at cost - current

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Time deposits for more than three months	<u>\$ 85,500</u>	<u>\$ 85,500</u>

The Company has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The company holds domestic time deposit certificates with annual interest rates of 1.340% and 0.965% to 1.090% for the year 2023 and 2022 respectively. Due on February 2 to May 5, 2024 and February 2, 2023 to May 5, 2023.

For the disclosure of market risk, please refer to note (6) (R).

None of the above financial assets has been provided as a pledge

(D) Notes and accounts receivable, net (including related parties and non-related parties)

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Notes receivable	\$ -	\$ 2,293
Accounts receivable	<u>107,437</u>	<u>86,396</u>
	<u>\$ 107,437</u>	<u>\$ 88,689</u>

The balance of bills receivable and accounts was NT\$137,985 thousand dollars of the Company on January 1, 2022.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

The Company applies the simplified approach to provide for its expected credit losses (including related parties and non-related parties), i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking macroeconomic information. The expected credit losses were determined as follows:

	Dec. 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	\$ 104,662	0%	-
Overdue under 60 days	2,775	0%	-
	\$ 107,437		-

	Dec. 31, 2022		
	Gross carrying amount	Gross carrying amount	Gross carrying amount
Not past due	\$ 86,131	0%	-
Overdue under 60 days	1,611	0%	-
Overdue 61~90 days	947	0%	-
	\$ 88,689		-

For the disclosure of market risk, please refer to note (6) (R).

None of the above notes and accounts receivable has been provided as a pledge

(E)Inventories

	Dec. 31, 2023	Dec. 31, 2022
Material	\$ -	\$ 973
Finished goods	69,116	189,381
Work in progress and semi-finished product	43,652	30,310
	\$ 112,768	\$ 220,664

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

Components of operating cost were as follows:

	<u>2023</u>	<u>2022</u>
Cost of goods sold	401,769	570,611
Losses(Reversal) on valuation of inventories	5,044	(1,480)
Unallocated fixed manufacturing expense	<u>3,540</u>	<u>3,540</u>
	<u>\$ 413,976</u>	<u>\$ 572,671</u>

The Company's inventories mentioned above were not pledged as collateral.

(F) Investments accounted for using equity method

The Company's summary of the financial information for investments accounted for using equity method at the reporting date was as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Subsidiary	<u>\$ 207,302</u>	<u>\$ 198,603</u>

i. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023 and 2022.

The Company's share of the profit and loss of subsidiary was summarized as follows:

	<u>2023</u>	<u>2022</u>
The Company's share of the profit and loss of subsidiary	<u>\$ 8,866</u>	<u>\$ 3,473</u>

ii. Collateral

As of December 31, 2023 and 2022, the Company did not pledge any investments accounted for using the equity method as collateral.

- iii. For the purpose of impairment testing, goodwill is allocated to the product line operating units of Zywyn Corporation (hereinafter referred to as Zywyn). The impairment assessment test is based on the value in use of the unit as the basis for calculating the recoverable amount. These value-in-use estimates are based on discounted cash flows. The discount rate is estimated based on the industry-weighted average cost of capital. The discount rates for 2023 and 2022 are 21.97% and 19.59% respectively; the cash flow estimation is based on the five-year financial budget approved by the management. The numerical systems of the aforementioned key assumptions represent management's assessment of future trends in the relevant industry, taking into account historical information from internal and external sources.

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

Based on the asset impairment test assessment in 2023 and 2022, no impairment loss was recognized because the recoverable amount of the cash-generating unit was higher than the carrying amount.

(G)Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Company were as follows:

	<u>Buildings and construction</u>	<u>Equipment and Mask</u>	<u>Research and development equipment</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost					
Balance at January 1,2023	\$ 75,506	163,774	16,687	7,952	263,892
Additions	-	17,152	1,613	3,469	22,234
Disposals and derecognitions	<u>-</u>	<u>(1,213)</u>	<u>(951)</u>	<u>(2,181)</u>	<u>(4,345)</u>
Balance at December 31,2023	<u>\$ 75,506</u>	<u>179,713</u>	<u>17,349</u>	<u>9,213</u>	<u>281,781</u>
Balance at January 1,2022	\$ 73,865	157,720	14,793	7,173	253,551
Additions	1,641	17,621	2,491	824	22,577
Disposals and derecognitions	<u>-</u>	<u>(11,567)</u>	<u>(597)</u>	<u>(72)</u>	<u>(12,236)</u>
Balance at December 31,2022	<u>\$ 75,506</u>	<u>163,774</u>	<u>16,687</u>	<u>7,925</u>	<u>263,892</u>
Depreciation					
Balance at January 1,2023	\$ 50,706	139,717	13,334	6,846	210,603
Depreciation	1,139	13,718	1,546	1,010	17,413
Disposals and derecognitions	<u>-</u>	<u>(1,213)</u>	<u>(951)</u>	<u>(2,181)</u>	<u>(4,345)</u>
Balance at December 31, 2023	<u>\$ 51,845</u>	<u>152,222</u>	<u>13,929</u>	<u>5,675</u>	<u>223,671</u>
Balance at January 1,2022	\$ 49,706	138,078	12,628	6,395	206,807
Depreciation	1,000	13,206	1,303	523	16,032
Disposals and derecognitions	<u>-</u>	<u>(11,567)</u>	<u>(597)</u>	<u>(72)</u>	<u>(12,236)</u>
Balance at December 31, 2022	<u>\$ 50,706</u>	<u>139,717</u>	<u>13,334</u>	<u>6,846</u>	<u>210,603</u>
Carrying amounts					
Balance at December 31, 2023	<u>\$ 23,661</u>	<u>27,491</u>	<u>3,420</u>	<u>3,538</u>	<u>58,110</u>
Balance at January 1, 2022	<u>\$ 24,159</u>	<u>19,642</u>	<u>2,165</u>	<u>778</u>	<u>46,744</u>
Balance at December 31, 2022	<u>\$ 24,800</u>	<u>24,057</u>	<u>3,353</u>	<u>1,079</u>	<u>53,289</u>

As of December 31, 2023 and 2022, the Company did not provide any Company's property, plant and equipment as collaterals.

