

ADVANCED CERAMIC X CORPORATION

Financial Statements and

Independent Auditors' Review Report

For the Six Months Ended June 30, 2023 and 2022

Address : No.16, Tzu Chiang Road, Hsinchu Industrial District, Hsinchu Hsien, Taiwan

Telephone : (03) 598-7008

Notes to Readers

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

Independent Accountants' Review Report

To the Board of Directors of Advanced Ceramic X Corporation:

Introduction

We have reviewed the accompanying balance sheets of the Advanced Ceramic X Corporation of June 30, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended June 30, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Standards of Review Engagements NO. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and of its financial performance and its cash flows for the three months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Lu, Chien-Hui and Tseng, Mei-Yu.

KPMG

Taipei, Taiwan (Republic of China)

August 1, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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

Advanced Ceramic X Corporation
Balance Sheets
June 30, 2023, December 31, 2022 and June 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current Assets :								Current Liabilities :							
1100	Cash and Cash Equivalents (Note 6(1))	\$ 298,964	7	596,367	14	653,456	14	2170	Accounts Payable	\$ 46,019	1	30,109	1	34,003	1
1170	Notes and Accounts Receivable, Net (Note 6(2) and (11))	190,874	4	216,164	5	198,120	4	2201	Salary and Bonus Payable	133,800	3	135,251	3	176,310	4
1180	Receivables from Related Parties (Note 6(2), (11) and 7)	77,370	2	66,209	2	89,394	2	2213	Payables to Contractors and Equipment	15,167	-	32,535	1	25,528	-
1310	Inventories (Note 6(3))	133,820	3	186,008	5	277,372	6	2216	Cash Dividends Payable	247,768	6	-	-	552,129	12
1476	Other Current Financial Assets (Note 6(1))	962,009	23	322,836	8	508,961	11	2230	Income Tax Payable (Note 6(8))	107,612	3	130,392	3	91,965	2
1479	Other Current Assets	17,650	-	15,679	-	18,867	1	2399	Other Current Liabilities (Note 6(6) and (11))	171,441	4	164,858	4	181,918	4
		<u>1,680,687</u>	<u>39</u>	<u>1,403,263</u>	<u>34</u>	<u>1,746,170</u>	<u>38</u>			<u>721,807</u>	<u>17</u>	<u>493,145</u>	<u>12</u>	<u>1,061,853</u>	<u>23</u>
Noncurrent Assets :								Noncurrent Liabilities :							
1600	Property, Plant and Equipment (Note 6(4) and 8)	2,543,994	60	2,707,740	65	2,859,775	62	2560	Current Tax Liabilities- Noncurrent (Note 6(8))	103,302	2	80,499	2	107,333	2
1780	Intangible Assets (Note 6(5))	2,451	-	2,941	-	2,398	-	2600	Other Noncurrent Liabilities	19,974	1	19,333	-	18,691	1
1840	Deferred Tax Assets	17,687	1	17,687	1	10,727	-		Total Liabilities	<u>123,276</u>	<u>3</u>	<u>99,832</u>	<u>2</u>	<u>126,024</u>	<u>3</u>
1900	Other Noncurrent Assets	6,817	-	7,847	-	8,311	-		Equity :	<u>845,083</u>	<u>20</u>	<u>592,977</u>	<u>14</u>	<u>1,187,877</u>	<u>26</u>
1980	Other Noncurrent Financial Assets	810	-	1,210	-	1,202	-	3100	Capital Stock (Note 6(9))	690,162	16	690,162	17	690,162	15
1975	Net Defined Benefit Asset- Noncurrent (Note 6(7))	6,736	-	6,514	-	1,170	-	3200	Capital Surplus	573,532	13	573,532	14	573,532	12
		<u>2,578,495</u>	<u>61</u>	<u>2,743,939</u>	<u>66</u>	<u>2,883,583</u>	<u>62</u>	3300	Retained Earnings	2,150,405	51	2,290,531	55	2,178,182	47
									Total Equity	<u>3,414,099</u>	<u>80</u>	<u>3,554,225</u>	<u>86</u>	<u>3,441,876</u>	<u>74</u>
Total Assets		<u>\$ 4,259,182</u>	<u>100</u>	<u>4,147,202</u>	<u>100</u>	<u>4,629,753</u>	<u>100</u>	Total Liabilities and Equity		<u>\$ 4,259,182</u>	<u>100</u>	<u>4,147,202</u>	<u>100</u>	<u>4,629,753</u>	<u>100</u>

