Stock code: 6756

VIA Labs, Inc.

2022 VLI Annual Report

Notice to readers

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

Annual Report Enquiry Websites	MOPS	https://mops.twse.com.tw/
	VLI Website	https://www.via-labs.com/

Published on May 18, 2023

I. Spokesperson and Deputy Spokesperson

Spokesperson

Name: Jyh-Fong Lin

Title: President

Tel: (02)2218-1838

Email:investor@via-labs.com

Deputy Spokesperson

Name: Hung-Wen Chen

Title: Vice President, Financial and Accounting Officer, and Corporate Governance Officer

Tel: (02)2218-1838

Email:investor@via-labs.com

II. Address and Phone No. of Headquarters, Branches and Factories

Address of Headquarters: 7F., No. 529-1, Zhongzheng Rd., Xindian Dist., New Taipei City

Tel: (02)2218-1838

III. Stock Transfer Agent

Name: Department of Transfer Agency, CTBC Bank Co., Ltd.

Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: https://www.chinatrust.com.tw

Tel: (02)6636-5566

IV. Attesting CPA of the Annual Report for the Most Recent Year

CPA Firm: Deloitte and Touche

CPA Name: Shu-lin, Liu, Chin-Chuan Shih

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City

Website: https://www.deloitte.com.tw

Tel: (02)2725-9988

V. Name of Exchanges for Securities Traded Offshore, and the Enquiry Method for Information on Said Offshore Securities:

Not Applicable.

VI. VLI Website:https://www.via-labs.com

VIA Labs, Inc.

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One. Letter to Shareholders

Ladies and Gentlemen, Dear Shareholders,

VIA Labs, Inc. (VLI) continues introducing differentiated Superspeed USB, USB4, USB Power Delivery, and related USB Type-C solutions while aggressively maintaining its industry-leading position. Sales revenue growth has been primarily driven by the continuous penetration of end-product applications and the continuing trend of most platforms and devices adopting the latest USB specifications. In retrospect, the momentum of global semiconductors in 2021 carried into 2022; however, the Ukrainian-Russian War and the fact that the U.S. continues to raise interest rates to fight against inflation have caused reduced market demand. The above factors have led to a gradual decrease in sales. However, under this challenging situation, VLI still achieved an annual turnover of NTD 29.5 billion.

Industry giants Intel, Apple, and AMD have successfully introduced new processors and platforms that natively support USB4; it's apparent that a new transmission revolution has begun. Consequently, consumer electronics featuring USB4 have been launched one after another. Furthermore, in the developed market, the popularity of USB Type-C interface in notebooks, smartphones, and tablets, displays, game consoles, IoT, AR/VR devices, and related applications will be the key revenue growth drivers of VLI.

Y2022 Business results

Consolidated operating revenue in 2022 amounts to NTD 2,954,986 thousand. Net profit after tax attributable to the owners of the parent company is NTD 723,535 thousand. Based on the weighted average number of outstanding shares of 68,487 thousand shares, earnings per share is NT$10.56.

Unit：NT$'000；%；EPS：NT$

Items			2022	2021
Revenues and expenses	Operating revenue (NTD thousand		2,954,986	3,367,047
	Operating income (NTD thousand)		1,546,092	1,794,945
	Net profit attributable to owners of the parent company (NTD thousand)		723,535	880,311
Profitability	Return on assets (%)		18.32	24.75
	Return on shareholders' equity (%)		22.67	30.26
	Percentage of paid-in capital (%)	Operating profit	103.19	151.15
		Net profit before tax	123.33	152.88

Items		2022	2021
	Net profit margin (%)	24.49	26.14
	Earnings per share (NTD)	10.56	13.04

Note: The paid-in capital at the end of 2022 is including the capital received in advance of NT$2,480 thousand.

Summary of 2023 Business Plan

With the objective of satisfying "User Experience," VLI commits to providing practical and professional IC solutions based on the features and requirements for USB4. USB4 supports a maximum transfer speed of 40Gbps, and to build a comprehensive ecosystem, system platforms, peripheral devices, and USB4 hosts must be fully ready. Last year, Microsoft's Windows 11, Apple's M1 for MacOS and iPad, Intel's Alder Lake, and AMD's Rembrandt all introduced native USB4 support. The market penetration rate is growing, driven by the increasing number of USB4-capable desktops and notebooks. For IC design companies, the average order value of USB4 products is much higher than the mainstream SuperSpeed USB products. VLI's USB4 chip will be adopted in numerous customer applications, increasing the growth momentum of sales performance.

Looking forward to the new year, VLI shoulders the expectations of shareholders. Our goal is to continue to lead VLI's employees to observe discipline, implement the core value of VLI, and continue to generate revenue. We will provide the best service to customers and strive alongside them to pursue growth and profitability.

Sincerely yours,

Have a year of peace, joy, and health

Chairman : Wenchi Chen

Two. Company Profile

I. Date of incorporation: July 7th, 2008

II. Company history

Year	Month	Important Events
2008	July	VLI was formally incorporated with a paid-in capital of NT$200,000 thousand, and its main business was mixed-signal IC design.
2009	September	USB 3.0 external storage to SATA controller tape out.
	October	Power management IC tape out.
	November	USB 3.0 hub Controller tape out
2010	January	Announced the industry's first USB 3.0 hub control chip VL810 and the industry's fastest USB 3.0 external memory bridge SATA control chip VL700, and obtained the USB-IF Association certification.
	March	USB 3.0 External Storage to SATA control chip VL700 mass production.
	June	USB 3.0 Host control chip VL800 mass production.
	October	Certified by ISO 9001 (2000) Quality Management Systems.
		Certified by IECQ QC 080000 Hazardous Substance Process Management Systems.
		Increased the capital for NT$250,000 thousand and the paid-in capital reached NT$450,000 thousand after the capital increase.
	November	Launched USB 3.0 Flash Memory Controller VL750 and became the first USB 3.0 Flash Memory Controller manufacturer to be certified by the USB-IF.
2011	July	The USB 3.0 External Storage to Bus Power SATA Controller VL701 and USB 3.0 Flash Memory Controller VL751 were certified by the USB-IF.
	August	USB 3.0 Host control chip VL800/VL801 were certified by the USB-IF.
	September	Announced the USB 3.0 Hub control chip VL811.
2012	April	Announced the new low-power USB 3.0 Hub Controller VL812.
	May	Won the Best Choice Award at Computex Taipei 2012.
	August	USB 3.0 Host control chip VL805/VL806 were certified by the USB-IF.
	December	USB 3.0 Hub Controller VL811+/VL812 and the USB 3.0 External Storage to SATA Controller VL711/VL711S/VL711N/VL712 were certified by the USB Implementers Forum, Inc.
2013	November	The reference design of 7-Port Hub VL811+ was certified by the USB Implementers Forum, Inc.
	December	USB 3.0 External Storage to SATA Controller VL711 was certified by the USB Implementers Forum, Inc.

Year	Month	Important Events
2014	February	The 4-Port (1x USB 3.1 Gen1 + 3x USB 2.0) Hub Controller VL210 was certified by the USB Implementers Forum, Inc.
2015	January	The reference design of 4-Port (1x USB 3.1 Gen1 + 3x USB 2.0) Hub Controller VL210 was certified by the USB Implementers Forum, Inc.
	March	Launched the solution of Electronic Marker (E-Maker) Chip VL150 for USB Type-C cable.
	April	USB 3.0 Hub Controller VL811+ was certified by the USB Implementers Forum, Inc. as a KGH (Known-Good-Hub).
	May	PD 2.0 Electronic Marker (E-Maker) Chip VL150 was certified by the USB Implementers Forum, Inc.
	August	PD 2.0 DP Alt-Mode Chip VL100 (supporting USB Type-C interface) and USB 3.0 Hub Controller VL813 were certified by the USB Implementers Forum, Inc.
	September	Certified by ISO 9001 (2015) Quality Management Systems.
	November	PD 2.0 Electronic Marker (E-Maker) Chip VL151 and DP Alt-Mode Chip VL100R were certified by the USB Implementers Forum, Inc.
	December	External Storage to SATA Controller VL715 was certified by the USB Implementers Forum, Inc.
2016	January	External Storage to SATA Controller VL715/VL716 mass production.
	April	External Storage to SATA Controller VL716 (supporting USB Type-C interface) was certified by the USB Implementers Forum, Inc.
	May	DP Alt-Mode Chip VL101/VL101R was certified by the USB Implementers Forum, Inc.
	July	External Storage to SATA Controller VL716 was certified by the USB Implementers Forum, Inc. as a KGD (Known-Good-Device).
	August	Power Delivery (PD) Controller VP300 and External Storage to SATA Controller VL713 were certified by the USB Implementers Forum, Inc.
	November	DP Alt-Mode Chip VL102, TCPM Hub Controller VL821 with TCPC Chip V230 and External Storage to SATA Controller VL711F were certified by the USB Implementers Forum, Inc.
2017	January	USB 3.1 Gen2 Hub Controller VL820 mass production.
	May	USB 3.1 Gen1 Hub Controller VL817 and E-Marker Chip VL151B were certified by the USB Implementers Forum, Inc.
	June	USB 3.1 Gen2 Hub Controller VL820 was certified by the USB Implementers Forum, Inc. It is the world's first certified 10Gbps hub controller chip. E-Marker Chip VL152 was certified by the USB Implementers Forum, Inc.
	September	USB 3.1 Gen1 Hub Controller VL211 and USB 3.1 Gen2 Hub Controller VL821 were certified by the USB Implementers Forum, Inc.

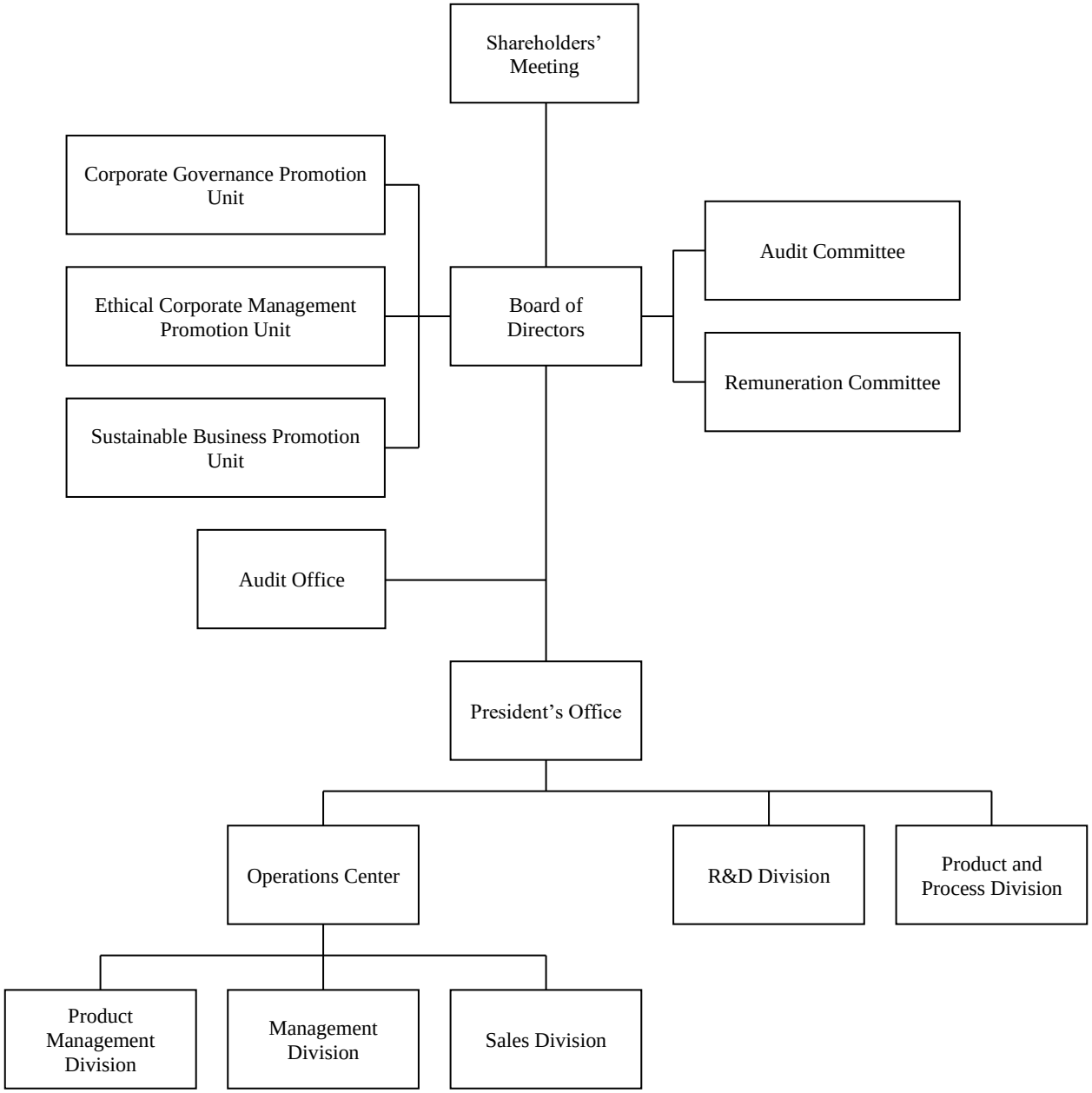
Year	Month	Important Events
	December	PD Controller VP302, E-Marker Chip VL153 (Test Chip) and DP Alt-Mode Chip VL103-Q3/VL103-Q4 were certified by the USB Implementers Forum, Inc. The paid-in capital was increased to NT$600,000 thousand as a result of the conversion of employee share subscription warrants into shares of NT$130,000 thousand and a cash capital increase of NT$20,000 thousand.
2018	February	PD Controller VP302 obtained the 27W Power Brick certification from the USB Implementers Forum, Inc.
	March	PD Controller VP302 with PI InnoSwitch3-Pro obtained the 15W Power Brick certification from the USB Implementers Forum, Inc.
	April	DP Alt-Mode Chip VL102-Q4 was certified by the USB Implementers Forum, Inc.
	August	PD Electronic Marker (E-Maker) Chip VL154 was certified by the USB Implementers Forum, Inc. DP Alt-Mode Chip VL104-Q4/VL104-Q6 was certified by the USB Implementers Forum, Inc., and its applications were launched and adopted by related customers. PD Controller VP302 with PI InnoSwitch3-Pro obtained the 27W and 45W Power Brick certification from the USB Implementers Forum, Inc. PD Controller VP302 and External Storage to SATA Controller VL717 mass production.
	October	Hub Controller VL120 obtained the USB 2.0 and USB PD 3.0 (PD DRP@5V) certifications.
	December	USB 3.1 Gen1 Hub Controller VL819, DP Alt-Mod Chip VL105, and External Storage to SATA Controller VL717 were certified by the USB Implementers Forum, Inc. USB 3.1 Gen2 Hub Controller VL822 mass production.
2019	June	PD Controller VP305 mass production.
	July	USB 3.1 Gen1 Hub Controller VL819 mass production.
	August	PD Controller VP302 with PI InnoSwitch3-Pro has been officially certified by the USB-IF as a KGS (Known-Good-Source). The new generation of functionally optimized and highly integrated USB 3.1 Gen2 Hub Controller VL822 was certified by the USB Implementers Forum, Inc.
	September	DP Alt-Mod Chip VL106 was certified by the USB Implementers Forum, Inc. The Company has been approved by the Taipei Exchange to publicly issue its shares.
	December	The Company has been approved by the Taipei Exchange to be listed on the Emerging Stock Board.
2020	February	The Company has passed ISO 27001 information security management systems certification. Electronic Marker (E-Maker) Chip VL153 was certified by the USB Implementers Forum, Inc.

Year	Month	Important Events
	December	Increased the capital for NT$75,000 thousand and the paid-in capital reached NT$675,000 thousand after the capital increase. The stock was officially listed on the Taiwan Stock Exchange on December 24.
2021	January	DP Alt-Mod Chip VL107 was certified by the USB Implementers Forum, Inc.
	September	DP Alt-Mode Chip VL103-Q3 was certified by the USB Implementers Forum, Inc. Launched the world's first USB4 endpoint device controller, VL830.
2022	January	The USB4 terminal device controls the mass production of wafer VL830.
2022	January	The DisplayPort to HDMI signal converter VL600 is certified by the USB Implementers Forum, Inc.
	July	DP Alt-Mod Chip VL108 was certified by the USB Implementers Forum, Inc.
	November	Hub Controller VL817 was certified by the USB Implementers Forum, Inc.
2023	January	Electronic Marker (E-Maker) Chip VL155 was certified by the USB Implementers Forum, Inc.

Three. Corporate Governance Report

I. Organization system

(I) Organization chart



(II) Responsibilities of departments

Department	Main Responsibilities
Audit Office	● Planning, execution, and follow up of the internal auditing related affairs such as internal control system, policies, operations, and anomalies.
President Office	● It is responsible for the Company's operating plan and the overall management of the Company's business. Create and modify internal control systems. ● It is responsible for planning and execution of human resource strategies.
Operations Center	● It is responsible for the Company's product management, sales, and operating management.
Product Management Division	● Market product analysis and new product development strategy. ● Marketing and advertisement for promoting the application value of the Company's products. ● Technical support for product sales and assistance in resolving customers' technical problems.
Sales Division	● Achieving annual business goals and being responsible for the business management of customers. ● Domestic and international sales matters such as sales promotion, customer value development, order entry, etc.
Management Division	● Accounting, finance, and tax matters. ● Administrative and general affairs. ● Management of production resources, material procurement and production lead time. ● Legal and patent matters. ● Maintenance and management of information systems.
R&D Division	● Logic circuit design for IC products. ● IC software function validation, firmware error detection. ● IC hardware system validation, demo board design. ● Analog circuit design for IC products. ● Analog and logic circuit for IC physical layout.
Product and Process Division	● Operations, manufacturing technology improvement, and product quality-related matters of samples to mass-produced products. ● Responsible for the operation of the ISO quality management system to provide quality products that meet customer requirements and ensure best customer satisfaction.

II. Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches

(I) Directors' information

1. Directors

April 18, 2023; Unit: shares; %

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of First Election	Shareholdings at the Time of Election		Current Shareholdings		Current Shareholdings of Spouse and Minor Children		Shareholdings by Nominee Arrangement		Experience (Education)	Positions in the Company and Other Companies Concurrently	Managers and Directors Who Are Spouses or Within Second Degree of Kinship			Remarks (Note 1)
							Shares	Shareholdings Ratio	Shares	Shareholdings Ratio	Shares	Shareholdings Ratio	Shares	Shareholdings Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Wenchi Chen	Male 61~70 yrs old	06/17/2022	3 years	06/24/2008 (Note 3)	80,497	0.12%	80,497	0.12%	379,072	0.55%	0	0	MSCS, California Institute of Technology. President, Symphony Laboratories.	Chairman and President, VIA Technologies Co., Ltd. Director, HTC Corporation Chairman (Representative), Xander International Corp. Chairman Representative), TVBS Media Inc. Director, Way-Chih Investment Co., Ltd. Director, Hsin-Tong Investment Co., Ltd. Director, Kun-Chang Investment Co., Ltd. Director, CW & ET Link Inc Director, Hung Mao Investment Co., Ltd. Director, Chuan Te Investment Co., Ltd. Director, Li Wei Investment Co., Ltd. Director (Representative), Viveport Digital Corporation Director (Representative), REIGN Technology Corporation Director (Representative), VIVE Arts Corporation	Directors	Cher Wang	Spouse	None
Directors	R.O.C.	Cher Wang	Female 61~70 yrs old	06/17/2022	3 years	06/19/2020 (Note 3)	379,072	0.55%	379,072	0.55%	80,497	0.12%	0	0	Bachelor in Economics, University of California, Berkeley. GM of the PC Division, First International Computer, Inc.	Chairman and President, HTC Corporation Chairman (Representative), H.T.C. (B.V.I) Corp. Chairman (Representative), HTC Investment One (BVI) Corporation Chairman (Representative), HTC Investment Co., Ltd. Director, VIA Technologies Co., Ltd. Director, High Tech Computer Asia Pacific Pte. Ltd. Director (Representative), Xander International Corp. Director (Representative), TVBS Media Inc. Director, Formosa Plastics Corporation Independent Non-executive Director, Lenovo Director, Way-Chih Investment Co., Ltd. Director, Hsin-Tong Investment Co., Ltd. Director, Kun-Chang Investment Co., Ltd. Director, CW & ET Link Inc Director, Hung Mao Investment Co., Ltd. Director, Chuan Te Investment Co., Ltd. Director, Li Wei Investment Co., Ltd. Chairman (Representative), Viveport Digital Corporation Chairman (Representative), REIGN Technology Corporation Chairman (Representative), VIVE Arts Corporation	Chairman	Wenchi Chen	Spouse	None
Directors	R.O.C.	VIA Technologies Co., Ltd.	-	06/17/2022	3 years	06/24/2008	38,843,000	56.72%	38,843,000	56.29%	0	0	0	0	None	None	None	None	None	None
	R.O.C.	Representative: Tzumu Lin	Male 61~70 yrs old	06/17/2022	3 years	06/24/2008	52,873	0.08%	52,873	0.08%	0	0	0	0	Ph.D. in Computer Science, California Institute of Technology, USA Division Head, GCH system Inc.	Director and Senior Vice President, VIA Technologies Co., Ltd.	None	None	None	None
Director	R.O.C.	VIA Technologies Co., Ltd.	-	06/17/2022	3 years	06/24/2008	38,843,000	56.72%	38,843,000	56.29%	0	0	0	0	None	None	None	None	None	None
	R.O.C.	Representative: Timothy Chen	Male 41~50 yrs old	06/17/2022	3 years	02/01/2013	0	0	0	0	0	0	0	0	B.S. in Engineering, University of California, Berkeley, USA Executive Assistant to Chairman, VIA Technologies Co., Ltd.	Chairman (Representative), Catchplay, Inc. Director (Representative), VIA Next Technologies, Inc. Manager, Catchplay, Inc. Taiwan Branch (Cayman) Chairman, Asiaplay Taiwan Digital Entertainment Ltd. Manager, Asiaplay Inc. Taiwan Branch (B.V.I.) Director (Representative), VIA Technologies (Shenzhen),Ltd. Director (Representative), VIA Technologies (Shanghai),Ltd. Director, VIA Technologies HK Inc. Chairman (Representative), VIA Labs, (Beijing), Inc.	None	None	None	None
Director	R.O.C.	Huangchieh Chu (Note 2)	Male 61~70 yrs old	11/05/2019	3 years	11/05/2019	0	0	0	0	0	0	0	0	Master's in Business Administration, Institute of Management, University of Toronto Bachelor of Law, Department of Law, National Taiwan University Director and President of Taiwan Teleservices & Technologies Co., Ltd Vice President, Taiwan Mobile Co., Ltd. Vice President and Senior Chief Operating Officer of Citibank, N.A., Taipei Branch	Supervisor, Chinese Human Resources Institute of Social Technology Inc.	None	None	None	None
Director	R.O.C.	YuehChiang Yu (Note 2)	Male 71~80 yrs old	06/19/2020	2 years	06/19/2020	0	0	0	0	0	0	0	0	Department of Business Management, Hsing Wu University(HWU) Chairman of Shingtak Footwear. Co., Ltd Chairman of Guangzhou Trust-Mart Department Store Commercial Plaza Co., LTD	Executive Vice President of National Association of Taiwan Investment Enterprises	None	None	None	None
Independent Director	R.O.C.	Yunming Hsieh	Male 61~70 yrs old	06/17/2022	3 years	11/05/2019	0	0	0	0	0	0	0	0	B.S. in Chemistry, National Tsing Hua University	Chairman and President, Tayllen Industrial Co., Ltd. Chairman, Juxin Hospital Management Consulting Co., Ltd. Chairman, Tong Chin Paint & Varnish Co., Ltd. Independent Director, HLJ Technology Co., Ltd.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of First Election	Shareholdings at the Time of Election		Current Shareholdings		Current Shareholdings of Spouse and Minor Children		Shareholdings by Nominee Arrangement		Experience (Education)	Positions in the Company and Other Companies Concurrently	Managers and Directors Who Are Spouses or Within Second Degree of Kinship			Remarks (Note 1)
							Shares	Shareholdings Ratio	Shares	Shareholdings Ratio	Shares	Shareholdings Ratio	Shares	Shareholdings Ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Weihsiung Yin	Male 61~70 yrs old	06/17/2022	3 years	11/05/2019	0	0	0	0	0	0	0	0	EMBA, Fudan University MBA, Saginaw Valley State University CFO, Asiaplay Taiwan Digital Entertainment Ltd.. CFO, Taiwan Prosperity Chemical Corporation Assistant Vice President, Taiwan Cement Corporation Manager of Finance Department, Taiwan Semiconductor Manufacturing Co., Ltd.	Assistant Vice President, Hon Hai Precision Industry Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	PekSeng Ng	Male 51~60 yrs old	06/17/2022	3 years	11/05/2019	0	0	0	0	0	0	0	0	B.S., Department of Economics, National Taiwan University Junior Manager, Sheng Feng Securities Co., Ltd. Section Manager of R&D Department and Executive Director of Futures Preparatory Office, Yung Li Securities Co., Ltd. President of Professional Talent Business Group, ManPower Group Taiwan.	Chairman and President of Caleb Professional Consulting Co., Ltd	None	None	None	None

Note1: None of the Director, President, or position equivalent (top managerial officers) are the same person, spouse, or within one degree of kinship.
Note 2: Fully re-elected and resigned in 2022 annual general meeting of shareholders.
Note 3: The date of first election as the representative.

2. Directors are the major shareholders of corporate shareholders

April 18, 2023

Name of Corporate Shareholders	Major shareholders of the corporate shareholders	Shareholding Ratio %
VIA Technologies Co., Ltd.	Hsin-Tong Investment Co., Ltd.	9.74%
	CW & ET Link Inc	9.65%
	Hung Mao Investment Co., Ltd.	9.09%
	Way-Chih Investment Co., Ltd.	8.49%
	Kun-Chang Investment Co., Ltd.	8.26%
	Cher Wang	6.95%
	HSBC in custody of Bitcoin Corporate Investment	2.93%
	Chuan Te Investment Co., Ltd.	2.54%
	Li Wei Investment Co., Ltd.	2.52%
	Mu-Chuan Lin	1.59%

3. The major shareholder of the corporate shareholder is the major shareholder of the corporate shareholder

April 18, 2023

Name of Corporate Shareholders	Major Shareholders of the Institutional Shareholder and Their Shareholding Ratio %
Hsin-Tong Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.50%), Peaceful Faith and Love Foundation (17.50%), Charitable Trust Grace Social Welfare Foundation (17.50%), VIA Faith and Love Charity Foundation (17.50%)
CW & ET Link Inc	Hung-Mao Investment Co., Ltd. (32.48%), Chuan-Te Investment Co., Ltd. (11.46%)
Hung Mao Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.50%), Peaceful Faith and Love Foundation (17.50%), Charitable Trust Grace Social Welfare Foundation (17.50%), VIA Faith and Love Charity Foundation (17.50%)
Way-Chih Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.50%), Peaceful Faith and Love Foundation (17.50%), Charitable Trust Grace Social Welfare Foundation (17.50%), VIA Faith and Love Charity Foundation (17.50%)
Kun-Chang Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.50%), Peaceful Faith and Love Foundation (17.50%), Charitable Trust Grace Social Welfare Foundation (17.50%), VIA Faith and Love Charity Foundation (17.50%)
Chuan Te Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.51%), Peaceful Faith and Love Foundation (17.51%), Charitable Trust Grace Social Welfare Foundation (17.51%), VIA Faith and Love Charity Foundation (17.51%)
Li Wei Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (17.51%), Peaceful Faith and Love Foundation (17.51%), Charitable Trust Grace Social Welfare Foundation (17.51%), VIA Faith and Love Charity Foundation (17.51%)

4. Professional Qualifications of Directors and the Independence Status of Independent Directors

April 18, 2023

Criteria / Name	Professional Qualifications and Experience	Independence (Note 1)	Number of other public companies in which the Individual is concurrently serving as an independent director
Wenchi Chen	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Having a background in engineering and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	Not Applicable	0
Cher Wang	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Having a background in economics and marketing and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	Not Applicable	1 (Note 2)
VIA Technologies Co., Ltd. Representative: Tzumu Lin	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Having a background in engineering and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	Not Applicable	0
VIA Technologies Co., Ltd. Representative: Timothy Chen	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Having a background in engineering and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	Not Applicable	0
Yunming Hsieh	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Being a member of the Audit Committee and having a background in chemistry and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	It conforms to all independence cases from (1) to (4)	1
Weihsiung Yin	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Being a member of the Audit Committee and having a background in finance and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	It conforms to all independence cases from (1) to (4)	0
PekSeng Ng	1. For academic and working experience, please refer to "Information of Directors, President, Vice President, Assistant Vice President, and Heads of Departments and Branches" 2. Being a member of the Audit Committee and having a background in finance and human resource and senior executive management expertise 3. Not been a person of any of the conditions defined in Article 30 of the Company Act.	It conforms to all independence cases from (1) to (4)	0

Note1: Independence cases are as follows:

(1) Including but not limited to that neither the person nor his/ her spouse or second-degree relatives is a director, supervisor or employee of the Company or its affiliates.

(2) Neither the person nor his/ her spouse or second-degree relatives holds (or uses others to hold in his/her name) shares in the Company.

(3) The person does not serve as a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraph 1, Sub-paragraph 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).

(4) The person has not been compensated for providing commercial, legal, financial, accounting services to the Company or its affiliates for the last two years.

Note2: Director Cher Wang served as an independent non-executive director of Lenovo Group Limited (0992HK)

5. Diversification and independence of the Board:

(1) Diversification of the Board:

In order to strengthen the functions of the Board of Directors and achieve the ideal objectives of corporate governance, the Code of corporate Governance Practices adopted by the Board of Directors of the Company has set out the board diversity policy. According to the policy, the composition of the board of directors of the Company shall consider diversity and select members with diverse backgrounds and views according to the company's operations, operations type and development needs. Factors to be considered include but are not limited to gender, age, nationality,

culture, educational background, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

In addition, considerations for the nomination of board members include a reputation for integrity, outstanding achievement, experience and reputation in various professional fields, a commitment to devote sufficient time to the supervision of the company's business, the ability to assist in the management of the company, and the ability to contribute to the success of the company. In case of independent directors, their qualifications shall comply with the provisions of the law.

In addition, in order to achieve the diversity of background, experience and professional aspects required by the Company's diversity policy and promote diversity of views, the board of directors of the Company shall have at least one director with a background in the electronics industry, at least one director with a major in accounting or finance, at least one director with a major in human resources, and at least one director with leadership and decision-making ability as specific management objectives. Among the company's current seven directors, five directors have a background in the electronics industry, three directors have accounting or finance majors, one director has human resources majors, and seven directors have leadership and decision-making ability, which has achieved the specific management goal of board diversity of the company.

Implementation of the diversification of the members of the Board of Directors is as follows:

Diversified core / Name of director	Basic Info.									Industry Experience					Professional Competence		
	Nationality	Gender	Being an Employee	Age				Length of Term for Independent Director		Professional Service and Marketing	Finance and Banking	Electronics Industries	Chemistry and Plastics	Human Resource	Risk Management	Accounting	Ability to Lead and Make Decisions
				41~50 yrs old	51~60 yrs old	61~70 yrs old	71~80 yrs old	3 yrs or less	4 to 6 years								
Wenchi Chen	R.O.C.	Male	-	-	-	✓	-	-	-	✓	○	✓	-	-	✓	-	✓
Cher Wang	R.O.C.	Female	-	-	-	✓	-	-	-	✓	✓	✓	-	-	✓	✓	✓
VIA Technologies Co., Ltd.: Tzumu Lin	R.O.C.	Male	-	-	-	✓	-	-	-	✓	○	✓	-	-	✓	-	✓
VIA Technologies Co., Ltd.: Timothy Chen	R.O.C.	Male	-	✓	-	-	-	-	-	✓	○	✓	-	-	✓	-	✓
Yun-ming Hsieh (Independent Director)	R.O.C.	Male	-	-	-	✓	-	-	✓	✓	○	-	✓	-	✓	-	✓
Wei-hsiung Yin (Independent Director)	R.O.C.	Male	-	-	-	✓	-	-	✓	✓	✓	✓	-	-	✓	✓	✓
PekSeng Ng (Independent Director)	R.O.C.	Male	-	-	✓		-	-	✓	✓	✓	-	-	✓	✓	✓	✓

Note: ✓Refers to having the ability; ○refers to having part of the ability

A. The seven members of the Company's 6th Board of Directors (including three independent directors) as a whole have the ability to make operational judgments; conduct management administration; conduct crisis management; lead; and make policies decisions; as well as have international market perspectives, industry experiences, and expertise. Among them, Chairman Wenchi Chen, Director Tzumu Lin (Representative), Director Timothy Chen (Representative), Director Cher Wang, and Independent Director Weihsiung Yin experience in the electronics industry; Independent Director Yunming Hsieh experience in chemistry and plastics industries; Independent Director Weihsiung Yin specializes in financial expertise; Independent Director PekSeng Ng specializes in human resources expertise.

B. The average length of term of the Directors is 7.9 years. Independent directors Yunming Hsieh, Weihsiung Yin and PekSeng Ng are entering the fourth year of the second term. All of the Directors are local citizens, and three Independent Directors account for 42.86% of the composition; none of the Directors is an employee. The age distribution of the Board members is 1 Director aged 41-50, 1 Director aged 51-60 and 5 Directors aged 61-70. The company

attaches great importance to gender equality of board members, with one female director accounting for 14.26%. In the future, the company will try its best to increase the number of female directors.

(2) Independence of the Board of Directors:

The board of directors of the company has 7 directors, including 3 independent directors, accounting for 42.86% of the composition structure of independent directors. The board of directors is independent and does not have the situation stipulated in Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act, and all the independent directors of the board of directors attend the current meeting (the attendance rate of the independent directors' meeting reaches 100%). At meetings, directors consistently raised constructive questions for management and other directors and often expressed their views independently of management or other directors. Among the members of the board of directors, only Director Wenchi Chen and Director Cher Wang are spouses, and there is no spouse or family relationship between independent directors or between directors and independent directors.

(II) Information of President, Vice President, Assistant Vice President, and Heads of Departments and Branches

April 18, 2023; Unit: shares; %

Title	Nationality	Name	Gender	Date of appointment	Shareholdings		Spouse and minor children's shareholdings		Using other people's names Shareholdings		Experience (Education)	Currently holding other company positions	Managers who are related to spouses or parents			Remarks (Note 1)
					Shares	Shareholdings Ratio	Shares	Shareholdings Ratio	Shares	Shareholdings Ratio			Title	Name	Relationship	
President	R.O.C.	Jyh-Fong Lin	Male	03/03/2009	1,213,000	1.76%	0	0	0	0	Ph.D. in Electrical Engineering, University of Maryland Senior manager, Cirrus Logic Vice President, VIA Technologies, Inc.	None	None	None	None	None
Vice President of the Operations Center, Financial and Accounting Officer, and Corporate Governance Officer	R.O.C.	Hung-wen Chen	Male	01/08/2016	125,000	0.18%	50,000	0.07%	0	0	Master of Accounting, Soochow University Vice President, Finance and Accounting Officer, VIA Technologies Co., Ltd.	Director (Representative), Vate Technology Co., Ltd. Chairman (Representative) of Via Labs (Shenzhen), Inc. Independent Director, Ultra-Pak Industries Co., Ltd. Supervisor, IIH Biomedical Venture Fund I Co., Ltd. Chairman (Representative), Hong Ta Investment Co., Ltd. Director, VIA Labs, (Beijing), Inc. Director of Go-South Urological Research and Education Foundation	None	None	None	None
Vice President of Research and Development Department	R.O.C.	Hsueh-chung Lu	Male	12/01/2017	213,469	0.31%	0	0	0	0	Master's of EECS, UC Santa Barbara IDT DSP Design Engineer Vice President, ULSI Vice President, VIA Technologies Co., Ltd.	Director (Representative), Vate Technology Co., Ltd.	None	None	None	None
Vice President of Product Management Division	R.O.C.	Chin-sung Hsu	Male	07/09/2008	125,000	0.18%	0	0	0	0	Master's of Information Engineering, National Taiwan University Assistant Vice President, Asmedia Technology Inc.	None	None	None	None	None
Vice President of Business Department	R.O.C.	Yi-chia Huang	Male	06/14/2016	25,000	0.04%	0	0	0	0	Master's of Advanced Technology Management, University of South Australia Assistant Vice President, American Megatrends International, LLC (USA)	None	None	None	None	None
Assistant Vice President of Research and Development Department (Note 2)	R.O.C.	Wenyu Tseng	Male	01/01/2010	191,000	0.28%	1,000	0.001%	0	0	Ph.D., Institute of Electrical Engineering, National Taiwan University Manager of VIA Technologies, Inc.	None	None	None	None	None

Note 1: The Company does not have a President or equivalent (top managerial officers) who is the same person, a spouse, or a relative within one degree of kinship as the chairman.
Note 2: Since 112.03.01, the title has been promoted to Assistant Vice President.

III. Remuneration paid to Directors, President and Vice Presidents for the most recent year

(I) Remuneration paid to Directors, President and Vice Presidents

1. Remuneration paid to Directors and Independent Directors: (disclosed by name and payment method)

December 31, 2022; Unit: NT$'000； %

Title	Name	Remuneration								Ratio of Total Remuneration (A + B + C + D) to Net Income After Tax (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A + B + C + D + E + F + G) to Net Income After Tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensations (C)		Allowances (D)				Salaries, bonuses and special expenses (E)		Severance Payn (F)		Employee Compensation (G)						
																The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Chairman	Wenchi Chen	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	None
Directors	VIA Technologies Co., Ltd.: Tzumu Lin	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	None
	VIA Technologies Co., Ltd.: Timothy Chen	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	10,764
	Cher Wang	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	0	0	0	0	0	0	0	0	$ 0 0%	$ 0 0%	None
	Huang-Chieh Chu (Note 2)	0	0	0	0	0	0	20	20	$ 20 0.003%	$ 20 0.003%	0	0	0	0	0	0	0	0	$20 0.003%	$ 20 0.003%	None
	Yueh-Chiang Yu . (Note 2)	0	0	0	0	0	0	20	20	$ 20 0.003%	$ 20 0.003%	0	0	0	0	0	0	0	0	$ 20 0.003%	$20 0.003%	None
Independ-ent Director	Yun-Ming Hsieh	240	240	0	0	300	300	60	60	$ 600 0.08%	$ 600 0.08%	0	0	0	0	0	0	0	0	$ 600 0.08%	$ 600 0.08%	None
	Wei-Ssiung Yin	240	240	0	0	300	300	60	60	$ 600 0.08%	$ 600 0.08%	0	0	0	0	0	0	0	0	$600 0.08%	$ 600 0.08%	None
	Pek-Seng Ng	240	240	0	0	300	300	60	60	$ 600 0.08%	$ 600 0.08%	0	0	0	0	0	0	0	0	$ 600 0.08%	$ 600 0.08%	None

1. The remuneration of independent directors of the company includes the transportation allowances for participating in board meetings and the functional committee, the fixed remuneration of the functional committee and the remuneration of directors stipulated in the articles of association of the company. The aforementioned fixed amount of remuneration is recommended by the Company's Remuneration Committee with reference to industry standards and factors such as the time commitment and responsibilities of individual Independent Directors, and approved by the Board of Directors.
2. Remuneration paid to Directors by all companies included in this financial statements for services (such as a non-employee consultant to parent company/ all companies included in this financial statements/ ventures) other than disclosed in the table above: None.

Note 1: The remuneration disclosed in this form is different from the concept of income under the tax law. Therefore, the purpose of this form is for information disclosure and not for tax purposes.
Note 2: Fully re-elected and resigned in 2022 annual general meeting of shareholders.

2. Remuneration paid to President and Vice Presidents: (aggregate and disclose names by rank)

December 31, 2022
Unit: NT$'000; %

Title	Name	Salary (A)		Severance Pay (B)		Bonuses, and Allowances (C)		Employee Compensation (Note 2) (D)				Ratio of Total Compensation (A + B + C + D) to Net Income After Tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Jyh-Fong Lin	15,040	16,977	540	540	8,941	8,941	19,500	0	19,500	0	$ 44,021 6.08%	$ 45,958 6.35%	1,844
Vice president	Hung-wen Chen													
Vice President	Hsueh-chung, Lu													
Vice President	Chin-sung Hsu													
Vice President	Yi-chia Huang													

Note 1: This table is for information disclosure only. Remuneration information disclosed in this statement differs from the concept of income under the Income Tax Act. This statement is not tax-related information.

Note 2: This is the amount proposed to be distributed by the Company with reference to the actual distribution ratio in the past and approved by the Board of Directors on March 9, 2023.

Scale of remunerations

Scale of Remunerations Paid to the President and Vice Presidents of the Company (Note 1)	Name of President and Vice President	
	The Company	Parent company and all reinvested undertakings
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) ～ NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) ～ NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) ～ NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) ～ NT$10,000,000 (exclusive)	Hung-wen Chen, Hsueh-chung Lu, Chin-sung Hsu, Yi-chia Huang	Hung-wen Chen, Hsueh-chung Lu, Chin-sung Hsu, Yi-chia Huang
NT$10,000,000 (inclusive) ～ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ～ NT$30,000,000 (exclusive)	Jyh-Fong Lin	Jyh-Fong Lin
NT$30,000,000 (inclusive) ～ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ～ NT$100,000,000 (exclusive)	-	-
NT$100,000,000 and above	-	-
Total	5	5

Note 1: Remuneration information disclosed in this statement differs from the concept of income under the Income Tax Act. This statement is intended to provide information disclosure and not tax-related information.

