

**Promate Solutions Corporation and  
Subsidiaries**

Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Audit Report

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>	<u>FINANCIAL REPORT NOTE NO.</u>
1. Cover	1	-
2. Table of Contents	2	-
3. Declaration of Consolidation of financial statements of affiliates	3	-
4. Independent Auditor's Audit Report	4~5	-
5. Consolidated Balance Sheet	6	-
6. Consolidated Statement of Comprehensive Income	7~8	-
7. Consolidated Statement of Changes in Equity	9	-
8. Consolidated Statement of Cash Flow	10~11	-
9. Notes to Consolidated Financial Statements		
a. General Information	12	1
b. Approval of Financial Statements	12	2
c. Application of New, Amended, and Revised Standards and Interpretation	12~17	3
d. Summary of Significant Accounting Policies	17~29	4
e. Critical Accounting Judgments and Key Sources of Estimation Uncertainty	29~30	5
f. Descriptions of Significant Accounting Items	30~65	6~30
g. Transaction with Related Parties	65~68	31
h. Assets Pledged as Collateral or for Security	68	32
i. Significant Contingent Liabilities and Unrecognized Commitments	68	33
j. Information on Foreign Currency Financial Assets and Liabilities with Significant Impact	68~70	34
k. Others	70	35
l. Supplementary Disclosures	70~71、72~77	36
i. Information Related to Material Transactions		
ii. Intercompany Relationships and Significant Transactions		
iii. Investments in Mainland China		
iv. Information of Major Shareholders		
m. Segment Information	71~72	37

## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Promate Solutions Corporation

By

Huai Chi Tu

Chairman

March 29, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Promate Solutions Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Promate Solution. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled out other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters

The key audit matters identified in the audit of the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

#### Occurrence of shipment with revenue gained from specific clients

The Group specializes in trading embedded control systems, special application display module and medical touch display module. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, we believe that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason why we listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2021 audit process. Refer to note 4(12) for more details of revenue recognition policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Group's management.
2. We utilized audit sampling on specific clients' shipments, which we would verify the relevant documents and test the receivable collection to confirm the existence of sales transaction.
3. We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a materialy misstatement on sales revenue from specific clients in the group's financial statement.

### **Other Matters**

We have also audited the parent company only financial statements of Promate Solution Corporation as of and for the year ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operation, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditor's report are Po Jen Weng and Hui-Min.Chen  
Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 29, 2022

### *Notice to Readers*

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 726,561	41	\$ 637,464	42
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	10,594	1	12,354	1
Financial assets at amortized cost - current (Notes 4, 9, 10 and 30)	-	-	85,797	6
Notes receivable (Notes 4, 11, 24, 30 and 32)	76,221	4	-	-
Accounts receivable (Notes 4, 11, 24 and 30)	384,826	22	270,397	18
Accounts receivable from related parties (Notes 4, 11, 24, 30 and 31)	4,212	-	5,167	-
Other receivables (Notes 4, 11 and 30)	24,521	1	8,590	1
Inventories (Note 4 and 12)	346,426	20	298,287	20
Prepayments (Notes 17)	2,887	-	2,508	-
Other current assets (Note 17)	30	-	30	-
Total current assets	<u>1,576,278</u>	<u>89</u>	<u>1,320,594</u>	<u>88</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 30)	85,519	5	43,607	3
Property, plant and equipment (Notes 4 and 14)	43,823	3	48,946	3
Right-of-use assets (Notes 4, 15 and 31)	42,836	2	65,120	5
Other intangible assets (Note 4 and 16)	5,851	-	4,027	-
Deferred tax assets (Note 4 and 26)	8,983	1	13,893	1
Prepayments for business facilities (Note 17)	6,834	-	3,888	-
Guarantee deposits paid (Notes 17 and 30)	656	-	636	-
Total non-current assets	<u>194,502</u>	<u>11</u>	<u>180,117</u>	<u>12</u>
<b>TOTAL</b>	<u>\$ 1,770,780</u>	<u>100</u>	<u>\$ 1,500,711</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowing (Notes 4, 18 and 32)	\$ 76,221	4	\$ -	-
Contract liabilities - current (Notes 4, 20 and 24)	69,004	4	30,466	2
Notes payable (Notes 19 and 30)	31	-	-	-
Accounts payable (Notes 19 and 30)	200,299	12	123,026	8
Accounts payable to related parties (Notes 18, 30 and 31)	181,574	10	43,392	3
Lease liabilities - current (Notes 4, 15, 28, 30 and 31)	20,763	1	21,665	2
Other payables (Notes 20 and 30)	106,590	6	94,222	6
Other payables - related parties (Notes 20, 30 and 31)	607	-	955	-
Current tax liabilities (Note 4 and 26)	8,813	1	22,078	2
Provisions - current (Note 4 and 21)	2,938	-	3,285	-
Other current liabilities (Note 20)	2,157	-	2,357	-
Total current liabilities	<u>668,997</u>	<u>38</u>	<u>341,446</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - noncurrent (Notes 4, 15, 29 and 30)	22,216	1	43,072	3
Provisions - noncurrent (Note 20)	1,386	-	2,239	-
Deferred tax liabilities (Note 25)	10,408	1	15,044	1
Net defined benefit liabilities - noncurrent (Note 21)	924	-	55	-
Total non-current liabilities	<u>34,934</u>	<u>2</u>	<u>60,410</u>	<u>4</u>
Total liabilities	<u>703,931</u>	<u>40</u>	<u>401,856</u>	<u>27</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23)</b>				
Share capital				
Ordinary shares	<u>382,549</u>	<u>22</u>	<u>382,549</u>	<u>25</u>
Capital surplus	<u>386,829</u>	<u>22</u>	<u>386,829</u>	<u>26</u>
Retained earnings				
Legal reserve	126,158	7	105,299	7
Special reserve	-	-	2,728	-
Unappropriated earnings	<u>166,518</u>	<u>9</u>	<u>210,207</u>	<u>14</u>
Total retained earnings	<u>292,676</u>	<u>16</u>	<u>318,234</u>	<u>21</u>
Other equity				
Exchange differences on translation of foreign financial statements	( 391 )	-	( 49 )	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>5,186</u>	<u>-</u>	<u>11,292</u>	<u>1</u>
Total other equity interest	<u>4,795</u>	<u>-</u>	<u>11,243</u>	<u>1</u>
Total equity attributable to owners of the Company	<u>1,066,849</u>	<u>60</u>	<u>1,098,855</u>	<u>73</u>
Total equity	<u>1,066,849</u>	<u>60</u>	<u>1,098,855</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 1,770,780</u>	<u>100</u>	<u>\$ 1,500,711</u>	<u>100</u>

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

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 31)				
Sales	\$ 1,745,768	100	\$ 1,771,303	100
OPERATING COSTS (Notes 12, 16, 22, 25 and 31)				
COST OF GOODS SOLD	( 1,320,182 )	( 76 )	( 1,278,182 )	( 72 )
GROSS PROFIT	<u>425,586</u>	<u>24</u>	<u>493,121</u>	<u>28</u>
OPERATING EXPENSES (Notes 11, 16, 21, 25 and 31)				
Selling and marketing expenses	( 133,171 )	( 7 )	( 116,733 )	( 7 )
General and administrative expenses	( 28,878 )	( 2 )	( 36,576 )	( 2 )
Research and development expenses	( 68,111 )	( 4 )	( 67,463 )	( 4 )
Expected credit loss	<u>5,750</u>	<u>-</u>	<u>( 6,360 )</u>	<u>-</u>
Total operating expenses	<u>( 224,410 )</u>	<u>( 13 )</u>	<u>( 227,132 )</u>	<u>( 13 )</u>
OPERATING PROFIT	<u>201,176</u>	<u>15</u>	<u>265,989</u>	<u>15</u>
NON-OPERATING INCOME (Note 15, 25 and 31)				
Interest income	1,673	-	3,821	-
Other income	4,446	-	3,062	-
Other gains and losses	( 9,723 )		( 20,980 )	( 1 )
Finance costs	<u>( 1,748 )</u>	<u>-</u>	<u>( 2,066 )</u>	<u>-</u>
Total non-operating income and expenses	<u>( 5,352 )</u>	<u>-</u>	<u>( 16,163 )</u>	<u>( 1 )</u>
PROFIT BEFORE INCOME TAX	195,824	11	249,826	14
INCOME TAX EXPENSE (Notes 4 and 26)	<u>( 33,550 )</u>	<u>( 2 )</u>	<u>( 46,751 )</u>	<u>( 2 )</u>
NET PROFIT FOR THE PERIOD	<u>162,274</u>	<u>9</u>	<u>203,075</u>	<u>12</u>

(Continued)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss :				
Remeasurement of defined benefit plans (Notes 4 ,and 22)	\$ 4,094	-	(\$ 340)	-
Unrealized gain (loss) on investments in equity instruments as at fair value through other comprehensive income (Notes 4 ,and 23)	( 5,940)	-	19,752	1
Income tax relating to items that will not be reclassified (Notes 4 ,and 26)	( <u>818</u> )	-	<u>68</u>	-
	( <u>2,664</u> )	-	<u>19,480</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating the financial statements of foreign operations (Notes 4 ,and 23)	( 428)	-	2	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 ,and 26)	<u>86</u>	-	( <u>1</u> )	-
	( <u>342</u> )	-	<u>1</u>	-
Other comprehensive loss for the year, net of income tax	( <u>3,006</u> )	-	<u>19,481</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 159,268</u>	<u>9</u>	<u>\$ 222,556</u>	<u>13</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
From continuing operations				
Basic	<u>\$ 4.24</u>		<u>\$ 5.31</u>	
Diluted	<u>\$ 4.21</u>		<u>\$ 5.25</u>	