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Statements of Comprehensive Income
For the Three and Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Three Months Ended June 30				Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4100 Net Revenue (Note 6(11) and 7)	\$ 359,689	100	379,309	100	677,692	100	783,930	100
5000 Cost of Sales (Note 6(3) and (12))	232,235	65	215,929	57	443,106	65	477,643	61
Gross Profit	<u>127,454</u>	<u>35</u>	<u>163,380</u>	<u>43</u>	<u>234,586</u>	<u>35</u>	<u>306,287</u>	<u>39</u>
Operating Expenses (Note 6(12) and 7) :								
6100 Selling and Distribution Expenses	6,820	2	7,209	2	13,466	2	14,625	2
6200 General and Administrative Expenses	27,771	7	28,838	8	53,222	8	56,946	7
6300 Research and Development Expenses	21,763	6	23,874	6	43,845	7	48,956	6
6450 Losses (Gains) on Expected Credit Impairment (Note 6(2))	164	-	(325)	-	(142)	-	(2,714)	-
	<u>56,518</u>	<u>15</u>	<u>59,596</u>	<u>16</u>	<u>110,391</u>	<u>17</u>	<u>117,813</u>	<u>15</u>
Gross Profit from Operations	<u>70,936</u>	<u>20</u>	<u>103,784</u>	<u>27</u>	<u>124,195</u>	<u>18</u>	<u>188,474</u>	<u>24</u>
Non-Operating Income and Expenses :								
7101 Interest Income	4,098	1	1,497	1	9,132	2	2,189	-
7190 Other Income	37	-	42	-	577	-	114	-
7230 Foreign Exchange Gains, Net	4,767	1	4,888	1	648	-	18,548	2
7610 Gains on Disposal of Property, Plant and Equipment, Net	-	-	-	-	-	-	720	-
	<u>8,902</u>	<u>2</u>	<u>6,427</u>	<u>2</u>	<u>10,357</u>	<u>2</u>	<u>21,571</u>	<u>2</u>
7900 Profit Before Income Tax	79,838	22	110,211	29	134,552	20	210,045	26
7950 Less : Income Tax Expense (Note 6(8))	15,967	4	22,042	6	26,910	4	42,009	5
8200 Net Income	<u>63,871</u>	<u>18</u>	<u>88,169</u>	<u>23</u>	<u>107,642</u>	<u>16</u>	<u>168,036</u>	<u>21</u>
8300 Other Comprehensive Income :								
8300 Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-
8500 Total Comprehensive Income	<u>\$ 63,871</u>	<u>18</u>	<u>88,169</u>	<u>23</u>	<u>107,642</u>	<u>16</u>	<u>168,036</u>	<u>21</u>
Earnings Per Share (Expressed in Dollars) (Note 6(10))								
9750 Basic Earnings Per Share	<u>\$ 0.93</u>		<u>1.28</u>		<u>1.56</u>		<u>2.43</u>	
9850 Diluted Earnings Per Share	<u>\$ 0.92</u>		<u>1.28</u>		<u>1.56</u>		<u>2.43</u>	

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Capital Surplus
			Legal Reserve	Undistributed Earnings	Subtotal	
Balance at January 1, 2022	\$ 690,162	573,532	863,694	1,698,581	2,562,275	3,825,969
Profit for the Six Months Ended June 30, 2022	-	-	-	168,036	168,036	168,036
Other Comprehensive Income for the Six Months Ended June 30, 2022	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2022	-	-	-	168,036	168,036	168,036
Appropriation and Distribution of 2021 Earnings						
Legal Reserve	-	-	102,671	(102,671)	-	-
Cash Dividends	-	-	-	(552,129)	(552,129)	(552,129)
Balance at June 30, 2022	\$ 690,162	573,532	966,365	1,211,817	2,178,182	3,441,876
Balance at January 1, 2023	\$ 690,162	573,532	966,365	1,324,166	2,290,531	3,554,225
Profit for the Six Months Ended June 30, 2023	-	-	-	107,642	107,642	107,642
Other Comprehensive Income for the Six Months Ended June 30, 2023	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2023	-	-	-	107,642	107,642	107,642
Appropriation and Distribution of 2022 Earnings						
Legal Reserve	-	-	28,039	(28,039)	-	-
Cash Dividends	-	-	-	(247,768)	(247,768)	(247,768)
Balance at June 30, 2023	\$ 690,162	573,532	994,404	1,156,001	2,150,405	3,414,099