3. Remuneration amount of the top five managerial officers of listed companies: Not applicable.

4. Name of manager who allocates employee compensation and the distribution situation:

(The summary method discloses the distribution situation)

December 31, 2022

Unit: NT$'000; %

Title		Name	Stock	Cash	Total (Note 1)	Total to net income after tax (%) (Note 2)
Managerial Officer	President	Jyh-Fong Lin	0	19,500	19,500	2.70%
	Vice President	Hsueh-chung, Lu				
	Vice President	Hung-wen Chen				
	Vice President	Chin-sung Hsu				
	Vice President	Yi-chia Huang				

Note 1: This is the amount proposed to be distributed by the Company with reference to the actual distribution ratio in the past and approved by the Board of Directors on March 9, 2023.

Note 2: The Company's net income after tax for 2022 was NT$ 723,535 thousand and on March 9, 2023, the Board of Directors resolved to distribute directors' remuneration and employees' remuneration.

(II) Compare and explain the analysis of the total remuneration paid to the Directors, President, and Vice Presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax of individual or individual financial reports, and explain the remuneration policies, standards and packages, the procedures for determining remuneration, and the correlation with operating performance

1. Analysis of the ratio of the total remuneration paid to the Directors, President and Vice Presidents of the Company to the net income after tax in the last two years

Unit: NT$'000; %

FY / Title	2022		2021	
	Total remuneration as a percentage of net income after tax (%)		Total remuneration as a percentage of net income after tax (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Board of Directors	0.25%	0.25%	0.24%	0.24%
President and Vice Presidents	6.08%	6.35%	5.61%	5.82%
Total	6.33%	6.60%	5.85%	6.06%

Note: The purpose of this table is for information disclosure purposes only. The remuneration disclosed is different from the concept of income under the Income Tax Act and therefore is not taxable.

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its correlation with operating performance and future risk exposure.

(1) Directors

According to the Company's Articles of Incorporation, the remuneration of the Directors of the Company includes the transportation allowances for participating in Board meetings and functional committees, the compensation of the functional committees, and the directors' profit-sharing compensation set aside based on the company's annual profit.

(1.1) The fixed amount of remuneration shall be paid in accordance with the Company's "Organizational Regulations of the Remuneration Committee". In addition to referencing the Company's operating performance, it shall take into account the time commitment and responsibilities of individual Directors, the contribution to the Company, future risk, and industry standards.

(1.2) The policies of directors' profit-sharing compensation is set forth in the Company's Articles of Incorporation. If there is profit in a year, the Company shall set aside, on an annual basis, not more than one percent of such profit as directors' profit-sharing compensation, in accordance with the provisions of the Articles of Association, as resolved by the Board of Directors and reported to the Shareholders' Meeting.

(2) President and Vice President

The remuneration paid to the Company's President and Vice Presidents includes base salary and variable items such as annual bonus and employees' profit-sharing compensation. The remuneration level depends on the job positions, responsibilities, and the contributions to the Company, while referring to the industry standards. The related remuneration and employees' profit-sharing compensation is reviewed and approved by the Remuneration Committee and the Board of Directors.

The performance evaluation indicators for variable items include turnover, profit, market shares as well as customer satisfaction, organizational development, employee training and talent retention.

IV. Implementation of Corporate Governance

(I) Board of Directors operations

A total of 5 meetings (A) of the Board of Directors were held in 2022. The attendance of Directors was as follows:

Title	Name	Actual number of seats (column) (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Wenchi Chen	5	0	100	
Director	Representative of VIA Technologies Co., Ltd.: Tzumu Lin	5	0	100	
Director	Representative of VIA Technologies Co., Ltd.: Timothy Chen	5	0	100	
Director	Cher Wang	5	0	100	
Director	Huang-chieh Chu	2	0	100	Re-elected by the General Meeting of Shareholders after fully discharged in 2022
Director	Yueh-chiang Yu	2	0	100	Re-elected by the General Meeting of Shareholders after fully discharged in 2022
Independent Director	Yun-ming Hsieh	5	0	100	
Independent Director	Wei-hsiung Yin	5	0	100	
Independent Director	Pek-Seng Ng	5	0	100	

Other items to be noted:

I. If any of the following circumstances applies, the date and session of the meeting, the content of motions, all Independent Directors' opinions, and the Company's response to Independent Directors' opinions should be specified:

(I) The matters listed in Article 14-3 of the Securities and Exchange Act (please refer to page 67~69 of this annual report (k) 2. Important resolutions of the board of directors): Approved by all independent directors.

(II) In addition to the previous issues, other Board meeting resolutions that have been opposed or qualified by Independent Directors and have records or written statements: None.

II. If there is any recusal of Director due to conflicts of interests, the Directors' names, contents of motions, causes for recusal and voting should be specified: There is not any motion that is detrimental to the interests of the Company because of the Directors' own interests.

III. The listed company shall disclose the assessment cycle and period, assessment scope, method, and assessment content of the self- (or peer) assessment by the board of directors, and fill in the following table of Board performance assessment implementation

(I) According to Article 3 of the company's "Board of Directors Performance Evaluation Measures", the performance evaluation of the 2022 annual board of directors will be carried out. The scope of internal evaluation includes the board of directors, individual directors and functional committees. In addition, at least once every three years, an external professional independent organization will conduct an evaluation. In 2022, the China Corporate Governance Association will be appointed as an external evaluation agency to perform an external evaluation of the performance of the board of directors. The above performance evaluation results will be submitted to the board of directors on March 9, 2023.

Performance Evaluation - Object & Way	Cycle	Period	Scope	Method	Content	Result
Board of Di-rectors & Board Mem-bers - Self-evaluation	Once per year	2022/1/1 ~12/31	Performance evaluation of the Board, individual Board members, and functional committees (Remunerat-ion Committee and Audit Committee)	The Company's internal performance evaluation of the Board of Directors is carried out by the Company's corporate governance promotion unit, adopting an internal questionnaire. Internal self-assessment by the Board and individual Board members. An evaluation would be conducted every three years by an external professional and independent organization or a team of external experts through a combination of data analysis, questionnaires and on-site interviews.	1. Performance evaluation of the Board: Engagement in the Company's operation, quality of the decisions made by the Board, the composition and structure of the Board, the election and continuous education of Directors, and internal control. 2. Performance evaluation of individual Board members: Mastery of the Company's objectives and tasks, awareness of Directors' responsibilities, engagement in the Company's operations, internal relations and communication, Directors' expertise and continuous education, and internal control. 3. Performance evaluation of functional committees: Engagement in the Company's operations, awareness of the functional committee's responsibilities, quality of decisions made by the functional committee, composition and election of committee members, internal control.	Please refer to page 26~28 of the Report for 2022 The Board's and functional committees' performance evaluation results.

Performance Evaluation - Object & Way	Cycle	Period	Scope	Method	Content	Result
Board of Directors & Board Members - Other Comments	Once every three years	2021.11.1 ~ 2022.10.31	Board Members, Head of Corporate Governance & Audit	Commissioned by the Taiwan Corporate Governance Association which to implement 2021.11.1~ 2022.10.31. External Evaluation of Board Performance. The evaluation method is the association's pre-book review and video interview evaluation.	Including: 1. The composition of the board of directors. 2. Guidance by the board of directors. 3. Authorization by the board of directors. 4. Supervision by the board of directors. 5. Communication with the board of directors. 6. Internal control and risk management. 7. Self-discipline of the board of directors. 8. Other (such as board meetings, support systems, etc.). The association reviews the content and materials provided by the company's self-assessment, conducts follow-up video interviews, and finally issues an evaluation report. The detailed content has been placed on the company website, and its path as below: https://www.via-labs.com/investor_directors.php	1.The Company's independent directors actively take responsibility, actively participate in the formulation of the company's medium and long-term strategic goals through various formal meetings and informal occasions, contribute professionally, express opinions, and play the role of directors in guiding and supervising. 2.The Company attaches great importance to the diversity of the composition of the board of directors and seeks suitable candidates according to the needs of the company's development strategy. The directors have professional and practical experience in financial accounting, business management, and industrial markets. The overall board of directors' talent combination meets the needs of your company's operational development and achievement of strategic goals. 3.Although the Company has just been listed and has limited scale and resources, it still actively learns from successful experience through the group, strives for available resources, and actively participates in projects led by the parent company. Lay the foundation for the implementation of corporate governance.

(II) 2022 The Board's and functional committees' performance evaluation results

1. To carry out corporate governance and enhance the functions of the Board and functional committees, the Company conducts the performance evaluations of the Board and functional committees in accordance with its "Performance Evaluation Policies of the Board of Directors".

2. Evaluation period: January 1, 2022 ~ December 31, 2022

3. The self-evaluation adopted means of questionnaires, and the contents of the questionnaire were presented in five levels, of which the number 1: very poor (strongly disagree); number 2: poor (disagree); number 3: moderate (average); number 4: good (agree); number 5: very good (strongly agree).

4. Statistics of evaluation results:

(1) The self-evaluation of the Board includes the following five aspects and a total of 45 indicators.

Self-evaluators: There were 7 persons including Chairman Wenchi Chen, Director Cher Wang, Director Tzumu Lin, Director Timothy Chen, Independent Director Yun-ming Hsieh, Independent Director Wei-hsiung Yin, and Independent Director Pek-Seng Ng. The evaluation results are listed below.

Five aspects of self-evaluation	Assessment items (items)	Scoring results (points)
A. Engagement in the Company's operations	12	4.952
B. Enhancing the quality of decisions made by the Board	12	4.976
C. Composition and structure of the Board	7	4.959
D. Directors' election and continuous education	7	4.980
E. Internal control	7	4.980
	45	4.968

Evaluation: With an overall score of 4.968, the overall operation of the Board of Directors is rated as excellent. The score for " Engagement in the Company's operations " is slightly low, mainly due to the attendance of directors at shareholders' meetings, which needs to be further strengthened.

(2) The self-evaluation of individual Board members includes the following six aspects and a total of 23 indicators.

Self-evaluators: There were 7 persons including Chairman Wenchi Chen, Director Cher Wang, Director Tzumu Lin, Director Timothy Chen, Independent Director Yun-ming Hsieh, Independent Director Wei-hsiung Yin, and Independent Director Pek-Seng Ng. The evaluation results are listed below.

Six aspects of self-evaluation	Assessment items (items)	Scoring results (points)
A. Master company goals and tasks	3	5.000
B. Cognition of director's duties	3	5.000
C. Engagement in the Company's operations	8	4.946
D. Internal relationship management and communication	3	5.000
E. Professional and continuing education for directors	3	5.000

F. Internal control	3	5.000
	23	4.981

Evaluation: The overall score is 4.981 points. The board members' participation in the operation of the board is excellent. The board members are professional and responsible, and the communication is good. Among them, "the degree of Engagement in the Company's operations " scored slightly lower. Companies should strengthen the degree of involvement with directors in the company's operation.

(3) The self-evaluation of functional committees includes the following five aspects and a total of 24 indicators.

Self-evaluators: There were 3 persons including Independent Director Yunming Hsieh, Independent Director Weihsiung Yin, and Independent Director Pek-Seng Ng. The evaluation results are listed below.

Five aspects of self-evaluation	Evaluation Items	Scores
A. Engagement in the Company's operations	4	5.000
B. Awareness of a functional committee's responsibilities	7	4.952
C. Enhance quality of decisions made by a functional committee	7	5.000
D. Composition of a functional committee and the election of its members	3	5.000
E. Internal control	3	5.000
	24	4.986

Evaluation: The overall score was 4.986, and the functional committee was rated as excellent. The performance evaluation score of the Compensation committee and audit committee in the aspect of " Awareness of a functional committee's responsibilities " is slightly low, so it is necessary to provide relevant information to members to improve their cognition of committee responsibilities.

5. Overall result: Good.

In general, the Board of Directors operated well. The Company will continue to strengthen its operations based on the evaluation results of the Board of Directors to improve the effectiveness of corporate governance.

IV. Objectives of strengthening the responsibilities of the Board (e.g., establishing an Audit Committee, enhancing information transparency, etc.), and the evaluation of their implementation in the current year and the most recent year

(I) Number of Board Meeting attendance by all Directors in 2022 was 39, and the actual attendance was 39, representing a 100% attendance rate.

(II) Hours of continuing education of every Directors in 2022 fulfilled the requirement of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPE-Listed Companies".

(III) The Board meeting attendance rates of the three Independent Directors in 2022 were all 100%, fulfilling the regulation that at least one Independent Director shall be present in person at each Board meeting.

(II) Audit Committee operations

1. Audit Committee operations

A total of 4 meetings (A) of the Board of Directors were held in 2022. The attendance of Independent Directors was as follows:

Title	Name	In Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Yun-ming Hsieh	4	0	100	
Independent Director	Wei-hsiung Yin	4	0	100	
Independent Director	Pek-Seng Ng	4	0	100	

Note 1: If an Independent Director leaves his or her office before the end of the year, the date of departure shall be indicated in the Remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee during his or her term of office and the actual attendance.

Note 2: If there is a re-election of independent directors before the end of the year, both new and retired independent directors should be listed, and indicate whether the Independent Director is a former, new, or re-elected Director, and the date of re-election in the remarks column. Actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings and attendance during his or her term of office.

Other items to be noted:

I. If the Audit Committee operates under any of the following circumstances, the date and session of the meeting, the content of motions, the dissenting opinions, qualified opinions, or significant recommendations, the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinion shall be stated.

(I) Matters stipulated in Article 14-5 of the Securities and Exchange Act

Date of Audit Committee (period)	Content of Motion	Independent director opinion	Handling of Independent Directors' Opinions by the Company	Resolution results
03/08/2022 The 12th meeting of the 1st term	1. 2022 financial budget report of the Company. 2. 2021 Business report and financial statements of the Company. 3. 2021 Cash dividends distribution of the Company. 4. 2021 Earnings distribution of the Company. 5. Audit Officer report. 6. 2021 Internal Control System Statement of the Company. 7. Amendment of "Regulations Governing the Acquisition or Disposal of Assets." 8. The Company's 2022 CPA	None	None	Approved

	independence evaluation, appoinment and compensation proposal. 9. The Company's new shares issuance in Q4 2021 upon conversion of employee share subscription warrants into the Company's common share.			
04/28/2022 The 13th meeting of the 1st term	1. The Company's financial statements for Q1 2022. 2. Audit Officer report. 3. The Company's new shares issuance in Q1 2022 upon conversion of employee share subscription warrants into the Company's common share.	None	None	Approved
07/29/2022 The 1st meeting of the 2nd term	1. Nomination of the convener of the 2nd term of Audit Committee of VIA Labs, Inc. 2. The Company's financial statements for Q2 2022. 3. Audit Officer report. 4. The Company's new shares issuance in Q2 2022 upon conversion of employee share subscription warrants into the Company's common share.	None	None	Approved
11/01/2022 The 2nd meeting of the 2nd term	1. Report of communications between Deloitte and Touche and the Audit Committee. 2. Audit Officer report. 3. The Company's financial statements for Q3 2022. 4. Developing the Company's 2023 audit plan. 5. The Company's new shares issuance in Q3 2022 upon conversion of employee share subscription warrants into the Company's common share.	None	None	Approved

(II) In addition to the aforementioned matters, any resolutions approved by two-thirds or more of all Directors without the approval of the Audit Committee: None.

II. Responsibilities of the Audit Committee:

Article 6 of the "Organizational Procedures of the Audit Committee" of the Company:

(I) Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

(II) Evaluating the effectiveness of the internal control system.

(III) Establishing or amending work procedures for material financial or operating actions of the acquisition or disposal of assets, engaging in derivatives trading, extension of monetary loans to others, endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.

(IV) Matters bearing on the personal interest of any Directors.

(V) Material assets or derivatives transactions.

(VI) Material monetary loans to, endorsements, or guarantees for others.

(VII) The offering, issuance, or private placement of any equity-type securities.

(VIII) The appointment or dismissal of an attesting CPA, or the compensation given thereto.

(IX) The appointment or discharge of a financial, accounting, or internal audit officer.

(X) The annual financial report signed or sealed by the Chairman, the management, and the accounting officer, and the Q2 financial report that is subject to review and attestation by the CPA.

(XI) Other material matters required by the Company or competent authorities.

III. Audit Committee 2022 work focuses:

Reviewing the Company's financial reports and internal audit reports, supervising significant risks and the implementation of internal control system, and review the independence and competence of the attesting CPA, etc.

IV. If there is any recusal of Independent Director due to conflicts of interests, the Directors' names, contents of motions, causes for recusal and voting should be specified: None.

V. Descriptions of the communications between the Independent Directors, the internal audit officer, and the CPAs (including the important items, method, and results of the Company's finance or operations, etc.):

Meeting held on November 1, 2022 without general directors and management present

(I) Communications between Independent Directors and CPAs

1. The Audit Committee provides the internal audit results and the explanation of internal audit opinions on the Company's annual financial statements to the attesting CPAs prior to their auditing of such financial statements. A written communication letter would be sent annually to report the risks of the audit, the key audit issues and the necessary explanations.

2. Summary of communications between Independent Directors and CPAs:

Date	Method	Subject	Results
11/01/2022	Audit Committee	1. The company appointed Deloitte and Touche to perform the Audit of the financial statements of the year 2022. The certified accountants are Shu-Lin Liu and Chin-Chuan Shih, respectively. In accordance with the provisions of the Audit Standards Bulletin 62 and Deloitte Global Audit Quality policy, the accountants and the audit team will perform the audit of the financial statements, Communicate with the company's audit committee in due course. 2. The main purpose of the communication is to explain the auditors' methodology of the audit, their understanding and findings of the company during the planning stage or the conclusion of the audit, and to maintain two-way communication with members of the company's audit committee to strengthen corporate governance.	Acknowledged and agreed

3. The Company evaluates the independence of appointed CPAs, obtains a Declaration of Independence from CPAs for review by the Audit Committee and the Board of Directors annually. To ensure the independence of the CPAs, it was approved by the 12th meeting of the 1st term of Audit Committee on March 8, 2022 and the 1st meeting of the Board of Directors on March 8, 2022 that CPA Shu-Lin Liu and CPA Chin-Chuan Shih from Deloitte and Touche have both met the independence evaluation criteria and were qualified to act as the Company's financial and tax attesting accountants.

(II) Communications between Independent Directors and internal Audit Officer

1. The Company would submit its audit plan for the following year to the Audit Committee for consideration and approval, and then submits it to the Board of Directors for resolution before the end of a fiscal year.
2. After checking the audit report and tracking report, notify the independent director before the end of the month after the completion of the audit project, so that the independent director can understand the audit operation situation.
3. The amendment of the internal control system or internal audit system is subject to the approval of the Audit Committee and the resolution of the Board.
4. The Company would issue an internal control system statement based on the results of its own evaluation of the design and implementation of the internal control system, which is subject to the approval of the Audit Committee and the resolution of the Board.

5. The audit officer may communicate with the Independent Directors by phone or email as needed in the ordinary course of business.

6. Summary of communications between Independent Directors and internal audit officer:

Date	Method	Subject	Results
03/08/2022	Audit Committee	2021 Internal Control System Statement of the Company Audit operations in Q4 2021	Approved and submitted to the Board for resolution Acknowledged and agreed
04/28/2022	Audit Committee	Audit operations in Q1 2022	Acknowledged and agreed
07/29/2022	Audit Committee	Audit operations in Q2 2022	Acknowledged and agreed
11/01/2022	Audit Committee	Audit operations in Q3 2022 2023 Audit Plan	Acknowledged and agreed Approved and submitted to the Board for resolution

(III) Corporate Governance implementation and its deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies"

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
I. Does the Company establish and disclose its corporate governance best practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	✓		The Company has established the corporate governance best practice principles by resolution of the Board of Directors on September 26, 2019 and amended its contents on March 20, 2020 pursuant to laws and regulations and future practical operations.	None
II. Shareholding structure and shareholders' rights				
(I) Does the company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters and implement the procedures accordingly?	✓		(I) The Company has established a spokesperson system accordingly to deal the matters related to shareholders' suggestions, concerns and disputes, and response to media and investment institutions' inquiries. In the event of litigation, the legal department will handle the matter.	None
(II) Does the company get hold of the major shareholders and beneficial owners of these major shareholders?	✓		(II) The Company has established a stock affairs unit to keep track of the list of major shareholders and their ultimate controllers, and regularly disclose	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			information on the shareholdings of Directors and major shareholders by law.	
(III) Has the company built and executed a risk management system and "firewall" between the company and its affiliates?	✓		(III) The control between the Company and its affiliates is conducted in accordance with the "Regulations Governing Intercompany Financial Operations of Group Companies" and the "Internal Control System" of the Company, its subsidiaries and affiliates, and relevant laws and regulations, which enable effective risk control.	None
(IV) Does the Company formulate internal regulations that prohibit its insiders from trading marketable securities using non-public information?	✓		(IV) The Company's management values ethical management and pay attention to the prevention of fraud when designing the internal management system. The Company has established the "Management Procedures for Handling Material Inside Information and Preventing Insider Trading" to strictly prohibit insiders from trading marketable securities using non-public information, and educates insiders on the Securities and Exchange Act and related regulations regarding insiders at the beginning of each month to prohibit insiders from being involved in insider trading practices. The Company has obtained the Insider's Compliance Statements in May 2020.	None
III. Composition and responsibilities of the Board of Directors				
(I) Does the board formulate a diversity policy, specific management	✓		(I) The composition of the board of directors of the company is based on the company's current operation scale	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
objectives and guidelines, and implement them?			and development plan. The specific management objectives of diversity include paying attention to gender equality, whether to work as an employee of the company, age, experience, professional background, professional skills, industry experience, etc., and have a reputation of integrity, and promise to devote sufficient time to participate in the supervision of the company's business. Have the ability to assist in operation and management and provide suggestions and supervision on the operation of the company; At present, the board of directors of the company is composed of seven directors, three of whom are independent directors. Each director and independent director has complete and rich learning experience. The diversified composition enables the board of directors of the company to play the function of operation decision-making and leadership and supervision, which meets the goal of diversification. Please refer to page 15 to 18 (I) Director information 5. Diversity and independence of the board.	
(II) In addition to the compensation committee and audit committee set up in accordance with the law, does the company voluntarily set up other functional committees?		✓	(II) At present, in accordance with the provisions of laws and regulations, the compensation committee and audit committee have been set up, and the corporate governance promotion unit, honest operation promotion unit and sustainable development promotion	Future timely setting

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			unit have been set up. In the future, the company will choose an appropriate time to set up the compensation committee and audit committee.	
(III) Does the Company set up the evaluation guideline and method for the Board and conduct the evaluation annually, as well as submit the evaluation result to the Board meeting as a reference to individual Director's reappointment and compensation?	✓		(III) The Company's Board of Directors resolved to establish the "Board of Directors' Performance Evaluation Method" on March 20, 2020, and the evaluation was completed by the first quarter of 2023 and submitted to the Board of Directors on March 9, 2023. The Company conducts regular performance evaluations for the Board of Directors annually and by an external professional independent organization or a team of external experts at least once every three years. Please refer to page 25-28 for the 2022 annual performance evaluation results report. IV. Operations of Corporate Governance (I) Operation of the board of Directors.	None
(IV) Does the company regularly evaluate the independence of the attesting CPAs?	✓		(IV) The Company evaluates the independence of the attesting CPAs by the Finance Department on an annual basis. The results have been submitted to the Audit Committee and the Board of Directors for consideration and approval on March 8, 2022 According to the evaluation results by the Company's Finance Department, CPAShu-Lin Liu and CPA Chin-Chuan Shih from Deloitte and Touche have both met the independence evaluation criteria (Schedule 1) and were qualified	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			to act as the Company's attesting accountants. Deloitte and Touche has also provided an Auditor's Independence Declaration.	
IV. Does the Company have competent and adequate number of corporate governance personnel and assign corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, handling matters relating to board meetings and shareholders' meetings according to laws, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders meetings, etc.)?	✓		The Company has, upon the approval of the Board meeting on March 20, 2020, assigned Vice President of the Operation Center, Mr. Hung-wen Chen, to be the Corporate Governance Officer and set up a corporate governance promotion unit to be concurrently served by the Management Division, so as to protect shareholders' rights and to strengthen the functions of the Board of Directors. The responsibilities of the Corporate Governance Officer are handling Board meeting and Shareholders' Meeting related matters, preparation of minutes of the Board meetings and Shareholders' Meetings, assistance in onboarding and continuing education of the Directors, provision of information required by the Directors to perform their duties, and assistance in the Directors' compliance of law. In 2022, our Head of Corporate Governance completed 12 hours of refresher courses.	None
V. Does the Company establish a communication channel for its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and set up a stakeholder section on its corporate website and response properly to the important CSR issues the stakeholders care about?	✓		The Company sets up stakeholder sections in its corporate website for stakeholders to contact the Company, including: (I) Shareholder/ investor communication: Set up an investor section on the corporate website, announces annual shareholders' meetings, monthly revenue and financial information, holds investor conferences, and provides contact information of the spokesperson and stock affairs agent.	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			(II) Employee communication: The Company holds labor-management meetings regularly to maintain a smooth communication channel between the two parties; disseminates its policies and information openly and immediately company-wide through the internal electronic platform; Established an anonymous "Employee Feedback Section" to listen to valuable suggestions and feedback from employees, as well as ensures all issues raised by employees would be taken seriously by the relevant units, and addressed and responded to properly. The Company facilitates smooth communication with employees through the above measures. (III) Customer communication: The Company elaborates on detailed product information and set up a pressroom, customer satisfaction survey, and contact email on its corporate website. It also holds agent meetings monthly to exchange operational industry information and related opinions. (IV) Supplier communication: The Company works with suppliers to establish a sustainable supply chain by requiring them to sign supplier contracts, CSR self-declarations and integrity management agreements, organizing supplier training and testing, and conducting supplier audits.	

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			(V) Government agencies communication: The Company cooperates with authorities to carry out various safety compliance inspections, filing forms/official documents, and arranging motion consultations and visits, etc. (VI) Community communication: The Company, from time to time, takes the initiative to meet with community groups to organize charity activities and community care together; it also sets up a window for community groups that is responsible for handling opinions and communicating with them.	
VI. Does the Company appoint a professional stock affairs agent to deal with Shareholders meeting relevant matters?	✓		The Company appoints the Stock Transfer Agent of CTBC as its stock affairs agent.	None
VII. Information disclosure (I) Does the Company establish a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		(I) The company has disclosed product information, financial information, corporate governance information, human resources and other information on the company website https://www.via-labs.com/	None
(II) Has the company adopted other means of information disclosure (such as setting up an English website, designating a person responsible for the collection and disclosure of company information, implementing a spokesperson system, placing the	✓		(II) The Company, by regulation, discloses its financial and business information regularly and irregularly at the MOPS. The Company also provides some English content on the Company's website disclosing the English version of the product description and annual financial report, organizes investor	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
company's website during the corporate presentation, etc.)?			conferences, simultaneously publishes the relevant information on the Company's website, and has established a spokesperson system.	
(III) Does the Company announce and file annual financial report within two month after the end of the fiscal year, and file and announce the first, second, and third quarter financial reports and monthly operations before the deadline?		✓	(III) The Company did not announce and file its latest annual financial report within two months after the end of the fiscal year, but has announced and filed its annual financial report and monthly operations prior to the required deadline.	None
VIII. Does the Company disclose other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and Supervisor's training records, the implementation of risk management policies and risk measurement criteria, the implementation of customer Policies, purchasing of liability insurance for Directors and Supervisors, etc.)?	✓		(I) The Company's Directors are professionals in their respective fields. The Company provides Directors with relevant regulatory information at all times and the management also conducts regular business and financial presentations to Directors. The directors and managers are in good condition and the details of their training courses for the year 2022 and up to the printing date of the annual report are set out in Schedule 2 or on the Market Observation Post System. (II) The Company has established and effectively implemented a sound internal control system based on relevant laws and regulations. The Company also conducts risk assessments on major banks, customers, and suppliers to reduce credit risk.	None

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			(III) The Directors of the Company have recused themselves from all motions with conflicts of interest. (IV) The Company maintains a smooth communication channel with customers. (V) The directors' liability insurance was taken out on June 1, 2022, in the amount of US$3,000,000, and is expected to be renewed in June 2023, and the status of the insurance will be reported to the board of directors. (VI) As for the succession of key management personnel, the Company emphasizes not only that the successor should have excellent strategic planning and operational capabilities, but also the belief and practice of honesty, integrity, innovation and courage. The succession team of the Company's Board of Directors and key management are trained by the Group's senior management team, and through internal and external training mechanisms such as professional competence deepening and personal development programs, in the breadth and depth of decision-making and actual operations. The Company expects to spend 5 to 10 years preparing the foundation for succession. (VII) On March 9, 2023, the Company reported the results of intellectual property management to the Board of	

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
			Directors. In 2022, the Company received 19 patents for inventions and 1 patent for novelty, totaling 20 patents. (VIII)The Company has established a "Information Security Promotion Committee" in 2019 to promote and conduct various information security operations, so as to ensure that the Company's information assets are properly and effectively preserved. The Company received ISO 27001 certification for its information security management system in February 2020 and January 2022, respectively, and reported the implementation of its information security policy to the board of directors on March 9, 2023. (IX) In order to promote and implement the overall risk management of the company, the President serves as the convenor to coordinate and direct the promotion and operation of the risk management plan, and the management personnel and employees of all departments under the company participate in the promotion and implementation. The risk management operation situation of 2022 will be submitted to the report of the board of Directors on March 9, 2023. The risk subjects included corporate governance, social and environmental issues, and the sources of risk and the Company's responses to them.	

Assessment Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Summarized explanation	
IX. Please describe the improvement status and unimproved items with prioritized reinforcement for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange in the most recent year (companies not included in the evaluation need not to fill out): The company results of Corporate Governance Evaluation are between 36% and 50% of the listed companies.				

Schedule I:

1. The following table summarizes the independence assessment of CPAs:

Visa accounting firm: Deloitte and Touche

Certified Public Accountants: Shu- Lin Liu, CPA and Chin- Chuan Shih, CPA

Assessment Items	Yes	No
1. Whether the CPAs have involved in any direct or material indirect interests with the Company.	✓	
2. Whether the CPAs have a loan or guarantee to or from the Company's Directors.	✓	
3. Whether or not the CPAs have concerned about the possibility of losing a client and affecting their audit of the Company.	✓	
4. Whether or not the CPAs have significant close business relationship or entered into potential employment negotiations with the Company.	✓	
5. Whether or not the CPAs have not entered into a contingent fee arrangement relating to the assurance engagement.	✓	
6. Whether or not the CPAs or the assurance team member being, or having been a Director, Supervisor, or managerial officer of the Company, or employed by the Company in a position to exert significant influence over the assurance engagement within the last two years.	✓	
7. Whether or not the non-assurance service which performed by the CPAs for the Company would not affects directly a material item of the assurance engagement.	✓	
8. Whether or not the CPAs have or have been promoting or brokering shares or other securities issued by the Company.	✓	
9. Whether or not the CPAs have not acted as an advocate for the Company or coordinated conflicts with other third parties on behalf of the Company.	✓	
10. Whether or not the CPAs have a close or immediate family member who is a Director, Supervisor, or managerial officer of the Company or an employee who is in a position to exert significant influence over the assurance engagement	✓	
11. Whether or not there is a former partner within one year of disassociating from the accounting firm joins the Company as a Director, Supervisor, or managerial officer or is in a key position to exert significant influence over assurance engagement.	✓	
12. Whether or not the CPAs hold a recurring position with the Company and receive a fixed salary.	✓	
13. Whether or not the CPAs are not involved in the Company's management function of making decisions.	✓	
14. As of the date of the most recent attestation, the Company does not have the situation of not changing its CPAs for seven years.	✓	
15. As of now, there is no disciplinary action has been taken against the accountant.	✓	

2. The following is a table of the accountant's suitability assessment:

Assessment Items	Yes	No
1. Whether or not it is qualified as an accountant and able to perform the duties of an accountant.	✓	
2. Whether or not the company has relevant industry knowledge.	✓	
3. Whether or not the audit of financial statements was performed in accordance with generally accepted auditing standards and the Rules Governing the Audit of Financial Statements by Certified Public Accountants.	✓	
4. Whether or not there is no use of accountant status, in the industry and commerce for unfair competition.	✓	

Schedule 2: Continuing education records of Directors and managerial officers

April 18, 2023

1. Directors continuing education records

Title	Name	Date		Training hours	Training Agency	Course
		From	To			
Chairman of the board	Wenchi Chen	May 20, 2022	May 20, 2022	3	Securities and Futures Institute	2022 Prevention of insider trading promotion
		November 22, 2022	November 22, 2022	3	Securities and Futures Institute	Global economic and technology development trends
Board of Directors	Cher Wang	November 22, 2022	November 22, 2022	3	Securities and Futures Institute	Global economic and technology development trends
		November 23, 2022	November 23, 2022	3	Taiwan Corporate Governance Association	Corporate governance in coping with the changes of the international order
		November 23, 2022	November 23, 2022	3	Taiwan Corporate Governance Association	The ESG challenge： Let's meet the new world of Net-zero
Board of Directors	Tzumu Lin	October 19, 2022	October 19, 2022	3	Taiwan Corporate Governance Association	Corporate Governance Summit Forum -- Improve the functions of directors and implement the company's sustainable management
		November 23, 2022	November 23, 2022	3	Securities and Futures Institute	The trends and up-to-date Development of Carbon Border Tax (CBT)
Board of Directors	Timothy Chen	October 19, 2022	October 19, 2022	3	Securities and Futures Institute	2022 Insider Share Transfer Compliance Briefing
		December 16, 2022	December 16, 2022	3	Securities and Futures Institute	Brief introduction and case analysis of short-term trading of company insiders
Independent Director	Yun-Ming Hsieh	October 19, 2022	October 19, 2022	3	Securities and Futures Institute	2022 Insider Share Transfer Compliance Briefing
		November 22, 2022	November 22, 2022	3	Securities and Futures Institute	Global economic and technology development trends
		December 21, 2022	December 21, 2022	3	Taiwan Corporate Governance Association	How can the board of directors monitor ESG risks and build sustainable competitiveness of enterprises?
Independent Director	Wei-Hsiung Yin	October 24, 2022	October 24, 2022	3	Taiwan Internal Audit Association	Trade Secrets Act and Non-competition (including Economic Espionage Crime under the newly amended National Security Law)
		October 26, 2022	October 26, 2022	3	Securities and Futures Institute	2022 Insider Share Transfer Compliance Briefing
		November 22, 2022	November 22, 2022	3	Securities and Futures Institute	Global economic and technology development trends
Independent Director	Pek-Seng Ng	October 19, 2022	October 19, 2022	3	Securities and Futures Institute	2022 Insider Share Transfer Compliance Briefing
		November 22,2022	November 22,2022	3	Securities and Futures Institute	Global economic and technology development trends

2. Key managerial officers continuing education records

Title	Name	Date		Training hours	Training Agency	Course
		From	To			
Vice President, Financial and Accounting Officer, and Corporate Governance Officer	Hung-wen Chen	August 29, 2022	August 30, 2022	12	Accounting Research and Development Foundation	Continuing Education Classes for Accounting Executives of Issuers, Securities Firms and Stock Exchange
		September 26, 2022	September 27, 2022	12	Accounting Research and Development Foundation	Continuing Education Classes for Accounting Executives of Issuers, Securities Firms and Stock Exchange
Vice President	Hsueh-Chung Lu	February 18, 2022	February 18, 2022	2	Taiwan Semiconductor Industry Association	2021 Q4 and Full Year Taiwan Semiconductor Industry Market Trends and Special Topics Online Seminar
		March 24, 2022	March 24, 2022	3	DIGITIMES	Research Industry Trend Forum - Latest layout and technology trend of semiconductor chip market
		September 13, 2022	September 16, 2022	24	SEMICON TAIWAN	2022 International Summit Forum on Heterogeneous Integration
		December 12, 2022	December 16, 2022	32	IEEE	2022 IEEE International Electron Device Meeting

3. Corporate governance officer continuing education records

Title	Name	Date		Training hours	Training Agency	Course
		From	To			
Vice President, Financial and Accounting Officer, and Corporate Governance Officer	Hung-wen Chen	August 29, 2022	August 30, 2022	12	Accounting Research and Development Foundation	Continuing Education Classes for Accounting Executives of Issuers, Securities Firms and Stock Exchange
		September 26,2022	September 27,2022	12	Accounting Research and Development Foundation	Continuing Education Classes for Accounting Executives of Issuers, Securities Firms and Stock Exchange

(IV) If a Remuneration Committee is established, disclose its composition, responsibilities and operations

1. On June 17, 2022, the board of Directors adopted a resolution and appointed Mr. Hsieh Yunming, Mr. Yin Wei hsiung and Mr. Ng Pek-Seng as the members of the second session of the Remuneration Committee, and on October 24, 2022, the Remuneration Committee elected Mr. Hsieh Yunming, the independent director, as the convenor.
2. Its main responsibilities and annual work focus are to establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of Directors and managerial officers, and to regularly evaluate and set the compensation of Directors and managerial officers.
3. Its operations are conducted in accordance with the Company's "Organizational Regulations of Remuneration Committee". At least two meetings are held each year.

4. Remuneration Committee member information:

April 18, 2023

Title \ Criteria / Name		Professional Qualifications and Experience	Independence	Number of Other Public Companies where the Members Serve as Member of Remuneration Committee
Independent Director (Convener)	Yun-Ming Hsieh	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	1
Independent Director	Wei-Hsiung Yin	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	0
Independent Director	Pek-Seng Ng	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	Please refer to "4. Professional qualifications of directors and the independence of independent Directors" under page 15-18 (I) Information on directors	0

5. Remuneration Committee operations

(1) There are 3 members in the Company's Remuneration Committee.

(2) The term of office of the current members is from June 17, 2022 to June 16, 2025. There were 2 meetings (A) of the Remuneration Committee held in 2022. The qualifications and attendance of members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Yun-Ming Hsieh	2	0	100%	
Member	Wei-Hsiung Yin	2	0	100%	
Member	Pek-Seng Ng	2	0	100%	

Other items to be noted:

I. The function of the Remuneration Committee is to evaluate the compensation policies and systems of the Company's Directors and managerial officers from a professional and objective perspective and to make recommendations to the Board of Directors for their reference in making decisions. Its responsibilities include regularly reviewing the Company's

Organizational Regulations of the Remuneration Committee and making amendment suggestions; setting and regularly reviewing annual and long-term performance objectives for the Company's Directors and managerial officers; formulating and regularly reviewing the salary and compensation policies, system, standard, and structure; regularly evaluating the achievement of the performance objectives of the Company's Directors and managerial officers and setting up the content and amount of their compensation.

II. If any recommendation of the Remuneration Committee was not adopted or was modified by the Board of Directors, the date and session of the meeting, the content of motions, the Board resolution, and the Company's handling of the Remuneration Committee's recommendation shall be stated (If the compensation approved by the Board is better than that recommended by the Remuneration Committee, the difference and the reasons for the difference shall be stated): None.

III. If any of the Remuneration Committee meeting resolutions have been opposed or qualified by a member and have records or written statements, the date and session of the meeting, the content of motions, all members' opinions, and the Company's handling of the opinions shall be stated: None.

IV. Remuneration Committee operations in the most recent year

Remuneration Committee	Motion and follow-ups	Resolution	The Company's Handling of Salary and Compensation Committee Opinions
03/02/2022 The 7th meeting of the 1st term	1. 2021 Managerial officers' and Directors' compensation distribution. 2. Review of Directors' compensation for 2021. 3. Change of managerial officers' title in 2022. 4. The company's 2022 salary adjustment plan for managerial officers	The chairman consulted all the members present and approved it.	The proposal was submitted to the Board for discussion and was passed with the consent of all Directors present.
10/24/2022 The 1st meeting of the 2nd term	1. Election of the Convener of the 2nd term of Remuneration Committee. 2. 2022 Work performance of managerial officers 3. 2022 Remuneration of the managerial officers to be approved. 4. The Remuneration Committee's work plan for 2023.	The chairman consulted all the members present and approved it.	The proposal was submitted to the Board for discussion and was passed with the consent of all Directors present.