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



PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Issued Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gain on Financial Assets at Fair Value Through Other Comprehensive Income	
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2020	38,255	\$ 382,549	\$ 396,393	\$ 84,663	\$ 26	\$ 206,670	(\$ 50)	(\$ 2,678)	\$ 1,067,573
Appropriation of 2019 earnings									
Legal reserve	-	-	-	20,636	-	( 20,636)	-	-	-
Special reserve	-	-	-	-	2,702	( 2,702)	-	-	-
Cash dividends	-	-	-	-	-	( 181,710)	-	-	( 181,710)
Changes other Capital Surplus :									
Capital Surplus issue Cash dividends	-	-	( 9,564)	-	-	-	-	-	( 9,564)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	5,782	-	( 5,782)	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	203,075	-	-	203,075
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	( 272)	1	19,752	19,481
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	202,803	1	19,752	222,556
BALANCE AT DECEMBER 31, 2020	38,255	382,549	386,829	105,299	2,728	210,207	( 49)	11,292	1,098,855
Appropriation of 2020 earnings									
Legal reserve	-	-	-	20,859	-	( 20,859)	-	-	-
Special reserve	-	-	-	-	( 2,728)	2,728	-	-	-
Cash dividends	-	-	-	-	-	( 191,274)	-	-	( 191,274)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	166	-	( 166)	-
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	162,274	-	-	162,274
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	3,276	( 342)	( 5,940)	( 3,006)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	165,550	( 342)	( 5,940)	159,268
BALANCE AT DECEMBER 31, 2021	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 386,829</u>	<u>\$ 126,158</u>	<u>\$ -</u>	<u>\$ 166,518</u>	<u>(\$ 391)</u>	<u>\$ 5,186</u>	<u>\$ 1,066,849</u>

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

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 195,824	\$ 249,826
Adjustments for		
Expected credit (gain) loss	( 5,750 )	6,360
Depreciation expenses	35,866	36,492
Amortization expenses	1,718	3,192
Finance costs	1,748	2,066
Other adjustments to reconcile profit (loss)	3,010	( 5,590 )
Interest incomes	( 1,673 )	( 3,821 )
Dividend income	( 4,114 )	( 2,242 )
Impairment loss on non-financial assets	( 17,000 )	10,000
Inventory write off loss	322	3,069
Gain on Lease Modification	( 255 )	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 1,097 )	( 3,920 )
Unrealized foreign exchange loss (gain)	( 1,004 )	1,355
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,857	( 5,398 )
Decrease (increase) in notes receivable	( 76,221 )	-
Decrease (increase) in accounts receivable	( 108,679 )	1,714
Decrease (increase) in accounts receivable due from related parties	955	( 203 )
Decrease (increase) in other receivable	( 15,931 )	2,533
Decrease (increase) in inventories	( 31,461 )	( 28,872 )
Decrease (increase) in prepayments	( 379 )	3,112
Decrease (increase) in other current assets	-	23
Increase (decrease) in contract liabilities	38,538	( 9,301 )
Increase (decrease) in notes payable	31	( 11 )
Increase (decrease) in accounts payable	77,273	( 42,775 )
Increase (decrease) in accounts payable to related parties	138,182	( 23,073 )
Increase (decrease) in other payable	12,368	( 8,183 )
Increase (decrease) in other payable to related parties	( 348 )	( 1,370 )
Increase (decrease) in provisions	( 4,210 )	( 7,010 )

(Continued)

	2021	2020
Increase (decrease) in other current liabilities	( \$ 200 )	( \$ 23 )
Increase (decrease) in net defined benefit liability	( <u>542</u> )	( <u>548</u> )
Cash generated from operations	239,828	177,448
Interest received	1,673	3,821
Interest paid	( 219 )	-
Income tax paid	( <u>41,768</u> )	( <u>52,159</u> )
Net cash generated from operating activities	<u>199,514</u>	<u>129,110</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	( 27,842 )	( 1,426,652 )
Acquisition of financial assets at fair value through other comprehensive income	( 48,323 )	( 23,663 )
Proceeds from disposal of financial assets at amortized cost	114,643	1,339,500
Proceeds from disposal of financial assets at fair value through other comprehensive income	471	14,700
Proceeds from sale of financial assets at fair value dividends received	4,114	2,242
Increase in prepayments for business facilities	( 16,397 )	( 16,890 )
Acquisition of property, plant and equipment	( 200 )	( 307 )
Decrease (increase) in refundable deposits	( <u>20</u> )	( <u>500</u> )
Net cash used in investing activities	<u>26,446</u>	( <u>111,570</u> )
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Short-term borrowing increase	76,221	-
Payments of lease liabilities	( 21,382 )	( 22,234 )
Cash dividends	( <u>191,274</u> )	( <u>191,274</u> )
Net cash used in financing activities	( <u>136,435</u> )	( <u>213,508</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	( <u>428</u> )	<u>2</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	89,097	( 195,966 )
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>637,464</u>	<u>833,430</u>
<b>CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENT OF FINANCIAL POSITION</b>		
	<u>\$ 726,561</u>	<u>\$ 637,464</u>

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

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

**1. GENERAL INFORMATION**

Promate Solutions Corporation (the “Company”) is a listed company established on May 29, 2000. The main business of the Company include research & development and manufacture of medical touch screen displays, embedded control systems, special application and industrial displays, and research & development of applicable software and hardware.

According to resolutions of the shareholders' meeting on June 10, 2013 , the department of special application product of Promate Electronic Co., Ltd had been transfer to the Company based on Business Mergers And Acquisitions Act. The purpose of division was due to organization adjustment of Promate Electronic Co. According to Board resolutions, the reference date of the division was August 1, 2013. , the value of the division department was 123,900 thousand. The Company had been issued 8,260 thousand ordinary share priced at 15 for division.

The parent company of the Company is Promate Electronic Co., Ltd. with equity interests of 66.21% on December 31, 2021 and 2020.

The Company’s shares have been listed on OTC trading at Taipei Exchange since March 2004.

The functional currency of the Company is the New Taiwan Dollar.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the board of directors on March 15, 2022.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

b. The IFRs endorsed by FSC for application starting from 2022:

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after 11 January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January

1) Annual Improvements to IFRSs Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments expressly evaluate contracts if contracts onerous or not,” Cost of Fulfilling a Contract” include incremental cost( ex:direct labor and raw materials) and allocation of other costs directly related to the fulfill contract (ex: fulfill contract allocation used property, plant and equipment depreciation expense ).

The Group is recognized as retained earning on the date of initial application by first time use this amendments.

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date</b>
<b>Announced by IASB (Note 1)</b>	
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 ( Note 2 )
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 ( Note 3 )
Amendments to IAS 12 “Deferred Tax related to Assets and	January 1, 2023 ( Note 4 )

Liabilities arising from a Single Transaction”

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or 12 after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full. Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned

terms would not affect the classification of the liability.

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4) Amendments to IAS 8 “Definition of Accounting Estimates

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors



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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC

##### **b. Basis of preparation**

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

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

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

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held for the purpose of trading;
- 2) Liabilities due to be settled within 12 months, and
- 3) Liabilities for which the entity does not have the right at the end of the reporting period to defer settlement beyond 12 months.

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

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

- 1) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and,
- 2) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as

follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

The inventory, real estate, building and equipment and intangible assets recognized by customer agreement shall recognize the impairment according to the provisions of inventory impairment and the above requirements, and then the amount of the carrying amount in accordance with the contract costs related assets exceeding the amount remaining in consideration expected to be charged for the provision of relevant goods or services after deducting the directly related costs shall be recognized as the impairment loss. The carrying amount of assets related to the contract cost shall be added to the cash generating unit for the impairment assessment of cash generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30: Financial Instruments.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party)).

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.



### 3) Financial liabilities

#### a) Subsequent measurement

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

#### b) Derecognition of financial liabilities.

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

### k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

### l. Revenue recognition

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

Where the time interval between the transfer of goods or services and the receipt of consideration is less than one year, no adjustment of transaction price shall be made for the material financial component of the contract.

#### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## 2) Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

## m. Leases

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

### 1) The Group as lessor

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

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

### 2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as that of the defined benefit retirement plan, except that the relevant remeasurements are recognized as profit and loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized when there is a high possibility that the tax income will be available to provide the income tax credits for expenditures such as deductible temporary differences.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies, estimates, and basic assumptions adopted by the Group have been evaluated by the Group's management, and there are no major accounting judgments, estimates, and assumptions that are uncertain key sources of estimation uncertainty.