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Statements of Cash Flows
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2023	2022
Cash Flows from Operating Activities :		
Profit Before Income Tax	\$ 134,552	210,045
Adjustments for :		
Depreciation Expense	183,112	181,077
Amortization Expense	2,128	1,764
Expected Credit Gain	(142)	(2,714)
Interest Income	(9,132)	(2,189)
Gain on Disposal of Property, Plant and Equipment, Net	-	(720)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(2,400)	15,600
Total Adjustments to Reconcile Profit	<u>173,566</u>	<u>192,818</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	25,545	54,133
Receivables from Related Parties	(11,274)	217,303
Inventories	54,588	25,975
Other Operating Current Assets	(1,971)	2,874
Net Defined Benefit Assets	(222)	(320)
Accounts Payable	15,910	1,229
Other Operating Current Liabilities	5,132	(25,922)
Other Noncurrent Liabilities	641	642
Total Net Changes in Operating Assets and Liabilities	<u>88,349</u>	<u>275,914</u>
Cash Inflow Generated from Operations	396,467	678,777
Interest Received	9,159	2,103
Income Taxes Paid	(26,887)	-
Net Cash Flows from Operating Activities	<u>378,739</u>	<u>680,880</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(36,734)	(186,991)
Proceeds from Disposal of Property, Plant and Equipment	-	720
Decrease in Guarantee Deposits	400	44
Increase in Other Noncurrent Financial Assets	(639,200)	(293,000)
Increase in Other Noncurrent Assets	(608)	(207)
Net Cash Flows Used in Investing Activities	<u>(676,142)</u>	<u>(479,434)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(297,403)</u>	<u>201,446</u>
Cash and Cash Equivalents at the Beginning of Period	<u>596,367</u>	<u>452,010</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 298,964</u>	<u>653,456</u>

See accompanying notes to the financial statements.

Advanced Ceramic X Corporation
Notes to Financial Statements
June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Advanced Ceramic X Corporation (“the Company”) was incorporated in April 15, 1998 as a company limited by shares and registered under the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is No.16, Tzu Chiang Road, Hsinchu Industrial District, Hsinchu Hsien, Taiwan. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

2. The authorization of financial statements

These financial statements were authorized for issuance by the Audit Committee and Board of Directors of the Company on August 1, 2023.

3. Application of new standards, amendments and interpretations

The impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Company has adopted the following International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) issued by the International Accounting Standards Board (“IASB”) (collectively, “IFRSs”) and endorsed by the FSC.

(1) The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023 :

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non – Current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

Advanced Ceramic X Corporation

Notes to Financial Statements

4. Summary of significant accounting policies

(1) Statement of compliance

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language financial statements, the Chinese version shall prevail.

The accompanying financial statements have been prepared in accordance with the revised Regulation Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to the Regulations) and the guideline of IAS 34 "Interim Financial Reporting", as endorsed and issued into effect by the FSC. The financial statements do not present all the disclosures required for a complete set of annual financial statements prepared under the IFRSs endorsed by the FSC with effective dates.

Except for the following accounting policies mentioned below, the significant accounting policies adopted in the interim financial statements is the same as those in the financial statements for the year ended December 31, 2022. For the related information, please refer note 4 of the financial statements for the year ended December 31, 2022.

(2) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(3) Income taxes

Income tax expense in the financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by management. It is charged to profit or loss as an income tax expense.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and recognized directly in equity or other comprehensive income as tax expense.

5. Significant accounting assumptions and judgments and major sources of estimation uncertainty

The preparation of the financial statements in conformity with Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and approved by FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the financial statements for the year ended December 31, 2022.

6. Explanation of significant accounts

Except for the following disclosure, the significant account disclosure in the financial statements for the six months ended June 30, 2023, which compare with the financial statements for the year ended December 31, 2022, was not changed significantly. For the related information, please refer to note 6 of the financial statements for the year ended December 31, 2022.

Advanced Ceramic X Corporation
Notes to Financial Statements

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash	\$ 25	25	25
Cash in bank	112,669	152,242	167,184
Time deposits	<u>186,270</u>	<u>444,100</u>	<u>486,247</u>
	<u>\$ 298,964</u>	<u>596,367</u>	<u>653,456</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, the classified from cash and cash equivalents to other financial assets-current for time deposits, amounted to \$961,650 thousand, \$322,450 thousand and \$508,850 thousand, respectively.