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

(H)Right-of-use assets

The movements of cost and depreciation of the right-of-use assets of the Company were as follows:

	Land	Office and other equipment	Total
Cost:			
Balance at January 1, 2023	\$ 11,266	4,038	15,304
Addition	-	1,217	1,217
Balance at December 31, 2023	<u>\$ 11,266</u>	<u>5,255</u>	<u>16,521</u>
Balance at January 1, 2022	\$ 11,543	4,044	15,587
Reduction	(277)	(6)	(283)
Balance at December 31, 2022	<u>\$ 11,266</u>	<u>4,038</u>	<u>15,304</u>
Depreciation:			
Balance at January 1, 2023	\$ 1,313	2,445	3,758
Depreciation	315	1,055	1,370
Balance at December 31, 2023	<u>\$ 1,628</u>	<u>3,500</u>	<u>5,128</u>
Balance at January 1, 2022	\$ 988	1,383	2,371
Depreciation	325	1,062	1,387
Balance at December 31, 2022	<u>\$ 1,313</u>	<u>2,445</u>	<u>3,758</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 9,638</u>	<u>1,755</u>	<u>11,393</u>
Balance at January 1, 2022	<u>\$ 10,555</u>	<u>2,661</u>	<u>13,216</u>
Balance at December 31, 2022	<u>\$ 9,953</u>	<u>1,593</u>	<u>11,546</u>

(I)Intangible assets

Changes in cost and accumulated amortization of intangible assets were as follows:

	Computer software
Cost :	
Balance at January 1, 2023	\$ 17,346
Additions	18,627
Disposals	(8,649)
Balance at December 31, 2023	<u>\$ 27,324</u>
Balance at January 1, 2022	\$ 8,816
Additions	8,530
Balance at December 31, 2022	<u>\$ 17,346</u>

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

	Computer software
Accumulated amortization :	
Balance at January 1, 2023	\$ 12,690
Amortization	15,254
Disposals	<u>(8,649)</u>
Balance at December 31, 2023	<u>\$ 19,295</u>
Balance at January 1, 2022	\$ 4,642
Amortization	<u>8,048</u>
Balance at December 31, 2022	<u>\$ 12,690</u>
Carrying amounts:	
Balance at December 31, 2023	<u>\$ 8,029</u>
Balance at January 1, 2022	<u>\$ 4,174</u>
Balance at December 31, 2022	<u>\$ 4,656</u>

i. Amortization expenses

The amortization of intangible assets was included in the statements of comprehensive income as follows:

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 44	14
Operating expenses	<u>15,210</u>	<u>8,034</u>
	<u>\$ 15,254</u>	<u>8,048</u>

ii. Collateral

As of December 31, 2023 and 2022, the Company did not provide any intangible assets as collaterals.

(J)Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Current	<u>\$ 1,191</u>	<u>1,107</u>
Non-current	<u>\$ 11,154</u>	<u>11,227</u>

For the maturity analysis, please refer to note (6) (R) “Financial instruments”

ASIX ELECTRONICS CORPORATION
Notes to the Parent Company Only Financial Statements

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ 558	560
Expense relating to short-term leases	\$ 10	5
Expense relating to lease of low value assets(excluding short term leases of low value assets)	\$ 17	3

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	\$ 1,791	1,775

i. Lease of land

The company leases land as office space. The lease period of the office space is usually 20 years. Some leases include the option to extend the same period as the original contract when the lease period expires.

The lease payment of the land contract depends on the local announcement of the land price, and is adjusted after adding the public facilities construction costs reinvested in each park. These costs are usually incurred once a year.

ii. Other leases

The Company leases office with contract terms of 2~3 years.

In addition, the company leases other equipment, etc., these leases are low-value subject leases, and the company chooses to apply the exemption recognition regulations and does not recognize its related right-of-use assets and lease liabilities.

(K)Employee benefits

i. Defined benefit plans

The pension fund allocated by the company in accordance with the Labor Standards Act is managed by the Labor Fund Utilization Bureau of the Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). According to the “Regulations on the Custody and Utilization of Income and Expenditure of the Labor Retirement Fund”, the minimum income of the fund’s annual final settlement and distribution shall not be lower than the income calculated according to the local bank’s two-year fixed deposit interest rate.

In August 2017, the company applied to the competent authority to settle the special account for labor retirement reserves of the Bank of Taiwan, and at the same time settled the service years of the employees who were originally subject to the defined payment retirement method. NT\$10,860 thousand dollars and the balance of 6,913 thousand dollars in the special retirement pension account was transferred from the Taiwan Bank to the bank account of the company. It was originally provided for managers who met the retirement requirements and applied the fixed-payment retirement method. In 2023 and

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

2022 On December 31, the Company has fully subscribed the above-mentioned managers' vested pensions of NT\$1,421 thousand dollars and NT\$1,421 thousand dollars respectively, and accounted for other current liabilities.

ii. Defined contribution plans

The Company allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to NT\$3,945 thousand dollars and NT\$3,848 thousand dollars for the years 2023 and 2022, respectively. Payment was allocated to the Bureau of Labor Insurance.