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31,2021</u>	<u>December 31,2020</u>
Cash on hand	\$ 165	\$ 873
Checking accounts	385,676	348,074
Cash equivalents (investment with original maturities less than three months)		
Time deposits	340,720	260,000
Repurchase agreement,	<u>-</u>	<u>28,517</u>
	<u>\$ 726,561</u>	<u>\$ 637,464</u>

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Demand deposits	0.001%~0.08%	0.001%~0.05%
Time deposits	0.13%~0.35%	0.34%~0.40%
Repurchase agreement,	-	0.45%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Financial asseets at FVTPL-currect</u>		
Financial assets mandatorily classified as at FVTP:		
Non-derivative financial assets		
Domestic listed shares	<u>\$ 10,594</u>	<u>\$ 12,354</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Non-currect</u>		
Investments in equity instruments	<u>\$ 85,519</u>	<u>\$ 43,607</u>
<u>Non-currect</u>		
Domestic investments		
Listed shares		
HIGGSTEC Inc	\$ 37,595	\$ 43,607
Foreign investments		
Private Funds		
Esquarre IoT Landing Fund, L.P.	<u>47,924</u>	<u>-</u>
	<u>\$ 85,519</u>	<u>\$ 43,607</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COSTS

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Currect</u>		
Foreign investments		
Repurchase agreement		
– PERTAMINA	\$ -	\$ 28,715
– CITIC Group Corporation Ltd.	-	28,567
– Bank of China	-	28,515
Less : Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 85,797</u>

As of December 31, 2020, the Group purchased repurchase agreements issued by China Bills Finance Corporation and International Bills Finance Corporation, with coupon rates ranging 0.5% respectively.

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost:

December31 2020

	<u>At Amortization costs</u>
Gross carrying amount	\$ 85,797
Less: Allowance for impairment loss	<u>-</u>
Amortization costs	<u>\$ 85,797</u>

In order to minimize credit risk, the management of the Group has delegated a dedicated team to build a credit rating database, with a view to assessing the default risk of investments in debt instruments. For items without external credit ratings, appropriate internal ratings can be given by reference to publicly available financial information. The Group continuously tracks major information from financial institutions to monitor changes in the credit risk of investments in debt instruments, and uses such information to assess whether there is a significant increase in the initially recognized credit risk of investments in debt instruments. The Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default records and current financial status of financial institutions supplied by the internal rating team to measure the 12-month or lifetime expected credit losses of investments in debt instruments.

The Group's current credit risk rating mechanism is as follows:

<u>Credit Rating</u>	<u>Definition</u>	<u>Basis for Recognition of Expected Credit Losses</u>
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

The gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

December31 2020

<u>Credit Rating</u>	<u>Expected Credit Loss Rate</u>	<u>Gross Carrying Amount Amortized Cost</u>
Normal	0%~0.01%	<u>\$ 85,797</u>



The group did not have any investment in debt instruments at amortized cost as of December 31, 2021.

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the year ended December 31, 2020.

## 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount-unrelated parties	\$ 76,221	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 76,221</u>	<u>\$ -</u>
 <u>Accounts receivables</u>		
At amortized cost		
Gross carrying amount-unrelated parties	\$ 385,684	\$ 277,005
Gross carrying amount-related parties	4,212	5,167
Less: Allowance for impairment loss	( <u>858</u> )	( <u>6,608</u> )
	<u>\$ 389,038</u>	<u>\$ 275,564</u>
 <u>Overdue receivables</u>		
Overdue receivables	\$ 30	\$ 30
Less: Allowance for impairment loss	( <u>30</u> )	( <u>30</u> )
	<u>\$ -</u>	<u>\$ -</u>
 <u>Others receivables</u>		
Tax refund receivables	\$ 15,097	\$ 6,667
Duty Tax refund receivable	2,104	1,923
Proceeds from sale of financial assets	<u>7,320</u>	<u>-</u>
	<u>\$ 24,521</u>	<u>\$ 8,590</u>

### a. Notes receivables

Notes receivables as collateral for borrowings are set out in Note 32

b. Accounts receivables

At amortized cost

The average credit period of the sales of goods was 90-135 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual

trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group estimates expected credit losses according to the prescribed approach, which permits the recognition of lifetime expected losses for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. The Group uses different provision matrixes based on customer segments by default risks and determines the expected credit loss by reference to the expected credit loss rate of each customer segment.

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

The following table details the loss allowance of notes receivables and accounts receivables based on the Group's provision matrix:

December 31,2021

	<b>Not Past Due</b>	<b>Less than 1~30Days</b>	<b>Less than 31~60Days</b>	<b>Less than 61~90Days</b>	<b>Less than over 91Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	3.86%	5.93%	9.12~100%	
Gross carrying amount	\$ 432,786	\$ 22,733	\$ 10,213	\$ 207	\$ 178	\$ 466,117
Loss allowance (Lifetime						
ECL)	_____ -	_____ -	( _____ 790)	( _____ 25)	( _____ 43)	( _____ 858)
Amortized cost	<u>\$ 432,786</u>	<u>\$ 22,733</u>	<u>\$ 9,423</u>	<u>\$ 182</u>	<u>\$ 135</u>	<u>\$ 465,259</u>

December 31,2020

	<b>Not Past Due</b>	<b>Less than 1~30Days</b>	<b>Less than 31~60Days</b>	<b>Less than 61~90Days</b>	<b>Less than Over 91Days</b>	<b>Total</b>
Expected credit loss rate	0.01%	0.27%	30.21%	56.2%	71.15~100%	
Gross carrying amount	\$ 238,514	\$ 25,201	\$ 14,853	\$ 3,564	\$ 40	\$ 282,172
Loss allowance (Lifetime ECL)	( 24)	( 67)	( 4,478)	( 1,999)	( 40)	( 6,608)
Amortized cost	<u>\$ 238,490</u>	<u>\$ 25,134</u>	<u>\$ 10,375</u>	<u>\$ 1,565</u>	<u>\$ -</u>	<u>\$ 275,564</u>

The movements of the loss allowance of notes receivables and accounts receivables were as follows :

	<u>2021</u>	<u>2020</u>
<u>Accounts receivables</u>		
Balance on January 1	\$ 6,608	\$ 248
Add: Amount of expected credit loss	-	6,360
Less: Amount of credit loss reversal	( 5,750)	-
Balance on December 31	<u>\$ 858</u>	<u>\$ 6,608</u>
<u>Overdue receivables</u>		
Balance on January 1	<u>\$ 30</u>	<u>\$ 30</u>
Balance on December 31	<u>\$ 30</u>	<u>\$ 30</u>

Compared to the balance on January 1, 2021 and 2020, the gross carrying amount of accounts receivables on December 31, 2021 and 2020 increase \$183,945 thousand and decreased \$1,511 thousand. Due to increase in projected credit loss, the loss allowance decreased \$5,750 thousand and increase \$6,360 thousand.

c. Other receivables

The Group does not accrue interest on other receivables. When determining the recoverability of other receivables, the Group considers any changes in the credit quality of other receivables from the original credit date to the balance sheet date. As historical experience shows that other receivables overdue for more than one year are not recoverable, the Company recognizes 100% allowance for bad debts for other receivables aged over one year. For other receivables aged within one year, the Company determines allowance for bad debt by reference to the past arrears of counterparties and analyzing their current financial position, in order to evaluate irrecoverable amounts.

There was no allowance for impairment loss of other receivables on December 31, 2021, December 31, 2020.

## 12. INVENTORIES

	<u>December 31,2021</u>	<u>December 31,2020</u>
Raw materials	\$ 219,235	\$ 103,410
Work in process	36,705	24,214
Finished goods	64,717	166,134
Merchandise inventories	2,023	4,529
Stock in transit	<u>23,746</u>	<u>-</u>
	<u>\$ 346,426</u>	<u>\$ 298,287</u>

Costs of goods sold were as follows:

	<u>2021</u>	<u>2020</u>
Cost of Goods Sold	\$ 1,315,163	\$ 1,242,689
Labor cost	21,697	22,424
Loss (gain) on inventory impairment	( 17,000 )	10,000
Inventory Scrap	<u>322</u>	<u>3,069</u>
	<u>\$ 1,320,182</u>	<u>\$ 1,278,182</u>

The net realizable value of inventories is the increase in the sales price of the inventory in specific markets

## 13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The entity included in the consolidated statements is listed below:

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	<u>Proportion of</u>		<u>Note</u>
			<u>Ownership (%)</u>		
			<u>Dec 31</u>	<u>Dec31,</u>	
			<u>2021</u>	<u>2020</u>	
Promate Solutions Co., Ltd	Promate Japan Inc	Trade of electronic commodities	100%	100%	(a)

- a. Promate Japan Inc. was incorporated on Mach 2017 in Tokyo, Japan. It is 100% owner by the Company and the nature of its activities includes trade of electronic commodities.