Please refer to note 6(13) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(2) Notes and accounts receivable, net (including related parties)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ -	201	-
Accounts receivable	192,802	218,146	200,121
Accounts receivable from related parties	78,152	66,878	90,297
Less: Allowance for impairment	(1,928)	(2,183)	(2,001)
Allowance for impairment from related parties	<u>(782)</u>	<u>(669)</u>	<u>(903)</u>
	<u>\$ 268,244</u>	<u>282,373</u>	<u>287,514</u>
Notes and accounts receivable, net	<u>\$ 190,874</u>	<u>216,164</u>	<u>198,120</u>
Accounts receivable from related parties, net	<u>\$ 77,370</u>	<u>66,209</u>	<u>89,394</u>

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision was determined as follows:

	<u>June 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average expected loss rate</u>	<u>Lifetime expected credit loss allowance</u>
Not past due	\$ 267,985	1%~2%	2,680
Past due less than 30 days	2,922	1%~2%	29
Past due 61 to 90 days	<u>47</u>	1%~2%	<u>1</u>
	<u>\$ 270,954</u>		<u>2,710</u>

Advanced Ceramic X Corporation
Notes to Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 284,140	1%~2%	2,841
Past due less than 30 days	1,085	1%~2%	11
	\$ 285,225		2,852

	June 30, 2022		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 288,065	1%~2%	2,881
Past due less than 30 days	2,353	1%~2%	23
	\$ 290,418		2,904

The movements of allowance for doubtful accounts were as follows:

	Six months ended June 30	
	2023	2022
Beginning balance	\$ 2,852	5,618
Reversal of impairment loss	(142)	(2,714)
Ending balance	\$ 2,710	2,904

The payment terms granted to customers are generally 30 to 150 days from the end of the month during which the invoice is issued.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the notes and accounts receivable were not pledged as collateral. For information on the Company's credit risk was disclosed in note 6(13).

(3) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials and supplies	\$ 36,424	46,071	74,807
Work in process	63,970	60,040	94,372
Finished goods and merchandises	33,426	79,897	108,193
	\$ 133,820	186,008	277,372

For the three months and six months ended June 30, 2023 and 2022, the amounts of inventories that were charged to cost of sales were \$232,635 thousand, \$211,629 thousand, \$445,506 thousand and \$462,043 thousand, respectively. For the three months and six months ended June 30, 2023, the reversal of inventories written down amounted were \$400 thousand and \$2,400 thousand, respectively. For the three months and six months ended June 30, 2022, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted were \$4,300 thousand and \$15,600 thousand, respectively.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the inventories were not pledged as collateral.

Advanced Ceramic X Corporation
Notes to Financial Statements

(4) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the six months ended June 30, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Office & other equipment</u>	<u>Construction in progress & equipment under installation</u>	<u>Total</u>
Cost :						
Balance at January 1, 2023	\$ 248,651	1,347,742	3,258,916	290,696	171,539	5,317,544
Additions	-	-	7,019	385	11,962	19,366
Reclassifications	-	-	82,400	-	(82,400)	-
Disposals	-	-	(21,138)	(1,197)	-	(22,335)
Balance at June 30, 2023	<u>\$ 248,651</u>	<u>1,347,742</u>	<u>3,327,197</u>	<u>289,884</u>	<u>101,101</u>	<u>5,314,575</u>
Balance at January 1, 2022	\$ 248,651	1,318,635	3,110,245	285,810	257,610	5,220,951
Additions	-	9,697	10,637	971	87,664	108,969
Reclassifications	-	7,077	2,995	2,888	(12,960)	-
Disposals	-	-	(37,453)	(3,828)	-	(41,281)
Balance at June 30, 2022	<u>\$ 248,651</u>	<u>1,335,409</u>	<u>3,086,424</u>	<u>285,841</u>	<u>332,314</u>	<u>5,288,639</u>
Depreciation :						
Balance at January 1, 2023	\$ -	365,787	2,041,741	202,276	-	2,609,804
Depreciation	-	33,476	136,237	13,399	-	183,112
Disposals	-	-	(21,138)	(1,197)	-	(22,335)
Balance at June 30, 2023	<u>\$ -</u>	<u>399,263</u>	<u>2,156,840</u>	<u>214,478</u>	<u>-</u>	<u>2,770,581</u>
Balance at January 1, 2022	\$ -	298,989	1,811,518	178,561	-	2,289,068
Depreciation	-	33,410	134,042	13,625	-	181,077
Disposals	-	-	(37,453)	(3,828)	-	(41,281)
Balance at June 30, 2022	<u>\$ -</u>	<u>332,399</u>	<u>1,908,107</u>	<u>188,358</u>	<u>-</u>	<u>2,428,864</u>
Carrying value :						
Balance at January 1, 2023	<u>\$ 248,651</u>	<u>981,955</u>	<u>1,217,175</u>	<u>88,420</u>	<u>171,539</u>	<u>2,707,740</u>
Balance at June 30, 2023	<u>\$ 248,651</u>	<u>948,479</u>	<u>1,170,357</u>	<u>75,406</u>	<u>101,101</u>	<u>2,543,994</u>
Balance at January 1, 2022	<u>\$ 248,651</u>	<u>1,019,646</u>	<u>1,298,727</u>	<u>107,249</u>	<u>257,610</u>	<u>2,931,883</u>
Balance at June 30, 2022	<u>\$ 248,651</u>	<u>1,003,010</u>	<u>1,178,317</u>	<u>97,483</u>	<u>332,314</u>	<u>2,859,775</u>