(L)Income taxes

i. Income tax expense

The amount of income tax (benefit) for the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Recognized during the period	\$ 39,742	87,168
Adjustment for prior periods	<u>(545)</u>	<u>(410)</u>
	<u>39,197</u>	<u>86,758</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>1,006</u>	<u>102</u>
Income tax expense	<u><u>\$ 40,203</u></u>	<u><u>86,860</u></u>

The amount of income tax (benefit) recognized in other comprehensive income for the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (33)</u></u>	<u><u>3,875</u></u>

ASIX ELECTRONICS CORPORATION

Notes to the Parent Company Only Financial Statements

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Income excluding income tax	\$ 270,532	502,530
Income tax using the Company's domestic tax rate	54,107	100,506
Permanent difference Adjustment	-	11
Investment tax credits	(17,031)	(16,258)
Adjustment for prior period and other	(545)	(411)
Additional tax on undistributed earnings (5%)	3,672	3,011
	<u>\$ 40,203</u>	<u>86,860</u>

ii. List of deferred tax assets and liabilities

Deferred assets

	<u>January 1, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2023</u>
Loss on inventory valuation	\$ 3,048	(371)	-	2,677	1,009	-	3,686
Accrued pension liabilities	853	(284)	-	569	(284)	-	285
Share of profit or loss for the subsidiaries recognized by equity method	9,888	(695)	-	9,193	(1,773)	-	7,420
Exchange difference on transaction of foreign financial statements	6,098	-	(3,875)	2,223	-	33	2,256
Others	1,001	1,248	-	2,249	42	-	2,291
	<u>\$ 20,888</u>	<u>(102)</u>	<u>(3,875)</u>	<u>16,911</u>	<u>(1,006)</u>	<u>33</u>	<u>15,938</u>

iii. The ROC tax authorities have examined the income tax expenses of the Company through 2021.

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

(M)Capital and other equity

i. Issuance of common stock

In order to introduce strategic investors, strengthen the shareholder structure and improve future competitiveness, the company issued ordinary shares by private placement on February 3, 2021 through the resolution of the extraordinary shareholders' meeting. The NT\$495,817 thousand dollars, 12,396 thousand shares were issued at a premium of NT\$40 per share, and the premium for this cash capital increase was NT\$371,862 thousand dollars, which was recorded as capital reserve – issue premium. This cash capital increase project takes February 17, 2021 as the capital increase base date, and the statutory registration process has been completed on February 26, 2021. The transfer of the privately placed common stock and its subsequent gratuitous allotment shall be handled in accordance with Article 43-8 of the Securities and Exchange Act, and shall be disclosed to the Financial Supervisory Commission three years after the delivery date of the privately. Only after the issuance can apply for listing.

At December 31, 2023 and 2022, the company's total rated share capital was NT\$800,000 thousand dollars, the par value of each common share was NT\$10 dollars, and the paid-in share capital was NT\$627,770 thousand dollars and NT\$624,270 thousand dollars.

The reconciliation of shares outstanding for the years 2023 and 2022 was as follows (in thousands of shares):

	Common stock	
	2023	2022
Opening balance on January 1	62,427	62,197
Add: Capital increase for employee remuneration	350	230
Closing balance on December 31	62,777	62,427

ii. Capital surplus

The balances of capital surplus were as follows:

	Dec. 31 2023	Dec. 31 2022
Additional paid in capital	\$ 439,915	464,892
Others	198	198
	\$ 440,113	465,090

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

According to the R.O.C Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding. The company transferred employee remuneration to capital in 2023 and 2022 respectively, and the capital company increased by NT\$37,800 thousand dollars and NT\$46,690 thousand dollars.

On June 7, 2023 and on May 25, 2022, the company's regular meeting of shareholders resolved the 2022 and 2021 of the capital reserve distribution cash proposal, and the capital reserve distribution was NT\$62,777 and 62,427 thousand dollars (NT\$1 per share). All the relevant information can be inquired through the Market Observation Post System website.

iii. Retained earnings

1) Legal reverse

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve in excess of 25% of the paid-in capital.

2) Special reverse

When the Company distributing the distributable earnings, the Company had additional special reserve appropriated from the current year net income and unappropriated earnings of the prior period for the difference between the net amount debited to other shareholder's equity and the balance of the special reserve appropriated in the preceding paragraph. For the amount debited to other shareholders' equity attributable to prior period accumulation, the special reserve was appropriated from the unappropriated earnings of the prior period and could not be distributed. The amount debited to the shareholders' equity reversed subsequently can be distributed as earnings.

3) Earnings distribution

According to the company's articles of association, after closing of the fiscal year accounts, the Company shall allocate its surplus profits according the following:

- (1) Pay all tax and dues first, and then make up for previous losses;
- (2) 10% shall be reserved for surplus reserve, except for when accumulated legal

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

reserve has reached the Company's paid-in capital, as specified by law;

(3)The company may set aside additional surplus funds for the business operation and legal regulations.

After the above distribution, if there is still undistributed surplus at the beginning of the same period, the remainder shall be added to shareholder dividends. The Board of Directors may propose a surplus distribution proposal and submit that to the shareholders' meeting for resolution and distribution. The company's earnings are distributed in cash, and may be approved by a resolution of the Board of Directors in accordance with provisions of the Company Law, and reported to the shareholders' meeting, without requiring the approval of the shareholders' meeting.