## 14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31,2021</u>	<u>December 31,2020</u>
Assets used by the Group	<u>\$ 43,823</u>	<u>\$ 48,946</u>

## Assets used by the Group

	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>						
Balance on January 1, 2021	\$ 72,642	\$ 2,810	\$ 10,688	\$ 62,593	\$ 15,083	\$ 163,816
Additions	-	-	70	130	-	200
Reclassification	1,361	-	-	8,548	-	9,909
Disposal	-	-	-	( 2,210 )	( 1,708 )	( 3,918 )
Balance on December 31, 2021	<u>\$ 74,003</u>	<u>\$ 2,810</u>	<u>\$ 10,758</u>	<u>\$ 69,061</u>	<u>\$ 13,375</u>	<u>\$ 170,007</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2021	\$ 40,911	\$ 2,810	\$ 9,739	\$ 48,950	\$ 12,460	\$ 114,870
Depreciation expense	6,714	-	475	7,100	943	15,232
Disposal	-	-	-	( 2,210 )	( 1,708 )	( 3,918 )
Balance on December 31, 2021	<u>\$ 47,625</u>	<u>\$ 2,810</u>	<u>\$ 10,214</u>	<u>\$ 53,840</u>	<u>\$ 11,695</u>	<u>\$ 126,184</u>
Carrying amounts on December 31, 2021	<u>\$ 26,378</u>	<u>\$ -</u>	<u>\$ 544</u>	<u>\$ 15,221</u>	<u>\$ 1,680</u>	<u>\$ 43,823</u>
<u>Cost</u>						
Balance on January 1, 2020	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
Additions	-	-	307	-	-	307
Reclassification	11,357	-	-	5,670	-	17,027
Disposal	-	-	-	-	( 2,369 )	( 2,369 )
Balance on December 31, 2020	<u>\$ 72,642</u>	<u>\$ 2,810</u>	<u>\$ 10,688</u>	<u>\$ 62,593</u>	<u>\$ 15,083</u>	<u>\$ 163,816</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2020	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Depreciation expense	7,001	-	487	7,091	1,077	15,656
Disposal	-	-	-	-	( 2,369 )	( 2,369 )
Balance on December 31, 2020	<u>\$ 40,911</u>	<u>\$ 2,810</u>	<u>\$ 9,739</u>	<u>\$ 48,950</u>	<u>\$ 12,460</u>	<u>\$ 114,870</u>
Carrying amounts on December 31, 2020	<u>\$ 31,731</u>	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ 13,643</u>	<u>\$ 2,623</u>	<u>\$ 48,946</u>

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment during the year ended December 31, 2021 and 2020

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

Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Miscellaneous equipment	3-20 years
Leasehold improvements	3-10 years

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31,2021</u>	<u>December 31,2020</u>
Carrying amounts		
Buildings	\$ 41,921	\$ 63,727
Transportation equipment	<u>915</u>	<u>1,393</u>
	<u>\$ 42,836</u>	<u>\$ 65,120</u>
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 9,428</u>	<u>\$ 1,433</u>
Depreciation charge for right of use assets		
Buildings	\$ 20,156	\$ 20,796
Transportation equipment	<u>478</u>	<u>40</u>
	<u>\$ 20,634</u>	<u>\$ 20,836</u>

Due to the early termination of the lease contract during current period, the Group's right of-use assets and lease liabilities were reduced by NT\$10,970 thousand and NT\$11,225 thousand respectively. Thus, it resulted in a lease modification benefit of NT\$255 thousand

### b. Lease liabilities

	<u>December 31,2021</u>	<u>December 31,2020</u>
Carrying amounts		
Current	<u>\$ 20,763</u>	<u>\$ 21,665</u>
Non-current	<u>\$ 22,216</u>	<u>\$ 43,072</u>

Discounted rate ranges of lease liabilities were as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Buildings	3%	3%
Transportation equipment	5.69%	5.69%

c. Material lease in activities and terms

The Group leased a number of cars for use by business personnel or warehouse personnel for 3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Group also leased certain buildings for the use as plant and office in a period of 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>2021</u>	<u>2020</u>
Expenses relating to low-value asset leases	\$ 496	\$ 201
Total cash outflow for lease	( \$ 21,878 )	( \$ 22,435 )

The Group has selected to apply the exemption of recognition to certain office equipment leases conforming to low-value asset leases, and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

The Group has no lease commitments commencing after the balance sheet date during the non-leasehold period in 2021 and as of December 31, 2020.

## 16. OTHER INTANGIBLE ASSETS

	<u>Computer</u> <u>Software</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 18,379
Reclassification	3,542
Disposal	( <u>6,262</u> )
Balance on December 31, 2021	<u>\$ 15,659</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2021	\$ 14,352
Amortization expenses	1,718
Disposal	( <u>6,262</u> )
Balance on December 31, 2021	<u>\$ 9,808</u>
Carrying amount on December 31, 2021	<u>\$ 5,851</u>

	<b>Computer Software</b>
<u>Cost</u>	
Balance on January 1, 2020	\$ 20,179
Additions	-
Disposal	( <u>1,800</u> )
Balance on December 31, 2020	<u>\$ 18,379</u>
 <u>Accumulated amortization</u>	
Balance on January 1, 2020	\$ 12,960
Amortization expenses	3,192
Disposal	( <u>1,800</u> )
Balance on December 31, 2020	<u>\$ 14,352</u>
 Carrying amount on December 31, 2020	 <u>\$ 4,027</u>

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment during the year ended December 31, 2021 and 2020

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years	
	<u>2021</u>	<u>2020</u>
Amortization expenses summarized by function:		
Operating costs	\$ -	\$ -
Selling and marketing expenses	108	108
General and administrative expenses	1,053	2,714
Research and development expenses	<u>557</u>	<u>370</u>
	<u>\$ 1,718</u>	<u>\$ 3,192</u>

## 17. OTHER ASSETS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Prepayments		
Prepayment for purchases and expenses	\$ 2,887	\$ 2,508
Other current assets		
Temporary debits and Payment for others	<u>30</u>	<u>30</u>
	<u>\$ 2,917</u>	<u>\$ 2,538</u>



	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Non-Currect</u>		
Prepayments for equipment	\$ 6,834	\$ 3,888
Refundable deposits	656	636
Overdue receivables ( Note11 )	30	30
Allowance for impairment loss - overdue receivables	( 30 )	( 30 )
	<u>\$ 7,490</u>	<u>\$ 4,524</u>

## 18. BORROWINGS

### Short-term borrowings

	<u>December 31,2021</u>	<u>December 31,2020</u>
Secured borrowings (Note 32)		
Bank loans - export letters of credit	<u>\$ 76,221</u>	<u>\$ -</u>

The weighted average effective interest rate for export L/C documentary loan which were secured by the Group's notes receivable (refer to Note 32) with maturity date between April 19, 2022 and May 31, 2022 was 0.786% per annum as of December 31, 2021.

## 19. NOTES AND ACCOUNTS PAYABLE

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Notes payable</u>		
Non trade	<u>\$ 31</u>	<u>\$ -</u>
<u>Accounts payable</u>		
Accounts payable	\$ 200,299	\$ 123,026
Accounts payable - related parties	<u>181,574</u>	<u>43,392</u>
	<u>\$ 381,873</u>	<u>\$ 166,418</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 20. OTHER LIABILITIES

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Current</u>		
Other payables		
Accrued commissions	\$ 15,282	\$ 2,244
Payables for salaries or bonuses	52,312	46,028
Payables for annual eave	8,050	7,750
Payables for compensation of employees and remuneration of directors (Note 25)	19,500	24,700
Payable for service	1,371	1,380
Accrued freights	2,315	1,770
Others	<u>7,760</u>	<u>10,350</u>
	<u>\$ 106,590</u>	<u>\$ 94,222</u>
Other payables – related parties(Note31)		
Others	<u>607</u>	<u>955</u>
	<u>\$ 107,197</u>	<u>\$ 95,177</u>
Contract liability(Note24)		
Advance payment	<u>\$ 69,004</u>	<u>\$ 30,466</u>
Others liability		
Receipts under custody and others	<u>\$ 2,157</u>	<u>\$ 2,357</u>

## 21. PROVISIONS

	<u>December 31,2021</u>	<u>December 31,2020</u>
<u>Current</u>		
Warranties (a)	<u>\$ 2,938</u>	<u>\$ 3,285</u>
<u>Non-current</u>		
Warranties (a)	<u>\$ 1,386</u>	<u>\$ 2,239</u>
	<b>Warranties</b>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 5,524	\$ 18,124
Additional provisions recognized	3,010	-
Amount used	( 4,210 )	( 7,010 )
Reversal of unused portion	<u>-</u>	<u>( 5,590 )</u>
Balance on December 31	<u>\$ 4,324</u>	<u>\$ 5,524</u>

- a. The provision for warranty claims represents the present value of management’s best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

## 22. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Parent Company and subsidiary adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