Pledged assets

As of June 30, 2023, December 31, 2022 and June 30, 2022, the property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note 8.

Advanced Ceramic X Corporation
Notes to Financial Statements

(5) Intangible assets

	Royalty
Balance at January 1, 2023	\$ 2,941
Balance at June 30, 2023	\$ 2,451
Balance at January 1, 2022	\$ 2,788
Balance at June 30, 2022	\$ 2,398

For the six months ended June 30, 2023 and 2022, there were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets. Please refer to note 12(1) for details on impairment and to note 6(5) of the financial statements for the year ended December 31, 2022 for other related information.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the intangible assets were not pledged as collateral.

(6) Other current liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued expenses	\$ 142,203	143,246	151,716
Contract liabilities	18,492	13,187	4,041
Directors' remuneration payable	7,755	5,596	23,984
Other	2,991	2,829	2,177
	\$ 171,441	164,858	181,918

The above accrued expenses included material consumption, insurance, service expense, and water and electricity expense.

(7) Employee benefits

Defined benefit plans

The management believes that there was no material market volatility, material reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the accompanying interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

Please refer to note 12(1) for employee pension costs or expenses under defined benefit plans and defined contribution plans.

(8) Income tax

A. Income tax expense

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Income tax expense	\$ 15,967	22,042	26,910	42,009

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- B. As of June 30, 2023, the tax authorities have completed the examination of income tax returns of the Company through 2021.
- C. In accordance with Permit No.11004582620 issued by the Ministry of Finance, the Company's 2021 income tax expenses are paid in installments. As of June 30, 2023, the Company unpaid amount was \$181,786 thousand.

(9) Capital and other equity

Except for the following disclosure, there were no significant change for capital and other equity for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(9) of the financial statements for the year ended December 31, 2022.

A. Retained earnings

According to the amendment of Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of taxes.
- (b) Making up loss for preceding years.
- (c) Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached the total paid-up capital.
- (d) Appropriating or reversing special reserve by government officials or other regulations.
- (e) The remaining, plus the previous year's un-appropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

The Company conducts business to operate in its growth phase, the dividend policy shall be determined pursuant to factors such as the investment environment, capital requirements, domestic and overseas competitive environment and capital budget, as well as stockholders' interest, dividend balance and long-term financial plan. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

B. Legal reserve

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only 10% of legal reserve which exceeds 25% of the paid-in capital may be distributed.

C. Special reserve

According to the regulations of the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the net debit balance of other components of the shareholders' equity adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve to account for cumulative changes to the debit balance of other shareholders' equity pertaining to prior periods. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reserved to the extent that the net debit balance reverses.

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D. Earnings distribution

On June 7, 2023, the shareholders' meetings resolved to distribute the 2022 earnings. On June 17, 2022, the Company's shareholders' meetings resolved to distribute the 2021 earnings. These earnings were distributed as dividends as follows:

	2022	2021
Dividends distributed to ordinary shareholders Amount per share (NTD) :		
Cash dividends	<u><u>\$ 3.59</u></u>	<u><u>8.00</u></u>

The aforementioned appropriations of earnings for 2022 and 2021 were consistent with the resolutions of the meeting of the Board of Directors. The related information mentioned above can be found on websites such as the Market Observation Post System.