(V) The discrepancies between the Company's implementation of sustainable development and "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies." and the reasons thereof

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
I. Does the Company create a governance structure for promoting sustainable development, and establish an exclusively (or concurrently) dedicated unit to promote sustainable development, and governed by senior management under the delegation of the Board of Directors? How is the supervision by the Board?	✓		The company has set up a sustainable development promotion unit concurrently chaired by the President's office, and leads all departments to formulate sustainable goals and ESG development policies. The responsibilities of relevant departments cooperate with the implementation. The company also regularly reviews the appropriateness of policies, systems and management policies every year and reports the implementation results to the board of Directors regularly and continues to be committed to the implementation of sustainable development.	None
II. Does the company conduct risk assessment on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	✓		The company has carried out risk assessment of environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality. In order to improve the company's corporate governance and implement the risk management of enterprise operation, all relevant departments have carried out risk assessment of various issues according to the content of their duties and formulated "risk management Measures." Such as "Code of Corporate Governance Practices," "Code of Ethical Business Practices" to reasonably ensure the achievement of the company's strategic objectives.	None
III. Environmental Issues (I) Does the Company establish proper environment management systems based on the characteristics of their	✓		(I) In terms of industrial safety and environmental protection, the Company not only strives to comply with domestic	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
industries?			environmental, safety, and health related laws and regulations, but also actively connects with international standards. It adopts ISO 9001 Quality Management System and IECQ QC080000 Hazardous Substance Process Management System, and obtains related certifications from the third-party certification authority every year. All of our products comply with True Green Policies, including EU RoHS 2.0 Directive and Halogen Free process. We also require our suppliers not to use hazardous substances in order to meet international customer demands for product safety. In addition, the packaging materials and catalogs of our products are all made of eco-friendly recycled paper and eco-friendly ink to reduce environmental pollution.	
(II) Does the Company endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment?	✓		(II) The company adheres to the concept of energy saving and environmental protection, committed to source improvement, product development and design to low power consumption and energy saving as the core, and the old and new generation of products can be compatible replacement, to achieve the relevant raw material reduction and waste reduction goals, in order to reduce the impact on the environment.	None
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures?	✓		(III) The company is committed to respond to the current global trend of energy saving and carbon reduction, in order to fulfill the responsibility of global citizens to protect the environment, such	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			as: the control of air conditioning opening hours and temperature control, turn off the lights at will and the full use of energy-saving lamps... We are committed to the global trend of energy saving and carbon reduction in order to fulfill our responsibility as a global citizen to protect the environment.	
(IV) Does the Company compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes?	✓		(IV) The Company always has an industrial safety and environmental protection officer who is responsible for the promotion and execution of environmental protection, safety and health related business, and a "Type A Occupational Safety and Health Business Manager" who is responsible for the development, planning and resolution of the company's overall environmental safety and health strategy and the promotion of various proposals. The electricity consumption of the company in 2022 increased by 119,040 kw/hr compared with that in 2021, increasing CO_2 emissions by about 61 tons; The total water consumption in 2022 and 2021 was 3,769 and 2,681 KWH respectively. The increase in water consumption was mainly due to the WFH outbreak of COVID-19 in 2021 and the resumption of physical work in 2022. However, the company will continue to promote energy conservation and carbon reduction actions. The weight of business waste in 2022 and 2021 is 205 kg and 50 kg respectively. In 2022, due to the	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			accumulation of business waste in the past years, the weight increases. The company regularly carries out annual, seasonal and monthly routine maintenance and replacement of air conditioning equipment such as ice water host, ice water blower and full heat exchanger every year. In order to reduce its failure rate, and improve the operation efficiency. The Company has also adopted the practices of turning off the lights in the office during lunch break and installing lights with motion sensors, which can save 10% of electricity consumption in lighting. Please refer to "(II) Specific practices and Results of energy saving Measures" on pages 116-117 of "Part 6. Sustainable Development " of this annual report.	
IV. Social issues (I) Does the Company adopt relevant management policies and processes in accordance with relevant laws and regulations, and the International Bill of Human Rights?	✓		(I) The Company complies with the domestic Labor Standards Act and other relevant labor laws and regulations, and supports and follows the principles declared in international human rights conventions such as the United Nations' "Universal Declaration of Human Rights," the "United Nations Global Compact" and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on race, age, gender, sexual orientation, disabilities, pregnancy, socioeconomic status, marital and family status, or religions, so as to protect the legal rights of employees and to establish relevant management rules and procedures by law.	
(II) Has the Company established and implemented reasonable employee benefits (including salary, vacation and other benefits) and appropriately reflected operational performance or results in employee compensation?	✓		(II) The Company regularly refers to the market salary level and the macroeconomic indexes to set up reasonable compensation policies to ensure overall salary competitiveness; as well as set reasonable employee benefits. According to the articles of association of the company, if the company makes profits in the year, it shall allocate no less than 5% to employee compensation, which links the company's business performance with employee compensation. The actual allocation rate in 2022 is 8%. In addition, the Company uses the regular performance evaluation mechanism as a two-way communication interactive platform to achieve organizational and personal development, and to give corresponding rewards based on performance results, so as to motivate employees and the Company to grow together. In 2022, managers' and non-managers' salary adjustments in the	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			range of 2 to 3% and 0 to 4% respectively. In addition, the Company provides benefits that are superior to those required by law, including a leave system that is superior to the Labor Standards Act, participating the labor and national health insurance by law, contributions to labor pensions, employee group insurance, regular health checkups for employees, and sets up an employee welfare committee, provides cash gifts for three traditional festivals, birthday, wedding, the condolence money, privileges in contracted shops, and a variety of club activities. In addition, in order to appreciate with the hard work of the staff, we provide software and hard services: parking lots, gyms, infirmaries and breastfeeding rooms, afternoon tea and evening lunches, and massage services by blind masseurs, so that the employees can relax after work. At the same time, the Company has contracted with nearby medical institutions and daycare centers to provide employees and their families with assured choices. Please refer to the content in page 106~110, "Six. Sustainable Development "(I) Employee benefits" of this annual report.	
(III) Does the company provide a safe and healthy working environment for employees and conduct regular safety and health education for employees?	✓		(III) The Company, in accordance with the Occupational Safety and Health Act, provides a safe and healthy working environment for employees, including the provision of necessary health and	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			first aid facilities, and striving to reduce the risk factors to employee safety and health. It conducts various measurements and environmental improvement of the working environment at least once every six months to eliminate the occurrence of occupational hazards and diseases. The Company has three sets of AEDs in the office area, holds CPR and PFA courses regularly, and encourages employees to get first aid certifications to ensure the staff can respond to "sudden cardiac arrests" timely and to strengthen first responders' ability to deal with emergency situations. The Company is committed to strengthening and promoting employee safety and health, and implementing safety management in the work environment. To prevent the occurrence of significant abnormal accidents, in addition to safety and health education and training for new employees, all employees are regularly trained in the use of fire extinguishers, fire hydrant boxes and other fire-fighting equipment, as well as escape drills to ensure the safety of employees. To promote employee health, the Company not only conducts employee health checkups regularly but also invites, once a month, professional physicians to station at the offices to provide workplace health consultation services to employees. At the same time, it regularly holds	

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			seminars on various physical and mental health topics such as physical and mental healthcare, weight loss programs, medical news, occupational disaster prevention, couple communication, gender relations, etc. It also regularly holds weight loss competitions, physical fitness courses, nutrition and exercise courses, occupational safety courses, dementia caring courses, grief therapy, gender equality and workplace bullying prevention courses, and other training courses. A total of six sessions are held in 2022. Regarding the responding and preventing measures of Covid-19, in order to ensure that employees can overcome the collective anxiety and depression during the peak of the epidemic, and actively protect the health and safety of employees and their families, HR Department has set up a cross-departmental epidemic prevention committee consisting of nine senior executives to conduct epidemic response meetings from time to time, and continuously and strictly require all employees to cooperate with the epidemic prevention policies so as to maintain the safety of business operations. Please refer to the content in page 106~110, Part 6.“Six. Sustainable Development”, “(I) Employee benefits”, “(4) Employee safety and health management”, and the content in page 114~115, “(I) Protective measures for	

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			working environment and employees' personal safety" of this annual report.	
(IV) Does the Company establish effective training programs to foster career skills?	✓		(IV) The Company develops training plans according to job duties and prepares annual budgets according to the education and training needs every year. From time to time, it hires external instructors to deliver internal training and sends employees to attend job-related professional seminars and training courses to enhance employees' abilities in all aspects of their work and to help them achieve organizational performance and promote their career development. It also actively promotes on-line learning so that employees can have the latest and most comprehensive professional knowledge. Please refer to the description of "(II) Further Education and Training" on page 110-111 of "Part 6. Sustainable Development" of this annual report.	None
(V) As for issues regarding customer health and safety and customer privacy involved in, and marketing and labeling of the products and services, does the Company follow relevant laws, regulations and international guidelines to establish relevant policies and grievance procedures to protect the rights of consumers or customers?	✓		(V) The marketing and labeling of the company's products and services shall comply with relevant laws and regulations and international standards, and shall not deceive, mislead, cheat or any other behavior that destroys consumer trust or damages consumer rights and interests. The Company provides all the product information on its corporate website for inquiry or downloading. Consumer can also use "CONTACT US" to communicate with the Company.	None

Item	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
(VI) Does the Company establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights? How is the implementation status?	✓		(VI) The Company applies rigorous internal evaluation and investigation procedures on its suppliers. In addition to including whether there is a record of environmental and social impact as an important checkpoint, all products must be provided in compliance with statutory environmental standards.	None
V. Does the Company adopt internationally widely recognized standards or guidelines to produce the sustainability report or other reports that disclose the Company's non-financial information? Does the Company obtain a third-party assurance or verification for the aforementioned reports?		✓	The Company has not yet prepared a corporate sustainability report currently.	None
VI. If a company has its own sustainable development principles formulated in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx=Listed Companies," please describe its operations and its discrepancies from the best practice principles: The Company has formulated a Corporate Social Responsibilities Best Practice Principles upon the approval of Board meeting on March 20, 2020. Its operation is consistent with the spirit and principles set forth in the "Sustainable Development Best Practice Principles for TWSE/TPEx- Listed Companies."				
VII. Other important information to facilitate better understanding of the implementation of sustainable development: Please refer to "Part 6. Sustainable Development" of this annual report.				

(VI) Implementation of ethical corporate management, its discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- Listed Companies", and the reasons thereof

Assessment Items	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
I. Establishing ethical policies and measures				
(I) Does the Company clearly specify ethical corporate management policies, guidelines and the commitments of the Board of Directors and the senior management team to implement the policies in its guide lines and external documents?	✓		(I) The Company has formulated its "Ethical Corporate Management Principles" and "Ethical Corporate Management Procedures and Code of Conduct" upon the resolution of Board meeting on March 20, 2020. The Company's core values are integrity, innovation, discipline, positivity, customer trust, and a mission to connect the world with innovation and care. Under the management of corporate integrity and ethical norms, all of the Directors, managerial officers, and employees strive to maintain high level of professional ethics. The Company also formulates various internal rules to ensure the implementation of ethical corporate management and legal compliance and publishes the relevant rules on the Company's website for employees to inquire about. The Company's Directors and the management governing laws and regulations have all signed the Ethics Declaration.	None
(II) Does the Company establish relevant risk evaluation mechanism and periodically analyze and evaluate the operating activities with higher possibility of unethical conduct within operation scope, and set up unethical conduct prevention act accordingly and at least include the	✓		(II) The Company's management team values ethical management, it focuses on malpractice prevention in the design of internal management systems, and uses system planning to prevent unethical conduct, so as to reduce the risk of unethical conduct. The Company's Directors, managerial officers,	None

Assessment Items	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
prevention measures set forth in Article 7 section 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"			employees, appointees or persons with substantial control of the Company shall not, for the purpose of obtaining or maintaining benefits, engage in any unethical conduct such as a breach of good faith, a violation of law or a breach of duty of trustee. In the event of any decision or transaction involving a conflict of interest, Directors and managerial officers shall recuse themselves from voting due to the principle of interest avoidance.	
(III) Does the Company explicitly set up operation procedures, conduct guideline, disciplinary rules for violations and appeal channel in the unethical conduct prevention act, and implement and periodically review and amend the aforementioned act?	✓		(III) The Company has formulated its "Ethical Management Procedures and Code of Conduct" and a "Reporting System." Any Director, managerial officer, or employee who is involved in any illegal acts such as violation of the Company's "Ethical Corporate Management Principles" may be reported. Inquiry method: company website https://www.via-labs.com	None
II. Ethical management implementation				
(I) Does the Company assess ethical records of business counterparties and include ethical business conduct related clauses in the business contracts?	✓		(I) In all contracts or documents relating to the Company's business activities, there are provisions for ethical conduct based on the principle of proportionality.	None
(II) Does the Company set up dedicated unit under the Board of Directors in charge of promotion of the ethical corporate management and report the execution/supervision to the Board of Directors periodically (once a year)?	✓		(II) The Company has a "Ethical Corporate Management Promotion Unit" which is held by the Management Division currently. The Company holds ethical management related training courses covering professional ethical conduct norms, intellectual property information management, insider trading prevention,	None

Assessment Items	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			trade secret infringement prevention, internal and customer communication, compliance policies, etc. The Company reviews the implementation of its Ethical Corporate Management Policies and reports to the Board of Directors in the Board meeting on March 9, 2023.	
(III) Does the Company establish policies to prevent conflicts of interest, provides appropriate communication channels and implement the policies?	✓		(III) The Company's management team attaches importance to the internal audit unit and personnel and gives them sufficient authority to urge them to confirm and evaluate the deficiencies of the internal control system and to measure the efficiency of operations and being the communicating channel for employees and suppliers. The Company provides directors and managers with regulatory information regarding the recusal of insider interests that always requires their attention.	None
(IV) Does the Company establish effective accounting systems and internal control systems for the implementation of policies, and the internal audit units forms relevant audit plan based on the risk evaluation result of unethical conduct to audit the implementation situation of unethical conduct prevention or mandate the external auditor to audit the matter?	✓		(IV) The Company has established effective accounting system and internal control system and reviews the systems from time to time to ensure their design and implementation continue to be effective. In accordance with the annual audit plan, the internal auditors regularly review and prepare audit reports, submit them to the Audit Committee for review, and submit them to the Board of Directors.	None
(V) Does the Company periodically provide internal or external training courses of ethics corporate management?	✓		(V) The Company includes the promotion of its core values into the new employee orientations, and reinforces the Company’s policies based on ethics. It conducts the promotion of the Ethical Corporate Management Principles to all	None

Assessment Items	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
			employees at least once a year. As of February 2023, there were 113 people completed the courses. It also encourages employees to attend in external relevant educational training. In 2022, the Company held ethical management related internal, external educational training for 600 people with accumulated 1,334 hours. The courses covered information security management, risk management, etc.	
III. The channels for reporting any ethical irregularities				
(I) Does the Company set up specific reporting and reward system, convenient reporting channel and assign appropriate and dedicated unit to handle the case?	✓		(I) The Company added a "Code of Ethical Conduct" and establish a reporting and reward system upon the Board resolution on March 20, 2020. The Audit Office is the reporting acceptance unit and serves as an internal complaint channel for employees; suppliers or customers may provide feedback or complain through the corporate website email or the Company's hotline. There is no breach of ethical management or violation of law currently.	None
(II) Does the Company establish standard operating procedures for the investigation, following measures, and confidentiality mechanism?	✓		(II) The Company's acceptance of reports and investigation operations are on the principle of confidentiality and fairness, and investigators should pay attention to the recusal of their own interests. The Company sets up reporting mailbox: Head of Audit Office, VIA Labs, Inc., 7F, No. 529-1, Zhongzheng Rd., Xindian Dist., New Taipei City Telephone report: (886)-2-2218-1838 transfer to the supervisor of audit room. Email:	None

Assessment Items	Implementation Status			Discrepancies and the reasons
	Yes	No	Summarized explanation	
(III) Does the Company adopt protection measures of unfair treatment for whistleblowers?	✓		ethics.reporting@via-labs.com When the investigation is completed, the investigation unit shall keep the documents and records related to the investigation process for at least five years. In the event of litigation related to the reported contents, the records shall continue to be kept until the end of the litigation. (III) The identity of the whistleblower is protected, in principle, to prevent him/her from improper treatment because of the reporting.	None
IV. Enhancing disclosure of information Does the Company disclose the content and the implementation status of the Ethical Corporate Management Principles on the Company's website and MOPS?	✓		The company website establishes corporate finance, business-related information and corporate governance information for reference by shareholders and stakeholders. The Company discloses its implementation of ethical corporate management on the corporate website and the annual report, as well as the "Ethical Corporate Management Principles" and "Ethical Corporate Management Procedures and Code of Conduct."	None
V. If the company has established Ethical Corporate Management Principles based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe any discrepancy between the principles and their implementation The Company has formulated its "Ethical Corporate Management Principles" per the Board resolution on March 20, 2020. Its implementation status and content are no different from those regulated in the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."				
VI. Other important information to facilitate better understanding of the Company's Ethical Corporate Management (e.g. discussions in how the Company can further revise its ethical corporate management principles): None.				

(VII) The way for searching the Company's corporate governance principles and related guidelines

The rules and regulations related to corporate governance of the company can be found on the company's website https://www.via-labs.com.

(VIII) Other Important Information to facilitate better understanding of the Company's corporate governance implementation

The Company has established the "Internal Material Information Processing and Prevention of Insider Trading Management Operating Procedures" to avoid the company or its insiders from accidentally touching or intending to violate the relevant provisions of insider trading due to their ignorance of laws or other regulations, so as to protect investors and safeguard the rights and interests of the Company; At least once a year, the management office of the company will publicize the prevention of insider trading and other relevant laws and regulations to colleagues, and put this method on the company website for inquiry, the website is https://www.via-labs.com/investor_rules.php.

The Company continuously enhances its corporate governance and sets up a “Corporate Governance Section” in the Company’s website to describe its implementation status. The website also provides relevant rules for download and inquiry, as well as announces material information timely.

(IX) Execution of Internal Control System

1. Internal control statement

VIA Labs, Inc.
Internal Control Statement

Date: March 9, 2023

Based on the results of the self-assessment of the internal control system for 2022, the Company declares the following:

I. The Company recognizes that it is the responsibility of the Board of Directors and the managerial officers to establish, implement and maintain an internal control system, and the Company has established such a system. The purpose of such system is to reasonably ensure the achievement of the effectiveness and efficiency of operations (including profitability, performance, and protection of information security, etc.); the reliability, timeliness, transparency, and regulatory compliance of reporting; and the compliance with applicable laws, regulations, and bylaws.

II. The internal control system has inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Furthermore, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company will take corrective action.

III. The Company determines the effectiveness of the design and execution of its internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items stipulated in the “Regulations” are, based on the control process, to divide the internal control system into five constituent elements: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities. Each element includes a number of items. Please refer to the “Regulations” for the items.

IV. The Company has adopted the aforementioned internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.

V. The Company, based on the preceding assessment results, believes that the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2022[Note 2] is effectively designed and implemented to reasonably ensure the understanding of the degree of achievement of operational effectiveness and efficiency objectives; the reporting of the Company reliable, timely, transparent, and complies with applicable rules; and applicable laws, regulations, and bylaws have been complied with.

VI. The Statement will be the main content of the Company's annual report and prospectus, and will be made available to the public. If there is any illegal activity such as fraud or concealment, legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be involved.

VII. We hereby declare that the Statement has been approved by the Board of Directors of the Company on March 9, 2023. Of the 7 Directors present, 0 held opposing opinions and the rest agreed to the contents of the Statement.

VIA Labs, Inc.

Chairman: Wenchi Chen

President: Jyh-Fong Lin

2. If a public company mandates a CPA to conduct a special audit on its internal control system, the CPA's audit report shall be disclosed: Not applicable.

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

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

1. Resolutions of Shareholders' Meeting and their implementation

(1) The Company's 2022 Annual General Meeting of Shareholders was held on June 17, 2022, at Hall D, 2/F., Taipei Innovation City Convention Center, No. 223, Sec. 3, Beixin Road, Xindian District, New Taipei City, Taiwan. The resolutions of the shareholders present and the implementation status thereof are as follows:

Major Resolutions	Implementation Status
I. Matters for Ratification:	
1. Adoption of 2021 Business report and financial statements.	Resolution passed.
2. Adoptionof 2021 Retained earnings distribution.	It was passed that the record date of distribution be April 13, 2022, and a cash dividend of NT$11 per share be issued on May 6, 2022.
II. Matters for Discussion:	
1. Amendment of the Articles of Incorporation.	Resolution passed and the change of registration has been approved by Ministry of Economic Affairs on July 14, 2022, published on the Company's website. The Company has been operating by the amended procedures.
2. Amendment of the Procedures for Acquisition or Disposal of Assets.	Resolution passed. The Company has been operating by the amended procedures and published it on the corporate website.
3. Amendment of the Rules of Procedure for Shareholders' Meeting.	Resolution passed. The Company has been operating by the amended procedures and published it on the corporate website.
III. Matters for Election:	
1. The 6th Election of Directors (including Independent Directors).	The elected list of directors (including independent directors) of the sixth session is as follows: Elected Directors: WenChi Chen, Cher Wang, Representative of VIA TECHNOLOGIES, INC.: Tzumu Lin, Representative of VIA

Major Resolutions	Implementation Status
	TECHNOLOGIES, INC.: Timothy Chen Elected Independent Directors: Yun-Ming Hsieh , Wei-Hsiung Yin and Pek-Seng Ng . The change of registration has been approved by the Ministry of Economy and announced on the company's website on July 14, 2022
IV. Matters for Other: 1. Proposal for release from non-competition restrictions on Director and their representatives.	Resolution passed
V. Extraordinary Motion:	None.

2. Important resolutions of the Board meetings

There were a total of 7 Board meetings in 2022 and up to the publication date of the annual report, and the main resolutions passed are as follows:

Date	Major Resolutions
03/08/2022	1. Report on the 2021 performance evaluation of the Board. 2. Report on the intellectual property management plan. 3. Report on the implementation of the Company's information security management Policies. 4. Report on ethical corporate management promotion in 2021. 5. Report on corporate social responsibilities promotion in 2021. 6. Report on risk management implementation in 2021. 7. Report on the performance of audit operations by the Audit Officer 8. 2021 Business report and financial statements of the Company. 9. 2021 Employees' and Directors' compensation distribution. 10. 2021 Cash dividends distribution of the Company. 11. 2021 Earnings distribution of the Company. 12. Report on the Company's 2022 financial budget. 13. Review of Directors' compensation for 2021. 14. The Company's 2022 title change and salary adjustment plan for managerial officers. 15. 2021 Internal Control System Statement of the Company. 16. Modification of the Articles of Incorporation. 17. Amendment of "Regulations Governing the Acquisition or Disposal of Assets." 18. The Company's 2022 CPA independence evaluation, appointment and compensation proposal. 19. The company's fourth quarter of 2021 employee stock option certificate conversion of the company's common stock to issue new shares. 20. Reelection of all Directors (including Independent Directors). 21. Motion of the period for accepting the nomination of Director candidates, the quota of Directors to be elected, and the place designated for accepting the roster of Director candidates nominated.

Date	Major Resolutions
	22. Decision on the 2022 general shareholders' meeting date, time, place, agenda, and shareholder proposal acceptance related matters.
04/28/2022	1. Report on the Company's greenhouse gas inventory and verification schedule planning 2. Report on the performance of audit operations by the Audit Officer 3. The Company's financial statements for Q1 2022. 4. Nomination of the List of candidates nominated for Directors (including Independent Directors). 5. Motion of relieving the noncompetition restrictions for new Directors and their representatives. 6. Amendment of the "Rules of Procedure for Shareholders' Meeting." 7. The company's first quarter of 2022 employee stock option certificate conversion of the company's common stock to issue new shares.
06/17/2022	1. Report on 2022 "Liability insurance for Directors, Supervisors, and managerial officers." 2. Motion for election of Chairman. 3. Motion to appoint the members of the second compensation committee.
07/29/2022	1. Report on the Company's greenhouse gas inventory and verification schedule planning 2. Report on the performance of audit operations by the Audit Officer. 3. The Company's financial statements for Q2 2022. 4. The company's second quarter of 2022 employee stock option certificate conversion of the company's common stock to issue new shares.
11/01/2022	1. Report on the Company's greenhouse gas inventory and verification schedule planning 2. Report on the performance of audit operations by the Audit Officer. 3. The Company's financial statements for Q3 2022. 4. Developing the Company's 2023 audit plan. 5. Motion of managerial officers' performance and their compensation to be approved for 2022. 6. The company's third quarter of 2022 employee stock option certificate conversion of the company's common stock to issue new shares. 7. Motion of the amendment of the "Risk Management Policies." 8. Amendment of the "Rules of Procedure for Board of Directors' Meeting." 9. Amendment of the "Procedures for the Handling of Material Internal Information and Prevention of Insider Trading." 10. Amendment of the "Corporate Social Responsibilities Best Practice Principles."
03/09/2023	1. Report on the Company's greenhouse gas inventory and verification schedule planning. 2. 2022 Annual report on the performance evaluation of internal and external independent bodies of the Board of Directors. 3. 2022 Annual Report on the Situation of Intellectual Property Management Plan. 4. Report on the implementation of our information security management policy. 5. Report on ethical corporate management promotion in 2022. 6. 2022 Annual Report on the promotion of sustainable development. 7. Report on risk management implementation in 2022.

Date	Major Resolutions
	8. Submitted to the derivative commodities record book from December 1, 2022 to February 28, 2023. 9. Report on the performance of audit operations by the Audit Officer 10. 2022 Business report and financial statements of the Company. 11. 2022 Employees' and Directors' compensation distribution. 12. 2022 Cash dividends distribution of the Company. 13. 2022 Earnings distribution of the Company. 14. Report on the Company's 2023 financial budget. 15. Review of Directors' Remuneration for 2023. 16. The Company's 2023 title change and salary adjustment plan for managerial officers. 17. 2022 Internal Control System Statement of the Company. 18. The Company's 2023 replacement of CPAs, CPA independence and competence evaluation, appointment and compensation proposal. 19. The company's fourth quarter of 2022 employee stock option certificate conversion of the company's common stock to issue new shares. 20. Decision on the 2023 general shareholders' meeting date, time, place, agenda, and shareholder proposal acceptance related matters.
05/05/2023	1. Report on the Company's greenhouse gas inventory and verification schedule planning 2. Report on the performance of audit operations by the Audit Officer 3. The Company's financial statements for Q1 2023. 4. Remuneration case of independent directors of the company. 5. The company's first quarter of 2023 employee stock option certificate conversion of the company's common stock to issue new shares.

(XII) Major issues of record or written statements made by any Director dissenting to important resolutions passed by the Board of Directors during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

(XIII) Resignation or dismissal of Chairman, President, accounting officer, finance officer, internal audit officer, and corporate governance officer during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

V. Information on attesting CPA professional fees

(I) The amount of audit and non-audit fees paid to CPAs, CPA firm, CPA firm's affiliates, as well as the non-auditing services

Unit: NT$'000

CPA Firm	CPA	Audit Period	Audit Fee	Non-Audit Fee				Total	Remarks
				Tax attestation	Business Registration	Other (Remarks)	Subtotal		
Deloitte and Touche	Shulin Liu Chinchuan Shih	January 1, 2022 to December 31, 2022	2,210	170	60	33	263	2,473	Including typing fee and transportation cost of NT$33 thousand.

(II) When the Company changes its CPA firm and the audit fees paid for the fiscal year in which such change takes place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: Not applicable.

VI. Information on replacement of CPA

If the Company has changed CPAs in the last two years and beyond, it shall disclose matters relating to former accountants and successor accountants:

Since the first quarter of 2023, as a result of internal adjustments in the CPA firm, the attesting CPAs Shu-Lin Liu and Chin-chuan Shih were replaced by CPAs Pan-Fa Wang and Chin-Chuan Shih,.

(I) The former CPA

<table>
<tr><td>Date of change</td><td colspan="4">March 9, 2023 (Board resolution date)</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">Due to the internal adjustment of Qinye Zhongxin United Certified Public Accountants, the former accountants Shu-Lin Liu and Chin-Chuan Shih have been replaced by Accountants an-Fa Wang and Chin-Chuan Shih since the first quarter of 2023.</td></tr>
<tr><td rowspan="3">Due to the appointer terminates or the CPA does not accept the appointment</td><td colspan="2">Party / Situation</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="2">Voluntarily terminate appointment</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td colspan="2">Do not accept (continued) appointment</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Opinions and reasons for an audit report other than unqualified opinions issued within the most recent two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td>✓</td><td colspan="2"></td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosure (Article 10, Paragraph 5, Item 1 (4) of these Guidelines shall be disclosed)</td><td colspan="4">None</td></tr>
</table>

(II) The successor CPA

CPA Firm	Deloitte and Touche
CPA	Pan-Fa Wang, and Chin-Chuan Shih
Date of appointment	March 9, 2023 (Board resolution date)
Before appointment, the accounting treatment methods or accounting principles of specific transactions and the possible issuance of financial reports and consultation matters and results	None
Written opinion of the successor CPA on the dissenting opinion of the former CPA	None

(III) The former CPA's reply to the matters stipulated in Article 10, Paragraph 5, Subparagraph 1, and Subparagraph 2, item 3 of the Public Company Financial Statements Preparation Principles: None.

(IV) Assessment of CPA's Independence

The financial center of the Company assesses the independence of the CPA once a year and obtains the independence statement issued by the CPA. The independence evaluation form is as shown in the table below. It has been assessed that the CPAs meet the Company's independence assessment criteria and is sufficient to serve as the Company's CPA. The assessment results was submitted to the Audit Committee for review and approval by the Board of Directors on March 8, 2022.

The following table summarizes the independence assessment of CPAs:

Assessment Items	Yes	No
1.Whether the CPAs have involved in any direct or material indirect interests with the Company.	✓	
2.Whether the CPAs have a loan or guarantee to or from the Company's Directors.	✓	
3.Whether or not the CPAs have concerned about the possibility of losing a client and affecting their audit of the Company.	✓	
4.Whether or not the CPAs have significant close business relationship or entered into potential employment negotiations with the Company.	✓	
5.Whether or not the CPAs have not entered into a contingent fee arrangement relating to the assurance engagement.	✓	
6.Whether or not the CPAs or the assurance team member being, or having been a Director, Supervisor, or managerial officer of the Company, or employed by the Company in a position to exert significant influence over the assurance engagement within the last two years.	✓	
7.Whether or not the non-assurance service which performed by the CPAs for the Company would not affects directly a material item of the assurance engagement.	✓	
8.Whether or not the CPAs have or have been promoting or brokering shares or other securities issued by the Company.	✓	
9.Whether or not the CPAs have not acted as an advocate for the Company or coordinated conflicts with other third parties on behalf of the Company.	✓	

Assessment Items	Yes	No
10.Whether or not the CPAs have a close or immediate family member who is a Director, Supervisor, or managerial officer of the Company or an employee who is in a position to exert significant influence over the assurance engagement.	✓	
11.Whether or not there is a former partner within one year of disassociating from the accounting firm joins the Company as a Director, Supervisor, or managerial officer or is in a key position to exert significant influence over assurance engagement.	✓	
12.Whether or not the CPAs hold a recurring position with the Company and receive a fixed salary.	✓	
13.Whether or not the CPAs are not involved in the Company's management function of making decisions.	✓	
14.As of the date of the most recent attestation, the Company does not have the situation of not changing its CPAs for seven years.	✓	
15.As of now, there is no disciplinary action has been taken against the accountant.	✓	

VII. If the Company's Chairman, President, or any managerial officer in charge of finance or accounting matters has, in the most recent year, held a position at the CPA firm or any affiliates of such CPA firm, their names, titles, and period of employment with the CPA firm or its affiliates shall be disclosed: None.

VIII. Information on shareholding transfer and pledge by Directors, managerial officers, and shareholders with over 10% shareholding in the most recent year and up to the printing of the annual report

(I) Changes in Shareholding

Unit: shares

Title	Name	2022		Current Year As of April 18, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wenchi Chen	0	0	0	0
Director	Cher Wang	0	0	0	0
Director	VIA Technologies Co., Ltd.	0	0	0	0
	Representative: Tzumu Lin	0	0	0	0
Director	VIA Technologies Co., Ltd.	0	0	0	0
	Representative: Timothy Chen	0	0	0	0
Director	Huang-Chieh Chu (Note 1)	0	0	0	0
Director	Yueh-Chiang Yu (Note 1)	0	0	0	0
Independent Director	Wei-Hsiung Yin	0	0	0	0
Independent Director	Yun-Ming Hsieh	0	0	0	0
Independent Director	Pek-Seng Ng	0	0	0	0
President	Jyh-Fong Lin	(287,000)	0	0	0
Vice President/Head of Accounting/Head of Corporate Governance	Hung-Wen Chen	(62,000)	0	(46,000)	0
Vice President of Research and Development Department	Hsueh-Chung, Lu	0	0	0	0
Vice President, Product Management Division	Chin-Sung Hsu	(44,000)	0	(20,000)	0
Vice President of Business Department	Yi-Chia Huang	25,000	0	0	0
Assistant Vice President of Research and Development Department	Wen-Yu Tseng(Note 2)	Not Applicable	Not Applicable	0	0
Shareholder with over 10% shareholding	VIA Technologies Co., Ltd.	0	0	0	0

Note 1: Were all re-elected by the General Meeting of Shareholders in 2022.
Note 2: Since March 1, 2023, the title has been promoted to Assistant Vice President.

(II) Information on the shareholding transfer of which the counterparty is a related party: None.

(III) Information on the shareholding pledge of which the counterparty is a related party: None.

IX. Information on top ten shareholders who are related parties to each other, or are spouses or relatives within the second-degree kinship to each other

April 18, 2023

Name	Shareholding		Spouse and minor children's shareholdings		Shareholding by Nominee Arrangement		The names of top ten shareholders who are related parties to each other, or who are spouses or relatives within the second degree of kinship, and their relationships.		Remarks
	Shares	Ratio	Shares	Ratio	Shares	Shareholdings Percentage	Name	Relationship	
VIA Technologies Co., Ltd. (Representative: Wenchi Chen)	38,843,000	56.29%	0	0	0	0	Cher Wang	Directors	None
Jyh-Fong Lin	1,213,000	1.76%	0	0	0	0	None	None	None
CW & ET Link Inc (Representative: Sulan Chiang)	526,688	0.76%	0	0	0	0	Hsin-Tong Hung-Mao Way-Chih Kun-Chang	Same Chairman Same Chairman Same Chairman Same Chairman	None
Hsin-Tong Investment Co., Ltd. (Representative: Sulan Chiang)	514,437	0.75%	0	0	0	0	CW & ET Link Hung-Mao Way-Chih Kun-Chang Cher Wang	Same Chairman Same Chairman Same Chairman Same Chairman Directors	None
Hung Mao Investment Co., Ltd. (Representative: Sulan Chiang)	491,021	0.71%	0	0	0	0	CW & ET Link Hsin-Tong Way-Chih Kun-Chang	Same Chairman Same Chairman Same Chairman Same Chairman	None
Way-Chih Investment Co., Ltd. (Representative: Sulan Chiang)	462,939	0.67%	0	0	0	0	CW & ET Link Hsin-Tong Hung-Mao Kun-Chang Cher Wang	Same Chairman Same Chairman Same Chairman Same Chairman Directors	None
Kun-Chang Investment Co., Ltd. (Representative: Sulan Chiang)	450,360	0.65%	0	0	0	0	CW & ET Link Hsin-Tong Hung-Mao Way-Chih Cher Wang	Same Chairman Same Chairman Same Chairman Same Chairman Directors	None
Cher Wang	379,072	0.55%	80,497	0.12%	0	0	VIA Hsin-Tong Way-Chih Kun-Chang	Directors Directors Directors Directors	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	354,000	0.51%	0	0	0	0	None	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	339,000	0.49%	0	0	0	0	None	None	None

X. Ownership share amount and percentage to the same company invested by the Company, by the Company's Directors and managerial officers, and by companies directly/indirectly controlled by the Company

April 18, 2023; Unit: shares; %

Long-term Investment	Ownership by the Company		Ownership by Directors, Managerial Officers, or Companies Directly/Indirectly Controlled by the Company		Total Ownership	
	Shares	Ratio	Shares	Ratio	Shares	Ratio
VIA LABS USA, INC.	300,000	100%	0	0%	300,000	100%
VIA Labs (Shenzhen), Inc.	(Note)	100%	(Note)	0%	(Note)	100%
VIA Labs (Beijing), Inc.	990,000	99%	10,000	1%	1,000,000	100%

Note: Limited company with no shares issued

Four. Capital Overview

I. Capital and shares

(I) Source of capital

April 18, 2023
Unit: thousand shares; NT$'000

Year	Month	Issue price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
			Shares	Amount	Shares	Amount	Source of capital	Paid in Property Other than Cash	Others
2008	July	10	60,000	600,000	20,000	200,000	Incorporated by a capital of NT$200,000 thousand	None	(Note 1)
2010	October	10	60,000	600,000	45,000	450,000	Cash capital increase of NT$250,000 thousand	None	(Note 2)
2017	December	10	60,000	600,000	60,000	600,000	Cash capital increase of NT$20,000 thousand Exercise of share subscription warrants NT$130,000 thousand	None	(Note 3)
2018	July	10	100,000	1,000,000	60,000	600,000	None	None	(Note 4)
2020	December	10	100,000	1,000,000	67,500	675,000	Cash capital increase of NT$75,000 thousand	None	(Note 5)
2022	March	10	100,000	1,000,000	68,117	681,170	Exercise of employee share subscription warrants by NT$6,170 thousand	None	(Note 6)
2022	May	10	100,000	1,000,000	68,478	684,780	Exercise of employee share subscription warrants by NT$3,610 thousand	None	(Note 7)
2022	August	10	100,000	1,000,000	68,497	684,970	Exercise of employee share subscription warrants by NT$190 thousand	None	(Note 8)
2022	November	10	100,000	1,000,000	68,511	685,110	Exercise of employee share subscription warrants by NT$140 thousand	None	(Note 9)
2023	March	10	100,000	1,000,000	68,759	687,590	Employees exercising stock options to increase capital by NT$2,480 thousand	None	(Note 10)

Note 1: Approved by July 7, 2008, MOEA Jing-Shou-Zhong Letter No. 09732597710.

Note 2: Approved by October 14, 2010, Taipei County Government Pei-Fu-Jing-Deng Letter No. 0993162332.

Note 3: Approved by December 26, 2017, MOEA Jing-Shou-Shang Letter No. 10601172570.

Note 4: Approved by July 13, 2018, MOEA Jing-Shou-Shang Letter No. 10701080610.

Note 5: Approved by January 11, 2021, MOEA Jing-Shou-Shang Letter No. 10901246490.

Note 6: Approved by March 25, 2022, MOEA Jing-Shou-Shang Letter No. 11101046390.

Note 7: Approved by May 26, 2022, MOEA Jing-Shou-Shang Letter No. 11101081840.

Note 8: Approved by August 26, 2022, MOEA Jing-Shou-Shang Letter No. 11101157720.

Note 9: Approved by November 14, 2022 MOEA Jing-Shou-Shang Letter No. 11101218050.

Note 10: Approved by March 23, 2023 MOEA Jing-Shou-Shang Letter No. 11230048790.

(II) Type of Shares

April 18, 2023 Unit: shares

Type of Shares	Authorized capital stock			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Ordinary Shares	69,002,000	30,998,000	100,000,000	Listed shares

Note: The number of employee stock option execution shares of the Company from January to April 2023 is 243,000, and the change of share capital has not been registered. Therefore, as of April 18, 2023, the number of outstanding shares is 69,002,000.

(III) If approval has been granted to offer and issue securities by shelf registration, additionally disclose the approved amount and information regarding securities to be issued or already issued: None.

II. Shareholder structure

April 18, 2023
Unit: shares

Shareholder structure / Amount	Government Agencies	Financial Institutions	Other Juridical Persona	Domestic natural persons	Foreign institutions & natural persons	Total
Number of shareholders	0	2	56	12,782	80	12,920
Shareholdings (shares)	0	152,000	42,504,776	24,477,470	1,867,754	69,002,000
Shareholdings Ratio (%)	0%	0.22%	61.60%	35.47%	2.71%	100.00%

III. Distribution of shares

(I) Ordinary shares

April 18, 2023

Par value per share: NT$10; Unit: number of shareholders; shares; %

Shareholding Range	Number of Shareholders	Shareholdings	Ratio
1 to 999	5,915	585,957	0.85%
1,000 to 5,000	6,240	10,433,931	15.12%
5,001 to 10,000	420	3,258,612	4.72%
10,001 to 15,000	105	1,337,622	1.94%
15,001 to 20,000	73	1,342,335	1.95%
20,001 to 30,000	59	1,487,248	2.16%
30,001 to 40,000	28	979,991	1.42%
40,001 to 50,000	22	1,001,000	1.45%
50,001 to 100,000	26	1,766,231	2.56%
100,001 to 200,000	21	3,022,087	4.38%
200,001 to 400,000	4	1,285,541	1.86%
400,001 to 600,000	5	2,445,445	3.54%
600,001 to 800,000	-	-	-
800,001 to 1,000,000	-	-	-
1,000,001 and above	2	40,056,000	58.05%
Total	12,920	69,002,000	100.00%

(II) Preferred shares: The Company did not issue any preferred shares.

IV. Major Shareholders

April 18, 2023
Unit: shares; %

Shares / Major Shareholders	Number of shares held	Shareholdings Percentage
VIA Technologies Co., Ltd.	38,843,000	56.29%
Jyh-Fong Lin	1,213,000	1.76%
CW & ET Link Inc	526,688	0.76%
Hsin-Tong Investment Co., Ltd.	514,437	0.75%
Hung Mao Investment Co., Ltd.	491,021	0.71%
Way-Chih Investment Co., Ltd.	462,939	0.67%
Kun-Chang Investment Co., Ltd.	450,360	0.65%
Cher Wang	379,072	0.55%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	354,000	0.51%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	339,000	0.49%

V. Market price, net worth, earnings, and dividends per share in the most recent 2 years and relevant data

Unit: NT$'000; thousand shares

Item \ FY			2021 (Distributed in 2022)	2022 (Distributed in 2023)	Current year as of March .31, 2023 (Note 6)
Market price per share (Note 1)	High		625	517	256.50
	Low		211.50	157.00	181.50
	Average		457.53	306.39	224.32
Net worth per share	Before distribution		47.00	46.43	39.02
	After distribution		35.96	38.75	Not Applicable
Earnings per share	The weighted average of outstanding shares (in thousands of shares)		67,533	68,487	68,877
	Earnings per share	Before retrospective adjustment	13.04	10.56	0.22
		After retrospective adjustment	Not Applicable	Not Applicable	Not Applicable
Dividends per share	Cash dividends (Note 2)		10.98634597	7.48869597	Not Applicable
	Stock dividends	From retained earnings	0	0	Not Applicable
		From capital surplus	0	0	Not Applicable
	Cumulative undistributed dividends		0	0	Not Applicable
Investment return analysis	PE ratio (Note 3)		35.09	29.01	Not Applicable
	Price-dividends ratio (Note 2, 4)		41.65	40.91	Not Applicable
	Cash dividends yield % (Note 2, 5)		2.40%	2.44%	Not Applicable

Note 1: The market price per share is calculated based on the information disclosed on the websites of TPEx and TWSE. The average market price is calculated based on the value and volume of transactions during the period.
Note 2: The 2021 earnings distribution figures filled in were those of the Board resolution in 2022; the 2022 earnings distribution was NT$7.48869597 in cash dividends.
Note 3: PE ratio = average closing price / earnings per share.
Note 4: Price-dividends ratio = average closing price / cash dividends per share.
Note 5: Cash dividends yield = cash dividends per share / average closing price.
Note 6: Net worth per share and earnings per share should be presented as of the most recent quarterly period audited (reviewed) by the CPAs as of the date of the annual report; the remaining columns should be presented for the current year as of the date of the annual report.

VI. Dividends policies and implementation status

(I) Dividends policies in the Article of Incorporation of the Company

According to Article 20 of the Article of Incorporation, "If there is a net profit in the final accounts of the Company, it shall be allocated in the following order.