- b. Defined benefit plans

The Parent Company and subsidiary adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group’s defined benefit plans were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation \$		
Fair value of plan assets	\$ 18,132	\$ 22,031
Present value of defined benefit obligation \$		
Fair value of plan assets	( <u>7,724</u> )	( <u>6,987</u> )
Allocation for deficiency	<u>10,408</u>	<u>15,044</u>
Net defined benefit liabilities (assets)	<u>\$ 10,408</u>	<u>\$ 15,044</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance on January 1, 2021	<u>\$ 22,031</u>	<u>( \$ 6,987 )</u>	<u>\$ 15,044</u>
Service cost			
Service cost of current period	-	-	-
Net interest expense (income)	<u>110</u>	<u>( 37 )</u>	<u>73</u>
Recognized in loss (profit)	<u>110</u>	<u>( 37 )</u>	<u>73</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	( 85 )	( 85 )
Actuarial loss – change in demographic assumptions	424	-	424
Actuarial loss – changes in financial assumptions	-	-	-
Actuarial loss – experience adjustments	<u>( 4,433 )</u>	<u>-</u>	<u>( 4,433 )</u>
Recognized in other comprehensive loss (gain)	<u>( 4,009 )</u>	<u>( 85 )</u>	<u>( 4,094 )</u>
Contributions from employer	<u>-</u>	<u>( 615 )</u>	<u>( 615 )</u>
Balance on December 31, 2021	<u>\$ 18,132</u>	<u>( \$ 7,724 )</u>	<u>\$ 10,408</u>
Balance on January 1, 2020	<u>\$ 21,342</u>	<u>( \$ 6,090 )</u>	<u>\$ 15,252</u>
Service cost			
Service cost of current period	-	-	-
Net interest expense (income)	<u>160</u>	<u>( 48 )</u>	<u>112</u>
Recognized in loss (profit)	<u>160</u>	<u>( 48 )</u>	<u>112</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	( 189 )	( 189 )
Actuarial loss – change in demographic assumptions	144	-	144
Actuarial loss – changes in financial assumptions	538	-	538
Actuarial loss – experience adjustments	<u>( 153 )</u>	<u>-</u>	<u>( 153 )</u>
Recognized in other comprehensive loss (gain)	<u>529</u>	<u>( 189 )</u>	<u>340</u>
Contributions from employer	<u>-</u>	<u>( 660 )</u>	<u>( 660 )</u>
Balance on December 31, 2020	<u>\$ 22,031</u>	<u>( \$ 6,987 )</u>	<u>\$ 15,044</u>

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	<u>2021</u>	<u>2020</u>
Operating cost	\$ 19	\$ 26
Selling and marketing expenses	17	19
General and administrative expenses	15	42
Research & development expense	<u>22</u>	<u>25</u>
	<u>\$ 73</u>	<u>\$ 112</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate(s)	0.50%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the sixth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

### Employee turnover rate

Based on the empirical data of consolidated company on the turnover rate of the Company in the past and the future trend, the revised data were adopted.

<u>Age</u>	<u>2021</u>	<u>2020</u>
20 years old ~ 30 years old	6% ~ 10%	6% ~ 10%
35 years old ~ 60 years old	0% ~ 4%	0% ~ 4%

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age group shall be calculated in the way of internal difference.

### Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

<u>Age</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Z	15%	15%
Z + 1 ~ 64	3%	3%
65	100%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate(s)		
0.25% increase	( \$ <u>460</u> )	( \$ <u>540</u> )
0.25% decrease	\$ <u>479</u>	\$ <u>562</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>465</u>	\$ <u>546</u>
0.25% decrease	( \$ <u>449</u> )	( \$ <u>527</u> )

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The expected contributions to the plan for the next year	\$ <u>607</u>	\$ <u>676</u>
The average duration of the defined benefit obligation	10.3years	9.9 years

## 23. EQUITY

### a. Share capital

#### Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>38,255</u>	<u>38,255</u>
Shares issued	<u>\$ 382,549</u>	<u>\$ 382,549</u>

The authorized shares include 4,000 thousand shares allocated for the exercise of employee stock options.

### b. Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 386,829	\$ 396,393
Less: cash dividends paid	<u>-</u>	( <u>9,564</u> )
	<u>\$ 386,829</u>	<u>\$ 386,829</u>

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 25,(g).

Taking into account future capital expenditure requirements and long-term financial

planning of the Company, the total dividends paid in any given year may not be less than 50% of the distributable earnings in that year. However, cumulative distributable earnings cannot be distributed if it is less than 20% of the total paid-up capital. Dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends for the year.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The company is in accordance with the provisions of the No. 1090150022 Order of the Financial Supervisory Commission R.O.C .The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly I the unappropriated earning for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amendments, the special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meetings on July 22, 2021 and June 9, 2020, respectively, were as follows:

	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 20,859	\$ 20,636
Special reserve	-	2,702
Reversal of special surplus reserve	( 2,728 )	-
Cash dividends	191,274	181,710
Cash dividends (additional paid-in capital)	-	9,564
Cash dividends per share (NT\$)	5	5

The Group suspends its originally scheduled on June 11,2021 shareholders' meeting in response to the FSC's announcement (For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings.) The shareholders' meeting change held on July 22, 2021.

In addition, the General Shareholders' Meeting of the Company resolved on June 9, 2020 to release the capital reserves of NT\$9,564,000 respectively in cash.

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 15 2022. The appropriation and dividends per share were as follows:

	<u>2021</u>
Legal reserve	\$ 16,572
Cash dividends	147,281
Cash dividends per share (NT\$)	3.85



The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 14, 2022.

d. Special reserves

	<u>2021</u>	<u>2020</u>
Beginning on January 1	\$ 2,728	\$ 26
Appropriations of special reserves		
Appropriations other equity items	-	2,702
Reversal of special reserves		
Rotate other equity items	( <u>2,728</u> )	<u>-</u>
Balance on December 31	<u>\$ -</u>	<u>\$ 2,728</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>2021</u>	<u>2020</u>
Balance on January 1	( \$ 49 )	( \$ 50 )
Recognized for the period		
Exchange differences arising on translating the financial statements of foreign operations	( 428 )	2
Conversion of income tax related to interests arising from net assets of foreign operating agency	<u>86</u>	( <u>1</u> )
Other comprehensive income recognized for the period	( <u>342</u> )	<u>1</u>
Balance on December 31	( <u>\$ 391</u> )	( <u>\$ 49</u> )

2) Unrealized gain or loss on Financial Assets at FVTOCI

	<u>2021</u>	<u>2010</u>
Balance on January 1	\$ 11,292	( \$ 2,678 )
Recognized for the period		
Unrealized gain (loss)-equity instruments	( <u>5,940</u> )	<u>19,752</u>
Other comprehensive Income recognized for the year	( <u>5,940</u> )	<u>19,752</u>
Gain (loss) on disposal of equity instruments transfer to retained earnings	( <u>166</u> )	( <u>5,782</u> )
Balance on December 31	<u>\$ 5,186</u>	<u>\$ 11,292</u>

## 24. REVENUE

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,695,139	\$ 1,700,492
Design & development revenue	37,822	57,754
Service revenue	<u>12,807</u>	<u>13,057</u>
	<u>\$ 1,745,768</u>	<u>\$ 1,771,303</u>

### a. Revenue from Sales to customers

#### Revenue from the sale of goods

Goods are categorized into computer monitors and customized products for manufacturing engineering. The Group engages in the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders.

#### Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

### b. Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Accounts and Notes receivables			
(Note 11)	<u>\$ 465,259</u>	<u>\$ 275,564</u>	<u>\$ 283,435</u>
Contract liabilities (Note 20)			
Sale of good	<u>\$ 69,004</u>	<u>\$ 30,466</u>	<u>\$ 39,767</u>

The change of contract assets and contract liabilities is mainly due to the difference between the time of meeting the performance obligation and the time of payment by the customer. There is no other material change.

The amount recognized as income in the current year from the contract liabilities at the beginning of the year and the performance obligations already met in the earlier period is as follows:

	<u>2021</u>	<u>2020</u>
Contract liabilities at the beginning of the year		
Revenue from sale of goods	<u>\$ 11,258</u>	<u>\$ 36,533</u>

c. Disaggregation of revenue  
2021

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 419,524	\$ 442,946	\$ 679,283	\$ 153,386	\$1,695,139
Service revenue	<u>6,379</u>	<u>20,619</u>	<u>23,477</u>	<u>154</u>	<u>50,629</u>
	<u>\$ 425,903</u>	<u>\$ 463,565</u>	<u>\$ 702,760</u>	<u>\$ 153,540</u>	<u>\$1,745,768</u>

2020

	<u>Embedded Control</u>	<u>Application specific</u>	<u>Medical Touch</u>	<u>Others</u>	<u>Total</u>
<u>Goods or service</u>					
Revenue from sale of goods	\$ 641,204	\$ 617,098	\$ 294,862	\$ 147,328	\$1,700,492
Service revenue	<u>6,173</u>	<u>6,818</u>	<u>57,814</u>	<u>6</u>	<u>70,811</u>
	<u>\$ 647,377</u>	<u>\$ 623,916</u>	<u>\$ 352,676</u>	<u>\$ 147,334</u>	<u>\$1,771,303</u>

**25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER  
COMPREHENSIVE INCOME (LOSS)**

a. Interest income

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 1,287	\$ 2,251
Financial assets at amortized cost	<u>386</u>	<u>1,570</u>
	<u>\$ 1,673</u>	<u>\$ 3,821</u>

b. Other income

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 4,114	\$ 2,242
Others	<u>332</u>	<u>820</u>
	<u>\$ 4,446</u>	<u>\$ 3,062</u>

c. Other gains and losses

	<u>2021</u>	<u>2020</u>
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	\$ 1,097	\$ 3,920
Net foreign exchange gain (losses)	( 10,986 )	( 24,805 )
Gain on Lease	255	-
Others	( <u>89</u> )	( <u>95</u> )
	<u>( \$ 9,723 )</u>	<u>( \$ 20,980 )</u>

d. Finance costs

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	(\$ 1,529)	(\$ 2,066)
Bill interest cost	( 219)	-
	<u>(\$ 1,748)</u>	<u>(\$ 2,066)</u>