(10) Earnings per share (EPS)

For the three months and six months ended June 30, 2023 and 2022, the Company's earnings per share were calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Basic EPS :				
Profit attributable to ordinary shareholders	<u><u>\$ 63,871</u></u>	<u><u>88,169</u></u>	<u><u>107,642</u></u>	<u><u>168,036</u></u>
Weighted average number of outstanding share of common stock (in thousands)	<u><u>69,016</u></u>	<u><u>69,016</u></u>	<u><u>69,016</u></u>	<u><u>69,016</u></u>
Basic EPS (in dollars)	<u><u>\$ 0.93</u></u>	<u><u>1.28</u></u>	<u><u>1.56</u></u>	<u><u>2.43</u></u>
Diluted EPS :				
Profit belonging to common shareholders	<u><u>\$ 63,871</u></u>	<u><u>88,169</u></u>	<u><u>107,642</u></u>	<u><u>168,036</u></u>
Weighted average number of outstanding shares of common stock (in thousands) (basic)	69,016	69,016	69,016	69,016
Employee compensation	34	61	57	128
Weighted average number of common stock (in thousands) (diluted)	<u><u>69,050</u></u>	<u><u>69,077</u></u>	<u><u>69,073</u></u>	<u><u>69,144</u></u>
Diluted EPS (in dollars)	<u><u>\$ 0.92</u></u>	<u><u>1.28</u></u>	<u><u>1.56</u></u>	<u><u>2.43</u></u>

Advanced Ceramic X Corporation
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(11) Operating revenue from contracts with customers

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Primary geographic markets				
China	\$ 171,150	141,561	289,902	327,109
United States	80,120	122,046	157,844	243,311
Taiwan	63,745	74,865	149,667	133,869
Other	44,674	40,837	80,279	79,641
	<u>\$ 359,689</u>	<u>379,309</u>	<u>677,692</u>	<u>783,930</u>
Main Product				
RF Front-End devices and modules	<u>\$ 359,689</u>	<u>379,309</u>	<u>677,692</u>	<u>783,930</u>

Contract balances :

	June 30,	December 31,	June 30,
	2023	2022	2022
Notes receivable	\$ -	201	-
Accounts receivable	192,802	218,146	200,121
Accounts receivable from related parties	78,152	66,878	90,297
Less: Allowance for impairment	(1,928)	(2,183)	(2,001)
Allowance for impairment from related parties	<u>(782)</u>	<u>(669)</u>	<u>(903)</u>
	<u>\$ 268,244</u>	<u>282,373</u>	<u>287,514</u>
Notes and accounts receivable, net	<u>\$ 190,874</u>	<u>216,164</u>	<u>198,120</u>
Accounts receivable from related parties, net	<u>\$ 77,370</u>	<u>66,209</u>	<u>89,394</u>

For details on trade receivables and allowance for impairment, please refer to note 6(2).

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company contract liabilities amount was \$18,492 thousand, \$13,187 thousand and \$4,041 thousand, respectively. Contract liabilities are included in other current liabilities.

The major change in the balance of contract liabilities is unearned sales revenue to be contracts; the Company recognizes revenue when it satisfies a performance obligation by transferring control of goods to a customer. The amount of revenue recognized for the six months ended June 30, 2023 and 2022 that was included in the contract liabilities balance at the beginning for the period was \$10,613 thousand and \$7,881 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the RF Front-End devices and modules sales contracts, for which revenue is recognized when products are delivered to customers.

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(12) Remuneration of employees and directors

According to the Company Articles of Incorporation, the Company should distribute remuneration to employees and directors not less than 5% and not more than 1.5% of annual profits, respectively, after offsetting accumulated deficits, if any. The aforementioned profit is the net profit before income tax excluding the remuneration to employees and directors for each period. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash.

For the three months and six months ended June 30, 2023 and 2022, the Company estimated the remuneration to employees amounting to \$4,269 thousand, \$5,893 thousand, \$7,195 thousand and \$11,232 thousand, respectively, and remuneration to directors amounting to \$1,281 thousand, \$1,768 thousand, \$2,159 thousand and \$3,370 thousand, respectively.

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were included in the operating costs or operating expenses of the six months ended June 30, 2023 and 2022. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimated and recognized in profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors.

Remuneration to employees for 2022 and 2021 in the amounts of \$18,654 thousand and \$68,715 thousand, respectively, and remuneration to director for 2022 and 2021 in the amounts of \$5,596 thousand and \$20,614 thousand, respectively, in cash for payment has been approved in the meeting of Board of Directors. The aforementioned approved amounts are the same as the amounts charged against earnings of 2022 and 2021. The information about the Company's remuneration to employees and directors is available at the Market Observation Post System website.