1. Pay taxes.
2. Cover accumulated losses.
3. Set aside 10% of the amount as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the Company's total amount of capital.
4. Special surplus reserve shall be increased or rotated in accordance with the law: When a special surplus reserve is appropriated for cumulative net debit balance reserves from prior period and cumulative net increases in fair value measurement of investment properties from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.
5. After the allocation in items 1-4, the Board shall prepare the Surplus distribution case with the previous annual accumulation of undistributed surplus .

Considering that the Company's industry is in a growth stage, the Company's dividend policies is set based on capital budgeting needs for long-term financial planning, as well as shareholders' interests and other factors. The method for allocation of shareholders' dividends could be done in cash or stock dividends. The shareholders' dividends allocated shall not be lower than 10% of the net surplus of current year. The proportion of cash dividends should not be less than ten percent.

Surplus distribution to be handled as follows: distributable dividends and bonuses, capital reserve or statutory surplus reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. If the Company distributes surplus earning in the form of new shares, it shall be handled in accordance with the Company Act by resolution of the shareholders meeting.

(II) Implementation Status

Current dividends distribution:

The Company's dividends distribution for 2022 has been resolved by the Board meeting on March 9, 2023 as below:

The amount of undistributed earnings for fiscal year 2022 was the net income after tax of NT$723,535 thousand plus items other than net income for the period. After setting aside 10% of the legal reserve and special reserve, the Company's distributable earnings amounted to NT$690,934 thousand. In consideration of the use of capital and to avoid capital inflation, the Company distributed cash dividends

of NT$7.48869597 per share, totaling NT$516,735 thousand. The Chairman has set the record date as April 22, 2023 and has paid on May 17, 2023.

(III) If there is expected to be a significant change in the dividend policies, it should be stated: None.

VII. Impact to business performance and EPS of stock dividends distribution

No stock dividends will be distributed for the year, so it is not applicable.

VIII. Remuneration of employees and Directors

(I) Employee and Director remuneration prescribed by the Company's Articles of Incorporation

According to Article 19 of the Company's Articles of Incorporation: "If the Company is profitable in the current fiscal year, no less than 5% shall be allocated as employees' compensation in stock dividends and cash dividends by resolution of the Board of Directors, and no more than 1% shall be allocated as the remuneration for Directors." The distribution of the employees' and the Directors' compensation shall be reported to the Shareholders' Meeting.

However, the Company's accumulated losses shall have been covered before the employee compensation and remuneration for Directors are allocated based on the aforementioned proportion.

The Company's may transfer treasury stock, employee stock warrants, certificate of entitlement to new shares, restricted stock awards and employee compensation to employees of the controlling or subordinate companies who meet specific criteria, and are to be issued under specific conditions by resolution of the Board of Directors.

(II) Accounting treatment for the differences between the estimated amount of compensation to employees and Directors, the estimated number of shares to be distributed as stock dividends, and the actual distributed figures

1. The estimated amount of compensation to employees and Directors of current year: According to the provision of the Company's Article of Incorporation stated in the preceding paragraph VIII. (I), the Company's estimated compensation to employees will be accounted for 8.42%, and the remuneration to Directors will be accounted 0.10%.
2. Estimated number of shares to be distributed as stock dividends: The Company will not pay employee compensation in stock dividends for the current period, so this is not applicable.
3. Accounting treatment for difference between the actual distribution amount and estimated amount: If there is a significant change in the amount of distribution resolved by the Board after the end of the year and before the date of the financial report, the difference shall be recognized as an expense in the year in which the cash dividends were originally set aside. After the financial report is approved and submitted to the Shareholders' Meeting by the Board resolution, if there is still a change in the amount, the difference shall be treated as a change in accounting estimate and adjusted to the profit for the year in which the financial report is submitted to the Shareholders' Meeting.

(III) The information of compensation proposal approved by the Board of Directors:

1. The amount of employee compensation and Director remuneration paid in cash or stock dividends. If there is a discrepancy between the actual expense recognized and the annual estimated amount, the difference amount, reasons and the treatment should be disclosed:

   The Company's 2022 employees' and Directors' compensation has been resolved by the Board on March 9, 2023 to be paid in cash. The employees' compensation amounted to NT$78,000,000 and the Directors' compensation amounted to NT$900,000, which were the same as the estimated figures for the current period, therefore, there was no difference in expense recognition.

2. The amount of any employee profit-sharing compensation distributed in stocks as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period: Not applicable.

(IV) The actual distribution of employee, Director, and supervisor profit-sharing compensation for the previous fiscal year (2021) (with an indication of the number of shares distributed, monetary amount, and stock price), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated.

The Directors' remuneration of $1,100,000 and employees' remuneration of $96,000,000 for fiscal year 2021 were paid in cash in 2022. There was no supervisor's compensation for 2021. The actual distribution amounts were the same as the estimated amounts, therefore, there were no difference in expense recognition.

IX. Buyback of treasury stocks: None.

X. Issuance of corporate bonds: None.

XI. Issuance of preferred shares: None.

XII. Issuance of global depository receipts: None.

XIII. Exercise of employee share subscription warrants

(I) Issuance of employee share subscription warrants in existence as of the date of printing of the annual report and impact to shareholders' equity.

April 18, 2023
Unit: shares; NT$; %

Type of employee share subscription warrants	1st Employee Share Subscription Warrants in 2019
Declaration effective date and total number of units	10/01/2019 3,000,000
Grant Date	12/04/2019
Number of Shares Granted	3,000,000
Number of Shares Available	0
Percentage of Accumulated Shares Subscribed to Total Shares Issued	4.35%
Term	7 years
Exercise Method	Issuing New Shares
Vesting Schedule (%)	After 2 years: 50%
	After 3 years: 75%
	After 4 years: 100%
Shares Exercised	1,502,000
Value of Shares Exercised	27,818,060
Shares Unexercised	1,498,000
Exercise Price Per Share	18.13 (Note 2)
Percentage of Shares Unexercised to Total Shares Issued (%)	2.17%
Impact to Shareholders' Equity	The share subscription warrant shall only be exercised successively after two years from the date granted and during its term. Its impact on the original shareholders' equity would be diluted year by year, so the impact to shareholder's equity is limited.

Note 1: As of the printing date of the annual report, the status of the private placement of employee share subscription warrants: None.
Note 2: It was because the Company paid the cash dividends of 2021, it adjusted the exercising price according to the Employee Share Subscription policies.

(II) As of the printing date of the annual report, the names of managerial officers and top 10 employees obtaining share subscription warrant, and their obtaining and subscription status.

April 18, 2023

Unit: shares; NT$; %

Managerial Officer/ Employee	Title	Name	Accumulated Volume of Shares Subscribed (Shares)	Percentage of Accumulated Shares Subscribed to Total Shares Issued (%)	Exercised				Unexercised			
					Accumulated Volume of Shares Subscribed (Shares)	Exercise Price (NT$) (Note 2)	Accumulated Value of Shares Subscribed (NT$)	Percentage of Accumulated Shares Subscribed to Total Shares Issued (%)	Accumulated Volume of Shares Subscribed (Shares)	Exercise Price (NT$) (Note 2)	Accumulated Value of Shares Subscribed (NT$)	Percentage of Accumulated Shares Subscribed to Total Shares Issued (%)
Managerial Officer	President	Jyhfong Lin	5,320,000	7.71%	4,675,000	2017 exercise price: NT$10; 2019 exercise price $18.73/ $18.13	47,389,750	6.78%	645,000	18.13	11,693,850	0.93%
	Vice President	Hsueh-chung Lu										
	Vice President	Hungwen Chen										
	Vice President	Chinsung Hsu										
	Vice President	Yichia Huang										
Employee	Director	Timin Shih	2,462,000	3.57%	2,265,000		24,239,310	3.28%	197,000	18.13	3,571,610	0.29%
	Director	Wenyu Tseng										
	Director	Chihlung He										
	Director	Hsiaochi Lin										
	Director	Jungtsan Hsu										
	Director	Weiyu Wang										
	Deputy Director	Chaotsan Tseng										
	Deputy Director	Huineng Chang										
	Deputy Director	Lifeng Pan (Note 1)										
	Deputy Director	Shihyang Shih										

Note 1: Retired or left employee.

Note 2: The exercise price was adjusted because of cash dividends distribution in accordance with the Employee Share Subscription Policies.

XIV. New restricted employee shares: None.

XV. Mergers with or acquisitions of other companies: None.

XVI. Capital utilization plans and execution status: Not Applicable.

Five. Operating Highlights

I. Business activities

(I) Business scope

1. The main business activities of the Company

Headquartered in Xindian District, New Taipei City, Taiwan, with branches in the U.S. and China, the company's customer base covers the world's leading high-tech, telecom, and consumer electronics brands.

The Company's main business is the design, development, and sales of USB related controllers. It is a chip designing house with three core technologies, including USB Type-C, USB Power Delivery, and USB High-Speed Transmission, and complete solutions. Its products are widely used in a variety of high-speed transmission and charging-related mobile peripherals. The Company's business scope is as follows:

CC01080 Electronics Components Manufacturing

CC01110 Computer and Peripheral Equipment Manufacturing

F113050 Wholesale of Computers and Clerical Machinery Equipment

F113070 Wholesale of Telecommunication Apparatus

F118010 Wholesale of Computer Software

F119010 Wholesale of Electronic Materials

F213030 Retail Sale of Computers and Clerical Machinery Equipment

F213060 Retail Sale of Telecommunication Apparatus

F218010 Retail Sale of Computer Software

F219010 Retail Sale of Electronic Materials

F401010 International Trade

F601010 Intellectual Property Rights

I301010 Information Software Services

I301020 Data Processing Services

I301030 Electronic Information Supply Services

I501010 Product Designing

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue breakdown

Unit: NT$'000; %

FY / Products	2021		2022	
	Sales Amount	Revenue breakdown	Sales Amount	Revenue breakdown
USB related controllers	3,342,558	99.27%	2,954,841	99.9951%
Patent license and other income	24,489	0.73%	145	0.0049%
Total	3,367,047	100.00%	2,954,986	100.00%

3. Major products (services)

The main business content is designing, developing, and selling USB-related control chips, covering three core technologies and complete solutions of USB Type-C, USB Power Delivery, and USB data transmission. The products are widely used in various high-speed transmission and charging-related peripheral products for PC and mobile devices. The main items are listed as follows：

(1) USB4 controller

A. Device Controller

USB4 device Controller

(2) USB 3.2 Gen1x1/Gen2x1 Controller

A. Host Controller

B. Hub Controller

C. Device Controller：

D. External storage Bridge Controller

E. Audio Controller

(3) USB Type-C Interface Controller and Product Design Program

A. Electronic Marker (E-Marker)

B. DisplayPort Alternate Mode & PD Controller

C. Transfer conversion-USB Data Switch and Mux

D. Signal relay control chip Re-driver

(4) USB Power Delivery Controller and Transmission Program

A. USB Type-C DFP CC Controller

B. USB Type-C UFP CC Controller

C. USB PD Wall Adapter

D. USB PD Sink Controller

(5) USB 2.0to USB 3.2Converter Chip

U3TT (USB 3.2 Transaction Translator)

(6) Display Port to HDMI Signal Converter

A. SST PCON (Protocol Converter)

B. MST Hub

4. Product Roadmap

With a solid foundation in chip technology, the Company offers customers cost-efficient reference designs featuring the latest technology. Unlike traditional single-function chip designs, the Company's product lines can be used in combination and conjunction with each other. This

possibility of multiplying functions and flexible applications enables the Company to expand the consumer electronics and home/commercial markets in all aspects：

Products under development:

(1) USB4 Device and hub related controllers

(2) Continue to optimize USB3.2 hub controller

(3) Continue to optimize DisplayPort Alt-mode controller

(4) Continue to optimize USB PD port controller

(5) Continue to optimize USB audio controller

(6) Continue to optimize Re-driver controller

(7) USB PD single/multi-port charger controller

(8) USB-C/DP to HDMI signal converter

(9) USB Type-C MST Hub

(II) Industry overview

1. Industry Status and Development

For USB Type-C chips, the Company continues to provide products with higher transmission efficiency, power performance, and video transmission functionality. In the early USB Type-C market, product specifications were confusing. In order to prevent consumers from misusing USB Type-C products on their devices and causing damage to their devices or files, the Company has been actively obtaining USB Type-C related certifications for its products to support and participate in the association-led compatibility and specification compliance testing. In addition to improving speed and power performance, the Company has further enhanced the safety and compatibility of USB technology to meet users' needs. USB Type-C is more intuitive for consumers than the traditional USB-A interface. With the support of industry giants such as Apple, Google, Microsoft, and Intel, the USB Type-C specification is making a splash in the market. As major brands release new products with USB Type-C interfaces, the reach of USB Type-C extends from PCs, laptops, tablets, and mobile phones to gaming consoles, VR devices, etc.

Influenced by COVID-19, geopolitics, US CHIPS Act, and the continuation of the US-China technological war, many countries started to regard semiconductors as strategic materials. From the CHIPS Act to the CHIP 4 Alliance initiative, Taiwan factories received fewer resources from China and the US than before. IC design companies and wafer foundry manufacturers will face more restrictions on their business in the China market. This way, the flexibility and adaptability of global suppliers are being tested. Corporations and suppliers must become long-term strategic partners to cope with changeful situations. Global enterprises must shift from "long supply chains" to "short chains" and "multi-chains." Also, production sites need to adjust and move towards regionalization and decentralization in response to market demands and risks.

In addition to the high-speed transmission technology, the Company has always been focused on integrating its technology with trends such as 5G, AI, IoT, cloud, and AR/VR. Through the new applications, services, and user experiences brought by different products, the Company identifies market opportunities and finds the niche so that its product lines are ready to meet the challenges ahead.

According to the new USB4 specification introduced by USB-IF in 2019, USB4 offers a maximum transmission rate of 40Gbps per second, requires the USB Type-C interface, and supports up to 240W of power charging when combined with the USB Power Delivery 3.1 EPR feature. Moreover, USB4 supports parallel transmission of multiple protocols, including Enhanced SuperSpeed USB, DisplayPort, and PCI Express, and the bandwidth between the protocols can be intelligently shared. The USB4 is a transmission specification that currently meets the demand for high-tech development, such as doubling the transmission speed, increasing the number of connected devices, reducing the transmission latency, etc. The numerous outstanding features of USB4 can also enhance the feasibility of consumer electronic product scalability. At the same time, the design, manufacture, and deployment of USB4 chips require more advanced manufacturing processes. There are fewer IC design companies able to meet this challenge than before. Therefore, the Company will continue to stay ahead of the curve in USB4 and the latest USB4 2.0 specification, providing quality product design and enhancing the most optimized experience for users' rigid demands. It took only a few years for USB Type-C to gain industry and market acceptance since the release of the specification standard, which proves that it is the right direction.

2. Industry upstream, midstream, and downstream correlation

The upstream, midstream, and downstream relationships of Taiwan's IC industry can be roughly classified as upstream IC design companies, midstream IC wafer manufacturing plants, and downstream IC packaging and testing plants.

The Company belongs to the upstream segment, and its main business is to design and sell products by itself. Before the final product is completed, the main processes such as photomask, wafer manufacturing, chip packaging and testing are all outsourced.

3. Trends of product development

(1) SuperSpeed USB 5Gbps/10Gbps/20Gbps/40Gbps Controller

The technical challenge of developing USB products is twofold; customer desire for products that adopt the latest standards hinges upon the product's ability to provide seamless interoperability with the existing ecosystem, including devices built to earlier versions of the standards.

USB-IF released USB standards currently include USB 2.0, which defines low (0.0015 Gbps), full (0.012 Gbps), and high-speed (0.480Gbps) data transmissions, and USB 3.2, which describes a new method of data transmission at 5Gbps/10Gbps/20Gbps. USB4 adds a new 40Gbps mode. USB technology is not limited only to personal computers. It is also the de facto interface standard for various mobile devices, VR, and other related products and electronic equipment. As USB capabilities continue to evolve, these end-products that adopt USB also benefit.

With the widespread commercialization of 5G technology, various applications such as AI/HPC, cloud and edge computing, and AIoT-enabled smart vehicles or smart cities will be fully deployed. These new applications will generate even larger volumes of data, making it crucial to address the challenge of moving and storing massive data in the era of 5G. In response to the trend of processing massive data, upgrades are needed from chips and devices to cloud databases in order to fully embrace the era of high-speed interconnectivity. As a result, various types of transmission interfaces are also undergoing changes. USB, which has the widest application coverage and highest market penetration, is optimizing its specifications and ushering in a new era of USB4 to meet the requirements of high-speed transmission. USB4 supports multiple signals, including USB, PCIe, DisplayPort, and Thunderbolt, and is backward compatible with USB 3.2, USB 2.0, and Thunderbolt 3. Moreover, the increase in transmission bandwidth is significant, with USB4 capable of reaching up to 40Gbps of transmission speed, doubling the speed of the previous generation USB 3.2 at 20Gbps. In the future, USB4 v2 transmission specifications will reach up to 80Gbps, integrating audio, video, data, and power transmission into one.

(2) USB4 Controller

Unlike the SuperSpeed USB specification, the USB4 specification is only compatible with the USB Type-C interface, significantly improving the data transmission speed to a maximum of 40Gbps. It also enables the simultaneous transmission of multiple protocols, such as PCIe, DisplayPort, SuperSpeed USB, and Thunderbolt 4. USB4 can dynamically allocate bandwidth and ensure smooth data, video, and audio transmissions. Most newly launched laptops and some desktop computers support the USB4 specification. Apart from Intel, VLI is the first company to launch and ship USB4 device controllers. It proves that VLI is a formidable industry leader in terms of research and development and grasping the business opportunities in the market.

In addition, USB-IF announced USB4 2.0 specification in October 2022, increasing the maximum transmission speed from 40Gbps to 80Gbps in symmetric mode. In traditional use cases, USB4 2.0 will transmit bidirectionally at 80Gbps. For use cases where bandwidth

requirements are not symmetric, USB4 2.0 has a newly defined asymmetric mode that allows up to 120Gbps transmission speeds in one direction and 40Gbps transmission in the other. This asymmetric mode is especially suitable for high-end and multiple display applications, including high resolutions at 8K and beyond, high screen refresh rates for competitive gaming and making productivity tasks more comfortable, and HDR and deep color capabilities. Furthermore, USB4 2.0 also updates tunneled protocol support to the latest DisplayPort 2.1 and PCIe 4.0 specifications. This way, the transmission capabilities of external display cards and other devices will be further improved. Following the rapid cadence of the USB-IF, VLI is devoted to the development of new USB4 2.0 products.

(3) USB Type-C Controller and USB Power Delivery Controller

USB Type-C is currently the predominant charging interface for the vast majority of notebook computers 14" and smaller, in addition to portable devices such as tablets and smartphones. While Apple still uses its proprietary Lightning connector on iPhones and certain accessories, such as wireless earphones, these products are compatible with USB-C charging using a USB-C to Lightning cable. Apple's proprietary MagSafe charger for iPhones and MagSafe 3 for MacBooks is also based on USB Power Delivery and uses USB-C on the power adapter side. With the launch of the redesigned 10th gen iPad, the entire iPad product line has transitioned to USB-C, with each model supporting power, video, and data connectivity.

The European Union announced its Common Charger law requiring mobile devices such as e-readers, smartphones, and tablets to adopt USB-C for charging by 2024. The law also covers portable electronics such as computer keyboards and mice, digital cameras, and hand-held video game consoles. Rapid market growth for USB Type-C and USB PD controllers is anticipated due to the new law. It is predicted that Apple will switch to USB Type-C charging when the iPhone 15 is launched in 2023.

With the release of the USB Power Delivery 3.1 specification, the maximum charging rate of USB Type-C has been increased from 100W to 240W. Previously, higher-powered laptops, such as 15" and larger models with discrete graphics cards, used proprietary charging connectors since USB Type-C's previous 100W limit was insufficient. It is anticipated that USB PD 3.1 will be adopted in the gaming and portable workstation markets, where the new higher power capabilities will support more powerful CPUs and GPUs. VLI has launched a chip that supports USB PD3.1 to take advantage of the transition.

(4) DisplayPort (DP)

DisplayPort and HDMI are the mainstream video interfaces in the industry. After VESA, which established the DisplayPort specification, announced the DP Alt-Mode on USB Type-C

specification in 2014, DisplayPort and USB Type-C have been inextricably intertwined. Now, most USB Type-C peripherals and docking stations support DP Alt-Mode. In the USB4 specification, the DP Alt-mode (Tunneling) is a standard feature, further promoting the industry to adopt the DisplayPort technology. Moreover, in June 2019, VESA released the DisplayPort 2.1 specification, which increases video bandwidth by more than three times compared to DisplayPort 1.4, making it the first transmission interface to support 16K resolution, 60Hz refresh rate, full-color 4:4:4 Chroma Subsampling, and HDR10 when Display Stream Compression (DSC) is enabled. In DP Alt-Mode or USB4 Tunneling mode, it is possible to use DSC to reduce bandwidth requirements and thus save power or achieve higher resolutions and refresh rates than otherwise possible, thus providing users with a better experience.

4. Market competition

Today, there are more than 400 IC design companies. Since the market for USB controllers is mature, a manufacturer with superior R&D capability and process technology should have an advantage over other IC manufacturers. The R&D and process technology of major international manufacturers is thus fiercely competitive. However, the critical aspect of product compatibility and deployment strategies are beyond the control of general IC design companies.

Since the Company released the world's first USB 3.0 hub controller in 2009, three product lines have been regarded as the USB-IF's standard compliance test items, proving that VLI is a leading company in Taiwan's industry. Since the expansion of SuperSpeed USB 5Gbps/10Gbps to USB Type-C related product lines, the Company's influence has increased significantly and has been well-recognized by customers. Many well-known international manufacturers have adopted the Company's product solution.

In the second half of 2021, VIA Labs launched the world's first USB4 endpoint device controller, VL830, which is the result of the R&D team's experience in developing USB Type-C, USB PD and USB 3.2 technologies. Moreover, the Company has started to develop products with the latest specification of USB4 v2.0, showing its industry leadership in terms of both time-to-market and contribution to standards development. This chip adopts a more advanced process, is compatible with more protocols, and therefore has a higher technical threshold. The capital and human resources required will inevitably test the R&D and comprehensive technical grasp of existing USB manufacturers. It is expected that there will be fewer manufacturers to provide USB4 and USB4 v2.0 IC solutions in the future.

(III) Technology and R&D overview

1. Annual research and development expenses

Unit: Thousand NTD; %

Item	2022	2023Q1(note)
R&D expense(A)	714,750	148,845
Revenue(B)	2,954,986	374,031
(A)/(B) %	24.19	39.79

Note: The company's consolidated financial information after CPA reviewed.

2. Technologies or products successfully developed during the most recent fiscal year

Year	R&D results
2022	1.Launched VL108, the new generation of DP Alt-Mode Chip supports USB PD 3.1 ERP 240W. 2.Launched VL600, the USB-C/DP1.4 to HDMI2.0 signal converter. 3.Launched new generation of Electronic Marker (E-Marker 4.Launched USB Type-C DFP controller with enhanced functionality and lower power consumption. 5.Launched USB4-enabled device controller with built-in USB 3.2 hub and supporting DisplayPort 1.4a 4-Lane output.

(IV) Business development plans in long- and short-term

1. Short-term business development plan

(1) The Company aims to consolidate existing customers and enhance the business ratio. It would better provide customers with the necessary technical support based on the existing product portfolio and help them shorten their time to market.

(2) Besides the laptop and tablet markets, there is an increasing penetration into smartphones, entertainment, and consumer electronics related products. In the short- to mid-term, the Company will continue to develop major brands in the U.S., Japan, and China markets; support key customers to develop their products with continuity; enhance customer adhesion and flexibility in supply; and meet the changing needs of markets. This way, customers can lay the foundation for future operational growth.

(3) In addition to Taiwan and China markets, strengthen new customer development in Japan, Korea, Europe, and America.

(4) As the Covid-19 epidemic slowed, physical exhibitions and forums are returning to normal. The Company will keep conducting promotional activities, forums, and seminars through the media and related platforms. It will also arrange technical articles and product news exposure to enhance the Company’s image and product awareness.

(5) Cooperate closely with major mandated suppliers to plan their capacity to avoid material shortage and effectively control costs.

(6) Integrate the Company's resources and simplify procedures to improve business management efficiency.

2. Long-term business development plan

(1) Keep the leadership in USB and USB Type-C related ASIC field and form strategic partnerships with key customers.

(2) Actively participate in international technical organizations that develop specifications to capture technological trends and market changes, enhance the breadth and depth of product lines, and get close to user needs.

(3) Actively eliminate user concerns; continue to develop and promote technology integration for more related applications; and increase the company's market share and unique electronic product design flexibility. Also, collaborate with key electronic component suppliers on USB PD power delivery technologies to develop power supply solutions. After USB-IF launched USB4 and USB4 v2.0, the industry accelerated the development of USB4-related chips, and the USB Type-C ecosystem continues to grow.

(4) VIA Labs, Inc. will continue to observe the interaction and development of new technological trends and determine the development direction of its products.

(5) Draw up long-term and short-term plans to map out the company's future business direction, thereby enhancing product competitiveness

II. Market, production and marketing situation

(I) Market analysis

1. Areas where the main products (services) are provided (supplied)

Unit: NT$'000; %

FY (Note) / Region		2021		2022		2023Q1(Note)	
		Sales amount	Percentage	Sales amount	Percentage	Sales amount	Percentage
Domestic Sales		1,538,791	45.70%	1,376,939	46.60%	155,732	41.64%
Export Sales	HK and China	1,444,056	42.89%	975,275	33.00%	110,017	29.41%
	Japan	251,917	7.48%	467,265	15.81%	107,505	28.74%
	Others	132,283	3.93%	135,507	4.59%	777	0.21%
Total		3,367,047	100.00%	2,954,986	100.00%	374,031	100.00%

Note: The company's consolidated financial information reviewed by CPA.

2. Market share

According to the USB-IF research report, the shipment of USB Type-C devices will grow slightly to 2.7 billion units in 2022, and are expected to grow to 3.2 billion units by 2023. Smartphones, laptops, tablets and docks account for relatively high percentage of shipment. On October 4th, 2022, the European Union decided that in the fall of 2024, USB Type-C will be the sole specification for charging connectors for mobile electronic devices.

Goldman Sachs further predicts that the music industry revenue will double by 2030 due to online streaming; and will break the revenue record by exceeding US$100 billion. As the USB4 technology becomes more popularized, it will significantly improve the convenience of multimedia transmission; in this way, more options and possibilities for consumption will be created in the future. Continual breakthroughs in USB4-related technologies facilitate functional integration with mobile devices. It is expected to drive business opportunities for upgrading existing peripheral products to take advantage of the high-speed transmission and higher efficiency of the new standards while promoting the next electronic product revolution.

3. Demand and supply conditions for the market in the future, and the growth potential

In recent years, the PC market's growth has slowed because tablets and smartphones are becoming as functional as computers. However, under the impact of the pandemic, remote working and online learning has gained popularity, and due to changing user habits, PCs and laptops are again in demand. According to the latest PC shipment report released by IDC, the total PC shipment reached 321 million units in 2022, an 8.2% decrease compared to 2021. Although IDC expected flat growth in 2023, the 5-year CAGR would remain at -0.6%.

The USB Type-C interface has the advantage of supporting multiple communication protocols such as USB, DP, HDMI and USB PD. A single interface can provide data, video, and power transmission functions and is used as the mainstream interface for electronic devices. According to a statistic by USB-IF, the number of USB Type-C devices will reach 3.2 billion by 2023. Among them, smartphones, laptops, tablets, and docking stations will account for a higher proportion. Today, numerous electronic products on the market, from high-end to low-end, have adopted the USB Type-C interface; and the ecosystem has matured.

USB Type-C is highly scalable in terms of technical plasticity. With this advantage, it is easy to replace various existing USB products. USB Type-C integrates data, video, and charging functionality, it is thin and light, and its transmission speed is vastly improved compared to older technologies like USB Micro-B or even the Lightning connector. Furthermore, with the latest USB PD3.1 EPR specification, the charging capacity has been upgraded from 100W to 240W. In the era when speed and performance are essential, USB Type-C has become the mainstream transmission interface. When the USB-IF announced USB4 in September 2019, USB could cover other

protocols such as DisplayPort and PCI Express for even more unified functionality using USB Type-C. Recently, the European Union has accelerated the promotion of charger specification unification. USB Type-C will be adopted by different brands/types of electronic devices and is rapidly integrating the previously messy charging industry.

According to the latest report by IDC, demand for wearable devices is also slowing down because of the rise in inflation and concern about recessions. The shipment during 2022 remained at 535.5 million units. It is believed that the market growth will resume in 2023. Although VR and AR adoption is currently limited by hardware technology, and the user experience and ideal usage scenarios have yet to be fully defined and optimized, as 5G technology matures, USB4 shows great potential by enabling higher video and data transmission speeds to deliver enhanced VR and AR experiences. VR products have evolved from heavy headsets tethered to PC desktops to smartphones paired with lightweight VR glasses. In the future, headsets will become lighter and handier; meanwhile, the mobile phone is already the standard personal computing accessory. It is expected that VR's popularity will increase. By building up the highway infrastructure for VR and the Metaverse, high-speed data and video transmission capabilities are expected to stimulate the development of new immersive applications.

In today's 5G era, user habits have driven the digital transformation from internet search to video sites to streaming platforms, bringing huge changes to the market. From YouTube, Tudou.com, and other video sites to streaming APPs, such as Netflix, Spotify, etc., Internet technology once hit the audio-visual industry hard, but now, it has reorganized it through hardware devices. According to the 2022 Global Music Report published by the IFPI global music market survey organization, global participation in music streaming platforms has increased by 18.5% to $25.9 billion compared to 2020 figures. Users are willing to access audio and video in various forms, and industry operators are also actively developing markets using diversified platforms. Goldman Sachs further predicts that the music industry revenue will double by 2030 due to online streaming, breaking the revenue record by exceeding US$100 billion. As USB4 technology becomes more popular, the convenience of data and video transmission will be greatly enhanced, opening up more audio-visual options and future possibilities. The continuous breakthroughs in USB-related technology will enhance the functional integration of mobile devices and fuel the electronics revolution.

4. Competitive niches

(1) The Company has unique and complete solutions. According to the current development of USB Type-C market, the adoption number has grown to 2.7 billion units in 2022. Most importantly, the Company has not only developed USB Type-C related chips and the latest USB PD, Super Speed USB 5Gbps/10Gbps/20Gbps, and USB4 40Gbps technologies but also, based on its cutting-edge products and specifications, further discussed and collaborated with

customers to design applications that meet users' needs. It strives to promote the development of the newest technology specifications to provide customers with unique, comprehensive, and highly-integrated product solutions at the earliest point in time.

(2) The Company enjoys First-Mover Advantage to maintain product compatibility across platforms through the adoption of a wide range of customers. Its best and widest product compatibility continues to be a hard-to-beat obstacle to competitors. Among them, the Company launches the next generation of DP Alt-Mode Control Chip VL10X Series products approximately every two quarters, which not only optimizes product specifications, but also consolidates customer's special needs with new trends in the USB Type-C market. The Company has broken the traditional mindset of the IC industry by moving from developing a single product to developing a complete library of products that customers can choose from based on different needs. It has repeatedly and significantly widened the gap with its competitors and maintained its competitive edge in each product line.

(3) The Company has an excellent R&D team with expertise and extensive industry experience in digital logic design, soft/firmware design, analog design, system design, etc. Combining the solid R&D experience of the elite in each field, the Company is able to provide more diverse product solutions.

(4) Successful customer mass production experience. The Company strives and actively assists customers from design to mass production. The Company's technical services in R&D and FAE have always been widely recognized by customers in the industry. It not only provides customized services, but also plans reference designs that can be mass-produced quickly, taking account of customer costs and user experience to create a win-win situation.

5. Positive and negative factors for future development, and the countermeasures

(1) Positive factor

① With the trend of thin and light mobile phone designs, there is an overwhelming demand for deploying USB Type-C in smartphones. Smartphones have gradually adopted the full-featured USB Type-C interface, and the peripheral and application ecosystem is expected to mature soon. Product differentiation is a critical factor in who can win over the mobile peripherals market. The Company's VL10X series products have the advantage of having a wide range of options and advanced functionality. The flexibility of VL10X series product applications is that they can be used with the Company's USB hubs. The Company is a leading manufacturer of USB hub controllers in the market. It also provides more reference design (turnkey) advantages for VL10X products.

② The USB Type-C Cable market is matched with device applications. The new generation of high-voltage resistant VL155 E-Marker supports PD3.1 EPR specification, providing a better Type-C Cable protection solution while supporting the new charging experience.

③ Accumulate USB PD and Hub knowledge to build a stronger product portfolio for desktop and laptop peripherals and to maintain a leading position in the smartphone docking station and adapter market. With the increasing application of USB Type-C, the market demand for Hub/PD Hub module products is bound to grow.

④ The Company's products are used in computers, laptops, smartphones, game consoles, and VR devices. The product line combines data, audio, video, and power solutions, covering the host to the device controllers completely. With its professional R&D team and its role as a Working Group of USB-IF members and contributors, the Company can be the first to launch products and applications that meet the latest specification. Moreover, when the new products receive certification from the USB-IF Association, it has a chance to become a KGH/KGD/KGS product, regarded as an industry standard product. This gives it an irreplaceable position that our competitors cannot match. The Company has several such products.

⑤ Many types of products use the USB interface for transmission and charging. There are different fields and situations of usage, such as computers, laptops, smartphones, docking stations, adapters, power adapters, and so on. Traditional USB charging has gradually changed to USB Type-C and USB PD charging.

⑥ Taiwan's semiconductor industry covers upstream, midstream, and downstream manufacturers with a complete division of labor. The technology of professional wafer foundries, IC packaging plants, and testing plants is world-leading. By manufacturing our products in Taiwan, we can save costs and receive more direct technical support for production.

(2) Negative factor

① As the USB and PD technology mature, the USB Type-C dock station and adapter market still have much room to grow and continue attracting new competitors. However, to gain customers or expand market share, some competitors simplified the product functionalities and manufacturing process of their products to lower the cost, to attract customers at low prices. Excessive price competition will decrease the overall profitability of the industry.

② There are many competitors in the IC design industry, and Chinese IC design companies have been particularly active in recent years, which is bound to impact product prices. Secondly, world-class companies are also actively merging. With so many competitors, finding the positioning of the Company and the products will be one of the challenges in the long term.

(3) Countermeasures

① USB Type-C is widely used in mobile devices, providing an excellent opportunity for the Company to enter the mobile device market. If the Company can play a key role in USB Type-C peripherals and continue developing the potential mobile device market, the Company could achieve stable and bright performance.

② Optimize existing products and maintain their market competitiveness. Increase added value to the products, enhance overall competitiveness, and offer more product portfolios by providing customized soft/firmware services. Develop products that meet customer needs based on current technical modules. Strengthen customer relationships with comprehensive strategies. Fulfill customer needs with a one-stop shop and supplier management simplification to reduce the impact of low-price competition.

③ Continue to observe market trends, predict the final versions for future products, and launch new products that meet market needs. Work closely with the USB-IF to ensure the rationality and feasibility of specifications and technologies, maintain specification compatibility for products on the market, and support clients to participate actively in certification.

④ Under the influence of geopolitics and the US-China technology war, it is necessary to review possible changes in the business environment and think of countermeasures often. It is imperative that we continue to strengthen and build partner supply chains from multiple aspects.

⑤ Comprehensively systematic project management. Benefiting from the accumulated experience of the development team, the Company can optimize the hardware and firmware development schedule. This enables products to break into the market at the right time. At the same time, pay attention to the market trend, predict the final configuration of future products, and look for partners in different fields to provide customers with complete and diversified solutions by complementing and multiplying each other's technologies.

⑥ Provide better after-sales service: Increase overseas sales and technical support human resources to establish a comprehensive after-sales system and provide immediate and local technical support. Assist customers' product development progress and quickly solve their mass production problems to strengthen customer relationships.

⑦ Improve operational efficiency and sales & production process in response to volatile market changes and customer needs. Establishing a sound corporate system, enhancing management performance, and strengthening the company's competitiveness through improved operational efficiency.

(II) Usage and manufacturing processes for main products

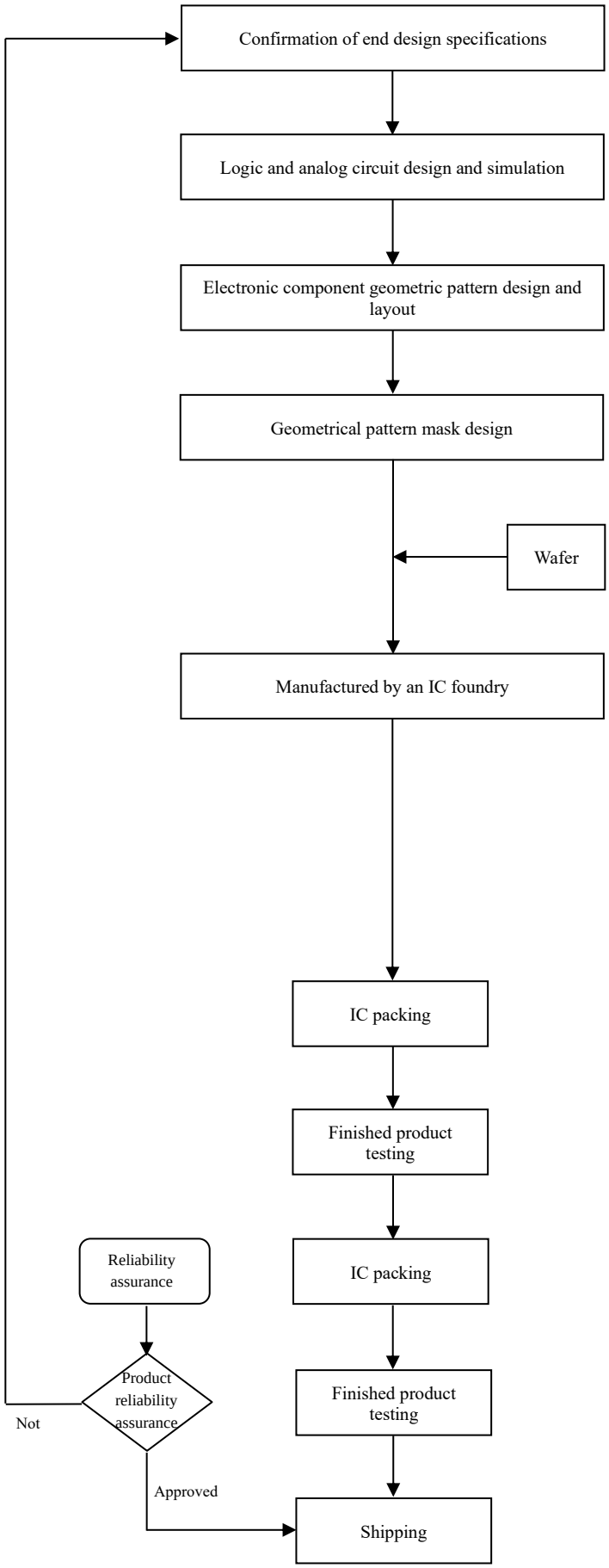
1. Usage for main product

Item	Important Usage
USB chips	The transmission-related USB (Universal Serial Bus) SoC solution is able to significantly save video and data transmission time. Its products include controller chips for Host, Hub, SATA Bridge, Audio, etc.
USB Type-C controller	USB Type-C interface has the advantage of single-port for power, data, and video transmission. Its products include controller chips such as DP Alt-Mode, E-Marker, Switch, and Re-driver, etc.
USD PD controller	Charging controller supports BC 1.2, Apple 2.4A, Samsung, Quick Charge, and USB PD. It can be applied to portable charger, wall charger, car charger, and etc.
DisplayPort Protocol Converter	The Protocol Converter converts DP video signals transmitted by DP Alt-mode or USB4 DP tunneling mode into mainstream HDMI signals for home video. Products include: single HDMI2.0 output, single HDMI2.1 output, multi-video output (MST Hub).

2. Manufacturing processes for main products

After completing the circuit design, the Company outsources the chip manufacturing to OEMs. The production process includes masking, wafer fabrication, wafer packaging, testing, and packaging into inventory.

Product Flowchart



Design and manufacture process

1. Confirmation of end design specifications
2. Logic circuit design and simulation
3. Analog circuit design and simulation
4. Logic and analog circuit design simulations
5. Electronic component graphic design and layout
6. IC designers mix and match the logic and circuits of different chips into a single circuit diagram according to their functions and properties.
7. Photomasking: Like a photo, the photomask is densely covered with circuit diagrams from IC designers. This allows the wafer fabs to transfer the pattern from the photomask to the surface of the silicon wafer.
8. Single-crystal growth
9. Slicing
10. Polishing: The raw material, silicon dioxide, is "polycrystalline silicon" in the form of rods or grains. It is pulled into a "single crystal ingot," and, after grinding, slicing, and polishing, becomes a wafer, semiconductor material, with an appearance similar to laser records.
11. Oxidation
12. Photomask calibration
13. Etching
14. Impurity diffusion
15. Ion implantation
16. Chemical vapor deposition
17. Electrode metal evaporation
18. Wafer probing: After the wafer has undergone a series of detailed processes, the geometric pattern circuit from the original layers of the masks is transferred to the wafer.
19. Dicing
20. Die attachment on substrate or leadframe
21. Connecting dies to substrates or leadframe pins with solder wire
22. Plastic mold packing
23. Finished product testing
24. Product reliability assurance: After the wafer has been fabricated by the foundry, the packager's work includes dicing, welding, molding, and finally forming the IC dies. Complete packaging.
25. IC testers will ship the chips after ensuring that they function correctly.
26. Shipping

(III) Supply situation for major raw materials

The Company has more than two raw materials suppliers, all of which are international manufacturers that have passed strict screening procedures. The Company has been cooperating with all suppliers for a long time and always maintained a good partnership. Therefore, the Company can keep abreast of the supply and demand of raw materials, and the supply situation of raw material suppliers is very stable so far. The Company currently focuses its orders on a small number of suppliers to obtain higher discounts and lower production costs, which is more profitable to the Company. It also regularly rates its suppliers to ensure the quality of raw materials and the accuracy of delivery.