There was no interest capitalization in the combined company for the year ended December 31, 2021 and 2020.

e. Depreciation and amortization

	<u>2021</u>	<u>2020</u>
An analysis of deprecation by function		
Operating costs	\$ 10,617	\$ 10,642
Operating expenses	<u>25,249</u>	<u>25,850</u>
	<u>\$ 35,866</u>	<u>\$ 36,492</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>1,718</u>	<u>3,192</u>
	<u>\$ 1,718</u>	<u>\$ 3,192</u>

f. Employee benefits expense

	<u>2021</u>	<u>2020</u>
Short-term benefits	<u>\$ 184,406</u>	<u>\$ 187,385</u>
Post-employment benefits(Note 22)		
Defined contribution plans	5,806	5,992
Defined benefit plans	<u>73</u>	<u>112</u>
	<u>5,879</u>	<u>6,104</u>
Other employee benefits	<u>6,930</u>	<u>7,900</u>
Total employee benefits expense	<u>\$ 197,215</u>	<u>\$ 201,389</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 52,029	\$ 54,497
Operating expenses	<u>145,186</u>	<u>146,892</u>
	<u>\$ 197,215</u>	<u>\$ 201,389</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation at the rates of no less than 7.5%~10% and remuneration of directors at the rates of no higher than 3%, of net profit before income tax, employees' compensation, and remuneration of directors. Employees' compensation and the remuneration of directors for the year ended December 31, 2021 and 2020 were approved by the Board of Directors on March 15, 2022 and March 23, 2021, respectively, and are as follows:

Accrual rate

	<u>2021</u>	<u>2020</u>
Employees' compensation	7.6%	7.5%
Remuneration of directors	1.9%	1.5%

Amount

	<u>2021</u>		<u>2020</u>	
	<u>Employees'</u>	<u>Remuneration</u>	<u>Employees'</u>	<u>Remuneration</u>
	<u>compensation</u>	<u>of directors</u>	<u>compensation</u>	<u>of directors</u>
The Board of Directors issue pay amounts	<u>\$ 16,500</u>	<u>\$ 4,000</u>	<u>\$ 20,600</u>	<u>\$ 4,100</u>
Annual consolidated financial statements authorized	<u>\$ 16,500</u>	<u>\$ 3,000</u>	<u>\$ 20,600</u>	<u>\$ 4,100</u>

There was difference between the will pay amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements by the Board of Directors on March 15 2022 and will be adjusted in 2022 income.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019. Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange

h. Gain and loss on foreign currency exchange

	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 20,533	\$ 26,533
Foreign exchange losses	( <u>31,519</u> )	( <u>51,338</u> )
Net gain (loss)	( <u>\$ 10,986</u> )	( <u>\$ 24,805</u> )

i. The reversal of impairment of non-financial instruments

	<u>2021</u>	<u>2020</u>
Inventories (included in costs of goods sold)	<u>\$ 17,000</u>	( <u>\$ 10,000</u> )

## 26. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	<u>2021</u>	<u>2020</u>
Current tax		
In respect of the current period	\$ 33,422	\$ 47,307
Surtax on undistributed retained earnings	-	65
Adjustment for the prior year	( <u>4,919</u> )	( <u>1,828</u> )
	28,503	45,544
Deferred tax		
In respect of the current period	<u>5,047</u>	<u>1,207</u>
Income tax expense recognized in profit or loss	<u>\$ 33,550</u>	<u>\$ 46,751</u>

A reconciliation of accounting profit and income tax expense recognized in profit or loss is as follows:

	<u>2021</u>	<u>2020</u>
Income before income tax	<u>\$ 195,824</u>	<u>\$ 249,826</u>
Income tax expense calculated at the statutory rate	\$ 39,387	\$ 50,094
Non-deductible tax loss	( 1,036 )	( 1,476 )
Surtax on undistributed retained earnings	-	65
Unrecognized net operating loss	( 122 )	( 74 )
Unrecognized deductible temporary difference	240	( 30 )
Adjustments for prior year	( <u>4,919</u> )	( <u>1,828</u> )
Income tax expense recognized in profit or loss	<u>\$ 33,550</u>	<u>\$ 46,751</u>

b. Income tax expense (benefit) recognized in other comprehensive income

	<u>2021</u>	<u>2020</u>
<u>Deferred tax</u>		
In respect of current period		
– Translating the financial statements of foreign operations	\$ 86	(\$ 1)
– Actuarial profit and loss of defined benefit plans	( 818 )	68
Income tax recognized in other comprehensive income (loss)	( \$ 732 )	\$ 67

c. Current tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax liabilities		
Income tax payable	\$ 8,813	\$ 22,078

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows :  
2021

	<u>Opening Balance</u>	<u>Recognized in Profit (Loss)</u>	<u>Recognized in Other Comprehensive Income (Loss)</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 193	( \$ 108 )	( \$ 85 )	\$ -
Allowance for write-down of inventories	8,079	( 3,400 )	-	4,679
Debt provision	1,105	( 240 )	-	865
Accrued warranty expense	453	-	-	453
Allowances for bad debts exceeding the limit	764	( 764 )	-	-
Foreign operating agency exchange difference	12	-	86	98
Unrealized exchange difference	1,497	( 219 )	-	1,278
Financial liabilities measured at fair value				
through profits and losses	240	( 240 )	-	-
Other	1,550	60	-	1,610
	<u>\$ 13,893</u>	<u>( \$ 4,911 )</u>	<u>\$ 1</u>	<u>\$ 8,983</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Long-term investment accounted for using the equity method				
	( \$ 55 )	( \$ 136 )	\$ -	( \$ 191 )
Defined benefit obligation	-	-	( 733 )	( 733 )
	<u>( \$ 55 )</u>	<u>( \$ 136 )</u>	<u>( \$ 733 )</u>	<u>( \$ 924 )</u>

2020

	<u>Opening Balance</u>	<u>Recognized in Profit (Loss)</u>	<u>Recognized in Other Comprehensive Income (Loss)</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 234	( \$ 109 )	\$ 68	\$ 193
Allowance for write-down of inventories	6,079	2,000	-	8,079
Debt provision	3,625	( 2,520 )	-	1,105
Accrued warranty expense	453	-	-	453
Allowances for bad debts exceeding the limit	-	764	-	764
Foreign operating agency exchange difference	13	-	( 1 )	12
Unrealized exchange difference	3,077	( 1,580 )	-	1,497
Financial liabilities measured at fair value through profits and losses	-	240	-	240
Other	<u>1,500</u>	<u>50</u>	<u>-</u>	<u>1,550</u>
	<u>\$ 14,981</u>	<u>( \$ 1,155 )</u>	<u>\$ 67</u>	<u>\$ 13,893</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Financial liabilities measured at fair value through profits and losses	( <u>\$ 3</u> )	\$ 3	\$ -	\$ -
Long-term investment accounted for using the equity method	<u>-</u>	( <u>55</u> )	<u>-</u>	( <u>55</u> )
	( <u>\$ 3</u> )	( <u>\$ 52</u> )	<u>\$ -</u>	( <u>\$ 55</u> )

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforwards		
Expiry in 2022	<u>\$ 46</u>	<u>\$ 504</u>

- f. Income tax assessments

The Company's business income tax declarations over the years have been verified by the taxing authority to 2019.



## 27. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>2021</u>	<u>2020</u>
Basic earnings per share		
From continuing operation	\$ <u>4.24</u>	\$ <u>5.31</u>
Basic earnings per share total	\$ <u>4.24</u>	\$ <u>5.31</u>
Diluted earnings per share		
From continuing operation	\$ <u>4.21</u>	\$ <u>5.25</u>
Diluted earnings per share total	\$ <u>4.21</u>	\$ <u>5.25</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net Profit for the Year

	<u>2021</u>	<u>2020</u>
Income for the period attributable to owners of the Company	\$ <u>162,274</u>	\$ <u>203,075</u>
Earnings used in the computation of basic earnings per share	\$ <u>162,274</u>	\$ <u>203,075</u>
Earnings used in the computation of diluted earnings per share	\$ <u>162,274</u>	\$ <u>203,075</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares in computation of basic earnings per share	38,255	38,255
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>316</u>	<u>391</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>38,571</u>	<u>38,646</u>

If the Company settles the bonuses or remuneration paid to employees in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. CASH FLOW INFORMATION

### a. Non-cash transaction

For the year ended December 31, 2021 and 2020, the Group entered into the following non-cash investing and financing activities:

- 1) The Group reclassified prepayments for equipment amounting to \$9,909 and \$17,027 thousand to property, plant and equipment for the year ended December 31, 2021 and 2020, respectively.
- 2) The Group reclassified prepaid equipment to other intangible assets amounting to \$3,524 thousand in the year ending December 31, 2021.
- 3) The group prepaid equipment and acquired property, plant, and equipment in the year ended December 31, 2019, resulting in decrease in other payables by \$860 thousand, respectively.