(13) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(14) of the financial statement for the year ended December 31, 2022.

A. Credit risk

(a) Exposure of credit risk

The carrying amount of financial and contract assets represents the maximum credit exposure.

(b) Concentration of credit risk

The major customers of the Company are centralized in the electronics industry. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company's notes and account receivable (including related parties) were both concentrated on 5 customers, whose accounts represented 73%, 72% and 64% of the account receivables, respectively. For the information of credit risk exposure of notes and accounts receivable, please refer to note 6(2).

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Company's cash in bank and time deposits were both concentrated on one financial institution, whose accounts represented 69%, 70% and 81% of the cash and cash equivalents and other financial assets, respectively. Thus, credit risk is significantly centralized. To reduce cash risk, the Company evaluates financial institutions' financial positions and credit rating periodically. After the assessment, management does not expect significant losses.

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(c) Credit risk of financial assets measured at amortized cost

The Company financial assets at amortized cost include cash and cash equivalents, notes and receivables, and time deposits on other financial assets. About their information of credit risk exposure, please refer note 6(1) and (2).

The above-mentioned of financial assets are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the Company's assessment on whether credit risk is to be of low risk, please refer note 4(6) of the financial statements for the year ended December 31, 2022.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments impact.

	Carrying amount (Contractual cash flows)	Within 6 months
June 30, 2023		
Non-derivative financial liabilities		
Accounts payable	\$ 46,019	46,019
Payables to contractors and equipment	15,167	15,167
	\$ 61,186	61,186
December 31, 2022		
Non-derivative financial liabilities		
Accounts payable	\$ 30,109	30,109
Payables to contractors and equipment	32,535	32,535
	\$ 62,644	62,644
June 30, 2022		
Non-derivative financial liabilities		
Accounts payable	\$ 34,003	34,003
Payables to contractors and equipment	25,528	25,528
	\$ 59,531	59,531

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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C. Currency risk

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 11,555	31.090	359,245	21,340	30.660	654,284	18,157	29.670	538,718
JPY	484,297	0.2130	103,155	614,481	0.2304	141,576	680,268	0.2162	147,074
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	748	31.190	23,330	401	30.760	12,335	217	29.770	6,460
JPY	18,758	0.2170	4,070	47,943	0.2344	11,238	36,385	0.2202	8,012

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, accounts payable, and payables to contractors and equipment. Depreciation or appreciation of the NTD by 1% against USD and JPY at June 30, 2023 and 2022, while all other variables were remained constant, would have increased (decreased) the net profit after tax by \$3,480 thousand and \$5,371 thousand, respectively. The analysis is performed on the same basis for both periods.

(c) Gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the six months ended June 30, 2023 and 2022, foreign exchange gain (loss), including realized and unrealized portions, amounted to \$648 thousand and \$18,548 thousand, respectively.

D. Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivatives and non-derivatives financial instruments on the reporting date. For variable rate instrument, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Company's internal management reported the increases (decreases) in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

The Company's exposure to interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by \$5,042 thousand and \$4,649 thousand for the six months ended June 30, 2023 and 2022, all other variable factors that remain constant.

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E. Fair value

The carrying amounts of the Company's non-derivative financial instruments-current, including financial assets at amortized cost, such as cash and cash equivalents, notes and receivables (including related parties), and other financial assets, and financial liabilities at amortized cost, such as accounts payable and payables to contractors and equipment, were considered to approximate their fair value due to their short-term nature.

(14) Financial risk management

There were no significant change in the Company's financial risk management and policies as disclosed in note 6(15) of the financial statements for the year ended December 31, 2022.

(15) Capital management

The objectives and policies of capital management of the Company have been applied consistently with those described in the financial statements for the year ended December 31, 2022. Also, there were no significant changes in the Company's capital management information as disclosed in the financial statements for the year ended December 31, 2022. Refer to note 6(16) of the financial statements for the year ended December 31, 2022 for the relevant information.

7. Related-party transactions:

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements.