Major raw materials	Supplier	Supply Situation
Wafer	Company A	Good

(IV) List of any suppliers and clients accounting for 10 percent or more of total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. List of any suppliers and clients accounting for 10 percent or more of total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$'000; %

Item	2021 (Note)				2022 (Note)				Current year As of March 31, 2023 (Note)			
	Title	Amount	Percentage of Net Procurement for the Year (%)	Relationship with Issuer	Title	Amount	Percentage of Net Procurement for the Year (%)	Relationship with Issuer	Title	Amount	Percentage of Net Procurement for the Year (%)	Relationship with Issuer
1	Company A	547,184	31.37	None	Company A	422,770	22.31	None	Company A	24,452	75.51	None
2	Company B	904,304	51.84	None	Company B	1,250,046	65.96	None	Company B	844	2.61	None
4	Others	293,061	16.79	None	Others	222,254	11.73	None	Others	7,085	21.88	None
	Net Procurement	1,744,549	100.00		Net Procurement	1,895,070	100.00		Net Procurement	32,381	100.00	

Note: The company's consolidated financial information.

Reasons for the increase or decrease in amount and percentage

The company has been cooperating with upstream, middle and downstream manufacturers for many years and has maintained a good partnership. In addition to the increase and decrease of the purchase amount of suppliers in the last two years due to the company's sales volume and cost factors, the main reason for the change of the ranking in the first quarter of 2023 is the weakening of market demand and the high inventory level of the supply chain caused by repeated orders since the second half of 2022. As a result, sales strength declined, the company experienced weak market demand after obtaining production capacity in 2022. In order to reduce the company's inventory, we significantly reduced the purchase amount in the first quarter of 2023.

2. List of any suppliers and clients accounting for 10 percent or more of total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$'000; %

Item	2021 (Note)				2022 (Note)				Current year As of March 31, 2023 (Note)			
	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with Issuer
1	Company A	1,041,740	30.94	None	Company A	1,090,230	36.89	None	Company A	143,573	38.39	None
2	Company B	269,055	7.99	None	Company B	449,830	15.22	None	Company B	105,594	28.23	None
3	Company C	648,851	19.27	None	Company C	416,490	14.09	None	Company C	53,258	14.24	None
4	Company D	319,807	9.50	None	Company D	274,906	9.30	None	Company D	41,565	11.11	None
	Others	1,087,594	32.30	None	Others	723,530	24.50	None	Others	30,041	8.03	None
	Net Sales	3,367,047	100.00	-	Net Sales	2,954,986	100.00	-	Net Sales	374,031	100.00	-

Note: The company's consolidated financial information.

Reasons for the increase or decrease in amount and percentage

The Company values the business development and requirements of customers' IC distributors and maintains good cooperation. Therefore, changes in sales amount to main customers were mainly due to market development and product needs.

(V) Production volume for the 2 most recent fiscal years

Unit: thousand pieces; NT$'000

Year / Product Volume / Main Product	2021			2022		
	Capacity (Note)	Volume	Value	Capacity (Note)	Volume	Value
USB chips	Not Applicable	189,541	1,687,360	Not Applicable	117,613	1,224,577

Note: The Company outsources its production to professional OEMs and has established long-term relationships with them, so there is no restriction on obtaining the required production capacity.

(VI) Volume of units sold for the 2 most recent fiscal years

Unit: thousand pieces; NT$'000

FY / Sales Volume / Main Product	2021				2022			
	Internal Sales		External Sales		Internal Sales		External Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
USB chips	66,879	1,514,581	97,020	1,827,977	47,080	1,376,939	79,097	1,577,901
Patent license and other income	-	24,210	-	279	-	-	-	146
Total	66,879	1,538,791	97,020	1,828,256	47,080	1,376,939	79,097	1,578,047

III. Number of employees employed, average years of service, average age, and education levels

March 31, 2023; Unit: persons; %

Item \ FY		2021	2022	Current year as of March 31, 2023
Number of Employee (Persons)	Direct Labor	0	0	0
	Indirect Labor	191	194	196
	Total	191	194	196
Average Age years old		43.07	43.24	43.32
Average Service years (years) (Note)		6.99	7.42	7.59
Education Level Distribution (%)	Ph.D.	5%	4%	4%
	Master	48%	47%	47%
	Bachelor's Degree	47%	49%	49%
	High School	0%	0%	0%
	Under High School	0%	0%	0%

Note: It does not include service years in other business units within the same group.

IV. Environmental Protection Expenditure

Please refer to "Part 6 Sustainable development: III. Environmental Performance" in page 114~117 of the annual report.

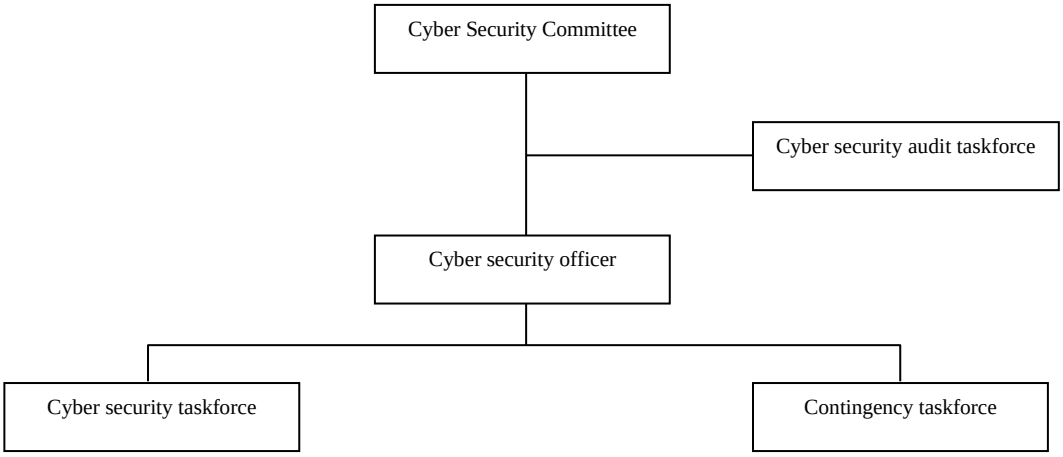
V. Labor Relations

Please refer to "Part 6 Sustainable development: I. Corporate Promise" in page 106~114 of the annual report.

VI. Cyber security management

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

1. Cyber security risk management framework



The Company established a "Cyber Security Management Committee" to strengthen its cyber security management in 2020. The Committee is chaired by Vice President (Chief Cyber Security Officer) and sets up the Cyber Security Officer to be responsible for the supervision and audit of cyber security related operations and coordination. The organization team includes cyber security handling taskforce, contingency taskforce, and cyber security audit taskforce. The cybersecurity handling taskforce is responsible for the planning and execution of all cyber security operations; the contingency taskforce is responsible for the execution and rehearsal of emergency response operations and business continuity plans; and the cyber security audit taskforce cooperates with the Company's auditing unit to conduct internal and external audits of information security.

2. Cyber Security Policies

With the rapid advancement of information technology and the popularity of Internet usage, problems concerning information protection, hacker attacks and blackmails have emerged in endlessly. In the face of increasingly serious cyber security risks and challenges, in order to strengthen cyber security management and ensure the security of data, systems, equipment and networks, the Company has established an information security management system in accordance with the ISO27001 standard as part of its overall management system. It is also based on operational risk program management to establish, implement, operate, monitor, review, maintain, and continuously improve the information security management system in order to protect the confidentiality, integrity, and availability of information. The Company not only comply with the Government's relevant information security policies and internal systems but also exercise due diligence in the daily cyber security management, to prevent from internal and external intentional or accidental threats and to minimize the operational risk of information security. All colleagues work together in the hope of achieving the following policy objectives:

(1) To ensure the confidentiality and integrity of information assets.

(2) To ensure that data access is regulated according to departmental functions.

(3) To ensure the continuous operation of the information system.

(4) To prevent unauthorized modification or use of data and system.

(5) Regularly perform audit on information security to ensure the implementation of information security.

3. Specific management programs

(1) Internet information security control

A. Firewall control.

B. Instant virus scanning of computer systems and data storage media.

C. Instant monitoring of system logs of various web services and tracking of abnormalities.

(2) Data access control

A. The computer equipment should be kept by a dedicated person, with an account number and password.

B. Confidential and sensitive data and copyright software shall be removed or overwritten before equipment is disposed of.

C. The account privileges of the information system should be duly requested and approved.

(3) Disaster recovery mechanism

A. Regularly review the contingency plan.

B. Regularly perform the system recovery drill at an annual basis.

C. Establish a system backup mechanism and implement off-site backups.

D. Regularly review the security controls for computers and internet.

(4) Cyber security promotion and review

A. Promote cyber security information from time to time to enhance employees' awareness.

B. Prepare the cyber security work report and present it to the Board of Directors annually

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

In 2022, the Company did not have significant cyber security incidents that caused business damage. It continued to implement the cyber security management policy objectives and performs recovery drill regularly to protect the security of the Company's important systems and information.

VII. Important contracts

The supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year

Nature of contract	Contracting parties	Commencement and expiration dates	Major content	Restrictive clauses
Leasing	VIA Technologies Co., Ltd.	01/01/2021 ~12/31/2023	Office Leasing Contract	None

Six. Sustainable Development

I. Corporate commitment

List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation; status of labor-management agreements and measures for preserving employees' rights and interests, and responses to labor disputes：

The Company has always upheld to the business philosophy of "Labor-management cooperation, labor-management harmony". It, in accordance with the relevant laws and regulations and with the objective of "giving back to employees", plans and implements: various employee benefits, continuing education and development programs, retirement system, and timely contributions to pensions. Therefore, over the past few years, the Company has enjoyed harmonious labor relations with sound benefits, a smooth channel for complaints, and a motivating and developing work environment.

(I) Employee benefits

1. Employment

The Company strictly complies with the Labor Standards Act, prohibits the use of child labor, and prohibits any employment discrimination based on gender, age, disability, pregnancy, race, or religion of employees. All employments are based on clear and legitimate labor agreements. In the event of termination of employment, severance must be made in accordance with the Labor Standards Act.

2. Employee cohesiveness

Holding year-end gatherings, department gatherings and Christmas parties every year. Hosting handmade present activities on Father's Day, Mother's Day, International Women's Day, etc. Establishing more than ten different clubs for employees to attend and to get to know more colleagues during club activities.

3. Employee services

In addition, in order to appreciate the hard work of the employees, the Company provides the following soft and hard services: parking lots, gyms, infirmaries and breastfeeding rooms, afternoon tea and evening lunches, and massage services by blind masseurs, so that the employees can relax after work. At the same time, the Company signs benefit contracts with nearby hospitals and nursery schools to provide employees and dependents with assured choices.

4. Employee safety and healthcare

(1) Employee safety and health management

① In order to have a safe working space and to ensure the staff can respond to "sudden cardiac arrests" timely, the Company has structured the emergency and health management

procedures and has placed three sets of AEDs (Automated External Defibrillator) in the gym and in the office areas. Besides the setting of AED, the Company holds CPR and PFA (Psychological First Aid) courses and encourages employees to get first aid certifications to strengthen first responders' ability to deal with emergency situations. The Company now has at least three employees who have first aid certifications, which is higher than the requirement of the Regulations of the Labor Health Protection.

② To let employees pay more attention to their own health situation for "early detection, early treatment", the Company regularly holds health examinations every two years for all employees. The health check-up rate is 93.6% in 2022. The Company would transfer cases to the occupational doctors or appropriate outpatient clinics if necessary and urge employees to improve their daily habits by tracking abnormal data of health checkups.

③ The Company is dedicated to the protection of employees' safety and health, and attaches great importance to maternal health protection at the workplace. The Company, in accordance with the "Occupational Safety and Health Act" and the "Regulations of the Labor Health Protection", uses occupational safety questionnaires when holding the health examination every two years to investigate occupational injuries and diseases. The acts are used to prevent employees from occupational accidents, such as ailments induced by exceptional workload, musculoskeletal disorders, wrongful physical or mental harm caused by the actions of others during the execution of job duties, and depression.

④ The Company follows the governmental policies and measures against severe special infectious pneumonia (COVID-19). The diagnostic rate is 53.01% in 2022, all are mild cases. There are three main features of the Company's epidemic prevention strategies：

A. Cross-departmental epidemic command center：

Firstly, HR Department has set up a cross-departmental epidemic prevention committee consisting of nine senior executives from HR Department, Administration Department, Information Technology Department, Public Relations Department, etc. HR Department leads the cross-departmental epidemic command center, takes charge of epidemic prevention management, and holds epidemic responding meetings from time to time to provide guidelines on the following issues to ensure the health of employees, dependents, suppliers, customers and stakeholders, including: advance deployment in response to the Omicron variant, planning the preparation of anti-epidemic materials in response to the epidemic situation, contingency handling when employees are diagnosed, general distribution of home test kits for each employee, uploading weekly quick screening records to employee portal during the pandemic peak from May 1st to October 31st,

arranging employees to take turns coming to the office and working from home during a level 3 epidemic alert nationwide, work from home measures for employee with children under 12 had COVID-19, anti-epidemic measures for returning to the office, health monitoring of high-risk employees, visitor health management, departure and arrival control for business and personal travel, office access and environmental control, disseminating the latest news and information on COVID-19 to increase employee knowledge of epidemic prevention, etc.

B. Online monitoring platform for epidemic prevention:

Secondly, the Company has set up a number of platforms for self-reporting of employees' temperature and health management, registration and statistics of vaccination, and uploading of quick screening records to make epidemic prevention technological, so that it can grasp information and adjust measures immediately.

C. Enhance internal cohesion during pandemic:

Lastly, the Company and its parent company have formulated contingency plans in response to COVID-19 to assist its employees and their families who are diagnosed with medical resources in the first place. The Company also provides "work from home" policy for employees who are diagnosed. Besides, managers in every department are assigned as frontline commanders to work with the epidemic command team to conduct surveys, track the physical and mental health of employees and their families, rearrange tasks to avoid delay during the home office period, and motivate all employees to fully engage in activities of epidemic prevention. In addition, the Company puts effort into employee healthcare. For instance, the company not only provides instant telephone service but also establishes a system to care and track the physical and mental health of confirmed cases, the close contacts and their families, to classify and manage high-risk employees, to care for long-haul COVID symptoms of employees, and to ensure that employees are well taken care of under the collective anxiety and depression of the peak of the epidemic. In order to make a complete anti-epidemic safety network and employee healthcare system, the Company keeps adjusting strategies with rolling wave planning, actively protects the health and safety of employees and their families, and continues to strictly require all employees to cooperate with anti-epidemic policies to maintain the safety of business operations.

(2) Physical and mental balance of employees

Combine the mission of the corporate innovation and caring for employees, the Company focus on the holistic health of its employees through diverse services, such as physical, mental, and spiritual healthcare to build a harmonious workplace.

① The Company hires Director Liu of the Family Medical Department of Xindian Cardinal Tien Hospital to provide services in its premises once a month to provide face-to-face consultation to employees for medical information, health check report, health counseling, and prevention of infectious diseases and occupational injuries.

② The Company mandates psychological counselors to provide one by one care and assistance to address individual employee's needs and issues. Such as psychological counseling, career planning, marriage counseling, workplace stress management, bereavement care and grief counseling, employee behavioral risk management, employee assistance programs and manager counseling services. Grievance procedures are set for sexual harassment, stalking and harassment, gender equality and workplace bullying.

③ The Company, in accordance with the "Occupational Safety and Health Act", mandates occupational health nurse to provide health services for employees. Such health services include general and emergent physical care, triage, physical fitness testing, health examination, health counseling, health lectures, and health promotion activities.

④ The Company regularly holds seminars on various physical and mental health topics such as physical and mental healthcare, weight loss programs, medical news, occupational disaster prevention, couple communication, gender relations, etc. It also regularly holds weight loss competitions, physical fitness courses, nutrition and exercise courses, occupational safety courses, dementia caring courses, grief therapy, gender equality and workplace bullying prevention courses, and other training courses for employee health improvement. A total of six sessions are held in 2022. To promote cultural diversity and inclusion in the workplace, the Company lets employees learn a variety of new things; and communicate with people from different departments of the company, so that the relationship between employees has a stronger connection, and can create a friendly work environment.

5. Employee-family support program

When employees need care and assistance, such as in the event of an employee's accident or critical changes in the family, the Company employs professional psychological counselors to immediately activate a complete employee-family care mechanism – to care, visit and comfort family members, to establish a trusting relationship, and keep concerning their family about recent developments. The counselors would follow up from time to time and provide financial, legal and other employee assistance programs as necessary.

6. Employee welfare committee

The Company allocates certain proportion of its revenue to the committee by "Employee

Welfare Committee Organization Guidelines". The Employee Welfare Committee members are elected by each department and are responsible for arranging its funds for not only providing cash gifts for three traditional festivals, birthday, wedding, and the condolence money, but also adopting a flexible benefit system in order to maximize the fund's usage for all employees.

(II) Gender equality and diversity management

The Company dedicates on promoting gender equality in workplace, respects the differences on every employee, maintains the rights for diverse gender groups, and makes sure employees do not suffer from discrimination, prejudice, and unfair treatments due to the reasons of disability, gender, sexual orientation, age, social background, social status, political leanings, religions, and races. As for hiring, the Company prohibits the use of child labor, and insists on equality of sexual and gender diversity and multi-racial environment. As for talent retention, the Company is devoted to equity in compensation and promotions. As for diversity management, the Company formulates the policies of sexual harassment prevention and workplace bullying prevention, sets up gender equality committee and grievance procedures for prejudice, gender equality, sexual harassment, and workplace bullying, and attaches great importance to maternal health protection at the workplace. In addition, the Company, from time to time, holds training courses on topics of friendly workplace such as gender equality and employment discrimination prevention to let the employees and especially the senior managers all understand the related measures so they can support gender equality and diversity management. The workplace culture of diversity and inclusion is built on the goals to create compatibility for employees, to encourage them to embrace the differences, and works toward a compatible workplace with multi-cultures.

(III) Continuing education and training

The Company places great emphasis on career and talent development. It sets up diverse internal and external training plans and actively encourages employees to participate in these courses. It also actively promotes on-line learning so that employees can have the latest and most comprehensive professional knowledge.

1. Internal training courses focus on the exchange of professional skills within the Company and enhancing the working capability of employees. The courses include : new employee orientation, department internal training, environmental safety training, etc.
2. External training courses are attended by designated employees who are assigned by department heads and employees according to the job requirements. They can provide good professional training for the Company's employees.

Summary of 2022 educational training：

Unit: counts; NT$

Item	Total Attendances	Total Sessions	Total Hours	Total Cost (NT$)
Professional training	837	22	1,985	377,752
Leadership and management	22	7	182	
New employee orientation	8	5	36	
External courses	28	18	232	

(IV) Employee retirement system

In order to stabilize the life of employees after retirement, the Company stipulates the labor retirement policies in accordance with the "Labor Standards Act" and "Labor Pension Act". Domestic employees are subject to the new system under the Labor Pension Act. The Company makes monthly contribution of 6% of the employee's monthly wages to their individual pension accounts; Foreign employees are eligible for the new pension system or the old pension system. The Company establishes a supervisory committee of workers' retirement reserve fund and contributes 2% of the total monthly wages of these employees and deposits such amount in a designated account with Bank of Taiwan to protect the rights of employees.

The Company stipulates, in accordance with the Labor Standards Act, as follows：

1. Voluntary retirement criteria

An employee may apply for voluntary retirement under any of the following conditions：

(1) The employee attains the age of 55 and has worked for 15 years.

(2) The employee has worked for more than 25 years.

(3) The employee attains the age of 60 and has worked for 10 years.

2. Force retirement criteria

An employer shall not force an employee to retire unless any of the following situations has occurred：

(1) The employee attains the age of 65.

(2) The employee is unable to perform his/ her duties due to disability.

A business entity may request the central competent authority to adjust the age prescribed in subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below 55.

3. Criteria for payment of pensions

(1) The employee who is applicable to the Old System, the pension payment is calculated in accordance with Subparagraph 1 of Paragraph 1 of Article 55 of the Labor Standards Act.

However, according to Subparagraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount shall be given to employees forced to retire due to disability incurred from the execution of their duties in accordance with Subparagraph 1 of Paragraph 1 of Article 55 of the Labor Standards Act.

(2) The employee who is applicable to the New System, the Company makes monthly contribution of 6% of the employee's monthly wages to his/her individual pension account.

4. Pension payment

The Company would pay the pensions within 30 days from the day of retirement for the employee who is applicable to the Labor Standards Act.

(V) Labor-management agreements and employees rights protective measures

The Company attaches great importance to the harmony of labor relations and the protection of employees' rights. It holds labor-management meetings regularly to maintain a smooth communication channel between the two parties; disseminates its policies and information openly, immediately, and company-wide through the internal electronic platform; establishes an anonymous "Employee Feedback Section" to listen to valuable suggestions and feedback from employees, as well as ensures all issues raised by employees would be taken seriously by the relevant units, and the issues are addressed and responded to properly. The Company facilitates smooth communication with employees through the above measures. Therefore, it maintains good labor relations.

(VI) Response to labor disputes

List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company's management system and employee benefits are fair. Since its incorporation, the Company has maintained harmonious labor relations and no labor disputes have occurred. There were not any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes. The likelihood of future labor disputes is also extremely low.

II. Social participation

(I) The company is committed to adhering to the concept of saving energy and natural resources, realizing that environmental protection is one of the most important issues for mankind today,

designing and manufacturing products that are most environmentally efficient, and encouraging employees to participate in efforts to protect the earth. It holds, from time to time, health talks, promotion of the office's energy saving and carbon reduction, efforts to recycle resources, promotion of "environmental protection", "low carbon diet" and "environmental health" and other topics to take care of the earth.

(II) The Company cares for disadvantaged groups. It has held relevant events and invited employees to participate from time to time：

Christmas charity sale in 2022: Invited 8 disadvantaged groups to attend this charity sale, such as Autism Society of Taiwan, Gofe Café (Sheltered Workshop), So Bright (Sheltered Workshop for the Blind in Xin-tien), The Garden of Hope Foundation, Daan Shelter Farm, San Love Social Welfare Association, Angel Heart Family Social Welfare Foundation, and Pure Coffee of Victory Social Welfare Foundation.

1. It has long supported the Chinese Christian Relief Association to host 1919 book-donating activity and has donated a large number of used books.
2. Joint the Step 30 International Ministries to donate second-hand goods with the calling of the parent company. The total donation included 345 pairs of used shoes ,81 used backpacks, and 559 pieces of used clothes in 2022.
3. In order to implement local care and help the disadvantaged families served by Andrew Charity Association to survive the emergency, the Company donated money in 2022 to support the Association's "Food Bank Project" to assist 1,000 disadvantaged families in rural areas throughout Taiwan which helps the physical and mental development of the children.

(III) The challenge and opportunity in community

The Company has rooted locally for 15 years, it insists on the goals of befriending our neighbors and making the society better. It holds social assistance and charity sale events actively to encourage employees to devote to social welfare and local community to become actual community citizens, and thus improve the community welfare and could benefit the underprivileged.

Community citizens activities in 2022		
Activity	Description	Date
Blood donation charity event	The blood donation charity events are held twice a year in summer and winter in the atrium of Xindian Far East Industrial Area with Senao Technical and Cultural Education Foundation. The events encourage employees to save lives by donating blood.	Jan 20th 2022, July 12th 2022

Community citizens activities in 2022		
Activity	Description	Date
Community service during the pandemic	The Company, from time to time, assisted the community with disinfection during the pandemic. It also provided family caring for those who were diagnosed, and offered emergency services.	April 13th till December 30th, 2022

III. Environmental efforts

Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : Not applicable.

In line with the government's green consumption policies, the Company purchases products with five major labels, including environmental protection label, energy saving label, water saving label, green building materials label and carbon label, to implement green consumption for all people.

(I) Protective measures for working environment and employees' personal safey

1. Promotion of Restriction of Hazardous Substances (RoHS): The Company has an occupational safety and environmental protection personnel who is responsible for the promotion and execution of environmental, safety, and health related affairs, as well as a "Class-1 Manager of Occupational Safety and Health Affairs" who is responsible for the development, planning, and determining of the Company's overall environmental, safety, and health strategies, and the promotion of various initiatives. In terms of industrial safety and environmental protection, the Company not only strives to comply with domestic environmental, safety, and health related laws and regulations, but also actively connects with international standards. It adopts ISO 9001 Quality Management System and IECQ QC080000 Hazardous Substance Process Management System, and obtains related certifications from the third-party certification authority every year. All of our products comply with True Green Policies, including EU RoHS 2.0 Directive and Halogen Free process. We also require our suppliers not to use hazardous substances in order to meet international customer demands for product safety. In addition, the packaging materials and catalogs of our products are all made of eco-friendly recycled paper and eco-friendly ink to reduce environmental pollution.

2. Disaster prevention and contingency measures: The Company formulates "Procedures for Contingency Plan" and "Fire Protection Plan", holds at least a drill per year to ensure that when major disasters such as fires and epidemics occurs, all personnel of the Company understand the contingency measures; and the departments and emergency response groups can follow all operations to unify the commands and operation steps, so as to reduce casualties and control damage.
3. Occupational disaster prevention plan: In order to achieve the goal of zero occupational disasters, the Company draws up an annual occupational disaster prevention plan at the end of each year, and each business unit actually implements it and conducts drills according to the schedule and content of the plan, and then confirms the improvement of the implementation effectiveness and deficiencies through the audit system. Every three months The labor-management meeting to revise the occupational disaster prevention plan. According to the resolutions of the labor-management conference, the annual occupational disaster prevention plan is formulated, and the PDCA method is continuously used to reduce the hazard risk of the business unit year by year to achieve the ultimate goal of zero disaster.
4. Work environment measurement: In accordance with the "Implementation Measures for Labor Work Environment Monitoring", the Company commissions a qualified work environment measurement agency approved by the Labor Committee to conduct work environment measurement for carbon dioxide (CO_2), illuminance, organic solvents (ethanol, n-bromopropane, isopropanol), lead (Pb), electromagnetic wave, and etc. Relevant measurement data are known to colleagues in accordance with the "Measures for the Implementation of Labor Working Environment Measurements" of the Administration Department, and are used as a reference for environmental improvement and energy-saving measures in various districts by the Administration Department and works departments.
5. Automatic inspections: The Company draws up an automatic inspection implementation plan for electrical equipment, firefighting facilities and operating environment, actively discovers potential hazards, and strives to improve related deficiencies, so as to effectively control the occurrence of risks. The Company conducts building security inspection, fire maintenance declaration, regular maintenance of the general switch box on each floor, and infrared thermal imaging inspection on an annual basis. It changes all office and lab outlets to fixed outlets without using extension cords, and checks power circuit loads regularly to reduce potential public safety hazards and improve the safety of the Company's work environment.

(II) Specific practices and results of energy-saving measures

The Company is a professional integrated circuit design company, mainly engaged in the development, design and testing of various integrated circuits. By improving the durability and efficiency of the product, it is expected to achieve the goal of maximum sustainable use of resources. In 2021 and as of the publication date of the annual report, there is no record of sanctions by the environmental protection authority due to environmental pollution and lack of waste management.

1. Environmental management performance objectives are as follows：

(1) Short-term goal is to comply with the relevant environmental laws and regulations and promote waste resource classification and reduction activities to achieve the original material reduction and waste reduction targets；

(2) Medium-term goal is to continuously improve environmental management systems and reduce impacts on the environment；

(3) Long-term goal is to promote employee participation and attention to energy conservation and carbon reduction and greenhouse gas reduction issues, and to uphold the concept of energy conservation and natural resources, and to work for environmental and ecological improvement.

2. The main specific measures and achievements of environmental protection and energy saving are as follows：

(1) The Company designs and manufactures the most environmentally-efficient products, strives for the product miniaturization and lightweight to reduce the impact of company operations on the natural environment, promotes waste classification and resource recycling, and implements 5R (Reduce, Reuse, Recycle, Repair, Refuse) to effectively reduce the disposal volume of hazardous industrial waste. In 2022 and 2021, the disposal volume of business waste were 205 kg and 50 kg, respectively. The year 2022 was marked by an increase in weight due to the disposal of business waste accumulated for past years.

(2) The Company’s main source of greenhouse gas emissions is the use of electricity. The Company’s energy increase measures resulted in 119,040 kw/hr of electricity use in 2022, which was equivalent to 61 tons of CO_2 emissions. Comparing to 333,480 kw/hr and 266 tons of CO_2 emissions in 2020.The Company, on an annual basis, performs quarterly, and monthly routine maintenance and replacement of air conditioning equipment, such as ice water main engine, ice water blower, total heat exchanger, etc., to reduce its failure rate and improve its performance. The Company has also adopted the practices of turning off the lights in the office during lunch break and installing lights with motion sensors, which can save 10% of electricity consumption in lighting.

(3) The Company's total water consumption in 2022 and 2021 were 3,769 cubic meters and 2,681 cubic meters, respectively. The Company continues to promote the use of water conservation and water conservation mark products: two-stage flush toilets, water conservation mark faucets, induction flushing urinal equipment and water conservation promotion.

(4) Although the Company is in a period of business growth, it does not operate a power-consuming business such as a factory. Nevertheless, in order to protect the environment and operate on a sustainable basis, the Company has continued to implement measures and set targets of 1% of energy saving, carbon reduction, greenhouse gas reduction, water saving, and other waste reduction per year.

(5) The Company implements the green design of non-toxic raw materials for products, and implements green procurement and management. Through products and services, it provides and assists customers with measures to reduce environmental impact and improve environmental quality. In addition, the Company's packaging materials and catalogs of its products are all made of eco-friendly recycled paper and eco-friendly ink to reduce environmental pollution.

(6) The company is committed to promoting environmental protection concepts and education, and continues to promote environmental-related information to employees, such as waste reduction and resource classification. It also encourages employees to participate and pay attention to various energy saving, carbon reduction and greenhouse gas reduction issues such as catering gift box suppliers promote the use of environmentally friendly tableware to employees, promote to reduce the use of hand towels and paper cups to employees, and purchase products with eco-friendly labels.

Seven. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the past 5 fiscal years, and the Accountant's Audit Opinion given thereby

(I) Condensed balance sheet and comprehensive income statement

1. Condensed Balance Sheet

(1) IFRS (consolidated)

Unit: NT$'000

Item \ FY		Five-Year Financial Summary (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		978,924	1,166,628	2,790,193	3,187,813	2,748,805	2,596,551
Property, plant and equipment		15,303	37,287	56,942	72,889	80,828	73,158
Right-of-use assets		0	11,995	1,586	26,728	13,355	10,001
Intangible assets		8,357	9,679	41,943	44,763	46,468	48,104
Other assets		10,896	27,718	149,912	742,992	938,911	970,561
Total assets		1,013,480	1,253,307	3,040,576	4,075,185	3,828,367	$3,698,375
Current liabilities	Before distribution	288,711	378,106	419,970	856,735	644,505	1,012,714
	After distribution	378,711	576,106	723,720	1,609,058	1,161,240	(Note 3)
Non-current liabilities		7,793	8,399	3,735	16,680	2,938	2,935
Total liabilities	Before distribution	296,504	386,505	423,705	873,415	647,443	1,015,649
	After distribution	386,504	584,505	727,455	1,625,738	1,164,178	(Note 4)
Equity attributable to owners of the parent		716,976	866,802	2,616,871	3,201,770	3,180,924	2,682,726
Common stock		600,000	600,000	675,000	675,000	685,110	687,590
Capital collected in advance		0	0	0	11,556	4,496	4,406
Capital surplus		2,545	2,824	1,557,933	1,561,112	1,571,188	1,573,354
Retained earnings	Before distribution	126,270	278,974	399,695	976,311	947,758	446,069
	After distribution	36,270	80,974	95,945	223,988	431,023	(Note 3)
Other equity		(11,839)	(14,996)	(15,757)	(22,209)	(27,628)	(28,693)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	716,976	866,802	2,616,871	3,201,770	3,180,924	2,682,726
	After distribution	626,976	668,802	2,313,121	2,449,447	2,664,189	(Note 3)

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: Reviewed by the CPAs.
Note 3: Not applicable.

(2) IFRS (Parent Company Only)

Unit: NT$'000

Item \ FY		Five-Year Financial Summary (Note)				
		2018	2019	2020	2021	2022
Current assets		973,505	1,156,716	2,778,466	3,173,212	2,736,033
Property, plant and equipment		15,303	37,272	56,887	72,768	80,638
Right-of-use assets		0	10,087	772	26,356	13,178
Intangible assets		8,357	9,679	41,943	41,811	41,615
Other assets		25,567	42,223	165,778	763,905	963,397
Total assets		1,022,732	1,255,977	3,043,846	4,078,052	3,834,861
Current liabilities	Before distribution	297,963	381,658	423,649	859,776	650,999
	After distribution	387,963	579,658	727,399	1,612,099	1,167,734
Non-current liabilities		7,793	7,517	3,326	16,506	2,938
Total liabilities	Before distribution	305,756	389,175	426,975	876,282	653,937
	After distribution	395,756	587,175	730,725	1,628,605	1,170,672
Common stock		600,000	600,000	675,000	675,000	685,110
Capital collected in advance		0	0	0	11,556	4,496
Capital surplus		2,545	2,824	1,557,933	1,561,112	1,571,188
Retained earnings	Before distribution	126,270	278,974	399,695	976,311	947,758
	After distribution	36,270	80,974	95,945	223,988	431,023
Other equity		(11,839)	(14,996)	(15,757)	(22,209)	(27,628)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	716,976	866,802	2,616,871	3,201,770	3,180,924
	After distribution	626,976	668,802	2,313,121	2,449,447	2,664,189

Note: The source of information is the financial statements audited by the CPAs for each year.

(3) Enterprise Accounting Standards (consolidated)

Not applicable. The Company has prepared its financial statements in accordance with the Business Entity Accounting Act and generally accepted accounting principles (GAAP) and has not prepared consolidated financial statements for 2017 and 2018.

(4) Enterprise Accounting Standards (parent company only)

Unit: NT$'000

FY / Item		Five-Year Financial Summary (Note 1~2)				
		2018	2019	2020	2021	2022
Current assets		973,505	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Funds and investments		14,671				
Property, plant and equipment		15,303				
Intangible assets		8,357				
Other assets		10,896				
Total assets		1,022,732				
Current liabilities	Before distribution	300,583				
	After distribution	390,583				
Non-current liabilities		0				
Other liabilities		5,173				
Total liabilities	Before distribution	305,756				
	After distribution	395,756				
Common stock		600,000				
Capital surplus		2,545				
Retained earnings	Before distribution	126,270				
	After distribution	36,270				
Other equity		(11,839)				
Treasury stock		0				
Equity Amount	Before distribution	716,976				
	After distribution	626,976				

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: The above "after distribution" figures are based on the resolution of the Board of Directors or the Shareholders' Meeting of the following year.

2. Condensed Consolidated Income Statement

(1) IFRS (consolidated)

Unit: NT$'000; EPS: NT$

Item \ FY	Last Five-Year Financial Summary (Note1)					Financial Summary for the current year as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	1,201,510	1,585,688	1,969,592	3,367,047	2,954,986	374,031
Gross profit	589,426	821,820	960,842	1,794,945	1,546,092	179,869
Income from operations	126,895	280,187	385,638	1,029,615	709,555	4,226
Non-operating income (expenses)	(2,960)	2,155	(27,981)	11,735	138,457	13,688
Profit before income tax	123,935	282,342	357,657	1,041,350	848,012	17,914
Income from continuing operations	123,912	242,819	318,484	880,311	723,535	15,046
Loss of discontinued operation	0	0	0	0	0	0
Net income	123,912	242,819	318,484	880,311	723,535	15,046
Other comprehensive income – after tax	74	(3,272)	(524)	(6,397)	(5,184)	(1,065)
Total comprehensive income	123,986	239,547	317,960	873,914	718,351	13,981
Equity attributable to owners of the parent	123,912	242,819	318,484	880,311	723,535	15,046
Equity attributable to non-controlling interest	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	123,986	239,547	317,960	873,914	718,351	13,981
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0	0
Earnings per share (NT$)	2.07	4.05	5.29	13.04	10.56	0.22

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: These are financial statements Reviewed by the CPAs

(2) IFRS (Parent Company Only)

Unit: NT$'000; EPS: NT$

Items \ FY	Five-Year Financial Summary (Note)				
	2018	2019	2020	2021	2022
Operating revenue	1,201,510	1,585,688	1,969,592	3,367,047	2,954,986
Gross profit	589,426	821,820	960,842	1,794,945	1,546,092
Income from operations	125,398	278,279	383,011	1,027,898	707,046
Non-operating income (expenses)	(2,386)	2,394	(25,893)	12,940	140,324
Profit before income tax	123,012	280,673	357,118	1,040,838	847,370
Income from continuing operations	123,912	242,819	318,484	880,311	723,535
Loss of discontinued operation	0	0	0	0	0
Net income	123,912	242,819	318,484	880,311	723,535
Other comprehensive income – after tax	74	(3,272)	(524)	(6,397)	(5,184)
Total comprehensive income	123,986	239,547	317,960	873,914	718,351
Equity attributable to owners of the parent	123,912	242,819	318,484	880,311	723,535
Equity attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	123,986	239,547	317,960	873,914	718,351
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share (NT$)	2.07	4.05	5.29	13.04	10.56

Note: The source of information is the financial statements audited by the CPAs for each year.

(3) Enterprise Accounting Standards (consolidated)

Not applicable. The Company has prepared its financial statements in accordance with the Business Entity Accounting Act and generally accepted accounting principles (GAAP) and has not prepared consolidated financial statements for 2018.

(4) Enterprise Accounting Standards (parent company only)

Unit: NT$'000; EPS: NT$

Item \ FY	Five-Year Financial Summary (Note)				
	2018	2019	2020	2021	2022
Operating revenue	1,201,510	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Gross profit	589,426				
Income from operations	125,266				
Non-operating income (expenses)	(2,386)				
Profit before income tax	122,880				
Income from continuing operations	123,780				
Income of discontinued operation	0				
Net income	123,780				
Other comprehensive income	206				
Total comprehensive income	123,986				
Earnings per share (NT$)	2.06				

Note: The source of information is the financial statements audited by the CPAs for each year.

(II) CPAs' audit opinion

Year	CPA	CPA Firm	Audit Opinion
2018	Shulin Liu, Wenya Hsu	Deloitte and Touche	Unqualified opinion
2019	Shulin Liu, Wenya Hsu	Deloitte and Touche	Unqualified opinion
2020	Shulin Liu, Wenya Hsu	Deloitte and Touche	Unqualified opinion
2021	Shulin Liu, Wenya Hsu	Deloitte and Touche	Unqualified opinion
2022	Shulin Liu, Chinchuan Shih	Deloitte and Touche	Unqualified opinion

In 2023, as a result of internal adjustments in the CPA firm, the attesting CPAs were changed to Pan-Fa Wang and Chin-chuan Shih .

II. Financial analysis for the past 5 fiscal years

(I) IFRS (consolidated)

Item (Note3) \ FY		Five-Year Financial Summary (Note 1)					Financial analysis for the current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	29.26	30.84	13.94	21.43	16.91	27.46
	Ratio of long-term capital to property, plant and equipment	4,685.20	2,324.68	4,602.24	4,415.55	3,939.06	3,671.04
Solvency (%)	Current ratio	339.07	308.55	664.38	372.09	426.50	256.4
	Quick ratio	288.77	247.65	598.92	318.03	275.52	176.67
	Times interest earned ratio (times)	0	721.26	2,104.86	2,207.25	2,473.34	352.25
Operating ability	Accounts receivable turnover (turns)	9.07	8.25	8.64	10.79	9.01	7.36
	Days sales in accounts receivable (days)	40	44	42	34	41	50
	Inventory turnover (turns)	2.81	3.28	3.29	3.23	1.44	0.62
	Accounts payable turnover (turns)	3.92	6.20	6.87	6.72	6.67	8.86
	Average days in sales (days)	130	111	111	113	253	592
	Property, plant and equipment turnover (turns)	90.28	60.30	41.80	51.87	38.45	19.43
	Total assets turnover (turns)	1.25	1.40	0.92	0.95	0.75	0.40
Profitability (%)	Return on assets	12.84	21.45	14.84	24.75	18.32	0.40
	Return on shareholders' equity	18.92	30.66	18.28	30.26	22.67	0.51
	Ratio of pre-tax income to issued capital	20.66	47.06	52.99	152.88	123.33	2.60
	Profit ratio	10.31	15.31	16.17	26.14	24.49	4.02
	Earnings per share (NT$)	2.07	4.05	5.29	13.04	10.56	0.22
Cash flow (%)	Cash flow ratio	41.11	51.48	75.62	104.73	32.63	17.58
	Cash flow adequacy ratio	82.65	129.48	118.57	129.69	61.93	63.93
	Cash reinvestment ratio	15.24	11.35	4.44	17.87	0.00	6.23
Leverage	Operating leverage	4.35	2.75	2.39	1.69	2.11	39.55
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.01

Analysis of financial ratio change in the last two years (except for differences within 20%).

1. Decrease in liabilities to assets ratio: mainly due to the decrease in related current liabilities in 2022 such as accounts payable and current income tax liabilities.
2. Increase in average receipt days: mainly due to the decrease in sales revenue in 2022 compared with 2021.
3. Decrease in inventory turnover and increase in average days sold: mainly due to the increase in inventory in 2022.
4. Decrease in property, plant and equipment turnover and total assets turnover: mainly due to lower sales in 2022.
5. Decrease in return on assets, decrease in return on equity, decrease in pre-tax net income to paid-in capital ratio, decrease in net income ratio and decrease in earnings per share: mainly due to the decrease in operating profit in 2022.
6. Decrease in cash flow ratio, cash flow allowable ratio and cash reinvestment ratio: cash flow ratio and cash reinvestment ratio decrease mainly due to the decrease in cash generated from operations in 2022 compared to the previous period. Cash flow allowable ratio The decrease in the cash flow allowable ratio is mainly due to the nearly five-year increase in capital expenditure, inventory increase, and cash dividends is greater than the increase in cash flow from operating activities.
7. The increase in operating leverage was mainly due to the decrease in operating margin for the current period.