The Company's dividend policy is based on the provisions of the Company Law and the company's Articles of Incorporation, and is determined by factors such as the company's capital and financial structure, operating conditions, earnings, and the characteristics and business cycles of the industry to which it belongs. In accordance with the principle of prudent distribution and sustainable development and growth, the company shall distribute stock, stock dividends or cash, and cash dividends. The company conducts business in a period of growth and expansion. The distribution of distributable earnings will depend on future capital expenditure and working capital planning. The amount of distribution will be no less than 30% of the current year's after-tax earnings, and cash dividends of no less than 10%.

On June 7, 2023 and May 25, 2022, the Company passed the resolutions on the 2022 and 2021 surplus distribution proposals at the ordinary shareholders' meeting respectively. The content is as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to ordinary shareholders:		
Cash(4.5 and 4 dollars per share respectively)	<u>\$ 282,496</u>	<u>249,708</u>

There was no difference between the above-mentioned 2022 and 2021 earnings distribution and the content proposed by the board of directors of the Company and the accounting expenses. The above-mentioned information was available on the Market Observation Post System website.

The related information of the earnings distribution for the year 2023, can be accessed through the Market Observation Post System website after the meeting.

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

iv. Other equity

Detail of other equity was follows:

	Exchange difference on translation of foreign financial statements	Gains (losses) on equity instruments measured at fair value through other comprehensive income
Balance at January 1, 2023	\$ (7,730)	(13,624)
Exchange difference on translation of foreign financial statements	(134)	-
Gains (losses) on equity instruments measured at fair value through other comprehensive income	-	-
Balance at December 31, 2023	<u><u>\$ (7,730)</u></u>	<u><u>(13,624)</u></u>
Balance at January 1, 2022	\$ (23,229)	(9,929)
Exchange difference on translation of foreign financial statements	15,499	-
Gains (losses) on equity instruments measured at fair value through other comprehensive income	-	(3,695)
Balance at December 31, 2022	<u><u>\$ (7,730)</u></u>	<u><u>(13,624)</u></u>

(N)Earnings per share

i. Basic earnings per share

	2023	2022
Net income attributable to the shareholders of the Company	<u><u>\$ 230,329</u></u>	<u><u>415,670</u></u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares):		
Common stock outstanding as of January 1	62,427	62,197
Capital increase for employee remuneration	<u>300</u>	<u>192</u>
Common stock outstanding as of December 31	<u><u>62,727</u></u>	<u><u>62,389</u></u>
Basic earnings per share (dollars)	<u><u>\$ 3.67</u></u>	<u><u>6.66</u></u>

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

ii. Diluted earnings per share

	<u>2023</u>	<u>2022</u>
Net income attributable to the shareholders of the Company	<u>\$ 230,329</u>	<u>415,670</u>
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares):		
Weighted-average number of ordinary shares outstanding	62,727	62,389
Effect of the employee remuneration issued by stock	<u>564</u>	<u>1,157</u>
	<u>63,291</u>	<u>63,546</u>
Diluted earnings per share (dollars)	<u>\$ 3.64</u>	<u>6.54</u>

(O)Revenue from contracts with customers

Disaggregation of revenues as follows :

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Asia	\$ 531,860	792,195
Taiwan	248,014	454,952
Europe	70,439	47,854
Other areas	<u>37,305</u>	<u>40,475</u>
	<u>\$ 887,618</u>	<u>1,335,476</u>
Major product categories:		
Chips	\$ 886,598	1,332,195
Royalties and NRE	<u>1,020</u>	<u>3,281</u>
	<u>\$ 887,618</u>	<u>1,335,476</u>

(P)Remuneration to employees and directors

In accordance with the Articles of Incorporation the Company should contribute between 10% and 25% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The employee remunerations may include the employees of the Company's affiliated companies who meet certain conditions. For the years 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to \$57,553 thousand and \$106,823 thousand and directors' remuneration amounting to \$10,080 thousand and \$18,810 thousand, respectively. These

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable share shall be calculated using the stock price on the day before a resolution was made by the Board of Directors. At the year of 2023 and 2022, the remuneration for employees and directors as stated in the financial statements were not significantly different from those approved in the Board of Directors meetings, and the relevant information can be inquired at the Public Information Observatory.

As of December 31, 2023, the above-mentioned employee compensation of the Company was issued in shares, and the statutory registration procedures had been completed.

(Q) Non-Operating income and expenses

i. Interest income

The details of interest income were as follows:

	2023	2022
Interest from bank deposits and financial assets measured at amortized cost	\$ 17,215	8,306
Other interest income	6	3
	<u>\$ 17,221</u>	<u>8,309</u>

ii. Other gains and losses

Details of other gains and losses were as follows:

	2023	2022
Foreign exchange losses, net	\$ (3,381)	17,045
Others	1,117	1,156
	<u>\$ (2,264)</u>	<u>18,201</u>

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

(R)Financial instruments

i. Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, 32% and 36%, respectively, of the balance of cash and time deposits (financial assets measured by amortized cost) of the Company deposited in a domestic financial institution, which makes the cash of the company have a concentration of credit risk, but the credit status of the financial institution is excellent. The Company controls credit risk exposure to each financial institution and does not believe that the Company's cash is subject to significant concentrations of credit risk.

As of December 31, 2023 and 2022, the balance of accounts receivable and notes receivable (including related parties) of the Company were 62% and 68%, which were from the top five customers in the current year. In order to reduce credit risk, The Company continuously and regularly evaluates the financial condition of these customers and the recovery possibility of the accounts and bills receivables. These major customers are all reputable companies and the Company does not expect to suffer significant credit risk losses due to these major customers.