<u>Names of the related parties</u>	<u>Relationships</u>
Johanson Technology Inc. (JOHANSON)	The Company's director
Scientific Components Corporation (doing business as <u>Mini-Circuits(MINI-CKT)</u>)	The Company's director

(2) Significant transactions with related parties

A. Operating revenue

The amounts of significant sales transactions between the Company and related parties were as follow:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Key management personnel— JOHANSON	\$ 65,100	69,393	122,155	126,188
Key management personnel— MINI-CKT	<u>12,588</u>	<u>49,747</u>	<u>32,326</u>	<u>110,470</u>
	<u>\$ 77,688</u>	<u>119,140</u>	<u>154,481</u>	<u>236,658</u>

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B. Receivables from related parties

<u>Categories</u>	<u>Account</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Key management personnel – JOHANSON	Receivables from related parties	\$ 72,337	58,242	70,661
	Bad debt provision	(724)	(583)	(707)
Key management personnel – MINI-CKT	Receivables from related parties	5,815	8,636	19,636
	Bad debt provision	(58)	(86)	(196)
		<u><u>\$ 77,370</u></u>	<u><u>66,209</u></u>	<u><u>89,394</u></u>

The selling price and collection terms of sales to related parties were determined in the economic environment and market competition, payment terms are 30 to 150 days.

The payment terms granted to routine sales customers are advance receipt or 30 to 120 days base on trading experience and credit assessment.

(3) Transactions with key management personnel

The key management personnel compensation was comprised as follows:

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,159	9,238	13,219	20,981
Post-employment benefits	27	27	54	54
	<u><u>\$ 10,186</u></u>	<u><u>9,265</u></u>	<u><u>13,273</u></u>	<u><u>21,035</u></u>

8. Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledge assets</u>	<u>Pledged to secure</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land (Property, plant and equipment)	Short-term borrowings	<u><u>\$ 168,944</u></u>	<u><u>168,944</u></u>	<u><u>168,944</u></u>

9. Commitments and contingencies:

(1) As of June 30, 2023, December 31, 2022 and June 30, 2022 the outstanding letters of credit for the Company's purchases of machinery and equipment and raw materials amounted to \$5,724 thousand, \$16,938 thousand and \$28,292 thousand, respectively.

(2) As of June 30, 2023, December 31, 2022 and June 30, 2022 the Company purchased machinery and equipment and the unpaid amount was \$26,659 thousand, \$49,327 thousand and \$51,686 thousand, respectively.

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- (3) As of June 30, 2023, December 31, 2022 and June 30, 2022, the bank guarantees of the Company's purchases of raw materials, machinery and equipment amounted to \$2,000 thousand, \$2,000 thousand and \$3,000 thousand, respectively.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

- (1) The employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

	Three months ended June 30, 2023			Three months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	25,623	19,504	45,127	31,845	22,124	53,969
Labor and health insurance	3,008	2,128	5,136	3,870	2,090	5,960
Pension	1,069	865	1,934	1,421	914	2,335
Directors remuneration	1,166	181	1,347	1,609	219	1,828
Others	1,137	583	1,720	1,507	622	2,129
Depreciation	79,120	12,452	91,572	77,761	12,337	90,098
Amortization	780	289	1,069	708	195	903

	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	48,987	37,261	86,248	65,992	43,923	109,915
Labor and health insurance	6,136	4,259	10,395	8,104	4,207	12,311
Pension	2,174	1,736	3,910	3,004	1,851	4,855
Directors remuneration	1,965	302	2,267	3,067	399	3,466
Others	2,319	1,147	3,466	3,151	1,271	4,422
Depreciation	158,027	25,085	183,112	156,330	24,747	181,077
Amortization	1,551	577	2,128	1,374	390	1,764

- (2) Seasonality of operations:

The operations are not affected by seasonal factors or cyclical factors.

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13. Other disclosures:

(1) Information on significant transactions:

- A. Loans to other parties: None.
- B. Guarantees and endorsements for other parties: None.
- C. Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.
- D. Individual securities acquired or disposed off with accumulated amount exceeding the lower of NTD\$300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of payment	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	New construction plant	2017.11.7	663,695	655,455	Xu Yuan Construction Corp.	-	N/A	N/A	N/A	-	Bidding	Manufacturing purpose	None

F. Disposal of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD\$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	JOHANSON	Corporate director	(Sales)	122,155	18%	150 days	Note	Note	72,337	27%	

Note: Please refer Note 7(2).

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None.

I. Trading in derivative instruments: None.

(2) Information on investments: None.

(3) Information on investment in Mainland China: None.

(4) Information of major shareholders as of June 30, 2023:

Shareholder name	Number of shares	Percentage of ownership (%)
Kuo Chia Fu Investment Corporation	5,485,189	7.94%

The major shareholders list of 5% or more is provided by the Taiwan Depository & Clearing Corporation.

14. Segment information:

The profit or loss, assets and liabilities of the operation segment were consistent with the related accounts shown in the balance sheet and comprehensive income statement of the Company.