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: Reviewed by the CPAs.
Note 3: Formulas are as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liability / Total assets
   (2) Ratio of long-term capital to property, land and equipment = (Total shareholders' equity + Non-current liabilities) /Net property, land and equipment
2. Solvency
   (1) Current ratio: Current assets / current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (2) Days sales in accounts receivable = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, land and equipment turnover = Net sales / Average net property, land and equipment
   (7) Total assets turnover = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
   (2) Return on shareholders' equity = Net income (loss) / Average total shareholders' equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average shares issued
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liability
   (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years
   (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital)
6. Leverage
   (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense)

(II) IFRS (Parent Company Only)

Item (Note 3) \ FY		Five-Year Financial Summary (Note 1-2)				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets	29.90	30.99	14.03	21.49	17.05
	Ratio of long-term capital to property, plant and equipment	4,685.20	2,325.61	4,605.97	4,422.65	3,948.34
Solvency (%)	Current ratio	326.72	303.08	655.84	369.07	420.28
	Quick ratio	278.09	242.83	591.02	315.21	270.82
	Times interest earned ratio (times)	0	1,068.20	3,572.18	2,334.72	2,584.45
Operating ability	Accounts receivable turnover (turns)	9.07	8.25	8.64	10.79	9.01
	Days sales in accounts receivable (days)	40	44	42	34	41
	Inventory turnover (turns)	2.81	3.28	3.29	3.23	1.44
	Accounts payable turnover (turns)	3.92	6.20	6.87	6.72	6.67
	Average days in sales (days)	130	111	111	113	254
	Property, plant and equipment turnover (turns)	90.28	60.32	41.84	51.94	38.53
	Total assets turnover (turns)	1.24	1.39	0.92	0.95	0.75
Profitability (%)	Return on assets	12.78	21.33	14.82	24.73	18.29
	Return on shareholders' equity	18.92	30.66	18.28	30.26	22.67
	Ratio of pre-tax income to issued capital	20.50	46.78	52.91	152.80	123.24
	Profit ratio	10.31	15.31	16.17	26.14	24.49
	Earnings per share (NT$)	2.07	4.05	5.29	13.04	10.56
Cash flow (%)	Cash flow ratio	42.72	49.41	74.19	104.01	32.12
	Cash flow adequacy ratio	86.22	130.16	118.47	129.75	61.92
	Cash reinvestment ratio	16.34	10.69	4.32	17.78	0
Leverage	Operating leverage	4.40	2.77	2.40	1.70	2.12
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio change in the last two years (except for differences within 20%).

1. Decrease in debt to assets ratio: mainly due to the slowdown in operating activities and the decrease in profit in 2022, so the related current liabilities such as accounts payable and current income tax liabilities decreased.
2. Increase in average days to cash, decrease in property, plant and equipment turnover, and decrease in total asset turnover: mainly due to decrease in sales in year 2022.
3. Decrease in inventory turnover and increase in average days sold: mainly due to the increase in inventory in 2022.
4. Decrease in return on assets and return on equity: mainly due to the decrease in operating profit in 2022.

5. Decrease in cash flow ratio and cash reinvestment ratio: mainly due to the decrease in cash generated from operations in 2022 compared to the previous period.

6. The decrease in the cash flow allowable ratio is mainly due to the nearly five-year increase in capital expenditure, inventory increase, and cash dividends is greater than the increase in cash flow from operating activities

7. The increase in operating leverage was mainly due to the decrease in operating margin for the current period.

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: The Company adopted IFRS from 2017.
Note 3: Formulas are as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liability / Total assets
   (2) Ratio of long-term capital to property, land and equipment = (Total shareholders' equity + Non-current liabilities) /Net property, land and equipment
2. Solvency
   (1) Current ratio: Current assets / current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (2) Days sales in accounts receivable = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, land and equipment turnover = Net sales / Net property, land and equipment
   (7) Total assets turnover = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
   (2) Return on shareholders' equity = Net income (loss) / Average total shareholders' equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average shares issued
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liability
   (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years
   (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital)
6. Leverage
   (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense)

(III) Enterprise Accounting Standards (consolidated)

Not applicable. The Company has prepared its financial statements in accordance with the Business Entity Accounting Act and generally accepted accounting principles (GAAP) and has not prepared consolidated financial statements for 2017 and 2018.

(IV) Enterprise Accounting Standards (parent company only)

Item (Note 2) \ FY			Last Five-Year Financial Summary (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets		29.90	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Ratio of long-term capital to property, plant and equipment		4,685.20				
Solvency (%)	Current ratio		323.87				
	Quick ratio		275.67				
	Times interest earned ratio (times)		0				
Operating ability	Accounts receivable turnover (turns)		9.07				
	Days sales in accounts receivable		40				
	Inventory turnover (turns)		2.81				
	Accounts payable turnover (turns)		3.92				
	Average days in sales		130				
	Property, plant and equipment turnover (turns)		90.28				
	Total assets turnover (turns)		1.24				
Profitability (%)	Return on assets		12.76				
	Return on shareholders' equity		18.90				
	Percentage of paid-in capital	Operating profit	20.88				
		Net income before tax	20.48				
	Profit ratio		10.30				
	Earnings per share (NT$)		2.06				
Cash flow (%)	Cash flow ratio		42.35				
	Cash flow adequacy ratio		87.59				
	Cash reinvestment ratio		16.49				
Leverage	Operating leverage		4.38				
	Financial leverage		1.00				

Note 1: The source of information is the financial statements audited by the CPAs for each year.
Note 2: Formulas are as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liability / Total assets
   (2) Ratio of long-term capital to property, land and equipment = (Total shareholders' equity + Non-current liabilities) /Net property, land and equipment
2. Solvency
   (1) Current ratio: Current assets / current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (2) Days sales in accounts receivable = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, land and equipment turnover = Net sales / Average net property, land and equipment
   (7) Total assets turnover = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
   (2) Return on shareholders' equity = Net income (loss) / Average total shareholders' equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Net income after tax – preferred stock dividend) / Weighted average stock shares issued
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liability
   (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividends) in the past 5 years
   (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital)
6. Leverage
   (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense)

III. Audit Committee's review report for 2022 financial statements

VIA Labs, Inc.

Audit Committee's Review Report

The board of Directors has prepared the 2022 annual business report and financial statements of the company, among which the financial statements have been verified by Deloitte and Touche and issued an unqualified inspection report. The above business report and financial statement have been examined by the Audit Committee and found to be Ok. Therefore, the above report is reported in accordance with Article 14 (4) of the Securities and Exchange Act and Article 219 of the Company Law. Please check.

Yours sincerely

2022 shareholders meeting of VIA Labs, Inc.

VIA Labs, Inc.

Audit Committee Convener: Yunming Hsieh

March 9, 2023

IV. The financial report for 2022, including CPAs' audit report, two-year balance sheet, consolidated income statement, statement of changes in shareholders' equity, cash flow statement, and notes or attached tables: Attachment 1.

V. The individual financial report of the company in 2022 verified and approved by accountants, excluding the list of important accounting items: Attachement 2.

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

Eight. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

I. Financial Position

Unit: NT$'000; %

Item \ FY	2021	2022	Increase (Decrease)	
			Amount	%
Current assets	3,187,813	2,748,805	(439,008)	(14)
Property, plant and equipment	72,889	80,828	7,939	11
Right-of-use assets	26,728	13,355	(13,373)	(50)
Intangible assets	44,763	46,468	1,705	4
Other assets	742,992	938,911	195,919	26
Total assets	4,075,185	3,828,367	(246,818)	(6)
Current liabilities	856,735	644,505	(212,230)	(25)
Non-current liabilities	16,680	2,938	(13,742)	(82)
Total liabilities	873,415	647,443	(225,972)	(26)
Common stock	675,000	685,110	10,110	2
Capital collected in advance	11,556	4,496	(7,060)	(61)
Capital surplus	1,561,112	1,571,188	10,076	1
Retained earnings	976,311	947,758	(28,553)	(3)
Other equity	(22,209)	(27,628)	5,419	24
Non-controlling interest	0	0	0	0
Total equity	3,201,770	3,180,924	(20,846)	(1)

(I) The main reasons for significant changes (changes of 20% or more and amounting to NT$10 million or more) in the last two years:

1. Right-of-use assets: The decrease was mainly due to the depreciation amortization for the period.
2. Other assets: Mainly due to the acquisition of financial assets at fair value through other comprehensive income or loss of NT$170,509 thousand, the increase of deferred income tax assets of NT$37,898 thousand, and the decrease of refundable deposits of NT$27,762 thousand.
3. Current liabilities: Mainly due to the decrease in accounts payable of NT$160,591 thousand in 2022 and the decrease in income tax payable of NT$69,805 due to the decrease in profit in 2022.
4. Non-current liabilities: mainly due to the decrease of IFRS16 lease liabilities in 2022.
5. Total liabilities: The decrease in total liabilities is due to the combination of the reasons mentioned in items 3 and 4 above.

(II) Countermeasures for financial position changes in the last two years which have a significant impact: the above changes are normal business changes and have no significant impact on the Company's financial position.

II. Analysis of Financial Performance

(I) Reasons for significant changes in operating income, operating profit and net income before tax for the most recent two years

Unit: NT$'000; %

Item \ FY	2021	2022	Increase (Decrease)	
			Amount	%
Operating revenue	3,367,047	2,954,986	(412,061)	(12)
Operating costs	1,572,102	1,408,894	(163,208)	(10)
Gross profit	1,794,945	1,546,092	(248,853)	(14)
Operating expenses	765,330	836,537	71,207	9
Operating profit	1,029,615	709,555	(320,060)	(31)
Non-operating income (expenses)	11,735	138,457	126,722	1080
Interest income	7,732	17,450	9,718	126
Other gains and losses	4,475	121,350	116,875	2612
Finance costs	(472)	(343)	129	(27)
Profit before income tax	1,041,350	848,012	(193,338)	(19)
Income tax expense	(161,039)	(124,477)	36,562	(23)
Net income	880,311	723,535	(156,776)	(18)
Other comprehensive income – after tax	(6,397)	(5,184)	1,213	(19)
Total comprehensive income	873,914	718,351	(155,563)	(18)
Net income attributable to owners of the parent	880,311	723,535	(156,776)	(18)
Total comprehensive income attributable to owners of the parent	873,914	718,351	(155,563)	(18)

The main reasons for significant changes (changes of 20% or more and amounting to NT$10 million or more) in the last two years:

1. Reasons for the decrease in operating interest: mainly due to the decrease in operating income affected by the decline in terminal demand in the current period.
2. Reasons for the increase in non-operating income and expenses and interest income and other gains and losses: The increase in interest income is mainly due to the increase in bank deposit interest rate in the current period; The increase in other gains and losses was mainly due to the net foreign currency exchange benefit of NT$99,736 thousand recognized in the current period and the increase in financial asset benefit of NT$21,388 thousand measured at fair value through profit and loss; The increase in non-operating income and expenses was mainly due to the above reasons.
3. Reasons for the decrease in income tax expense: mainly due to the decrease in net pre-tax profit of the current period.

(II) Provide the sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as the countermeasures: None.

III. Analysis of Cash Flow

(I) Cash flow analysis for the most recent two years

Unit: %

Item \ FY	2022	2021	Variance
Cash flow ratio	32.63	104.73	(68.84)
Cash flow adequacy ratio	61.93	129.69	(52.25)
Cash reinvestment ratio	0	17.87	(100.00)

Analysis of variances:

1. Cash flow ratio change analysis: It was mainly due to cash flows from operating activities decreased compared to the previous year.
2. Analysis of changes in allowable cash flow ratio: The main reason is that the increase in capital expenditure, inventory increase and cash dividend in the past five years is larger than the increase in cash flow of operating activities in the past five years, resulting in the decrease in allowable cash flow ratio.
3. Analysis of changes in cash reinvestment ratio: This is mainly due to the negative cash flow of operating activities minus cash dividends.

(II) Analysis of cash liquidity in the coming year (2022)

Unit: NT$'000

Opening Cash and Cash Equivalents ①	Estimated Net Cash Flow from Operating Activities ②	Estimated Net Cash Outflow from Annual Investment and Financing Activities ③	Estimated Cash Surplus (Deficit) ①+②−③	Remedies for Estimated Cash Deficit	
				Investment Plan	Financing Plan
1,513,917	678,038	709,811	1,482,144	None	None

Note: The financing activities include cash dividend distribution of NT$516,735 thousand.

(III) Remedies for Estimated Cash Deficit and liquidity analysis: No cash shortage is expected.

IV. The Effect upon Financial Operations of any major capital expenditures during the most recent fiscal year: None

V. Investment Policy in the most recent fiscal year, main causes for profits or losses, improvement plans and the investment plans for the coming year

(I) Investment Policies

The Company is currently investing strategically based on its basic operating needs or future growth considerations. The Company invests in accordance with the "Procedures of Acquisition and Disposal of Assets" stipulated by the competent authority, and the investment is executed by relevant units according to Internal Control System Policies. The above Procedures and Policies have all been approved by the Board of Directors and Shareholders' Meeting.

(II) Investment Policy in the most recent fiscal year, main causes for profits or losses, and improvement plans: None.

(III) Investment plans for the coming year

The Company's reinvestments will be made on a strategic basis and the Company will continue to carefully evaluate its reinvestment plans.

VI. Risk analysis and evaluation

(I) Effects of changes in interest rates, foreign exchange rates and inflation on the Company's profit, and future countermeasures

1. Changes in interest rate

Unit: NT$'000; %

Item	2021 (Note)		2022 (Note)		Current year As of March 31, 2023 (Note)	
	Amount	Percentage of operating revenue	Amount	Percentage of operating revenue	Amount	Percentage of operating revenue
Interest income	7,732	0.23%	17,450	0.59%	7,588	2.03%
Interest expense	472	0.01%	343	0.01%	51	0.01%

Note: Audited (reviewed) by the CPAs.

The Company's capital planning is conservative and prudent, with a focus on safety and liquidity. The Company currently is sufficient in capital and has no borrowing needs. Interest income and interest expenses accounted for less than 1% of the Company's operating income in 2021 and 2022. Therefore, changes in interest rates did not have significant effect on the Company's operation. The Company maintains a close relationship with banks and regularly assesses interest rates and financial information. When there is a capital need in the future, the Company would take the necessary measures in due course to reduce the risk of interest rate changes to the Company's profits.

2. Changes in foreign exchange rate

The company's import and sales are mainly denominated in US dollars. The net foreign currency exchange (loss) and gain in the first quarter of 2021, 2022 and 2023 are NT $(22,915) thousand , 99,736 thousand and (6,290) thousand respectively, accounting for (0.68)%, 3.38% and (1.68)% of the operating revenue respectively. Therefore, when the exchange rate changes, The company's foreign currency accounts and operating profit will be affected, but the overall operation and profit of the Company will not be materially affected. The Company's foreign currency fund management is conservative and prudent. For the position management of foreign currencies, in addition to the natural hedging effect of foreign currency-denominated sales and purchases, the Company also maintains close contact with its major banks to keep abreast of changes in the foreign exchange market so that its staff can use them as a basis for quotation and hedging operations. The Company also takes into

account changes in exchange rates when quoting sales prices to ensure profitability and eliminate the significant impact of exchange rate fluctuations on the Company's profit.

3. Inflation

The Company has not been significantly impacted by inflation. In view of the future global economic growth slowdown, rising interest rates and the industry's economic cycle will have an impact on the demand for consumer electronics products. The Company pays close attention to the fluctuation of supply, demand and price in the market, and makes good use of its cross-country sales offices to provide more stable supply and flexible shipment with flexibility and responsiveness, and actively adjusts its production and sales strategies to reduce the inflation impact on revenue and profitability.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future.

The Company focuses on its business development. Other than derivatives, there was not any high-risk investments, highly leveraged investments, loans to other parties, endorsements, and guarantees conducted in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. The purpose of the Company's derivative transactions is to hedge the risk of exchange rate fluctuations of foreign currency assets and liabilities. The Company has established a complete operating procedure in the internal control system "Procedures for Handling Derivative Transactions", and the transactions are conducted by responsible departments accordingly. The Company has also established the "Procedures for Loans to Others," "Management Policies of Making of Endorsements/Guarantees," and "Procedures for the Acquisition and Disposal of Assets" as the basis for future actions to control the risk of the Company's operations.

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

1. The main R&D direction of the Company is to develop USB4, USB 3.2 and USB Type-C related controllers for various platforms. Its leading R&D experience and technologies enable it to differentiate its products and apply them to a wide and diverse range of customer product designs, thereby enhancing the market value of the end products. The Company provides complete solutions to Customer's problems in designing, validating, and manufacturing their products, in the hope of achieving the goals of helping customers reduce costs, improve performance, and quickly into mass production, thereby enhancing and consolidating Customer's trust in the Company's products. The future R&D plans are as follows:

(1) Supports USB 3.2, USB4, and USB4 v2.0 control chips of the latest USB-IF Association standards

(2) The Re-driver with E-Marker functionalities

(3) The Secure Firmware Update Manager Controller Chip

(4) The CC Pin Over-voltage Protection E-Maker Chip

(5) The USB Power Delivery Controller Chip

2. The Company will continue to invest in R&D expenditure will account for 20%~30% of the company's estimated operating revenue , and which is depending on the operating conditions and changes in the market situation to support future research and development programs and improve competitiveness.

(IV) Effect on the Company's financial operations of changes in important policies and laws and regulations at home and abroad

The Company observes and pay attention to important policy and legal changes at home and abroad at times, and consults relevant experts to fully grasp and respond to changes in the market environment and make appropriate adjustments to respond to changes in regulations or policies. In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the Company has not impacted financially by changes in important policies and laws and regulations at home and abroad

(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change

The Company strives to innovative development and pursues corporate sustainability. It has a dedicated team monitoring relevant changes in technology and in the industries. It participates in international technical organizations that set specifications to keep abreast of technical trends and market changes in advance. It timely adjusts the future direction of the Company, further strengthens product technology to meet customer needs, and maintains a stable and flexible financial business development. Therefore, changes in technologies and industries have positive effects on the Company.

In terms of cybersecurity risks, the Company actively construct its cybersecurity management network and implements each policies through firewall installation, server room management, and user information security management. It also conducts regular education and training annually to optimize employees' awareness on the level of information security, environmental maintenance and risks. The IT Department is responsible for the Company's cybersecurity governance, planning, supervision; promoting the implementation of policies; continuously assessing and screening possible risks, and propose timely measures to address various cyber security needs.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image and countermeasures

The Company is committed to its business by upholding the corporate spirit of "integrity, positivity, innovation, discipline, customer trust" and the principles of professional and ethical management. It also adheres to the relevant laws and regulations stipulated by competent authorities, maintains good business relations with customers, and strengthens internal management to unite employees. The Company has always maintained a good corporate image by fulfilling its corporate social responsibilities, so there has

been no corporate crisis caused by the change of corporate image the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(VII) Expected benefits and possible risks associated with any merger and acquisitions

The Company does not have any M&A plan during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. For any M&A plan in the future, the Company would conduct it in accordance with its "Procedures for the Acquisition and Disposal of Assets", and would cautiously evaluate the benefit to protect shareholders' rights and interests.

(VIII) Expected benefits and possible risks associated with any plant expansion

The Company focuses on the researching, developing, designing, and selling of chips. The production of its products is outsourced to OEMs to manufacture and process. The Company does not need a factory to engage in production, so there is no risk associated with the expansion of the factory.

(IX) Risks associated with any consolidation of sales or procurement operations

1. Procurement: The Company's chips are manufactured and processed by outsourced OEMs. Wafers are the main raw material, while packaging and testing costs are the main processing costs. The share of purchases from the top three suppliers in 2021 was 52%, 31% and 5%, respectively (88% in total), and it was 66%, 22% and 6%, respectively in 2022 (94% in total). The Company is a professional IC design company with no fabrication. In order to meet customer product specifications, IC designers firstly take into account the supplier's process technology, yield, price, delivery accommodation, quality, stability of supply, and product confidentiality. The Company currently concentrate on a few manufacturers, which is a common practice of the IC design industry. This enables the Company to lower its production cost. Besides, the suppliers are fully cooperating with the Company in terms of production capacity, process, quality and delivery, etc. and maintains a good and stable partnership with the Company for a long time. The Company has more than two qualified suppliers for its main raw materials, so it can ensure stable supply and reduce the risk of concentration of supply in the future, except for the shortage caused by force majeure.
2. Sales: the main products of the Company are USB related controller chips. The share of sales to the top four customers in 2021 was 30.94%, 19.27%, 9.50%, and 7.99% respectively (67.70% in total), and it was 36.89%, 15.22%, 14.09%, and 9.3% respectively in 2022 (75.50%in total). The Company has a complete product line and therefore a large customer base. In addition to major international manufacturers and key customers, the Company has adopted a cooperative sales model with several IC distributors to implement strict collection policies and reduce customer management costs.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a Director or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands: There was no significant transfer of shares.

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management: There was no change in governance personnel or top management.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, the President, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

1. During the most recent fiscal year or during current year up to the date of publication of the annual report, the Company's litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation; and could materially affect shareholders' equity or the prices of the Company's securities:

   The company had entered into a pre-order agreement with a manufacturer for product development, and the dispute arose because of the disagreement between the two parties regarding the quality of product acceptance. The case was heard by the Taipei District Court in Taiwan. The Company won the first instance judgment on April 7, 2021; an appeal against the manufacturer's dissatisfaction was filed in April 2021. The case currently belongs to the Taiwan High Court. The Company has assessed the financial and business implications of the action, based on historical experience and the opinions of the appointed counsel, taking into account the relevant developments, the results have no material impact on the Company's operations and finances.

2. During the most recent fiscal year or during current year up to the date of publication of the annual report, the litigious, non-litigious or administrative disputes that involve the Company Directors, President, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation; and could materially affect shareholders' equity or the prices of the Company's securities: None.

(XIII) Other important risks and countermeasures

1. Other important risks

   The Company's risk-responsive organization is led by the Board of Directors as the top unit of the Company's risk management. The Board of Directors aims to comply with laws and regulations, promote and implement the overall risk management of the Company, clearly understand the risks faced by the Company's operations, and ensure the effectiveness of risk management. The President

acts as the Convener to coordinate the promotion and operation of risk management programs, with the participation of the management and staff of the departments under the President.

2. Countermeasures and risk management organizational framework

Responsible Unit	Business Risk Management
Board of Directors	Aims to implement corporate risk management. Clearly understands the risks to operations, ensures the effectiveness of risk management, and assumes ultimate responsibility for risk management.
Audit Office	1. Assists the Board and managerial officers in examining and reviewing deficiencies of internal control systems, assessing operational effectiveness and efficiency, and providing timely recommendations for improvement. 2. Assesses whether departments are effectively implementing relevant risk management operations to ensure system implementation and compliance.
President Office	1. Assesses the risks of business decisions and performs countermeasures. 2. Human resources allocation and contingency control.
Product Management Division	1. Market product analysis and new product development strategy. 2. Technical support for product sales and the control of assistance in solving customers' technical problems.
Sales Division	Controls and manages possible changes in the Company's future business volume
R&D Division	1. Controls R&D progress and the work environment. 2. Assesses the risk of new product and process development.
Product and Process Division	1. Plans and promotes the company-wide quality assurance system to meet the standards and customer requirements, and to maintain effective control. 2. Audits suppliers and monitors their process capability parameters. 3. Plans for emergency backup plants and examines and selects second source suppliers.
Management Division	1. Assesses financial and tax risks. 2. Assesses the Company's legal risks and performs countermeasures. 3. Assesses cybersecurity and operating risks and performs countermeasures. 4. Maintains employee safety and the work environment. 5. Supplier management and contingency plan for materials procurement.

3. Risk assessment of the Company's operation issues and countermeasures

Risk issue	Source of Risk	Description	Countermeasures
Corporate governance	Market risk	1. Terminal market demand declines and inventory level increases. 2. Price cutting competition in the industry.	Work with customers to introduce better product applications and provide a better sales mix to facilitate inventory de-stocking. In addition, coordinate capacity planning with OEM partners to control inventory level.
			Expand and introduce more new product Design in, with leading technology to achieve high margin product dividend.
	Legal risk	Risks arising from contracts or related intellectual property rights	Carefully review the contract and establish a patent umbrella to reduce or avoid risk.
	Financial risk	Effect of exchange rate changes on the Company's profit	Mainly adopt natural hedging from foreign currency-denominated sales and purchases, as well as maintain close contact with its major banks to keep abreast of changes in the foreign exchange market and use them as a basis for quotation and hedging operations.
	Cybersecurity risk	Leakage of corporate information and damage to intellectual property	The establishment of the Information Security Promotion Committee, and obtained ISO27001 certification, last year's implementation results and this year's work plan "Information Security Management System Operation (PDCA)", to ensure that the company's information assets are legal and effective security.
	Major Accident Risk	Business discontinuity due to natural disasters or force majeure	Establish the Business Continuity Management (BCM) Guidelines to guide all units of the Company to perform appropriate contingency plans, procedures and activities in the event of a material incident to ensure the continuity of the Company's operations and to reduce the impact on the Company.

Risk issue	Source of Risk	Description	Countermeasures
Society	Supplier risk	Suppliers fail to implement environmental, occupational safety and health, or labor rights norms.	The company has rigorous internal evaluation and investigation procedures for suppliers. In addition to listing the record of environmental impact and social impact as an important inspection item, the provision of all products must meet the legal environmental protection standards, and major suppliers can comply with the "Code of Conduct for Responsible Business Alliance" to manage and operate the enterprise.
Environment	Climate change risk	Extreme climate change destroys the Earth's environment	The company is committed to respond to the current global trend of energy saving and carbon reduction, in order to fulfill the responsibility of global citizens to protect the environment, such as: the control of air conditioning opening hours and temperature control, turn off the lights at will and the full use of energy-saving lamps… We are committed to the global trend of energy saving and carbon reduction in order to fulfill our responsibility as a global citizen to protect the environment.

VII. Other important matter

Status of personnel concerning financial transparency obtaining licenses specified by competent authorities

Unit: people

Certificate	The Company	All companies in the consolidated financial statements
Certified Public Accountant, R.O.C.	2	2
Certified Internal Auditor, The Institute of Internal Auditors	1	1

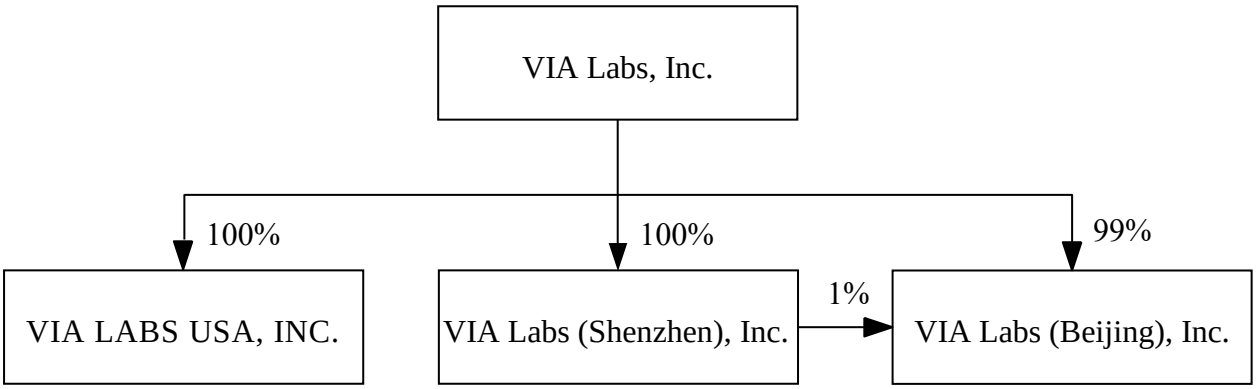
Nine. Special record items

I. Related party information

(I) Report on Consolidated Operations of Affiliated Companies

1. Organizational chart of affiliated companies

(1) Control company and subsidiary company



(2) Mutual investment companies: None.

2. Basic information of each affiliated company

Unit: NT$,000; Foreign currency yuan

Company Name	Establishment Date	Address	Amount of paid-in capital(Note)	Main business or production items
Holding company				
VIA Labs, Inc.	July 7, 2018	7F, No. 529-1, Zhongzheng Road, Xindian District, New Taipei City, Taiwan	NT$685,110	Electronic parts manufacturing industry, material wholesale industry, data software processing service industry
Subsidiary company				
VIA LABS USA,INC.	December 28, 2017	940 Mission Court Fremont, CA 94539	USD300,000 NT$9,213	Contract testing and sales marketing Support.
VIA Labs (Shenzhen), Inc.	January 24,2018	4/F, VIA Technology Building, 9966 Shennan Avenue, Nanshan District, Shenzhen, Guangdong, China	RMB1,000,000 NT$ 4,409	IC chip testing and technical support services.
VIA Labs (Beijing), Inc.	December 19,2018	305-14, 3/F, No. 6 Building, No. 10 Ke Gu Yi Street, Beijing Economic and Technological Development Zone, Beijing, China (Yizhuang Group, High-end Industry Area, Beijing Pilot Free Trade Zone)	RMB1,000,000 NT$ 4,409	IC chip testing and technical support services.

Note: The foreign currency exchange rates at the balance sheet date are as follows: NT $/ US $: 1/30.710; Nt $/ RMB: 1/4.409.

3. Information on the same shareholders of those who are presumed to have control and affiliation:

None

4. Overview of Affiliate Operations

The industries covered by the overall business of the affiliates

(1) This industry

Please refer to the main business or production items of each related enterprise for details as shown in the list of basic information of each related enterprise I (I); 2.It is mainly engaged in the design, manufacture and sale of computer integrated circuits.

The main contents of the business of VIA Labs, Inc.

CC01080 Electronics Components Manufacturing

CC01110 Computer and Peripheral Equipment Manufacturing

F113050 Wholesale of Computers and Clerical Machinery Equipment

F113070 Wholesale of Telecommunication Apparatus

F118010 Wholesale of Computer Software

F119010 Wholesale of Electronic Materials

F213030 Retail Sale of Computers and Clerical Machinery Equipment

F213060 Retail Sale of Telecommunication Apparatus

F218010 Retail Sale of Computer Software

F219010 Retail Sale of Electronic Materials

F401010 International Trade

F601010 Intellectual Property Rights

I301010 Information Software Services

I301020 Data Processing Services

I301030 Electronic Information Supply Services

I501010 Product Designing

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Other Affiliated Businesses

Income from the use of intellectual property rights

(3) The overall relationship between the division of labor of enterprises

VIA LABS USA, Inc. is based on the design, manufacture and sale of computer integrated circuits. The main business of VIA Labs (Shenzhen), Inc. and VIA Labs (Beijing), Inc. is product testing, sales and marketing support services. The main business of VIA Labs (Shenzhen), Inc. and

VIA Labs (Beijing), Inc. is testing and technical support services for integrated circuits and microprocessors.

5. Information on directors and Presidents of related enterprises

Unit: shares; %

Company Name	Title	Name or representative	Shareholdings	
			Shares	Ratio
Holding company				
VIA Labs, Inc.	Chairman	Wenchi Chen	80,497shares	0.12%
	Directors	VIA Technologies Co., Ltd. Representative: Timothy Chen	38,843,000 shares	56.49%
	Directors	VIA Technologies Co., Ltd. Representative：Tzumu Lin	38,843,000 shares 52,873 shares	56.49% 0.08%
	Directors	Cher Wang	379,072 shares	0.55%
	Independent Director	Yun-ming Hsieh	0	0%
	Independent Director	Wei-hsiung Yin	0	0%
	Independent Director	Pek-Seng Ng	0	0%
Subsidiary company				
VIA LABS USA, INC.	Directors	VIA Labs, Inc. Representative: Wenchi Chen	300,000 shares	100.00%
VIA Labs (Shenzhen), Inc.	Directors	VIA Labs, Inc. Representative: Hung-Wen Chen	(Note)	100.00%
Director of VIA Labs (Beijing), Inc.	Chairman	VIA Labs, Inc. Representative: Timothy Chen	990,000 shares	99.00%
	Directors	Lydia Chen	0	0%
	Directors	Hung-wen Chen	0	0%
	Directors	Wenchi Chen	0	0%
	Directors	Yu-Ta Chang	0	0%
	Supervisor	Ying-An Chen	0	0%
	Supervisor	Ming-Hui Weng	0	0%

Note: Limited company with no shares issued

6. Operation overview of related enterprises

Unit: NT$'000; EPS: NT$

Company Name	Amount of paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (Loss)	Current Profit and Loss (After tax)	Earnings per share (Loss)($) (After tax)
Holding company								
VIA Labs, Inc.	$ 685,110	$ 3,834,861	$ 653,937	$ 3,180,924	$ 2,954,986	$ 707,046	$ 723,535	$ 10.56
Subsidiary company								
VIA LABS USA, INC.	$ 9,213	$ 14,399	$ 3,612	$ 10,787	$ 24,328	$ 1,403	$ 746	$ 2.49
VIA Labs (Shenzhen), Inc.	4,409	13,391	4,055	9,336	25,252	1,121	1,641	(Note)
Director of VIA Labs (Beijing), Inc.	4,409	4,420	13	4,407	-	(15)	(2)	-

Note: Limited company with no shares issued

(II) Consolidated Financial Statements of Affiliated Companies

According to the Treasury securities and futures commission money card Taiwan 04448th letter show five described four and accessories, the company is not compiled separately relationship between enterprise's consolidated financial statements and issue the enclosed copy of a statement, the company has issued the statement of the enclosed copy of five books, parent-subsidiary company consolidated financial statements in the home page, please refer to the annual report on page 151.

(III) Relationship report

1. Statement of relationship report

Consolidated Financial Statements of Affiliated Companies

In 2022 (January 1, 2022 to December 31,2022), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated Companies and Related Party Reports" are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the previous consolidated financial statements of parent and subsidiary companies. Hereby declare

Company Name : VIA Labs, Inc.

Responsible person: Wenchi Chen

March 9, 2023

2. Overview of the relationship between the subsidiary and the controlling company

Unit: shares; %

Name of Holding Company	Holding reasons	Shareholding and hostage control of companies			Holding Company assigning employees as directors or managers	
		Shareholdings	Shareholdings Ratio	Set number of shares	Title	Name
VIA Technologies Co., Ltd.	The company's shareholding ratio of more than 50% and control	38,843,000 shares	56.49%	None	Directors Directors	Timothy Chen Tzumu Lin

3. Transactions between subsidiary and controlling companies

(1) Import and sales transactions:

Transaction situation with holding company				Transaction situation with holding company		General terms of transaction		Reason for the difference	Accounts receivable (payable), bills		Overdue accounts receivable			Remarks
External (Sales) goods	Amount	Percentage of total imports (sales)	Gross profit on sales	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Accounts receivable (payable), bills	Amount	Method of handling	Allowance for bad debts	
Sales of goods	$ 383	-	-	-	60 days monthly	-	Monthly settlement 30 days to 120 days	-	-	-	-	-	-	

(2) Property transaction: None.

(3) Financial accommodation: None.

(4) Asset lease situation

Unit: NT$'000

Transa-ction Type	Subject matter		Lease term	Nature of lease	Basis of rent determination	Method of collection (payment)	Comparison with general rental rates	Current rent Total amount	Current receip and payment Situation	Other Agreed Items
	Name	Site								
Tenant	Far Eastern Industrial Park	New Taipei City, Taiwan, R.O.C. Part of the office, 7F, No. 529, Zhongzheng Rd.	January 1, 2021 ～December 31, 2023	Operating Lease	With reference to the peripheral rental market	Monthly payment	No significant differences	$ 9,656	$ 10,460	None
Tenant	Far Eastern Industrial Park	New Taipei City, Taiwan, R.O.C. 4F Office, No. 531-1, Zhongzheng Rd.	December 1, 2021 ～ December 31,2023	Operating Lease	With reference to the peripheral rental market	Monthly payment	No significant differences	2,561	2,561	None
Tenant	Parking spot	The Far East Terminal, Chuang King Parking Lot and Silicon Valley Hot Springs Hotel…etc.	January 1, 2021 ～December 31, 2023	Operating Lease	With reference to the peripheral rental market	Monthly payment	No significant differences	1,270	1,375	None

(5) Endorsement guarantee situation: None.

(6) Others

Unit: NT$'000

Transaction situation with holding company				Transaction situation with holding company		General terms of transaction		Reason for the difference	Other payables		Overdue accounts			Remarks
Cost	Amount	Percentage of the subject	Gross margin	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Percentage of the subject	Amount	Method of handling	Allowance for bad debts	
Research expenses	$ 11,988	2	-	-	1-3 months	Cost Plus	1-3 months	No comparison	$ 455	-	-	-	-	Note 1
Service fee	$ 15,218	74	-	-	1-3 months	Cost Plus	1-3 months	No comparison	$ 2,183	1	-	-	-	Note 2

Note 1: The company's research fees for VIA TECHNOLOGIES, INC. (hereinafter referred to as VIA) mainly include testing fees, labor fees, EDA expenses and consumables. Among them, NT$7,760 thousand for EDA for testing shall be negotiated by VIA on behalf of our company to the manufacturer, and payment shall be made by VIA to the manufacturer and then payment shall be made to us.

Note 2: The company has signed a management consulting and human support service contract with VIA Company, and the above fees calculated in accordance with the agreement are included in the labor expenses.

II. Handling of private equity in the latest year and up to the date of publication of the annual report: None

III. The Company's shares were held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report : None.

IV. Other necessary supplementary notes : None.

V. In the latest year and up to the date of publication of the annual report, any event that has a significant impact on shareholders' rights and interests or securities prices as stipulated in paragraph 2, Item 3, Article 36 of the Securities and Exchange Act has occurred: None.

VIA Labs, Inc.

Attachment 1

Consolidated financial statements and Independent Auditors' Report

VIA Labs, Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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, 2022 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 Standard 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 do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

VIA LABS, INC.

By Wenchi Chen

March 9, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
VIA Labs, Inc.

Opinion

We have audited the accompanying consolidated financial statements of VIA Labs, Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Revenue Recognition

Revenue from the sale of goods is recognized when significant risks and control are transferred to the customers. Technical service revenue is recognized when performance obligations of services are fulfilled and the amount of revenue can be reasonably measured. The revenue from specific customers accounted for 58% of operating revenue in 2022, which is material to the consolidated financial statements. Therefore, we identified the recognition of revenue from the specific customers was deemed to be a key audit matter.

For the accounting policy on revenue recognition, refer to Note 4.

We obtained an understanding the effectiveness of the design and implementation of internal controls with respect to the revenue recognition of specific customers. We selected samples of revenue from the aforementioned customers. We verified and confirmed that revenue transactions did occur.

Other Matter

We have also audited the parent company only financial statements of VIA Labs, Inc. as of and for the years ended December 31, 2022 and 2021 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines 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 operations, or has no realistic alternative but to do so.

Those charged with governance, including management and 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Lin Liu and Chin-Chuan Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

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.