3) Risk of credit of receivables

The credit risk of accounts receivable and notes receivable, please refer the note (6) (D).

ii. Liquidity risk

There is no liquidity risk due to inability to raise funds to fulfill contractual obligations, due to the company's capital and working capital are sufficient to fulfill all contractual obligations.

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

The analysis of contractual maturity dates for financial liabilities was as follow:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Accounts payable (including related parties)	\$ 18,565	(18,565)	(18,565)	-	-
Accrued payroll and bonus	23,921	(23,921)	(23,921)	-	-
Accrued remuneration payable for employee and directors	70,355	(70,355)	(70,355)	-	-
Other accounts payable-related parties	315	(315)	(315)	-	-
Lease liabilities –current and non-current	<u>12,345</u>	<u>(22,477)</u>	<u>(1,742)</u>	<u>(3,443)</u>	<u>(17,292)</u>
	<u>\$ 125,501</u>	<u>(135,633)</u>	<u>(114,898)</u>	<u>(3,443)</u>	<u>(17,292)</u>
December 31, 2022					
Non-derivative financial liabilities					
Accounts payable (including related parties)	\$ 37,231	(37,231)	(37,231)	-	-
Accrued payroll and bonus	23,725	(23,725)	(23,725)	-	-
Accrued remuneration payable for employee and directors	127,133	(127,133)	(127,133)	-	-
Other accounts payable-related parties	664	(664)	(664)	-	-
Lease liabilities –current and non-current	<u>12,334</u>	<u>(22,999)</u>	<u>(1,660)</u>	<u>(3,371)</u>	<u>(17,968)</u>
	<u>\$ 201,087</u>	<u>(211,752)</u>	<u>(190,413)</u>	<u>(3,371)</u>	<u>(17,968)</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

iii. Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

December 31, 2023				December 31, 2022			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary Items</u>							
USD	\$	6,784	30.655	207,964	12,858	30.660	394,226
<u>Non-monetary Items</u>							
USD		6,762	30.655	207,302	6,478	30.660	198,603
<u>Financial liabilities</u>							
<u>Monetary Items</u>							
USD		918	30.655	28,141	1,373	30.660	42,096

a. Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and notes receivable, accounts payable(including related parties), and others payable-related parties, that are denominated in foreign currencies. A weakening (strengthening) of 5% of the NTD against the USD as of December 31, 2023 and 2022, would have increased or decreased the net income before income tax by \$8,991 thousand and \$17,607 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

b. Foreign exchange gains and losses on monetary items

The information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. Foreign exchange gains (losses) (including these realized and unrealized portions) by the Company's monetary items, were as follows:

	2023		2022	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	\$ (3,381)	31.127	17,045	29.799

2) Risk of interest analysis

The following sensitivity analysis is based on the exposure to interest rates. The rate of change used by the Company when reporting interest rates internally to key management is an increase or decrease of 0.25% in interest rates, which also represents management's assessment of the reasonably possible range of variation in interest rates.

If the interest rate had increased or decreased by 0.25%, the Company's net income before income tax would have increased or decreased by \$531 thousand and \$521 thousand, for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's cash and cash equivalent with variable rates.

iv. Fair value of financial instruments

1) Fair value hierarchy

The Company's financial assets at fair value through other comprehensive profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,320,478	-	-	-	-
Financial assets measured at amortized cost	85,500	-	-	-	-
Notes and accounts receivable (including related parties)	107,437	-	-	-	-
Other financial assets-current	788	-	-	-	-
Refundable deposits(other non- current assets)	2,539	-	-	-	-
	\$ 1,516,742	-	-	-	-
Financial assets at fair value through other comprehensive income	\$ 3,905	-	-	3,905	3,905
Financial liabilities measured at amortized cost					
Account payable (including related parties)	\$ 18,565	-	-	-	-
Accrued payroll and bonus	23,921	-	-	-	-
Accrued remuneration payable for employee and directors	70,355	-	-	-	-
Other accounts payable-related parties	315	-	-	-	-
Lease liabilities –current and non-current	12,345	-	-	-	-
	\$ 125,501	-	-	-	-
December 31, 2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,416,498	-	-	-	-
Financial assets measured at amortized cost	85,500	-	-	-	-
Notes and accounts receivable (including related parties)	88,689	-	-	-	-
Refundable deposits(other non- current assets)	2,539	-	-	-	-
	\$ 1,593,226	-	-	-	-
Financial assets at fair value through other comprehensive income	\$ 2,825	-	-	2,825	2,825

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

Financial liabilities measured at amortized cost	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Accounts payable (including related parties)	37,231	-	-	-	-
Accrued payroll and bonus	23,725	-	-	-	-
Accrued remuneration payable for employee and directors	127,133	-	-	-	-
Other accounts payable-related parties	664	-	-	-	-
Lease liabilities –current and non-current	12,334	-	-	-	-
	\$ 201,087	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The financial instruments held by the Company are those with no active market, which are mainly equity instruments whose fair value is not publicly quoted. The fair value is estimated using the market method, and is assessed based on the peers value of price-to-book ratio.

4) There was no fair value class transfers in 2023 and 2022.

5) Reconciliation of Level 3 fair value

	Fair value through other comprehensive income
January 1, 2023	\$ 2,825
In other comprehensive income	1,080
December 31, 2023	\$ 3,905
January 1, 2022	\$ 6,520
In other comprehensive income	(3,695)
December 31, 2022	\$ 2,825

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

The Company's financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income - equity securities investments”.