### b. Reconciliation of liabilities arising from financing activities

#### 2021

	Balance on January 1, 2021	Cash Flows	Non-cash Changes				Balance as of December 31, 2021
			New Lease	Lease Modified	Disposals	Foreign Exchange Difference	
Short-term borrowings	\$ -	\$ 76,221	\$ -	\$ -	\$ -	\$ -	\$ 76,221
Lease liabilities	64,737	( 21,382 )	9,428	1,529	( 11,225 )	( 108 )	42,979
	<u>\$ 64,737</u>	<u>\$ 54,839</u>	<u>\$ 9,428</u>	<u>\$ 1,529</u>	<u>( \$ 11,225 )</u>	<u>( \$ 108 )</u>	<u>\$ 119,200</u>

#### 2020

	Balance on January 1,2020	Cash Flows	Non-cash Changes				Balance as of December 31, 2020
			New Lease	Lease Modified	Disposals	Foreign Exchange Difference	
Lease liabilities	<u>\$ 83,470</u>	<u>( \$ 22,234 )</u>	<u>\$ 1,433</u>	<u>\$ 2,066</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 64,737</u>

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

The Group is not subject to any externally imposed capital requirements.

### 30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value that are very close to maturity or whose future prices equals their carrying amounts, approximates their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Securities listed in ROC	\$ 10,594	\$ -	\$ -	\$ 10,594
Financial assets at FVTOCI				
Investments in equity				
– Securities listed in ROC	\$ 37,595	\$ -	\$ -	\$ 37,595
– Domestic unlisted shares and domestic emerging market shares	-	-	47,924	47,924
Total	\$ 37,595	\$ -	\$ 47,924	\$ 85,519

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Securities listed in ROC	\$ 12,354	\$ -	\$ -	\$ 12,354
Financial assets at FVTOCI				
Investments in equity				
– Securities listed in ROC	\$ 43,607	\$ -	\$ -	\$ 43,607

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2021

<u>Financial assets</u>	<u>Financial assets at FVTPL Equity Instrument</u>
Balance at January 1	\$ -
Recognized in other comprehensive income	-
Purchase	47,924
Balance at December 31	\$ 47,924
Unrealized gain (loss) for the current year included in profit or loss relating to assets held at the end of the year	\$ -

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group measures the fair value of its investments on domestic unlisted shares by using the market approach and using asset-based approach. The comparable company method of market approach is based on the profitability at the end of the year to select the market multiplier of comparable companies. The valuation method is chosen by the Company after careful evaluation. Therefore, the fair value measurement is reasonable. The asset-based approach assesses the fair value by calculating the value of each asset and liability by reflect the overall fair value.

c. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 10,594	\$ 12,354
Financial assets at amortized cost (Note 1)	1,216,997	1,008,051
Financial assets at FVTOCI		
Equity instruments	85,519	43,607
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	565,322	261,595

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans,, notes and accounts payable, other payables

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debit investments, accounts receivables, accounts payables, and lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

There were no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Group's policies

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 3,710 (i)	\$ 3,430 (i)

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, and accounts payables which were not hedged at the end of the reporting period

The Group's sensitivity to foreign currency increased during the current year mainly due to the increase of accounts receivable balance in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
– Financial assets	\$ 340,720	\$ 374,314
– Financial liabilities	<u>\$ 76,221</u>	<u>\$ -</u>
Cash flow interest rate risk		
– Financial assets	<u>\$ 385,676</u>	<u>\$ 348,947</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for nonderivative instruments at the end of the year. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profits for the year ended December 31, 2021 and 2020 would increase / decrease by NT\$1,928 thousand and NT\$1,745 thousand, respectively, mainly attributable to the Group's exposure to the floating-interest rates on bank borrowings and bank deposits

The Group's sensitivity to rate increased mainly because of its increase in Bank rate change in 2021.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Group has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period

If equity prices had fluctuated by 3%, the pre-tax profit for the year ended December 31, 2021 and 2020 would have increased/decreased by \$318 thousand and \$371 thousand as a result of the changes in fair value of financial assets at FVTPL,

If equity prices had fluctuated by 3%, the pre-tax other comprehensive income of or the year ended December 31, 2021 and 2020 would have increase/decreased by \$2,566 thousand and \$1,308 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased mainly because of its increase in financial assets investment in 2021.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be mainly from the following:

- a) The carrying amount of the financial assets recognized in the balance sheets; and
- b) The maximum amount payable by the Group due to financial guarantees provided by the Group, regardless of possibility.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

Accounts receivable from customers exceeding 5% of the total accounts receivable accounted for 61.6% and 71.9% of the Group's accounts receivable balance as of December 31, 2021 and 20120 respectively.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group's available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

December 31, 2021

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 31	\$ -
Trade payable	381,873	-
Other payable	107,197	-
Lease liabilities	21,383	22,771
Fixed Rate		
Short-term borrowings	<u>76,440</u>	<u>-</u>
	<u>\$ 586,924</u>	<u>\$ 22,771</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 21,383</u>	<u>\$ 22,771</u>

December 31, 2020

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ -	\$ -



	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Trade payable	166,418	-
Other payable	95,177	-
Lease liabilities	<u>22,710</u>	<u>47,327</u>
	<u>\$ 284,305</u>	<u>\$ 47,327</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,710</u>	<u>\$ 47,327</u>

b) Financing facilities

	<u>December 31 2021</u>	<u>December 31 2020</u>
Unsecured bank overdraft facilities		
– Amount used	\$ 6,000	\$ 10,000
– Amount unused	<u>184,720</u>	<u>183,920</u>
	<u>\$ 190,720</u>	<u>\$ 193,920</u>

### 31. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is Promate Electronic Co., Ltd., which held 66.21% of the Company's ordinary shares on December 31, 2021 and 2020.

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

<u>Name</u>	<u>Related Party Categories</u>
Promate Electronic Co., Ltd	The Company's Parent company
Promate Electronic (Shenzhen) Co., Ltd	Fellow subsidiary company
Promate Electronic (Shanghai) Co., Ltd	Fellow subsidiary company
PROMATE ELECTRONICS COMPANY USA	Fellow subsidiary company
Weikeng Industrial Co., Ltd	Substantive related party-chairman is the director of the Company
Higgstec, Inc.	Principal management - parent company of the Company is the corporate director of the Company

b. Operating revenues

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
Sale of goods	The Company's Parent company	\$ 29,582	\$ 20,506

	Subsidiary of Pormate	44	61
	Managerial level	<u>831</u>	<u>1,751</u>
		<u>\$ 30,457</u>	<u>\$ 22,318</u>
Repairs	The Company's Parent company	<u>\$ 97</u>	<u>\$ 45</u>

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
The Company's Parent company	\$ 444,504	\$ 258,491
Substantive related parties	34,201	39,793
Managerial level	<u>13,526</u>	<u>12,494</u>
	<u>\$ 492,231</u>	<u>\$ 310,778</u>

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	The Company's Parent company	\$ 3,568	\$ 5,167
	Managerial level	<u>644</u>	<u>-</u>
		<u>\$ 4,212</u>	<u>\$ 5,167</u>

The outstanding accounts receivables from related parties are unsecured. For the year ended December 31 2021 and 2020, no impairment loss was recognized for accounts receivables from related parties

e. Payables to related parties (excluding loans from related parties)

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payables	The Company's Parent company	\$ 168,978	\$ 34,739
	Substantive related parties	7,889	6,740
	Managerial level	<u>4,707</u>	<u>1,913</u>
		<u>\$ 181,574</u>	<u>\$ 43,392</u>
Other payables	Subsidiary of Pormate	<u>\$ 607</u>	<u>\$ 955</u>

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements - the Group is lessee

<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
<u>Acquisition of right-of-use assets</u>		
Substantive related parties	<u>\$ 5,439</u>	<u>\$ -</u>

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease liabilities	The Company's Parent company	\$ 21,765	\$ 31,819
	Substantive related parties	<u>4,139</u>	<u>3,808</u>
		<u>\$ 25,904</u>	<u>\$ 35,627</u>

<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
<u>Interest expense</u>		
The Company's Parent company	\$ 742	\$ 1,047
Substantive related parties	<u>132</u>	<u>123</u>
	<u>\$ 874</u>	<u>\$ 1,170</u>
<u>Gain on Lease Modification</u>		
Substantive related parties	<u>\$ 111</u>	<u>\$ -</u>

<u>Lessor</u>	<u>Location</u>	<u>Lease term and Payment Method</u>
Promate Electronic Co., Ltd	Chingpu Plant	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$929,000.
Substantive related parties	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$111,00 (In January 1, 2021, the lease was early terminated)
Substantive related parties	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2021 and ends on December 31, 2024. Rent is paid every six months, where the monthly rent is NT\$119,000

g. Other transactions with related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
Research and development fee	The Company's Parent company	\$ 1,535	\$ 1,395
	Substantive related parties	579	424
	Managerial level	<u>1,600</u>	<u>1,033</u>
		<u>\$ 3,714</u>	<u>\$ 2,852</u>

Professional service fees	Subsidiary of Pormate	<u>\$ 8,613</u>	<u>\$ 9,342</u>
IT information expense	The Company's Parent company	<u>\$ 2,440</u>	<u>\$ 2,580</u>

h. Compensation of key management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 14,537	\$ 26,636
Other long-term employee benefits	<u>392</u>	<u>559</u>
	<u>\$ 14,929</u>	<u>\$ 27,195</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings: :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes Receivable (Note11)	<u>\$ 76,221</u>	<u>\$ -</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENT