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,513,917	40	$ 1,906,789	47
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	406	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	434,000	11
Accounts receivable, net (Notes 4 and 10)	258,642	7	381,794	9
Accounts receivable - related parties (Notes 4, 10 and 29)	425	-	1,621	-
Other receivables (Notes 4 and 10)	2,369	-	504	-
Inventories (Notes 4, 5 and 11)	957,566	25	454,242	11
Other current assets (Note 16)	15,480	-	8,863	-
Total current assets	2,748,805	72	3,187,813	78
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	162,446	4	154,510	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	638,794	17	468,285	11
Property, plant and equipment (Notes 4, 13 and 29)	80,828	2	72,889	2
Right-of-use assets (Notes 4, 14 and 29)	13,355	-	26,728	1
Intangible assets (Notes 4, 15 and 29)	46,468	1	44,763	1
Deferred tax assets (Notes 4 and 23)	74,054	2	36,156	1
Prepayments for equipment (Note 4)	7,338	-	-	-
Refundable deposits (Note 16)	56,279	2	84,041	2
Total non-current assets	1,079,562	28	887,372	22
TOTAL	$ 3,828,367	100	$ 4,075,185	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes and accounts payable (Note 17)	$ 125,290	3	$ 265,381	7
Accounts payable - related parties (Notes 17 and 29)	5,528	-	26,028	1
Other payables (Notes 18 and 29)	383,072	10	329,189	8
Current tax liabilities (Notes 4 and 23)	104,343	3	174,148	4
Provisions - current (Notes 4 and 19)	4,718	-	6,901	-
Lease liabilities - current (Notes 4, 14 and 29)	14,855	1	15,629	-
Other current liabilities (Note 18)	6,699	-	39,459	1
Total current liabilities	644,505	17	856,735	21
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14 and 29)	-	-	13,545	-
Net defined benefit liabilities (Notes 4 and 20)	2,938	-	3,135	-
Total non-current liabilities	2,938	-	16,680	-
Total liabilities	647,443	17	873,415	21
EQUITY (Note 21)				
Share capital	685,110	18	675,000	17
Capital collected in advance	4,496	-	11,556	-
Capital surplus	1,571,188	41	1,561,112	38
Retained earnings				
Legal reserve	156,817	4	68,781	2
Special reserve	22,209	1	15,757	-
Unappropriated earnings	768,732	20	891,773	22
Total retained earnings	947,758	25	976,311	24
Other equity	(27,628)	(1)	(22,209)	-
Total equity	3,180,924	83	3,201,770	79
TOTAL	$ 3,828,367	100	$ 4,075,185	100

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

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)				
Sales	$ 2,954,841	100	$ 3,342,558	99
Other operating revenue	145	-	24,489	1
	2,954,986	100	3,367,047	100
OPERATING COSTS (Notes 11, 22 and 29)	1,408,894	48	1,572,102	46
GROSS PROFIT	1,546,092	52	1,794,945	54
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	47,754	2	52,152	2
General and administrative expenses	73,380	2	59,882	2
Research and development expenses	714,750	24	650,767	19
Expected credit loss	653	-	2,529	-
Total operating expenses	836,537	28	765,330	23
PROFIT FROM OPERATIONS	709,555	24	1,029,615	31
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	17,450	-	7,732	-
Other gains and losses	121,350	4	4,475	-
Finance costs	(343)	-	(472)	-
Total non-operating income and expenses	138,457	4	11,735	-
PROFIT BEFORE INCOME TAX	848,012	28	1,041,350	31
INCOME TAX EXPENSE (Notes 4 and 23)	(124,477)	(4)	(161,039)	(5)
NET PROFIT FOR THE YEAR	723,535	24	880,311	26

(Continued)

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	$ 235	-	$ 55	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(6,607)	-	(6,222)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	1,188	-	(230)	-
Other comprehensive loss for the year, net of income tax	(5,184)	-	(6,397)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 718,351	24	$ 873,914	26
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 10.56		$ 13.04	
Diluted	$ 10.25		$ 12.48	

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

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

				Retained Earnings			Other Equity		
	Share Capital	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	$ 675,000	$ -	$ 1,557,933	$ 36,909	$ 14,996	$ 347,790	$ (15,168)	$ (589)	$ 2,616,871
Compensation cost of employee share options (Note 25)	-	-	3,179	-	-	-	-	-	3,179
Issuance of stock from exercise of employee share options	-	11,556	-	-	-	-	-	-	11,556
Appropriation of 2020 earnings									
Legal reserve	-	-	-	31,872	-	(31,872)	-	-	-
Special reserve	-	-	-	-	761	(761)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(303,750)	-	-	(303,750)
Net profit for the year ended December 31, 2021	-	-	-	-	-	880,311	-	-	880,311
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	55	(6,222)	(230)	(6,397)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	880,366	(6,222)	(230)	873,914
BALANCE AT DECEMBER 31, 2021	675,000	11,556	1,561,112	68,781	15,757	891,773	(21,390)	(819)	3,201,770
Issuance of ordinary shares for cash (Note 25)	-	-	1,270	-	-	-	-	-	1,270
Compensation cost of employee share options	10,110	(7,060)	8,806	-	-	-	-	-	11,856
Appropriation of 2021 earnings									
Legal reserve	-	-	-	88,036	-	(88,036)	-	-	-
Special reserve	-	-	-	-	6,452	(6,452)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(752,323)	-	-	(752,323)
Net profit for the year ended December 31, 2022	-	-	-	-	-	723,535	-	-	723,535
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	235	(6,607)	1,188	(5,184)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	723,770	(6,607)	1,188	718,351
BALANCE AT DECEMBER 31, 2022	$ 685,110	$ 4,496	$ 1,571,188	$ 156,817	$ 22,209	$ 768,732	$ (27,997)	$ 369	$ 3,180,924

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

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 848,012	$ 1,041,350
Adjustments for:		
Depreciation expense	68,403	42,343
Amortization expense	61,520	26,425
Expected credit loss recognized on accounts receivable	653	2,529
Finance costs	343	472
Interest income	(17,450)	(7,732)
Compensation costs of employee share options	1,270	3,179
Gain on lease modification	-	(8)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(8,342)	(117,799)
Accounts receivable	122,499	(155,409)
Accounts receivable - related parties	1,196	(136)
Inventories	(503,324)	(187,481)
Other current assets	(6,617)	(696)
Notes and accounts payable	(140,091)	103,992
Accounts payable - related parties	(20,500)	11,222
Other payables	54,598	132,932
Provisions	(2,183)	3,559
Other current liabilities	(32,760)	13,970
Net defined benefit liabilities	38	34
Cash generated from operations	427,265	912,746
Interest received	15,585	7,424
Interest paid	(343)	(472)
Income tax paid	(232,180)	(22,437)
Net cash generated from operating activities	210,327	897,261
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(177,116)	(462,510)
Purchase of financial assets at amortized cost	-	(434,000)
Proceeds from sale of financial assets at amortized cost	434,000	-
Payments for property, plant and equipment	(64,323)	(43,089)
Decrease in refundable deposits	27,762	2,552
Payments for intangible assets	(62,517)	(34,800)
Increase in prepayments for equipment	(7,338)	-
Net cash generated from (used in) investing activities	150,468	(971,847)

(Continued)

VIA LABS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (14,355)	$ (10,871)
Dividends paid	(752,323)	(303,750)
Proceeds from exercise of employee share options	11,856	11,556
Net cash used in financing activities	(754,822)	(303,065)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,155	(230)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(392,872)	(377,881)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,906,789	2,284,670
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,513,917	$ 1,906,789

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

VIA LABS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

VIA Labs, Inc. ("VLI" or the "Company") was incorporated in September 2008 under the Company Law of the Republic of China to engage in the programming, designing, manufacturing and selling of USB and USB power delivery controllers for multi-functional devices and platforms. As of December 31, 2021, VIA Technologies, Inc. owned 56.49% of VLI's equity interest and the paid-in capital of VLI was $685,110 thousand.

VLI's shares were listed on the Emerging Stock Board of the Taipei Exchange in December 2019. In addition, VLI's listing application was approved by the Taiwan Stock Exchange Review Committee and reported to the Financial Supervisory Commission for approval in September 2020. VLI's shares were listed on the Taiwan Stock Exchange in December 2020.

The consolidated financial statements of VLI and its subsidiaries (collectively, the "Group") are presented in New Taiwan dollars, the functional currency of VLI.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors of VLI and authorized for issue on March 9, 2023.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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:

1) 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;

2) The Group chose the accounting policy from options permitted by the standards;

3) 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;

4) 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

5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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 has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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

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.

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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 profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. 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 these results in the non-controlling interests to have 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 Group's interests 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 12, Table 3 and 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

Foreign Currencies

In the separate financial statements of each consolidated entity, transactions in currencies other than the entity's functional currency (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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising 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 relation to 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 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.

Inventories

Inventories consist of raw materials, finished goods and work-in-process 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 weighted-average cost on the balance sheet date.

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. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment losses.

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.

Impairment of Property, Plant and Equipment, Right-of-use Assets and 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 assets 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, if any. 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. When a reasonable and consistent basis of allocation can be identified, 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 asset 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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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.

a. Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified 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 dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; 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 28.

b) Financial assets at amortized cost

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

i. The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturity more than three months, accounts receivable (including related parties) at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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 assets, 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 assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

b) 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.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

a) Internal or external information show that the debtor is unlikely to pay its creditors.

b) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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.

3) 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. 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.

b. 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, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

2) 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.

d. Derivative financial assets

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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.

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.

Revenue Recognition

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

a. Revenue from the sale of goods

   Revenue from the sale of goods comes from sales of USB and USB power delivery controllers for multi-functional devices and platforms. Revenue and accounts receivable are recognized when the goods are sold and the customer assumes the right to set the price, use of the goods, primary responsibility for reselling, and obsolescence risk of the goods.

b. Revenue from the rendering of services

   Revenue from product design and licensing services is recognized when the performance obligations of services are fulfilled.

Leasing

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

<u>The Group as lessee</u>

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying 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, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) 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; (b) 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.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. 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 service.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability (asset) 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 they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. 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.

Share-based Payment Arrangements

The fair value at the grant date of the equity-settled share-based payments granted to employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - share-based payment. The share-based payment is recognized as an expense in full at the grant date if vested immediately. The grant date of the Group issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - share-based payment.

Taxation

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

a. 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 Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

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

b. 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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 are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at 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 asset 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 liability is settled or the asset 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.

c. Current tax and deferred tax for the year

Current tax and deferred tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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, estimates and assumptions on 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.

Key Sources of Estimation Uncertainty - Write-down of Inventory

The net realizable value of inventory 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 was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 260	$ 260
Checking accounts and demand deposits	780,664	1,054,336
Cash equivalents:		
Time deposits	632,993	653,193
Repurchase agreements collateralized by bonds	100,000	199,000
	$ 1,513,917	$ 1,906,789

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2022	2021
Time deposits	0.80%-5.10%	0.07%-0.41%
Repurchase agreements collateralized by bonds	1.20%	0.88%

As of December 31, 2022 and 2021, time deposits with original maturities of more than three months amounted respectively to 0 and $434,000 thousand, which was classified as financial assets at amortized cost (refer to Note 9).

7. FINANCIAL ASSETS AT FVTPL

	December 31	
	2022	2021
Financial assets at FVTPL -current		
Financial assets at fair value through profit or loss		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 406	$ -
Financial assets at FVTPL - non-current		
Investments in equity instruments at FVTPL		
Overseas unlisted shares	$ 57,153	$ 54,533
Domestic private placement convertible bonds	105,293	99,977
	$ 162,446	$ 154,510

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	December 31, 2022		
	Notional Amount	Maturity Date	Range of Exchange Rate
Buy foreign exchange forward contracts USD:NTD	$950 thousands	February 16, 2023	$30.20

The Group entered into foreign exchange forward contracts to earn the benefits from the exchange rate fluctuations.

8. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
Non-current		
Investments in equity instruments at FVTOCI		
Overseas unlisted shares	$ -	$ 6,636
Overseas mutual funds	638,794	461,649
	$ 638,794	$ 468,285

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 COST

	December 31	
	2022	2021
Current		
Time deposits with original maturities of more than 3 months	$ -	$ 434,000

As of December 31, 2021, the interest rates of time deposits with original maturities of more than 3 months was ranging from 0.53% to 0.56%.

10. ACCOUNTS RECEIVABLE (INCLUDED RELATED PARTIES) AND OTHER RECEIVABLES

	December 31	
	2022	2021
At amortized cost		
Accounts receivable		
Accounts receivable	$ 265,620	$ 388,119
Accounts receivable - related parties	425	1,621
Less: Allowance for impairment loss	(6,978)	(6,325)
	$ 259,067	$ 383,415
Other receivables		
Interest receivable	$ 2,369	$ 504

Receivables

The average credit period of sales of goods is 30 to 90 days. In determining the recoverability of receivables, the Group considers any changes in the credit quality of the receivable from the date the credit was initially granted to the end of the reporting period. The Group adopted a policy of only dealing with entities that have good credit rating and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from publicly available financial information or the Group's own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, the Group evaluates the potential customer's credit quality and defines the credit limits and ratings of the customers. The Group evaluates the financial performance periodically for the adjustment of credit limits once a year.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off 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 receivable 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 accounts receivable based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.50%-10%	10%-30%	30%-50%	100%	
Gross carrying amount	$ 265,975	$ 70	$ -	$ -	$ 266,045
Loss allowance (lifetime ECLs)	(6,957)	(21)	-	-	(6,978)
Amortized cost	$ 259,018	$ 49	$ -	$ -	$ 259,067

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.50%-10%	10%-30%	30%-50%	100%	
Gross carrying amount	$ 389,740	$ -	$ -	$ -	$ 389,740
Loss allowance (lifetime ECLs)	(6,325)	-	-	-	(6,325)
Amortized cost	$ 383,415	$ -	$ -	$ -	$ 383,415

The above aging schedule was based on the past due days.

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 6,325	$ 3,796
Add: Net remeasurement of loss allowance	653	2,529
Balance at December 31	$ 6,978	$ 6,325

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 196,388	$ 237,338
Work-in-process	525,332	197,662
Raw materials	235,846	19,242
	$ 957,566	$ 454,242

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $204,879 thousand and $107,724 thousand, respectively, due to devaluation and obsolescence of inventories.

12. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2022 and 2021 were as follows:

Investor	Investee	Main Businesses	% of Ownership December 31 2022	% of Ownership December 31 2021	Remark
VIA Labs, Inc.	VIA Labs USA, Inc.	Contract testing and sales marketing support	100.00	100.00	
VIA Labs, Inc.	VIA Labs (Shenzhen), Inc.	Integrated circuits chip testing and technical support	100.00	100.00	
VIA Labs, Inc.	VIA Labs (Beijing), Inc.	Integrated circuits chip testing and technical support	99.00	99.00	Note 1
VIA Labs (Shenzhen), Inc.	VIA Labs (Beijing), Inc.	Integrated circuits chip testing and technical support	1.00	1.00	Note 1

Remark:

Note 1: VIA Labs, Inc. and VIA Labs (Shenzhen), Inc. invested RMB990 thousand and RMB10 thousand in October 2021, with 99% and 1% equity interest in VIA Labs (Beijing), Inc., respectively.

The financial statements of above subsidiaries have been audited and significant transactions between and among the companies have been eliminated in the consolidated financial statements.

b. Subsidiaries excluded from consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2022	December 31 2021
Carrying amount		
Instrument equipment	$ 45,034	$ 32,233
Computer equipment	14,532	18,799
Others	18,687	21,763
Leasehold improvements	2,575	94
	$ 80,828	$ 72,889

	Instrument Equipment	Computer Equipment	Others	Leasehold Improve-ments	Total
Cost					
Balance at January 1, 2021	$ 108,259	$ 16,997	$ 390	$ 3,974	$ 129,620
Additions	2,477	13,129	31,183	-	46,789
Disposal	-	(140)	-	-	(140)
Balance at December 31, 2021	$ 110,736	$ 29,986	$ 31,573	$ 3,974	$ 176,269
Balance at January 1, 2022	$ 110,736	$ 29,986	$ 31,573	$ 3,974	$ 176,269
Additions	31,433	2,961	24,991	3,550	62,935
Reclassified	24	-	(24)	-	-
Balance at December 31, 2022	$ 142,193	$ 32,947	$ 56,540	$ 7,524	$ 239,204
Accumulated depreciation					
Balance at January 1, 2021	$ 62,473	$ 6,057	$ 390	$ 3,758	$ 72,678
Depreciation expenses	16,030	5,270	9,420	122	30,842
Disposal	-	(140)	-	-	(140)
Balance at December 31, 2021	$ 78,503	$ 11,187	$ 9,810	$ 3,880	$ 103,380
Balance at January 1, 2022	$ 78,503	$ 11,187	$ 9,810	$ 3,880	$ 103,380
Depreciation expenses	18,652	7,228	28,047	1,069	54,996
Reclassified	4	-	(4)	-	-
Balance at December 31, 2022	$ 97,159	$ 18,415	$ 37,853	$ 4,949	$ 158,376

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

Instrument equipment	3 years
Computer equipment	3 years
Others	2-5 years
Leasehold improvements	3-4 years

b. There were no capitalized interests for the years ended December 31, 2022 and 2021.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 13,355	$ 26,728

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ -	$ 37,227
Depreciation charge for right-of-use assets		
Buildings	$ 13,407	$ 11,501

Except for the addition and depreciation expense listed above, there was no significant sublease or impairment of the right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 14,855	$ 15,629
Non-current	$ -	$ 13,545

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.60%-4.50%	1.60%-5.23%

c. Material leasing activities and terms

The Group leases certain buildings for use as offices with lease terms of 2 to 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

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 1,262	$ 1,114
Expenses relating to low-value asset leases	$ -	$ -
Total cash outflow for leases	$ 15,960	$ 12,457

The Group leases certain office equipment which qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	December 31	
	2022	2021
Carrying amount		
Computer software	$ 46,468	$ 44,763

Movements of intangible assets for the years ended December 31, 2022 and 2021 were as follows:

	Computer Software
Cost	
Balance at January 1, 2021	$ 98,438
Acquisition	29,245
Balance at December 31, 2021	$ 127,683
Balance at January 1, 2022	$ 127,683
Acquisition	63,190
Effect of foreign currency exchange differences	30
Balance at December 31, 2022	$ 190,903
Accumulated amortization and impairment	
Balance at January 1, 2021	$ (56,495)
Amortization	(26,425)
Balance at December 31, 2021	$ (82,920)
Balance at January 1, 2022	$ (82,920)
Amortization	(61,520)
Effect of foreign currency exchange differences	5
Balance at December 31, 2022	$ (144,435)

The above item of intangible assets are amortized on a straight-line basis over the estimated useful life as follows:

Computer software	2-5 years

16. OTHER ASSETS

	December 31	
	2022	2021
Prepaid expense	$ 4,479	$ 3,323
Temporary payment	-	16
Value-added tax receivable	8,787	5,524
Overpaid sales tax	2,214	-
Refundable deposits	56,279	84,041
	$ 71,759	$ 92,904
Current	$ 15,480	$ 8,863
Non-current	56,279	84,041
	$ 71,759	$ 92,904

17. NOTES AND ACCOUNTS PAYABLE (INCLUDED RELATED PARTIES)

	December 31	
	2022	2021
Notes payable	$ 25	$ 27
Accounts payable	$ 125,265	$ 265,354
Accounts payable - related parties	5,528	26,028
	$ 130,793	$ 291,382

The average term of payment is 60 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Salaries and bonuses	$ 214,602	$ 144,537
Employees' compensation (Note 22)	85,881	96,000
Advertisement	24,660	22,504
Purchase of intangible assets	19,335	18,662
Research and development	9,787	22,131
Professional fees	6,618	5,261
Indemnity (Note 30)	4,126	4,126
Insurance	3,736	3,841
Pensions	3,578	3,374
Remuneration of directors (Note 22)	2,354	2,554
Payables for purchases of equipment	2,312	3,700
Others	6,083	2,499
	$ 383,072	$ 329,189
Other liabilities		
Advance receipts	$ 1,943	$ 34,244
Receipts under custody	4,756	5,215
	$ 6,699	$ 39,459

19. PROVISIONS

	December 31	
	2022	2021
Provisions for allowances and warranty	$ 4,718	$ 6,901
Current	$ 4,718	$ 6,901
Non-current	-	-
	$ 4,718	$ 6,901

Movement of provisions for the years ended December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	2021
Balance at beginning of the year	$ 6,901	$ 3,342
Provisions (reversal) recognized	(2,183)	3,559
Balance at end of the year	$ 4,718	$ 6,901

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, VLI makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Besides, the employees of non-Taiwan subsidiaries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expenses recognized in the consolidated statements of comprehensive income were $15,259 thousand and $14,477 thousand, representing the contributions to these plans by the Group at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the amounts of contributions unpaid were $3,578 thousand and $3,374 thousand, respectively.

Defined Benefit Plans

Some employees in the Company are foreigners or transferred from VIA Technology Co., Ltd. The defined benefit plans adopted by the Company in accordance with the Labor Standards Act (LSA) is operated by the government of the ROC. Based on the defined benefit plan under the LSA, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement.

The amounts included in the consolidated balance sheets in respect of the obligation of VLI under the defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ (3,151)	$ (3,257)
Fair value of plan assets	213	122
Deficit	(2,938)	(3,135)
Asset ceiling	-	-
Net defined benefit liabilities	$ (2,938)	$ (3,135)
Defined benefit liabilities	$ 2,938	$ 3,135

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2021	$ (3,202)	$ 46	$ (3,156)
Service cost			
Current service cost	(90)	-	(90)
Net interest expense	(20)	-	(20)
Recognized in profit or loss	(110)	-	(110)
Remeasurement			
Actuarial loss - experience adjustments	(61)	-	(61)
Actuarial gain - changes in financial assumptions	271	-	271
Actuarial loss - changes in demographic assumptions	(155)	-	(155)
Recognized in other comprehensive income	55	-	55
Contributions from the employer	-	76	76
Balance at December 31, 2021	$ (3,257)	$ 122	$ (3,135)
Balance at January 1, 2022	$ (3,257)	$ 122	$ (3,135)
Service cost			
Current service cost	(90)	-	(90)
Net interest expense	(32)	1	(31)
Recognized in profit or loss	(122)	1	(121)
Remeasurement			
Return on plan assets	-	7	7
Actuarial loss - experience adjustments	(138)	-	(138)
Actuarial gain - changes in financial assumptions	504	-	504
Actuarial loss - changes in demographic assumptions	(138)	-	(138)
Recognized in other comprehensive income	228	7	235
Contributions from the employer	-	83	83
Balance at December 31, 2022	$ (3,151)	$ 213	$ (2,938)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2022	2021
Summary of functions		
Operating costs	$ -	$ -
Selling and marketing expenses	-	-
General and administrative expenses	-	-
Research and development expenses	121	110
	$ 121	$ 110

Through the defined benefit plans under the LSL, the Group is exposed to the following risks:

a. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation.

b. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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:

	December 31	
	2022	2021
Discount rates	1.750%	1.000%
Expected rates of salary increase	4.750%	4.750%

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

	December 31	
	2022	2021
Discount rates		
0.25% increase	$ (150)	$ (170)
0.25% decrease	$ 159	$ 181
Expected rates of salary increase		
0.25% increase	$ 153	$ 173
0.25% decrease	$ (145)	$ (163)

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.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 39	$ 35
Average duration of the defined benefit obligation	19.3 years	20.6 years

21. EQUITY

Share Capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands)	100,000	100,000
Shares authorized, par value of $10	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands)	68,511	67,500
Shares issued and fully paid	$ 685,110	$ 675,000
Advance receipts for share capital	$ 4,496	$ 11,556

As of December 31, 2022 and 2021, employees exercised 248 thousand and 617 thousand units of share options and the procedure for capital registration has not been completed; therefore, it was recognized as advance receipts for share capital. In 2022, the Company's employees exercised 642 thousand units of share options, and 394 thousand units of share options along with advance receipts for share capital as of December 31, 2021 have been registered. As of December 31, 2022, the balance of issued and fully paid shares amounted to $685,110 thousand.

Capital Surplus

	December 31	
	2022	2021
Issuance of ordinary shares (a)	$ 1,565,832	$ 1,554,307
Employee share options (b) (Note 25)	5,356	6,805
	$ 1,571,188	$ 1,561,112

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).

Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

Retained Earnings and Dividend Policy

Under the dividends policy as set forth in the amended Articles, if 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 a 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. The board of directors is authorized to adopt a special resolution (more than two-thirds of the directors of the board are present, and more than half of the directors present agree) to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. According to Company Act, distribution of earnings by the issuance of shares should be approved by the shareholders in their meetings. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22-6.

In consideration of the whole environment around the Company, the characteristics of industry development, the interests of shareholders, the capital expenditure budget, and the long-term financial goals, the Company would distribute unless than 10% of unappropriated earnings as cash and share dividends, and the sum of cash dividends should be less than 10% of total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. 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 appropriation of earnings for 2021 and 2020 were as follows:

	The Appropriation of the Quarterly Earnings		Cash Dividends	
	2021	2020	2021	2020
Legal reserve	$ 88,036	$ 31,872	$ -	$ -
Special reserve	6,452	761	-	-
Cash dividends	752,323	303,750	11.00	4.50

The above appropriation for cash dividends was resolved by the Company's board of directors on March 8, 2022 and March 22, 2021, respectively. The rest proposed appropriations will be resolved by the shareholders in their meeting to be held on June 17, 2022 and July 20, 2021, respectively.

The appropriation of earning for 2022 resolved by the Company's board of directors on March 9, 2023, were as follows:

	The Appropriation of the Quarterly Earnings	Cash Dividends
Legal reserve	$ 72,377	$ -
Special reserve	5,420	-
Cash dividends	516,518	7.50

The above appropriation for cash dividends has been resolved by the Company's board of directors, another will be resolved at the general meeting of shareholders be held on June 16, 2023.

Other Equity

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (819)	$ (589)
Recognized for the year		
Exchange differences arising on translating the foreign operations	1,188	(230)
Balance at December 31	$ 369	$ (819)

Exchange differences relating to the translation of the results of operations and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

Unrealized loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (21,390)	$ (15,168)
Recognized for the year		
Unrealized loss - equity instruments	(6,607)	(6,222)
Balance at December 31	$ (27,997)	$ (21,390)

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.

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

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	$ 17,341	$ 6,989
Repurchase agreements collateralized by bonds	109	743
	$ 17,450	$ 7,732

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain of financial instruments	$ 21,388	$ 27,237
Net foreign exchange gains (losses)	99,736	(22,915)
Others	226	153
	$ 121,350	$ 4,475

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 343	$ 472

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 54,996	$ 30,842
Right-of-use assets	13,407	11,501
Intangible assets	61,520	26,425
	$ 129,923	$ 68,768
An analysis of depreciation by function		
Operating costs	$ 704	$ 401
Selling and marketing expenses	589	538
General and administrative expenses	7,889	5,818
Research and development expenses	59,221	35,586
	$ 68,403	$ 42,343
An analysis of amortization by function		
Operating costs	$ 87	$ 87
Selling and marketing expenses	-	-
General and administrative expenses	3,636	1,723
Research and development expenses	57,797	24,615
	$ 61,520	$ 26,425

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 541,445	$ 517,450
Post-employment benefits (Note 20)		
Defined contribution plans	15,259	14,477
Defined benefit plans	121	110
	15,380	14,587
Share-based payment (Note 25)	1,270	3,179
Total employee benefits expense	$ 558,095	$ 535,216
An analysis of employee benefits expense by function		
Operating costs	$ 14,911	$ 12,828
Selling and marketing expenses	32,912	28,007
General and administrative expenses	37,095	34,183
Research and development expenses	473,177	460,198
	$ 558,095	$ 535,216

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 5% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 9, 2023 and March 8, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	8.42%	8.44%
Remuneration of directors	0.10%	0.10%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 78,000	$ -	$ 96,000	$ -
Remuneration of directors	900	-	1,100	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the amounts of the employees' compensation and the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation to employees and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Impairment losses on non-financial assets

	For the Year Ended December 31	
	2022	2021
Accounts receivable	$ 653	$ 2,529
Inventories (included in operating costs)	$ 204,879	$ 107,724

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ (158,814)	$ (185,626)
Adjustments for prior years	(3,561)	3,042
Deferred tax		
In respect of the current year	37,898	21,545
Income tax expense recognized in profit or loss	$ (124,477)	$ (161,039)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 848,012	$ 1,041,350
Income tax expense calculated at the statutory rate (20%)	$ (169,602)	$ (208,270)
Tax-exempt income	2,146	3,768
Temporary differences	(2,608)	(4,543)
Loss carryforwards	-	34,657
Investment credits	49,662	10,717
Adjustments for prior years' tax	(3,561)	3,042
Effect of different tax rates of subsidiaries operating in other jurisdictions	(514)	(410)
Income tax expense recognized in profit or loss	$ (124,477)	$ (161,039)

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 104,343	$ 174,148

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized provision for the decline in inventory value	$ 36,156	$ 37,898	$ 74,054

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized provision for the decline in inventory value	$ 14,611	$ 21,545	$ 36,156

d. Income tax assessments

The Company and its subsidiaries tax returns through 2020 have been assessed and approved by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 10.56	$ 13.04
Diluted earnings per share	$ 10.25	$ 12.48

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	$ 723,535	$ 880,311

Shares

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,487	67,533
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	475	233
Employee share options	1,630	2,800
Weighted average number of ordinary shares used in computation of diluted earnings per share	70,592	70,566

25. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company were granted 3,000 thousand options on December 4, 2019. Each option entitles the holder to subscribe for one ordinary shares of the Company. The options granted are valid for 7 years and exercisable at certain percentages after the second anniversary from the grant date.

Years from the Grant Date	Accumulated Subscription Percentage
2	50%
3	75%
4	100%

The options were granted at an exercise price of NT$20 per unit. For any subsequent changes in the Company's capital, the exercise price is adjusted accordingly.

Information on employee share options in 2022 and 2022 was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	2,383	$ 18.73	3,000	$ 19.03
Options granted	-	-	-	-
Options exercised	(642)	18.47	(617)	18.73
Options expired	(10)	18.13	-	-
Balance at December 31	1,731	18.13	2,383	18.73
Options exercisable at end of the year	981	18.13	883	18.73

Note: The exercise price of employee share options was NT$20 on the grant date in 2019. The adjustment of exercise price was due to the cash dividends distribution in 2022, 2021, and 2020, respectively, and the issuance of ordinary shares for cash in 2020. As of December 31, 2022, the exercise price was NT$18.13.

Information on outstanding options was as follows:

	December 31	
	2022	**2021**
Range of exercise price (NT$)	$18.13	$18.73
Weighted-average remaining contractual life (in years)	2.07 years	2.89 years

Options granted were priced using the Black-Scholes option pricing model, and the inputs to the model were as follows:

	December 2020
Grant-date share price (NT$)	$13.69
Exercise price (NT$)	$20.00
Expected volatility	37.32%-37.66%
Expected life (in years)	4.5-5.5 years
Risk-free interest rate	0.58%-0.60%

The information on expected volatility of the aforementioned options was based on expected life and the average of annual standard deviation of returns in similar company.

Compensation costs of employee share option plan were $1,270 thousand and $3,179 thousand for the years ended December 31, 2022 and 2021, respectively.

26. NON-CASH TRANSACTIONS

The Group has payable for acquisition of property, plant and equipment in the amounts of $2,312 thousand and $3,700 thousand were not yet paid as of December 31, 2022 and 2021, respectively. In addition, the Group has payable for acquisition of intangible assets - computer software in the amounts of $19,335 thousand and $18,662 thousand were not yet paid as of December 31, 2022 and 2021, respectively.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders by optimizing the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net liabilities (borrowings offset by cash and cash equivalents) and the equity attributable to the owners of the Company (comprising issued capital, capital surplus, retained earnings and other equity).

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

28. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value were approximate amounts of their fair value or the fair value cannot be measured reliably.

b. Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares - equity investments	$ -	$ -	$ 57,153	$ 57,153
Derivative instrument	-	406	-	406
Domestic private placement convertible bonds	-	-	105,293	105,293
	$ -	$ 406	$ 162,446	$ 162,852
Financial assets at FVTOCI				
Overseas unlisted shares - equity investments	$ -	$ -	$ -	$ -
Overseas mutual funds	-	-	638,794	638,794
	$ -	$ -	$ 638,794	$ 638,794

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares - equity investments	$ -	$ -	$ 54,533	$ 54,533
Domestic private placement convertible bonds	-	-	99,977	99,977
	$ -	$ -	$ 154,510	$ 154,510
Financial assets at FVTOCI				
Overseas unlisted shares - equity investments	$ -	$ -	$ 6,636	$ 6,636
Overseas mutual funds	-	-	461,649	461,649
	$ -	$ -	$ 468,285	$ 468,285

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

c. Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 154,510	$ 468,285
Addition	-	220,002
Subtraction	-	(42,886)
Recognized in profit or loss (included in other gains and losses)	7,936	-
Recognized in other comprehensive income (included in unrealized loss on financial assets at FVTOCI)	-	(6,607)
Balance at December 31	$ 162,446	$ 638,794

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 36,711	$ 11,997
Addition	100,000	469,324
Subtraction	-	(6,814)
Recognized in profit or loss (included in other gains and losses)	17,799	-
Recognized in other comprehensive income (included in unrealized loss on financial assets at FVTOCI)	-	(6,222)
Balance at December 31	$ 154,510	$ 468,285

d. Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

1) The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices (includes listed corporate callable bonds, shares, draft, corporate bonds and bonds without maturity date). If such quoted prices are not available, valuation techniques are applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

2) The fair values of derivative instruments were calculated using quoted prices. If such quoted prices are not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives	
Foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic and overseas unlisted shares	Market approach: The fair value is measured by the share price and liquidity of similar listed company.
Domestic and overseas mutual funds	Income approach: The fair value is measured by the capitalized or discounted projected income.
Domestic private placement convertible bonds	Calculated by adding the conversion right to the value of the pure bond: The value of the pure bond is calculated by adding the interest compensation of the bond at the maturity date to the discounted value of the bond. In addition, the value of the conversion right is calculated based on the Black-Scholes-Merton option pricing model with the exercise price, the spot price of the conversion target, volatility rate, risk-free interest rate, cash dividend rate and duration as the evaluation parameters in the issuance method.

Investments in equity instruments are categorized within Level 3 of the fair value measurement hierarchy due to the lack of quoted prices in an active market; the fair values of financial assets categorized into Level 3 are based on valuations provided by market participants or quoted prices of the counterparty. Quantitative information is not disclosed since the relationship between significant unobservable inputs and the fair value cannot be fully controlled.

5) Valuation process for Level 3 fair value measurement

The Group evaluates and confirms the reliability, independence and correspondence of the information sources of the estimated value. Appropriate adjustments are made to ensure the rationality of the valuation presented.

6) Sensitivity analysis of the fair value regarding reasonable and possible alternative assumption within Level 3

No sensitivity analysis using alternative assumptions is done since the valuation of the financial instruments did not adopt self-estimation model.

Categories of Financial Instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,831,632	$ 2,808,749
Financial assets at FVTPL	162,852	154,510
Financial assets at FVTOCI		
Equity instruments	638,794	468,285
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	513,890	620,598

Note 1: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, time deposits with original maturities of more than three months, accounts receivable (including related parties), other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised notes payable accounts payable (including related parties) and other payables (including related parties).

Financial Risk Management Objectives and Policies

The Group's financial instruments mainly include equity investments and accounts receivable, accounts payable and lease liability. The Group's Department of Finance and Accounting provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The company hedges risk through derivative financial instruments to mitigate the impact of such risks. The use of derivative financial instruments is governed by the policies adopted by the board of directors of the company, which are written principles for investment in exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and remaining liquidity.

a. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

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

1) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year were set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the United States dollar (USD).

The following table shows the Group's sensitivity to a 2% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate 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 is 2 %. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts adjusts their translation at the end of the reporting period for a 2% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 2% against the relevant currency. For a 2% weakening of the 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.

	Currency USD impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	$ 12,422	$ 12,385
Equity	59	95

2) Interest rate risk

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 732,993	$ 1,286,193
Financial liabilities	14,855	29,174

Sensitivity analysis

The financial assets exposed to interest rate risk were mainly certificates of time deposits and repurchase agreements collateralized by bonds. Because the interest rate was determined when depositing, the abovementioned financial assets were not affected by interest rate risk and excluded from the sensitivity analysis. The interest rate of financial liabilities was determined when borrowing, the financial liabilities were not affected by interest rate risk and excluded from the sensitivity analysis.

3) Other price risk

The Group was exposed to price risk through its investments in equity securities and convertible bonds. Equity investments are held for strategic rather than for trading purposes; the Group does not actively trade these investments.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, the profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $16,245 thousand and $15,451 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $63,879 thousand and $46,829 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As 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 failure of counterparty to discharge its obligation and financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only deals with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

Accounts receivable from four largest customers amounted to $113,697 thousand and $179,903 thousand as of December 31, 2022 and 2021, respectively. The Group's concentration of credit risk of 43% and 46% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the four largest customers in the Group.

c. 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.

The following table detailed the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have 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.

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 168,948	$ 135,665	$ 209,277	$ -	$ -	$ 513,890
Lease liabilities	1.60-4.50	2,418	2,259	10,178	-	-	14,855
		$ 171,366	$ 137,924	$ 219,455	$ -	$ -	$ 528,745

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 202,476	$ 248,599	$ 169,523	$ -	$ -	$ 620,598
Lease liabilities	1.60-5.23	3,354	2,218	10,057	13,545	-	29,174
		$ 205,830	$ 250,817	$ 179,580	$ 13,545	$ -	$ 649,772

The table below details the liquidity analysis of derivative financial instruments conducted by the Group, which is prepared on the basis of undiscounted total cash inflows and outflows. When the amount payable or receivable is not fixed, the disclosed amount is determined by the estimated interest rate as estimated by the yield curve at the balance sheet date.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Foreign exchange forward contracts					
Inflows	$ -	$ 29,096	$ -	$ -	$ -
Outflows	-	(28,690)	-	-	-
	$ -	$ 406	$ -	$ -	$ -

December 31, 2021: None

29. RELATED-PARTY TRANSACTIONS

The Company's parent is VIA Technology Inc., which held 56.49% and 57.11% of the ordinary shares of the Company on December 31, 2022 and 2021, respectively.

a. The names and relationships of related parties

Related party	Related Party Category
VIA Technologies, Inc.	Parent
Vate Technology Co., Ltd.	Sister
VIA Technologies, Inc. (USA)	Sister
VIA CPU Platform, Inc.	Sister
VIA Technologies (Shenzhen) Co, Ltd.	Sister
VIA Next Technologies, Inc. (Note 1)	Sister
EverPro (Wuhan) Technologies Company Ltd. (Note 2)	Related party in substance
EverProsper (Hong Kong) Technologies Company Ltd. (Note 2)	Related party in substance
Xander International Corp.	Related party in substance
HTC Corporation	Related party in substance
VIA Alliance Technology, Inc.	Related party in substance
APEX (TWN) International Co., Ltd.	Related party in substance
Shanghai Zhaoxin Semiconductor Co., Ltd.	Related party in substance

Note 1: VIA CPU Platform Co., Ltd. was renamed as VIA Next Technologies, Inc. in August 2021.

Note 2: Since April 2022, EverPro (Wuhan) Technologies Company Limited and EverProsper (Hong Kong) Technologies Company Limited because of the Group has lost influence on both of those company, the relationship between they had changed from a substantial related party to a non-related party.

b. Operating transactions

	For the Year Ended December 31	
	2022	2021
Sales		
Parent	$ 383	$ 501
Sister	-	2
Related parties in substance	4,423	8,000
	$ 4,806	$ 8,503

Selling prices and terms of credit to related parties are similar with other regular sales.

The following balances of accounts receivable from related parties were outstanding at the end of the reporting period:

	December 31	
	2022	2021
Parent	$ -	$ 354
Related parties in substance	425	1,267
	$ 425	$ 1,621

The amount of accounts receivable listed above is the total amount of accounts receivable without deducting allowance for loss.

The following balances of accounts payable to related parties were outstanding at the end of the reporting period:

	December 31	
	2022	**2021**
Sister	$ 5,528	$ 26,028

The outstanding accounts payable to related parties are unsecured and will be settled in cash. The outstanding accounts receivable from related parties are unsecured.

c. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2022	**2021**
Acquisition of right-of-use assets		
Parent		
VIA Technologies, Inc.	$ -	$ 37,227

	December 31	
	2022	**2021**
Lease liabilities		
Parent		
VIA Technologies, Inc.	$ 14,662	$ 28,777

	For the Year Ended December 31	
	2022	**2021**
Interest expense		
Parent		
VIA Technologies, Inc.	$ 328	$ 442
Sister		
VIA Technologies (Shenzhen) Co, Ltd.	-	2
	$ 328	$ 444
Lease expense		
Parent		
VIA Technologies, Inc.	$ 622	$ 415

The Group rented the offices and parking lots from the above related parties. Rental prices were determined based on the prevailing rates in the surrounding area.

d. Acquisition of assets

	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Property, plant and equipment - computer equipment		
Parent		
VIA Technologies, Inc.	$ -	$ 88
Related party in substance		
Xander International Corp.	2,214	2,433
	$ 2,214	$ 2,521
Intangible assets		
Related party in substance		
Shanghai Zhaoxin Semiconductor Co., Ltd.	$ 3,857	$ 3,373

e. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 46,734	$ 51,754
Share-based payment	305	763
Post-employment benefits	540	540
Other benefits	220	270
	$ 47,799	$ 53,327

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

f. Other transactions with related parties

1) Packaging and testing cost

	For the Year Ended December 31	
	2022	2021
Sister	$ 48,392	$ 86,317

Terms of cost and payment for both related and unrelated parties are similar.

2) Research expense

	For the Year Ended December 31	
	2022	2021
Parent	$ 11,988	$ 3,783
Sister	15,353	4,354
Related party in substance	66	127
	$ 27,407	$ 8,264

The research expense mainly included testing cost, professional fee, the expenditure of EDA and consumables. VIA Technologies Inc. negotiated the expenditure of EDA with vendors and paid for it before billing to the Group. The expenditure of EDA was $7,760 thousand and $1,179 thousand in 2022 and 2021, respectively.

3) Professional fees

	For the Year Ended December 31	
	2022	2021
Parent		
VIA Technologies, Inc.	$ 15,218	$ 10,633
Sister	4,646	891
Related parties in substance	194	195
	$ 20,058	$ 11,719

The Group entered into service agreements with VIA Technologies, Inc. to receive management consulting and technical support services. The expenses based on these agreements are recognized as professional fees.

4) Other payables

	December 31	
	2022	2021
Parent	$ 2,782	$ 3,492
Sister	5,586	1,626
Related parties in substance	468	1,566
	$ 8,836	$ 6,684

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant Commitments

a. As of December 31, 2022, the amount of customs duties confirmed by banks for importing goods was $1,000 thousand.

b. VLI entered into a product development agreement with a vendor. There was a dispute between the two parties on the quality of the product for acceptance. Taiwan Taipei District Court adjudged that VLI won the first lawsuit case on April 7, 2021. The vendor disagreed and filed an appeal to Taiwan High Court on April 27 of the same fiscal year. The case is currently on trial at the Taiwan High Court. Based on historical experience and legal expert opinion, the Group assessed that the case would not have a material impact on the Group's operation and financial position.

31. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group and some of its customers and suppliers implemented policies such as self-isolation and travel restrictions. At the same time, there is also an increase in demand for high tech products to accommodate remote work and stay-at-home economy. The pandemic did not have a significant impact on the Group's overall business and finance, and there are no doubts on its ability to continue as going concerns, impairment of assets and financial risks.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 21,855	30.71
Non-monetary items		
USD (Derivative instruments)	950	30.71
Financial liabilities		
Monetary items		
USD	2,484	30.71

December 31, 2021

	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 26,722	27.68
Financial liabilities		
Monetary items		
USD	4,179	27.68

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.81 (USD:NTD)	$ 99,717	28.01 (USD:NTD)	$ (22,694)

33. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Financing provided: None

b. Endorsements/guarantees provided to others: None

c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 1

d. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

i. Information on derivative instruments: Note 7

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 2

k. Information on investees: Table 3

Information on investments in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 4

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 4

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   3) The amount of property transactions and the amount of the resultant gains or losses.

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. Table 5

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Under IFRS 8 "Operating Segments", the Group is organized and managed as a single reportable business segment. The Group's operations are mainly in the research, design, manufacture and sales of USB and USB power delivery controllers account for more than 90% of the total revenue.