The Company's investments in inactive market equity instruments classified as Level 3 have multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent of each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investment without and active market	Market approach	<ul style="list-style-type: none"> • The multiplier of price-to-book ratio (as of December 31, 2023 and 2022, the number were 1.46~17.43 and 2.88~45.45) • Liquidity discount(as of December 31, 2023 and 2022, the number were 28% and 28%) 	<ul style="list-style-type: none"> • The higher the price-to-book value ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(S)Financial risk management

i. Overview

The Company has exposures to the following risks from its financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

ii. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors.

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the audit committee.

iii. Credit risk

Potential credit risk of the Company is derived primarily from cash, Financial liabilities measured at amortized cost, accounts receivable, and other financial assets - current, please refer to the notes (6)(R).

iv. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations.

V. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, and purchases that are denominated in a currency other than the functional currencies of the Company. The company's functional currency is NTD, and the main denomination currencies for these transactions are NTD and USD.

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

2) Interest rate risk

Please refer to the notes (6) (R).

(T)Capital management

The Board of Directors policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The company's cash and cash equivalents were sufficient to repay the total liabilities on the account, and the debit-to-equity ratios at the end of the reporting periods were as follows:

	Dec. 31, 2023	Dec. 31, 2022
Total liabilities	<u>\$ 195,606</u>	<u>\$ 295,729</u>
Total equity	<u>\$ 1,741,611</u>	<u>\$ 1,815,389</u>
Debit-to-equity ratio	<u>11.23%</u>	<u>16.29%</u>

Due to the decrease of debt-to equity ratio, the operation for the company was good, as well as the decrease in accounts payable and liabilities at the end of December 31, 2023.

(U)Cash flows from financing activities

Reconciliations of liabilities arising from financing activities were as follows:

	Lease liabilities
January 1, 2023	\$ 12,334
Cash flows	
Lease principal repayment	(1,206)
Interest(note)	(558)
Addition	1,217
Non-cash changes	
Interest(note)	558
December 31, 2023	<u>\$ 12,345</u>

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

	<u>Lease liabilities</u>
January 1, 2022	\$ 13,824
Cash flows	
Lease principal repayment	(1,207)
Interest(note)	(560)
Non-cash changes	
Lease liabilities	(283)
Interest(note)	560
December 31, 2022	<u>\$ 12,334</u>

Note: Listed under operating activities.

(7) Related-parties transactions

(A) Name and relationship with related parties

The followings were related parties that have had transactions with the Company during the periods covered in the financial statements.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Zywyn	Subsidiary
Airoha Technology (HK) Limited Taiwan Branch (Airoha HK)	Other related party
Airoha Technology Corp. (Airoha)	Other related party
Airoha Technology Corp. Zhubei Branch (Airoha -Zhubei)	Other related party

(B) Significant related party transactions

i. NRE or License charge

	<u>NRE or License</u>		<u>Accounts receivable</u>	
	<u>2023</u>	<u>2022</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Airoha HK	\$ -	1,800	-	-

The company's sales to related parties was not significantly different from the general price. The collection period was one month, which was not significantly different from that of ordinary customers.

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

ii. Purchase

The amounts of purchases and payable by the Company from related parties were as follows:

	<u>Purchase amount</u>		<u>Accounts payable</u>	
	<u>2022</u>	<u>2021</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Airoha HK	\$ -	290,664	-	13,521
Airoha -Zhubei	\$ 108,110	-	7,830	-
	<u>\$ 108,110</u>	<u>290,664</u>	<u>7,830</u>	<u>13,521</u>

The prices of purchases was determined by market rates.

iii. Others purchase

The amounts of others purchases and payable by the Company from related parties were as follows:

	<u>Purchase amount</u>		<u>Accounts payable</u>	
	<u>2023</u>	<u>2022</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Other related party	\$ -	12,000	-	3,150

iv. Licensing of related party on expertise and client relationship

The company was used the related party's expertise and customer relationship, paid them royalties, and recorded the operating costed and operating expenses, detail as follows:

<u>Name of related parties</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Zywyn	\$ 1,645	\$ 3,593

As of December 31, 2023 and 2022, the unpaid royalties were NT\$315 thousand dollars and NT\$ 664 thousand dollars, which were recorded under other payables - related parties.

(C)Key management personnel compensation

The remuneration to key management included:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 42,679	\$ 77,214
Post-employment benefits	317	317
	<u>\$ 42,996</u>	<u>\$ 77,531</u>

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Asset name	Purpose of pledge	Dec. 31, 2023	Dec. 31, 2022
Time deposits/ refundable deposits (recognized in other assets- noncurrent)	Guarantee payment for the import VAT	\$ 1,000	1,000
Time deposits/ refundable deposits (recognized in other assets- noncurrent)	Guarantee for land lease contract	1,000	1,000
		<u>\$ 2,000</u>	<u>2,000</u>

(9) Commitments and contingencies

(A) Significant unrecognized contractual commitments:

The company entrusts other companies to carry out cooperative development projects. According to the agreement, the development fee should be paid in installments, and after the completion of development and mass production.