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of December 31, 2021 and 2020, the Group has all issued letters of guarantee for tariff guarantee amounted to \$6,000 thousand and \$10,000 thousand, respectively
- b. .As of December 31, 2020 and 2019, commitment for acquisition of property, plant and equipment were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract amount		
Paid amount	\$ 6,834	\$ 3,888
Unpaid amount	<u>10,231</u>	<u>7,492</u>
	<u>\$ 17,065</u>	<u>\$ 11,380</u>

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

Unit: In Thousands for Currencies, Except Exchange Rates

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 27,499	27.68 (USD:NTD)	\$ 761,179
USD	180	115.02 (USD : JPY)	4,984
EUR	92	31.52 (EUR:NTD)	2,912
GBP	76	37.50 (GBP : NTD)	2,849
JPY	9,994	0.24 (JPY:NTD)	<u>2,403</u>
			<u>\$ 774,327</u>
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	14,096	27.68 (USD:NTD)	\$ 390,183
USD	125	115.02 (USD : JPY)	3,458
EUR	16	31.52 (EUR:NTD)	519
JPY	1,570	0.24 (JPY:NTD)	<u>378</u>
			<u>\$ 394,538</u>

December 31, 2020

Unit: In Thousands for Currencies, Except Exchange Rates

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 15,974	28.48 (USD:NTD)	\$ 454,940
EUR	166	35.02 (EUR:NTD)	<u>5,813</u>
			<u>\$ 460,753</u>
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	3,931	28.48 (USD:NTD)	<u>\$ 111,955</u>

The Group is mainly exposed to the fluctuations other than USD. For the year ended December 31, 2021 and 2020, realized foreign exchange gains(losses) were \$(4,507) thousand and \$(28,079) thousand, respectively; Unrealized foreign exchange gains(losses) were \$(6,479) thousand and \$3,274 thousand for the year months ended December 31, 2021 and 2020, respectively.

### **35. OTHERS ITEMS**

On April 29, 2021, the Company's board of directors resolved to subscribe Esquarre IoT Landing Fund,L.P. in US\$5 million. The investments in private funds accounted for 13.00% of the company's total equity of the current period. As of December 31, 2021, the Company has invested US\$1,723 thousand and measured at fair value through other comprehensive income. Please refer to Note 8 disclosure.

### **36. SEPARATELY DISCLOSED ITEMS**

- a. Information about significant transactions:
- 1) Financing provided to others. (None)
  - 2) Endorsement/guarantee provided. (None)
  - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 1)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
  - 9) Trading in derivative instruments. (None)
  - 10) Significant transactions between the Company and subsidiaries. (None)

- b. Information of investees. (Table 4)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 5)

### 37. SEGMENT INFORMATION

a. Industry Information

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the requirements of IAS 34, the Group engages in organization management and resource allocation in a single operating segment, and its business is concentrated in a single industry related to mainframes and peripheral equipment for point-of-sale systems. In addition, the Group provides segment information reviewed by the CODM, whose basis of measurement is similar to that of financial statements. Therefore, the revenue and total assets of reportable segments for the year ended December 31, 2021 and 2020 can be determined by reference to the balance sheet and consolidated statement of profit and loss for the year ended December 31, 2021 and 2020.

The CODM considers the sales units engaging in the sale of mainframes and peripheral equipment in each country as separate operating segments. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- b. These operating segments have similar long-term gross profit margins.
- c. Similar product nature and transaction method.
- d. Products are delivered to customers in the same way.
- e. Revenue from sales of products and services

The Group’s operating segment’s revenue from sales of products and services are as follows:

	<b>For the Year ended December 31</b>	
	<u>2021</u>	<u>2020</u>
Embedded control systems	\$ 425,903	\$ 647,377
Medical touch displays	463,565	623,916
Special application displays	702,760	352,676
Other	<u>153,540</u>	<u>147,334</u>
	<u>\$ 1,745,768</u>	<u>\$ 1,771,303</u>

f. Geographic information

The geographic information of the Group’s revenue from external customers are as follows:

	<b>For the Year ended December 31</b>	
	<u>2021</u>	<u>2020</u>

Asia	\$ 175,044	\$ 139,592
America	1,469,294	1,494,601
Europe	100,990	137,110
Other	<u>440</u>	<u>-</u>
	<u>\$ 1,745,768</u>	<u>\$ 1,771,303</u>

g. Information about main customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<u>2021</u>		<u>2020</u>
Customer900022	\$ 418,256	Customer500009	\$ 652,302
Customer500009	<u>312,289</u>	Customer500082	<u>211,386</u>
	<u>\$ 730,545</u>		<u>\$ 863,688</u>



TABLE 1

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD**

December 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 30, 2021				Note (Note 4)
				Shares	Carrying Value(Note3)	Percentage of Ownership (%)	Market Value or Net Asset Value	
Promate Solutions Corporation	Ordinary shares							
	HIGGSTEC Inc.	None	Financial assets at fair value through profit or loss - noncurrent	1,062,000	\$ 37,595	-	\$ 37,595	Publicly traded stocks
	Esquarre IoT Landing Fund,L.P.	"	"	-	<u>47,924</u>	-	<u>47,924</u>	Non-publicly traded stocks
					<u>\$ 85,519</u>		<u>\$ 85,519</u>	
	LOTES CO., LTD	"	Financial assets at fair value through profit or loss - current	1,000	\$ 761	-	\$ 761	Publicly traded stocks
	Asia Vital Components Co., Ltd.	"	"	13,000	1,147	-	1,147	"
	INTERNATIONAL GAMES SYSTEM CO.,LTD.	"	"	2,000	1,586	-	1,586	"
	Avalue Technology Incorporation	"	"	12,000	683	-	683	"
	KO JA (CAYMAN) CO., LTD	"	"	40,000	3,136	-	3,136	"
	Sports Gear Co., Ltd.	"	"	35,000	2,366	-	2,366	"
NAN YA PRINTED CIRCUIT BOARD CORPORATION	"	"	1,600	<u>915</u>	-	<u>915</u>	"	
				<u>\$ 10,594</u>		<u>\$ 10,594</u>		

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities as promulgated in IFRS 9 "Financial Instruments."

Note 2: When the issuers of marketable securities are not related parties, this column can be left blank

Note 3: If measured by fair value, please fill in the carrying balance, which is adjusted through fair value valuation with loss allowance deducted, in the carrying amount column; if not measured by fair value, please fill in the carrying balance at amortized cost (loss allowance is already deducted).

Note 4: The number of shares of securities, the amount pledged as security or pledged for loans, and the restrictions on use under some agreements shall be stated in the remarks column if the securities presented herein have such conditions.

Note 5: Please refer to Table 4 for relevant information on investments in subsidiaries.

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Share	Amount	Share	Amount	Share	Carrying Amount	Book cost	Gain (Loss) on Disposal	Share	Amount
Promate Solutions Corporation	Fund -UPAM C James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	President Securities Corporation	None	-	\$ -	11,866,939	\$ 200,000	11,866,939	\$ 200,062	\$ 200,000	\$ 62	-	\$ -
	Fund – First Abu Dhabi Bank	Cash and cash equivalents	China Bills Finance Corporation Foreign Branch Fund	None	-	-	-	109,789 (USD3,956)	-	109,855 (USD3,958)	109,789 (USD3,956)	66 (Note 4)	-	-

Note1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities

Note2. Marketable securities investor by equity need write this item if none.

Note3. The accumulated amount of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT\$300 million or 20% of the Company's paid-in capital.

Note4. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

**TABLE 3**

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	\$ 444,504	37.23%	Net 60 days after monthly closing	-	-	Accounts payable \$ 168,978	44.26%	

Note 1. Where related parties' transaction conditions are different from the general ones, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note 2. In case of advance payment (receipt), the reasons, contractual terms, the amount, and differences from general transactions shall be stated in the remarks column.

Note 3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

**TABLE 4**

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES  
 INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company (Note 1, 2)	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee (Note 2(2))	Investment Gain (Loss) (Note 2(3))	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc	Japan	Trade of electronic commodities	\$ 2,791	\$ 2,791	10,000	100%	\$ 3,254	\$ 679	\$ 679	

Note 1. Where a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information on foreign investees may only include the holding company's relevant information.

Note 2. In cases other than those described in Note 1, the following information shall be provided:

- 1)"Investee name," "region," "main business items," "the original investment amount," and "the final stake" shall be filled in in order according to the reinvestment situation of the (public) Company and the reinvestment situation of each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary).
- 2)In the column of "Profit and loss of investee in the current period," the current profit and loss amount of each investee shall be filled in.
- 3)Under "investment gains and losses recognized in the current period," only the recognized profit and loss amount of each subsidiary that is directly invested by the (public) Company and each investee assessed by equity method shall be filled in and the rest is not required to be filled in. Under "gains and losses of subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses of the subsidiaries include their investment gains and losses and that it shall be recognized in accordance with the regulations.

TABLE 5

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES  
 INFORMATION OF MAJOR SHAREHOLDERS  
 AS OF DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Shares Percentage of Ownership (%)
Promate Electronic Co., Ltd	25,327,500	66.21%

Note 1: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.