(B) Contingent liabilities: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function were as follows:

By function	2023			2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
By item						
Employee benefits						
Salary	3,927	138,154	142,081	3,786	185,603	189,389
Labor and health insurance	388	8,700	9,088	372	8,016	8,388
Pension	215	3,730	3,945	207	3,641	3,848
Remuneration of directors	-	10,560	10,560	-	19,335	19,335
Others	238	3,136	3,374	284	3,713	3,997
Depreciation	12,114	6,669	18,783	11,973	5,446	17,419
Amortization	44	15,210	15,254	14	8,034	8,048

ASIX ELECTRONICS CORPORATION
Notes to Financial Statements

Additional information on the numbers of employees and employee benefit costs was as follows:

	<u>2023</u>	<u>2022</u>
The numbers of employees	<u>81</u>	<u>79</u>
The number of non-employee directors	<u>7</u>	<u>7</u>
The average of employee benefits	<u>\$ 2,779</u>	<u>\$ 2,856</u>
The average of salaries	<u>\$ 2,559</u>	<u>\$ 2,630</u>
The average of salary adjustment rate	<u>(3)%</u>	

The company's salary and remuneration policy (including directors, managers, and employees were as follows:

1. Remuneration of directors: According to the Articles, the company shall allocate no more than 5% of the annual profits before tax as directors' remuneration. After the end of the year, that shall be submitted to the remuneration committee for reviewed, approved by the Board of Directors and submitted to the general meeting of shareholders for distribution.
2. Remuneration of employee and executive officers: According to the company's operating results, performance appraisal reward and punishment measures, the Articles, and the relevant laws and regulations the compensation of employees and executive officers shall be issued.

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- i. Loans to other parties: None
- ii. Guarantees and endorsements for other parties: None

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

iii. Securities held as of December 31, 2023(excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and Name of security	Relationship With company	Account title	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	C-Life Technologies, INC.	None	Financial assets at fair value through other comprehensive income –non-current	490	1,225	0.51 %	1,225	Note
(same as above)	Nextw Technology Co., LTD.	None	Financial assets at fair value through other comprehensive income –non-current	214	2,680	18.14 %	2,680	Note
(same as above)	E-Cmos Corporation	None	Financial assets at fair value through other comprehensive income –non-current	160	-	0.39 %	-	Note
(same as above)	Moai Green Power Corporation	None	Financial assets at fair value through other comprehensive income –non-current	35	-	0.09 %	-	Note
					3,905		3,905	

Note: The Fair value assessment please refer to note (6) (R).

- iv. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
- v. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- vi. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- vii. Related-parties transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ Sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of Total notes/accounts receivable (payable)	
The Company	Airoha Technology Corp Zhubei Branch	Other related party	Purchases	108,110	38 %	Month close 30 days	Note 1	Note 1	7,830	(42) %	

Note1: The prices of purchases with related-parties was determined by market rates. The payment with related-parties was monthly close 30 days, and others was monthly close 30 to 60 days.

- viii. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- ix. Trading in derivative instruments: None

ASIX ELECTRONICS CORPORATION

Notes to Financial Statements

(b) Information on investees:

The following was the information on investees for the year ended December 31, 2023:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net Income of the investee	Investment income (Note)	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Zywyn	USA	R&D center	255,143	255,143	15,663	100.00%	207,302	10,131	8,866	Subsidiary

Note: Relevant transactions and closing balances have been eliminated in the consolidated statements; the recognized investment interest of NT\$10,131 thousand dollars and the amortization of the use of related deferred income tax assets, know-how and customer relationship amounted to NT\$1,265 thousand dollars.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
Airoha Technology Corp.	12,396,396	19.74%
Shui-Cheng Tu	3,236,000	5.15%

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

ASIX ELECTRONICS CORPORATION

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of NTD)

Item	Description	Amount
Cash	Petty cash	\$ 208
Bank deposits	Foreign currency deposits	118,385
	USD : 3,860,049.05 dollars , JPY : 15,001.00 dollars , EUR : 757.09 dollars , HKD : 6,641.23 dollars	
	Demand deposits	93,885
	Time deposits (Period: January 3, 2024~March 26, 2024 , interest rate:0.535%~1.20%)	<u>1,108,000</u>
		<u>\$ 1,320,478</u>

Note: The exchange rates at the balance sheet date were as follows:

USD 1 = NTD 30.655

JPD 1 = NTD 0.2152

EUR 1 = NTD 33.78

HKD 1 = NTD 3.899

Statement of financial assets measured at amortized cost -current

For relevant information, please refer to note (6) (C).

ASIX ELECTRONICS CORPORATION
Statement of notes and accounts receivable
December 31, 2023
(Expressed in thousands of NTD)

<u>Customer Name</u>	<u>Amount</u>
A Company	\$ 25,630
B Company	17,465
C Company	8,957
D Company	7,666
E Company	6,730
F Company	6,399
Others (The amount of each item in others was not exceed 5% of the account balance.)	<u>34,590</u>
	<u>\$ 107,437</u>

Note: 1. Notes and accounts receivable resulting from business activities.

ASIX ELECTRONICS CORPORATION

Statement of inventories

December 31, 2023

(Expressed in thousands of NTD)

Items	Amount		Remark
	Costs	Net realizable value	
Finished goods	\$ 80,925	178,691	Please refer the note (4) (G)
Less: Allowance for valuation loss	(11,809)	-	
Subtotal	69,116	178,691	
WIP and semi-finished product	50,271	151,038	
Less: Allowance for valuation loss	(6,619)	-	
Subtotal	43,652	151,038	
Material	-	-	
Total	<u>\$ 112,768</u>	<u>329,729</u>	

Statement of other current assets

Items	Amount
Income tax refund receivable	\$ 1,030
Prepaid for others	1,021
Prepaid for inventories	728
Prepaid for computer software	251
	<u>\$ 3,030</u>

ASIX ELECTRONICS CORPORATION

**Statement of financial assets at fair value through other comprehensive
income –noncurrent**

For the year ended December 31, 2023

(Expressed in thousands of NTD)

Name	Beginning Balance		Increase or Decrease		Gain or loss on evaluation	End of the period	
	Thousand shares	Fair value	Thousand shares	Amount	Amount	Thousan d shares	Fair value
C-Life Technologies, INC.	490	\$ 1,225	-	-	-	490	1,225
Nextw Technology Co., LTD.	160	1,600	54	1,080	-	214	2,680
E-Cmos Corporation	160	-	-	-	-	160	-
Moai Green Power Corporation	35	-	-	-	-	35	-
		<u>\$ 6,520</u>		<u>1,080</u>	<u>-</u>		<u>3,905</u>

ASIX ELECTRONICS CORPORATION

Statement of changes in investments under equity method

For the year ended December 31, 2023

(Expressed in thousands of NTD)

<u>Investee</u>	<u>Beginning balance</u>		<u>Increase or decrease for the period</u>		<u>Investmen t profit and loss</u>	<u>Exchange difference on translation of foreign currency</u>	<u>Ending balance</u>			<u>Market price or net equity value</u>		<u>Guarantee or collateral provided</u>	<u>Remark</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Shareholding ratio (%)</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total price</u>		
Zywyn	15,663	<u>\$ 198,603</u>	-	<u>-</u>	<u>8,866</u>	<u>(167)</u>	15,663	100%	<u>207,302</u>	-	<u>207,302</u>	None	

ASIX ELECTRONICS CORPORATION
**Statement of changes in property, plant and
equipment**

Please refer to note (6) (G).

Statement of right-of-use assets

Please refer to note (6) (H).

Statement of intangible assets

Please refer to note (6) (I).

ASIX ELECTRONICS CORPORATION

Statement of other non-current assets

December 31, 2023

(Expressed in thousands of NTD)

Items	Description	Amount
Refundable deposits		<u>\$ 2,539</u>

Statement of accounts payable

Name of suppliers	Amount
Supplier A	\$ 7,145
Supplier B	1,420
Supplier C	1,289
Supplier D	744
Others (The amount of each item in others was not exceed 5% of the account balance.)	<u>137</u>
	<u>\$ 10,735</u>

Note: 1. Notes and accounts payable resulting from business activities.

2. Accounts payable-related parties was not included the above. Please refer to the note (7)

ASIX ELECTRONICS CORPORATION

Statement of other current liabilities

December 31, 2023

(Expressed in thousands of NTD)

Items	Description	Amount
Accrued royalties		\$ 9,845
Advance payment		5,624
Others (individual amount was not exceed 5%)	Wages withholding for labor and health insurance, accrued for pensions, and accrued for service charge, etc.	15,594
		<u>\$ 31,063</u>

Statement of lease liabilities

Items	Description	Rental term	Discount rate	Ending balance	Remark
Land	Land lease with HSIP	2019/8/6~2038/12/31	5.01%	\$ 10,570	
Office and other equipment	Office	2023/11/15~2025/11/15	1.83%	1,118	
Office and other equipment	Official car	2020/6/23~2025/6/22	1.83%	<u>657</u>	
				12,345	
Less: lease liabilities-current				<u>(1,191)</u>	
Total				<u>\$ 11,154</u>	

ASIX ELECTRONICS CORPORATION

Operating revenues statement

For the ended December 31, 2023

(Expressed in thousands of NTD)

Items	Sales volume (thousand pcs)	Amount
Chips	26,136	\$ 886,598
Licenses and Services charge		<u>1,020</u>
		<u>\$ 887,618</u>

ASIX ELECTRONICS CORPORATION

Statement of operating costs

For the ended December 31, 2023

(Expressed in thousands of NTD)

<u>Items</u>	<u>Amount</u>
Consumption of raw material	
Beginning amounts of raw material	\$ 973
Add: purchase in this period	7,835
Less: Ending amounts of raw material	<u>-</u>
Consumption of raw material at this period	8,808
Manufacturing expenses	<u>11,360</u>
Manufacturing cost	20,168
Add : beginning amounts of WIP	33,182
Purchase	59,067
Less : Ending amounts of WIP	(50,271)
Transfer to expenses	<u>(127)</u>
Cost of finished goods at this period	62,019
Add: beginning amount of finished goods	199,893
Purchase	221,032
Less: Ending amounts of finished goods	(80,925)
Transfer to expenses and scrapped	<u>(250)</u>
Cost of goods sold	401,769
Recognition losses of provisions for inventory valuation loss	5,044
Unallocated fixed manufacturing overhead	<u>7,163</u>
Total operating costs	<u><u>\$ 413,976</u></u>

ASIX ELECTRONICS CORPORATION

Statement of selling expenses

For the ended December 31, 2023

(Expressed in thousands of NTD)

Items	Amount
Salaries	\$ 27,743
Royalties expenses	16,628
Others (individual amount was not exceed 5%)	9,190
	<u>\$ 53,561</u>

Statement of administrative expenses

Items	Amount
Salaries	\$ 30,334
Remuneration of directors	10,080
Others (individual amount was not exceed 5%)	14,263
	<u>\$ 54,677</u>

ASIX ELECTRONICS CORPORATION
Statements of research and development expenses
For the ended December 31, 2023
(Expressed in thousands of NTD)

<u>Items</u>	<u>Amount</u>
Salaries	\$ 80,077
Maintenance charge for software tools	14,971
Others (individual amount was not exceed 5%)	<u>23,089</u>
	<u>\$ 118,137</u>