Geographical Information

The Group's revenue from continuing operations from external customers by location of operations are detailed below.

	For the Year Ended December 31	
	2022	2021
Taiwan	$ 1,376,939	$ 1,538,791
Hong Kong and China	975,275	1,444,056
Japan	467,265	251,917
Europe	127,892	127,377
Others	7,615	4,906
	$ 2,954,986	$ 3,367,047

Information on Major Customers

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

	For the Year Ended December 31			
	2022		2021	
	Amount	% of Account Total	Amount	% of Account Total
Customer A	$ 1,090,230	37	$ 1,041,740	31
Customer B	449,830	15	269,055	8
Customer C	416,490	14	648,851	19
	$ 1,956,550	66	$ 1,959,646	58

TABLE 1

VIA LABS, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Balance as of December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
VIA Labs, Inc.	Unlisted company							
	EverPro (Wuhan) Technologies Company Ltd.	None	Financial assets at fair value through profit or loss - non-current	4,528	$ 57,153	2.28	$ 57,153	
	KikaGo Limited	None	Financial assets at fair value through other comprehensive income - non-current	2	-	19.05	-	
	Non-publicly traded equity investments							
	Ally Bridge Group-WTT Global Life Science Capital Partners, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	271,878	1.27	271,878	
	Ally Bridge Group-CMRCO., L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	116,381	11.39	116,381	
	SMART Growth Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	208,879	1.73	208,879	Note
	10D Fund II L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	5,420	1.09	5,420	
	10D Opportunity Fund I LP.	None	Financial assets at fair value through other comprehensive income - non-current	-	5,404	6.52	5,404	
	ACHI Capital Partners Fund L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	30,832	5.33	30,832	
	Convertible bonds							
	Ennoconn Corporation	None	Financial assets at fair value through profit or loss - non-current	1	105,293	-	105,293	

Note: Wise Road Industry Investment Fund I, L.P. was renamed as SMART Growth Fund, L.P.

TABLE 2

VIA LABS, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	VIA Labs, Inc.	VIA Labs USA, Inc.	a	Research expense	$ 24,927	Similar to non-related party transaction	1
		VIA Labs USA, Inc.	a	Other payables	7,641	Similar to non-related party transaction	-
		VIA Labs (Shenzhen), Inc.	a	Research expense	25,189	Similar to non-related party transaction	1
		VIA Labs (Shenzhen), Inc.	a	Other payables	6,292	Similar to non-related party transaction	-

Note 1: Business relationships between parent company and subsidiary are identified and numbered (in the first column) as follows:

a. “0” for parent company.
b. Subsidiaries are numbered from “1”.

Note 2: Flows of transactions are categorized as follows:

a. From a parent company to its subsidiary.
b. From a subsidiary to its parent company.
c. Between subsidiaries.

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2022. Percentage to consolidated total revenue is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenue for the year ended December 31, 2022.

Note 4: Information on significant transactions in the table is disclosed by the Company based on the principle of materiality.

TABLE 3

VIA LABS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars/Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Loss of the Investee	Investment Loss Recognized	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
VIA Labs, Inc.	VIA Labs USA, Inc.	940 Mission Court. Fremont, CA 94539	Contract testing and sales marketing support	$ 8,823	$ 8,823	300	100.00	$ 10,787	$ 746	$ 746	

Note: Information on the investment in mainland China is disclosed on Table 4.

TABLE 4

VIA LABS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
VIA Labs (Shenzhen), Inc.	Integrated circuits chip testing and technical support	$ 4,657	Direct investment in company located in mainland China through VIA Labs, Inc.	$ 4,657	$ -	$ -	$ 4,657	$ 1,641	100.00	$ 1,641	$ 9,936	$ -
VIA Labs (Beijing), Inc.	Integrated circuits chip testing and technical support	4,342	Direct investment in company located in mainland China through VIA Labs, Inc. and VIA Labs (Shenzhen), Inc.	4,237	-	-	4,237	(2)	100.00	(2)	4,407	-

Accumulated Outflow for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 196,729 (RMB 40,116)	$ 218,069 (RMB 45,100)	$ 1,908,554

Note 1: As of December 31, 2022, the amount of the accumulated outflow of investment in mainland China and the investment amount authorized by the Investment Commission, MOEA were included in the amount of investment of NT$187,373 thousand and NT$208,713 thousand in EverPro Technologies Company Ltd., which was renamed as EverPro (Wuhan) Technologies Joint Stock Limited Company in December 2021, and the investment was accounted for as financial assets at fair value through profit or loss - non-current.

Note 2: As of December 31, 2022, the amount of the accumulated outflow of investment in mainland China and the investment amount authorized by the Investment Commission, MOEA were included in the indirect amount of investment of NT$462 thousand in Shenzhen KikaGO Limited through KikaGo Limited, which was accounted for as financial assets at fair value through other comprehensive income - non-current.

Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment term, and unrealized gains or losses:

Investee Company	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
VIA Labs (Shenzhen), Inc.	Research expense	$ 25,189	60-90 days	Same	Accrued payable $ (6,292)	(2)	$ -	

TABLE 5

VIA LABS, INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
VIA Technologies, Inc.	38,843,000	56.49

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Attachment 2

Parent Company only financial statements and Independent Auditors' Report

Stock code: 6756

VIA Labs, Inc.

Parent Company Only Financial Statements for the
Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
VIA Labs, Inc.

Opinion

We have audited the accompanying parent company only financial statements of VIA Labs, Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the parent company only financial statements for the year ended December 31, 2022 is stated as follows:

Revenue Recognition

Revenue from the sale of goods is recognized when significant risks and control are transferred to the customers. Technical service revenue is recognized when performance obligations of services are fulfilled, and the amount of revenue can be reasonably measured. The revenue from specific customers accounted for 58% of operating revenue in 2022, which is material to the parent company only financial statements. Therefore, we identified the recognition of revenue from specific customers to be a key audit matter.

For the accounting policy on revenue recognition, refer to Note 4.

We obtained an understanding and tested the effectiveness of the design and implementation of internal controls with respect to the revenue recognition of specific products. We selected samples of revenue from the aforementioned customers. We verified and confirmed that revenue transactions did occur.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Lin, Liu and Chin-Chuan, Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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

VIA LABS, INC.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,501,199	39	$ 1,892,217	47
Financial assets at fair value through profit or loss- current (Notes 4 and 7)	406	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	434,000	11
Accounts receivable, net (Notes 4 and 10)	258,642	7	381,794	9
Accounts receivable - related parties (Notes 4, 10 and 29)	425	-	1,621	-
Other receivables (Notes 4 and 10)	2,369	-	504	-
Inventories (Notes 4, 5 and 11)	957,566	25	454,242	11
Other current assets (Note 16)	15,426	-	8,834	-
Total current assets	2,736,033	71	3,173,212	78
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	162,446	4	154,510	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	638,794	17	468,285	11
Investments accounted for using the equity method (Notes 4 and 12)	24,486	1	20,913	-
Property, plant and equipment (Notes 4, 13 and 29)	80,638	2	72,768	2
Right-of-use assets (Notes 4, 14 and 29)	13,178	-	26,356	1
Intangible assets (Notes 4 and 15)	41,615	1	41,811	1
Deferred tax assets (Notes 4 and 23)	74,054	2	36,156	1
Prepayments for equipment (Note 4)	7,338	-	-	-
Refundable deposits (Note 16)	56,279	2	84,041	2
Total non-current assets	1,098,828	29	904,840	22
TOTAL	$ 3,834,861	100	$ 4,078,052	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes and accounts payable (Note 17)	$ 125,290	3	$ 265,381	7
Accounts payable - related parties (Notes 17 and 29)	5,528	-	26,028	1
Other payables (Notes 18 and 29)	389,713	10	332,450	8
Current tax liabilities (Notes 4 and 23)	104,334	3	174,115	4
Provisions - current (Notes 4 and 19)	4,718	-	6,901	-
Lease liabilities - current (Notes 4, 14 and 29)	14,662	1	15,406	-
Other current liabilities (Note 18)	6,754	-	39,495	1
Total current liabilities	650,999	17	859,776	21
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14 and 29)	-	-	13,371	-
Net defined benefit liabilities (Notes 4 and 20)	2,938	-	3,135	-
Total non-current liabilities	2,938	-	16,506	-
Total liabilities	653,937	17	876,282	21
EQUITY (Note 21)				
Share capital	685,110	18	675,000	17
Capital collected in advance	4,496	-	11,556	-
Capital surplus	1,571,188	41	1,561,112	38
Retained earnings				
Legal reserve	156,817	4	68,781	2
Special reserve	22,209	1	15,757	-
Unappropriated earnings	768,732	20	891,773	22
Total retained earnings	947,758	25	976,311	24
Other equity	(27,628)	(1)	(22,209)	-
Total equity	3,180,924	83	3,201,770	79
TOTAL	$ 3,834,861	100	$ 4,078,052	100

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

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)				
Sales	$ 2,954,841	100	$ 3,342,558	99
Other operating revenue	145	-	24,489	1
	2,954,986	100	3,367,047	100
OPERATING COSTS (Notes 11, 22 and 29)	1,408,894	48	1,572,102	46
GROSS PROFIT	1,546,092	52	1,794,945	54
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	47,754	2	52,152	2
General and administrative expenses	73,380	2	59,882	2
Research and development expenses	717,259	24	652,484	19
Expected credit loss	653	-	2,529	-
Total operating expenses	839,046	28	767,047	23
PROFIT FROM OPERATIONS	707,046	24	1,027,898	31
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22 and 29)				
Interest income	17,428	-	7,718	-
Other gains and losses	120,839	4	4,628	-
Finance costs	(328)	-	(446)	-
Share of profit of subsidiaries	2,385	-	1,040	-
Total non-operating income and expenses	140,324	4	12,940	-
PROFIT BEFORE INCOME TAX	847,370	28	1,040,838	31
INCOME TAX EXPENSE (Notes 4 and 23)	(123,835)	(4)	(160,527)	(5)
NET PROFIT FOR THE YEAR	723,535	24	880,311	26

(Continued)

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 20)	$ 235	-	$ 55	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(6,607)	-	(6,222)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations (Note 4)	1,188	-	(230)	-
Other comprehensive loss for the year, net of income tax	(5,184)	-	(6,397)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 718,351	24	$ 873,914	26
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 10.56		$ 13.04	
Diluted	$ 10.25		$ 12.48	

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

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

				Retained Earnings			Other Equity		
	Share Capital	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	$ 675,000	$ -	$ 1,557,933	$ 36,909	$ 14,996	$ 347,790	$ (15,168)	$ (589)	$ 2,616,871
Compensation cost of employee share options (Note 25)	-	-	3,179	-	-	-	-	-	3,179
Issuance of stock from exercise of employee share options	-	11,556	-	-	-	-	-	-	11,556
Appropriation of 2020 earnings									
Legal reserve	-	-	-	31,872	-	(31,872)	-	-	-
Special reserve	-	-	-	-	761	(761)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(303,750)	-	-	(303,750)
Net profit for the year ended December 31, 2021	-	-	-	-	-	880,311	-	-	880,311
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	55	(6,222)	(230)	(6,397)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	880,366	(6,222)	(230)	873,914
BALANCE AT DECEMBER 31, 2021	675,000	11,556	1,561,112	68,781	15,757	891,773	(21,390)	(819)	3,201,770
Issuance of ordinary shares for cash (Note 25)	-	-	1,270	-	-	-	-	-	1,270
Compensation cost of employee share options	10,110	(7,060)	8,806	-	-	-	-	-	11,856
Appropriation of 2021 earnings									
Legal reserve	-	-	-	88,036	-	(88,036)	-	-	-
Special reserve	-	-	-	-	6,452	(6,452)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(752,323)	-	-	(752,323)
Net profit for the year ended December 31, 2022	-	-	-	-	-	723,535	-	-	723,535
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	235	(6,607)	1,188	(5,184)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	723,770	(6,607)	1,188	718,351
BALANCE AT DECEMBER 31, 2022	$ 685,110	$ 4,496	$ 1,571,188	$ 156,817	$ 22,209	$ 768,732	$ (27,997)	$ 369	$ 3,180,924

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

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 847,370	$ 1,040,838
Adjustments for:		
Depreciation expense	68,118	41,893
Amortization expense	59,510	26,003
Expected credit loss recognized on accounts receivable	653	2,529
Finance costs	328	446
Interest income	(17,428)	(7,718)
Compensation costs of employee share options	1,270	3,179
Share of profit of subsidiaries	(2,385)	(1,040)
Gain on lease modification	-	(8)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(8,342)	(117,799)
Accounts receivable	122,499	(155,409)
Accounts receivable - related parties	1,196	(136)
Inventories	(503,324)	(187,481)
Other current assets	(6,592)	(966)
Accounts payable	(140,091)	103,992
Accounts payable - related parties	(20,500)	11,222
Other payables	57,978	132,035
Provisions	(2,183)	3,559
Other current liabilities	(32,741)	13,991
Net defined benefit liabilities	38	34
Cash generated from operations	425,374	909,164
Interest received	15,563	7,410
Interest paid	(328)	(446)
Income tax paid	(231,514)	(21,907)
Net cash generated from operating activities	209,095	894,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(177,116)	(462,510)
Purchase of financial assets at amortized cost	-	(434,000)
Proceeds from financial assets at amortized cost	434,000	-
Acquisition of the investments accounted for using the equity method	-	(4,237)
Payments for property, plant and equipment	(64,198)	(42,999)
Decrease in refundable deposits	27,762	2,552
Payments for intangible assets	(58,641)	(31,426)
Increase in prepayments for equipment	(7,338)	-
Net cash generated from (used in) investing activities	154,469	(972,620)

(Continued)

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (14,115)	$ (10,432)
Dividends paid	(752,323)	(303,750)
Proceeds from exercise of employee share options	11,856	11,556
Net cash used in financing activities	(754,582)	(302,626)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(391,018)	(381,025)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,892,217	2,273,242
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,501,199	$ 1,892,217

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

1. GENERAL INFORMATION

VIA Labs, Inc. ("VLI" or the "Company") was incorporated in September 2008 under the Company Law of the Republic of China to engage in the programming, designing, manufacturing and selling of USB and USB power delivery controllers for multi-functional devices and platforms. As of December 31, 2021, VIA Technologies, Inc. owned 54.49% of VLI's equity interest and the paid-in capital of VLI was $685,110 thousand.

VLI's shares were listed on the Emerging Stock Board of the Taipei Exchange in December 2019. In addition, VLI's listing application was approved by the Taiwan Stock Exchange Review Committee and reported to the Financial Supervisory Commission for approval in September 2020. VLI's shares were listed on the Taiwan Stock Exchange in December 2020.

The parent company only financial statements are presented in New Taiwan dollars, the functional currency of VLI.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors of VLI and authorized for issue on March 9, 2023.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company 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 Company 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:

1) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

2) The Company chose the accounting policy from options permitted by the standards;

3) 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;

4) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company adopt 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 Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Foreign Currencies

In preparing the parent company only financial statements of the Company, transactions in currencies other than the Company's functional currency (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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

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 are reclassified to profit or loss.

In relation to 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 included in the calculation of equity transactions but 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.

Inventories

Inventories consist of raw materials, finished goods and work-in-process 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 weighted-average cost on the balance sheet date.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss. When the Company acquires a subsidiary that does not constitute a business, the Company appropriately allocates the cost of acquisition to the Company's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

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. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life is assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment losses.

Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss when the asset is derecognized.

Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of 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 asset may be impaired.

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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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.

a. Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified 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 dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; 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 28.

b) Financial assets at amortized cost

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

i. The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, time deposits with original maturity more than three months, accounts receivable (including related parties) at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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 assets, 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 assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

a) Internal or external information show that the debtor is unlikely to pay its creditors.

b) When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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.

3) Derecognition of financial assets

The Company 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. 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.

b. Equity instruments

Debt and equity instruments issued by the Company 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 Company 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. The carrying amount is calculated by weighted average of the stock types and is calculated separately according to the reason for recovery. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

2) 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.

d. Derivative financial assets

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

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.

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 Company's obligations.

Revenue Recognition

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

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of USB and USB power delivery controllers for multi-functional devices and platforms. Revenue and accounts receivable are recognized when the goods are sold and the customer assumes the right to set the price, use of the goods, primary responsibility for reselling, and obsolescence risk of the goods.

b. Revenue from the rendering of services

Revenue from product design and licensing services is recognized when the performance obligations of services are fulfilled.

Leasing

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

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying 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 parent company only 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, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company 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 Company accounts for the remeasurement of the lease liability by (a) 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; (b) 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 parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. 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 service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability (asset) 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 they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. 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.

Share-based Payment Arrangements

The fair value at the grant date of the equity-settled share-based payments granted to employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - share-based payment. The share-based payment is recognized as an expense in full at the grant date if vested immediately. The grant date of the Company issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments that are expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - share-based payment.

Taxation

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

a. 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 Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

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

b. 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at 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 asset 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 liability is settled or the asset 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current tax and deferred tax for the year

Current tax and deferred tax 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 tax and deferred tax 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 Company's accounting policies, management is required to make judgments, estimates and assumptions on 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.

Key Sources of Estimation Uncertainty - Write-down of Inventory

The net realizable value of inventory 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 was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 260	$ 260
Checking accounts and demand deposits	767,946	1,039,764
Cash equivalents:		
Time deposits	632,993	653,193
Repurchase agreements collateralized by bonds	100,000	199,000
	$ 1,501,199	$ 1,892,217

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2022	2021
Time deposits	0.80%-5.10%	0.07%-0.41%
Repurchase agreements collateralized by bonds	1.20%	0.88%

As of December 31, 2022 and 2021, time deposits with original maturities of more than three months amounted to $0 thousand and $434,000 thousand respectively, which was classified as financial assets at amortized cost (refer to Note 9).

7. FINANCIAL ASSETS AT FVTPL

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets at fair value through profit or loss		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 406	$ -
Financial assets at FVTPL - non-current		
Investments in equity instruments at FVTPL		
Overseas unlisted shares	$ 57,153	$ 54,533
Domestic private placement convertible bonds	105,293	99,977
	$ 162,446	$ 154,510

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	December 31, 2022		
	Amount	**Maturity Date**	**Rate of Exchange**
Buy forward foreign exchange (USD:NTD)	$950 thousands	February 16, 2023	$30.20

The Company entered into foreign exchange forward contracts to earn the benefits from the exchange rate fluctuations.

8. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	**2021**
Non-current		
Investments in equity instruments at FVTOCI		
Overseas unlisted shares	$ -	$ 6,636
Overseas mutual funds	638,794	461,649
	$ 638,794	$ 468,285

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 Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Current		
Time deposits with original maturities of more than 3 months	$ -	$ 434,000

As of December 31, 2021, the interest rates of time deposits with original maturities of more than 3 months was ranging from 0.53% to 0.56%.

10. ACCOUNTS RECEIVABLE (INCLUDED RELATED PARTIES) AND OTHER RECEIVABLES

	December 31	
	2022	**2021**
At amortized cost		
Accounts receivable		
Accounts receivable	$ 265,620	$ 388,119
Accounts receivable - related parties	425	1,621
Less: Allowance for impairment loss	(6,978)	(6,325)
	$ 259,067	$ 383,415

(Continued)

	December 31	
	2022	2021
Other receivables		
Interest receivable	$ 2,369	$ 504

(Concluded)

Receivables

The average credit period of sales of goods was 30 to 90 days. In determining the recoverability of receivables, the Company considers any changes in the credit quality of the receivable from the date the credit which was initially granted to the end of the reporting period. The Company adopted a policy of only dealing with entities that have good credit rating and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from publicly available financial information or the Company's own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, the Company evaluates the potential customer's credit quality and defines the credit limits and ratings of the customers. The Company evaluates the financial performance periodically for the adjustment of credit limits once a year.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off 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 receivable that have been written off, the Company 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 accounts receivable based on the Company's provision matrix.

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.50%-10%	10%-30%	30%-50%	100%	
Gross carrying amount	$ 265,975	$ 70	$ -	$ -	$ 266,045
Loss allowance (lifetime ECLs)	(6,957)	(21)	-	-	(6,978)
Amortized cost	$ 259,018	$ 49	$ -	$ -	$ 259,067

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.50%-10%	10%-30%	30%-50%	100%	
Gross carrying amount	$ 389,740	$ -	$ -	$ -	$ 389,740
Loss allowance (lifetime ECLs)	(6,325)	-	-	-	(6,325)
Amortized cost	$ 383,415	$ -	$ -	$ -	$ 383,415

The above aging schedule was based on the past due days.

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 6,325	$ 3,796
Add: Net remeasurement of loss allowance	653	2,529
Balance at December 31	$ 6,978	$ 6,325

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 196,388	$ 237,338
Work-in-process	525,332	197,662
Raw materials	235,846	19,242
	$ 957,566	$ 454,242

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included $204,879 thousand and $107,724 thousand, respectively, due to devaluation and obsolescence of inventories.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investment in subsidiaries	$ 24,486	$ 20,913
Unlisted equity investments		
VIA Labs USA, Inc.	$ 10,787	$ 9,030
VIA Labs (Shenzhen), Inc.	9,336	7,585
VIA Labs (Beijing), Inc.	4,363	4,298
	$ 24,486	$ 20,913

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

Name of Subsidiaries	December 31 2022	December 31 2021
VIA Labs USA, Inc.	100.00%	100.00%
VIA Labs (Shenzhen), Inc.	100.00%	100.00%
VIA Labs (Beijing), Inc. (Note)	99.00%	99.00%

Refer to Note 33 for the details of the subsidiaries held by the Company.

The Company invested RMB990 thousand in October 2021, with 99% equity interest in VIA Labs (Beijing), Inc.

The investment was accounted for using the equity method and the share of profit or loss and other comprehensive income of this investment was calculated based on financial statements which have been audited. The share of profit or loss under the equity method from the subsidiaries of the Company in 2022 and 2021 was $2,385 thousand and $1,040 thousand, respectively. The share of profit or loss under the equity method from the subsidiaries of the Company in 2022 and 2021 was as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
VIA Labs USA, Inc.	$ 746	$ 453
VIA Labs (Shenzhen), Inc.	1,641	587
VIA Labs (Beijing), Inc.	(2)	-
	$ 2,385	$ 1,040

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2022	December 31 2021
Carrying amount		
Instrument equipment	$ 45,021	$ 32,232
Computer equipment	14,355	18,699
Others	18,687	21,743
Leasehold improvements	2,575	94
	$ 80,638	$ 72,768

Movements of property, plant and equipment for the years ended December 31, 2022 and 2021 were as follows:

	Instrument Equipment	Computer Equipment	Others	Leasehold Improve-ments	Total
Cost					
Balance at January 1, 2021	$ 108,258	$ 16,932	$ 390	$ 3,974	$ 129,554
Additions	2,477	13,063	31,159	-	46,699
Disposal	-	(140)	-	-	(140)
Balance at December 31, 2021	$ 110,735	$ 29,855	$ 31,549	$ 3,974	$ 176,113
Balance at January 1, 2022	$ 110,735	$ 29,855	$ 31,549	$ 3,974	$ 176,113
Additions	31,434	2,835	24,991	3,550	62,810
Balance at December 31, 2022	$ 142,169	$ 32,690	$ 56,540	$ 7,524	$ 238,923
Accumulated depreciation					
Balance at January 1, 2021	$ 62,473	$ 6,046	$ 390	$ 3,758	$ 72,667
Depreciation expenses	16,030	5,250	9,416	122	30,818
Disposal	-	(140)	-	-	(140)
Balance at December 31, 2021	$ 78,503	$ 11,156	$ 9,806	$ 3,880	$ 103,345
Balance at January 1, 2022	$ 78,503	$ 11,156	$ 9,806	$ 3,880	$ 103,345
Depreciation expenses	18,645	7,179	28,047	1,069	54,940
Balance at December 31, 2022	$ 97,148	$ 18,335	$ 37,853	$ 4,949	$ 158,285

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

Instrument equipment	3 years
Computer equipment	3 years
Others	2-5 years
Leasehold improvements	3-4 years

There were no capitalized interests for the years ended December 31, 2022 and 2021.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 13,178	$ 26,356

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ -	$ 37,227
Depreciation charge for right-of-use assets		
Buildings	$ 13,178	$ 11,075

Except for the addition and depreciation expense listed above, there was no significant sublease or impairment of the right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 14,662	$ 15,406
Non-current	$ -	$ 13,371

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.60%	1.60%

c. Material leasing activities and terms

The Company leases certain buildings for use as offices with lease terms of 2 to 3 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 1,262	$ 1,114
Expenses relating to low-value asset leases	$ -	$ -
Total cash outflow for leases	$ 15,705	$ 11,992

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

15. INTANGIBLE ASSETS

	December 31	
	2022	2021
Carrying amount		
Computer software	$ 41,615	$ 41,811

Movements of intangible assets for the years ended December 31, 2022 and 2021 were as follows:

	Computer Software
Cost	
Balance at January 1, 2021	$ 98,438
Acquisition	25,871
Balance at December 31, 2021	124,309
Balance at January 1, 2022	$ 124,309
Acquisition	59,314
Balance at December 31, 2022	$ 183,623
Accumulated amortization and impairment	
Balance at January 1, 2021	(56,495)
Amortization	(26,003)
Balance at December 31, 2021	$ (82,498)
Balance at January 1, 2022	$ (82,498)
Amortization	(59,510)
Balance at December 31, 2022	$ (142,008)

The above item of intangible assets are amortized on a straight-line basis over the estimated useful life as follows:

Computer software	2-5 years

16. OTHER ASSETS

	December 31	
	2022	2021
Prepaid expense	$ 4,425	$ 3,294
Temporary payment	-	16
Value - added tax receivable	8,787	5,524
Overpaid sales tax	2,214	-
Refundable deposits	56,279	84,041
	$ 71,705	$ 92,875

(Continued)

	December 31	
	2022	2021
Current	$ 15,426	$ 8,834
Non-current	56,279	84,041
	$ 71,705	$ 92,875

(Concluded)

17. NOTES AND ACCOUNTS PAYABLE (INCLUDED RELATED PARTIES)

	December 31	
	2022	2021
Notes payable	$ 25	$ 27
Accounts payable	$ 125,265	$ 265,381
Accounts payable - related parties	5,528	26,028
	$ 130,793	$ 291,409

The average term of payment is 60 to 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Salaries and bonuses	$ 210,652	$ 140,426
Employees' compensation (Note 22)	85,881	96,000
Research and development	23,840	31,550
Advertisement	24,660	22,504
Purchase of intangible assets	19,335	18,662
Professional fees	4,609	4,961
Indemnity (Note 30)	4,126	4,126
Insurance	3,736	3,450
Pension	3,578	3,374
Remuneration of directors (Note 22)	2,354	2,554
Equipment	2,312	3,700
Others	4,630	1,143
	$ 389,713	$ 332,450
Other liabilities		
Advance receipts	$ 1,943	$ 34,244
Receipts under custody	4,811	5,251
	$ 6,754	$ 39,495

19. PROVISIONS

	December 31	
	2022	2021
Provisions for allowances and warranty	$ 4,718	$ 6,901
Current	$ 4,718	$ 6,901
Non-current	-	-
	$ 4,718	$ 6,901

Movement of provisions for the years ended December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	2021
Balance at beginning of the year	$ 6,901	$ 3,342
Provisions (reversal) recognized	(2,183)	3,559
Balance at end of the year	$ 4,718	$ 6,901

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in the parent company only financial statement of comprehensive income were $13,652 thousand and $13,078 thousand, representing the contributions to these plans by the Company at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the amounts of contributions unpaid were $3,578 thousand and $3,374 thousand, respectively.

Defined Benefit Plans

Some employees in the Company are foreigners or transferred from VIA Technology Co., Ltd. The defined benefit plans adopted by the Company in accordance with the Labor Standards Act (LSA) is operated by the government of the ROC. Based on the defined benefit plan under the LSA, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement.

The amounts included in the parent company only balance sheets in respect of the obligation of VLI under the defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ (3,151)	$ (3,257)
Fair value of plan assets	213	122
Deficit	(2,938)	(3,135)
Asset ceiling	-	-
Net defined benefit liabilities	$ (2,938)	$ (3,135)
Defined benefit liabilities	$ 2,938	$ 3,135

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2021	$ (3,202)	$ 46	$ (3,156)
Service cost			
Current service cost	(90)	-	(90)
Net interest expense	(20)	-	(20)
Recognized in profit or loss	(110)	-	(110)
Remeasurement			
Actuarial loss - experience adjustments	(61)	-	(61)
Actuarial gain - changes in financial assumptions	271	-	271
Actuarial loss - changes in demographic assumptions	(155)	-	(155)
Recognized in other comprehensive income	55	-	55
Contributions from the employer	-	76	76
Balance at December 31, 2021	$ (3,257)	$ 122	$ (3,135)
Balance at January 1, 2022	$ (3,257)	$ 122	$ (3,135)
Service cost			
Current service cost	(90)	-	(90)
Net interest expense	(32)	1	(31)
Recognized in profit or loss	(122)	1	(121)
Remeasurement			
Return on plan assets	-	7	7
Actuarial loss - experience adjustments	(138)	-	(138)
Actuarial gain - changes in financial assumptions	504	-	504
Actuarial loss - changes in demographic assumptions	(138)	-	(138)
Recognized in other comprehensive income	228	7	235
Contributions from the employer	-	83	83
Balance at December 31, 2022	$ (3,151)	$ 213	$ (2,938)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2022	2021
Summary of functions		
Operating costs	$ -	$ -
Selling and marketing expenses	-	-
General and administrative expenses	-	-
Research and development expenses	121	110
	$ 121	$ 110

Through the defined benefit plans under the LSA, the Company is exposed to the following risks:

a. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation.

b. Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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:

	December 31	
	2022	2021
Discount rates	1.750%	1.000%
Expected rates of salary increase	4.750%	4.750%

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

	December 31	
	2022	2021
Discount rates		
0.25% increase	$ (150)	$ (170)
0.25% decrease	$ 159	$ 181
Expected rates of salary increase		
0.25% increase	$ 153	$ 173
0.25% decrease	$ (145)	$ (163)

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.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 39	$ 35
Average duration of the defined benefit obligation	19.3 years	20.6 years

21. EQUITY

Share Capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands)	100,000	100,000
Shares authorized, par value of $10	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands)	68,511	67,500
Shares issued and fully paid	$ 685,110	$ 675,000
Advance receipts for share capital	$ 4,496	$ 11,556

As of December 31, 2022 and 2021, employees exercised 248 thousand and 617 thousand units of share options, and the procedure for capital registration has not been completed; therefore, it was recognized as advance receipts for share capital. In 2022, the Company's employees exercised 642 thousand units of share options, and 394 thousand units of share options along with advance receipts for share capital as of December 31, 2021 have been registered. As of December 31, 2022, the balance of issued and fully paid shares amounted to $685,110 thousand.

Capital Surplus

	December 31	
	2022	2021
Issuance of ordinary shares (a)	$ 1,565,832	$ 1,554,307
Employee share options (b) (Note 25)	5,356	6,805
	$ 1,571,188	$ 1,561,112

a. 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).

b. Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

Retained Earnings and Dividend Policy

Under the dividends policy as set forth in the amended Articles, if 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 a 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. The board of directors is authorized to adopt a special resolution (more than two-thirds of the directors of the board are present, and more than half of the directors present agree) to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. According to Company Act, distribution of earnings by the issuance of shares should be approved by the shareholders in their meetings. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22-6.

In consideration of the whole environment around the Company, the characteristics of industry development, the interests of shareholders, the capital expenditure budget, and the long-term financial goals, the Company would distribute under than 10% of unappropriated earnings as cash and share dividends, and the sum of cash dividends should be not under than 10% of total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. 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 appropriations of earnings for 2021 and 2020 were as follows:

	The Appropriation of the Quarterly Earnings		Cash Dividends	
	2021	2020	2021	2020
Legal reserve	$ 88,036	$ 31,872	$ -	$ -
Special reserve	6,452	761	-	-
Cash dividends	752,323	303,750	11.00	4.50

The above appropriation for cash dividends was resolved by the Company's board of directors respectively on March 8, 2022 and March 22, 2021 The rest proposed appropriations will be resolved by the shareholders in their meeting to be held on June 17, 2022 and July 20, 2021, respectively.

The appropriation of earning for 2022 resolved by the Company's board of directors on March 9, 2023, were as follows:

	The Appropriation of the Quarterly Earnings	Cash Dividends
Legal reserve	$ 72,377	$ -
Special reserve	5,420	-
Cash dividends	516,518	7.50

The above appropriation for cash dividends has been resolved by the Company's board of directors, another will be resolved at the general meeting of shareholders be held on June 16, 2023.

Other Equity

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (819)	$ (589)
Recognized for the year		
Exchange differences arising on translating the foreign operations	1,188	(230)
Balance at December 31	$ 369	$ (819)

Exchange differences relating to the translation of the results of operations and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

Unrealized loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (21,390)	$ (15,168)
Recognized for the year		
Unrealized loss - equity instruments	(6,607)	(6,222)
Balance at December 31	$ (27,997)	$ (21,390)

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.

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

a. Other income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	$ 17,319	$ 6,975
Repurchase agreements collateralized by bonds	109	743
	$ 17,428	$ 7,718

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain of financial instruments	$ 21,388	$ 27,237
Net foreign exchange gains (losses)	99,327	(22,696)
Others	124	87
	$ 120,839	$ 4,628

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 328	$ 446

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 54,940	$ 30,818
Right-of-use assets	13,178	11,075
Intangible assets	59,510	26,003
	$ 127,628	$ 67,896
An analysis of depreciation by function		
Operating costs	$ 704	$ 401
Selling and marketing expenses	589	538
General and administrative expenses	7,889	5,818
Research and development expenses	58,936	35,136
	$ 68,118	$ 41,893
An analysis of amortization by function		
Operating costs	$ 87	$ 87
Selling and marketing expenses	-	-
General and administrative expenses	3,636	1,723
Research and development expenses	55,787	24,193
	$ 59,510	$ 26,003

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 509,488	$ 488,138
Post-employment benefits (Note 20)		
Defined contribution plans	13,652	13,078
Defined benefit plans	121	110
	13,773	13,188
Share-based payment	1,270	3,179
Total employee benefits expense	$ 524,531	$ 504,505

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense by function		
Operating costs	$ 14,911	$ 12,828
Selling and marketing expenses	32,912	28,007
General and administrative expenses	37,095	34,183
Research and development expenses	439,613	429,487
	$ 524,531	$ 504,505

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 5% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 9, 2023 and March 8, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	8.42%	8.44%
Remuneration of directors	0.10%	0.10%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 78,000	-	$ 96,000	-
Remuneration of directors	900	-	1,100	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the amounts of the employees' compensation and the remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation to employees and remuneration of directors resolved by the board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Impairment losses on non-financial assets

	For the Year Ended December 31	
	2022	**2021**
Accounts receivable	$ 653	$ 2,529
Inventories (included in operating costs)	$ 204,879	$ 107,724

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ (158,172)	$ (185,114)
Adjustments for prior years	(3,561)	3,042
Deferred tax		
In respect of the current year	37,898	21,545
Income tax expense recognized in profit or loss	$ (123,835)	$ (160,527)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	**2021**
Profit before tax from continuing operations	$ 847,370	$ 1,040,838
Income tax expense calculated at the statutory rate (20%)	$ (169,474)	$ (208,168)
Tax-exempt income	2,146	3,768
Temporary differences	(2,608)	(4,543)
Loss carryforwards	-	34,657
Investment credits	49,662	10,717
Adjustments for prior years' tax	(3,561)	3,042
Income tax expense recognized in profit or loss	$ (123,835)	$ (160,527)

b. Current tax assets and liabilities

	December 31	
	2022	**2021**
Current tax liabilities		
Income tax payable	$ 104,334	$ 174,115

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized provision for the decline in inventory value	$ 36,156	$ 37,898	$ 74,054

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized provision for the decline in inventory value	$ 14,611	$ 21,545	$ 36,156

d. Income tax assessments

The Company's tax returns for the years through 2020 have been assessed and approved by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	$ 10.56	$ 13.04
Diluted earnings per share	$ 10.25	$ 12.48

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	$ 723,535	$ 880,311

Shares

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,487	67,533
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	475	233
Employee share options	1,630	2,800
Weighted average number of ordinary shares used in computation of diluted earnings per share	70,592	70,566

25. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company were granted 3,000 thousand options on December 4, 2019. Each option entitles the holder to subscribe for one ordinary shares of the Company. The options granted are valid for 7 years and exercisable at certain percentages after the second anniversary from the grant date.

Years from the Grant Date	Accumulated Subscription Percentage
2	50%
3	75%
4	100%

The options were granted at an exercise price of NT$20 per unit. For any subsequent changes in the Company's capital, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	2,383	$ 18.73	3,000	$ 19.03
Options granted	-	-	-	-
Options exercised	(642)	18.47	(617)	18.73
Options expired	(10)	18.13	-	-
Balance at December 31	1,731	18.13	2,383	18.73
Options exercisable at end of the year	981	18.13	883	18.73

Note: The exercise price of employee share options was NT$20 on the grant date in 2019. The adjustment of exercise price was due to the cash dividends distribution in 2022, 2021 and 2020, respectively, and the issuance of ordinary shares for cash in 2020. As of December 31, 2022, the exercise price was NT$18.13.

Information on outstanding options was as follows:

	December 31	
	2022	**2021**
Range of exercise price (NT$)	$18.13	$18.73
Weighted-average remaining contractual life (in years)	2.07 years	2.89 years

Options granted were priced using the Black-Scholes option pricing model, and the inputs to the model were as follows:

	December 2019
Grant-date share price (NT$)	$13.69
Exercise price (NT$)	$20.00
Expected volatility	37.32%-37.66%
Expected life (in years)	4.5-5.5 years
Risk-free interest rate	0.58%-0.60%

The information on expected volatility of the aforementioned options was based on expected life and the average of annual standard deviation of returns in similar company.

Compensation costs of employee share option plan were $1,270 thousand and $3,179 thousand for the years ended December 31, 2022 and 2021, respectively.

26. NON-CASH TRANSACTIONS

The Company's acquisition of property, plant and equipment in the amounts of $2,312 thousand and $3,700 thousand were not yet paid as of December 31, 2022 and 2021, respectively. In addition, the Company's acquisition of intangible assets - computer software in the amounts of $19,335 thousand and $18,662 thousand were not yet paid as of December 31, 2022 and 2021, respectively.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure the entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders by optimizing the debt and equity balance. The Company's overall strategy remains unchanged from 2021.

The capital structure of the Company consists of net liabilities (borrowings offset by cash and cash equivalents) and the equity attributable to the owners of the Company (comprising issued capital, capital surplus, retained earnings and other equity).

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

28. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value were approximate amounts of their fair value or the fair value cannot be measured reliably.

b. Fair value measurements recognized in the parent company only balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares - equity investments	$ -	$ -	$ 57,153	$ 57,153
Derivative instruments	-	406	-	406
Domestic private placement convertible bonds	-	-	105,293	105,293
	$ -	$ 406	$ 162,446	$ 162,852
Financial assets at FVTOCI				
Overseas unlisted shares - equity investments	$ -	$ -	$ -	$ -
Overseas mutual funds	-	-	638,794	638,794
	$ -	$ -	$ 638,794	$ 638,794

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares - equity investments	$ -	$ -	$ 54,533	$ 54,533
Domestic private placement convertible bonds	-	-	99,977	99,977
	$ -	$ -	$ 154,510	$ 154,510
Financial assets at FVTOCI				
Overseas unlisted shares - equity investments	$ -	$ -	$ 6,636	$ 6,636
Overseas mutual funds	-	-	461,649	461,649
	$ -	$ -	$ 468,285	$ 468,285

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

c. Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 154,510	$ 468,285
Addition	-	220,002
Subtraction	-	(42,886)
Recognized in profit or loss (included in other gains and losses)	7,936	-
Recognized in other comprehensive income (included in unrealized loss on financial assets at FVTOCI)	-	(6,607)
Balance at December 31	$ 162,446	$ 638,794

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 36,711	$ 11,997
Addition	100,000	469,324
Subtraction	-	(6,814)
Recognized in profit or loss (included in other gains and losses)	17,799	-
Recognized in other comprehensive income (included in unrealized loss on financial assets at FVTOCI)	-	(6,222)
Balance at December 31	$ 154,510	$ 468,285

d. Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

1) The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices (includes listed corporate callable bonds, shares, draft, corporate bonds and bonds without maturity date). If such quoted prices are not available, valuation techniques are applied. The estimates and assumptions used by the Company are consistent with those that market participants would use in setting a price for the financial instrument;

2) The fair values of derivative instruments were calculated using quoted prices. If such quoted prices are not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Company were consistent with those that market participants would use in setting a price for the financial instrument.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives	
Foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic and overseas unlisted shares	Market approach: The fair value is measured by the share price and liquidity of similar listed company.
Domestic and overseas mutual funds	Income approach: The fair value is measured by the capitalized or discounted projected income.
Domestic private placement convertible bonds	Calculated by adding the conversion right to the value of the pure bond: The value of the pure bond is calculated by adding the interest compensation of the bond at the maturity date to the discounted value of the bond. In addition, the value of the conversion right is calculated based on the Black-Scholes-Merton option pricing model with the exercise price, the spot price of the conversion target, volatility rate, risk-free interest rate, cash dividend rate and duration as the evaluation parameters in the issuance method.

Investments in equity instruments are categorized within Level 3 of the fair value measurement hierarchy due to the lack of quoted prices in an active market; the fair values of financial assets categorized into Level 3 are based on valuations provided by market participants or quoted prices of the counterparty. Quantitative information is not disclosed since the relationship between significant unobservable inputs and the fair value cannot be fully controlled.

5) Valuation process for Level 3 fair value measurement

The Company evaluates and confirms the reliability, independence and correspondence of the information sources of the estimated value. Appropriate adjustments are made to ensure the rationality of the valuation presented.

6) Sensitivity analysis of the fair value regarding reasonable and possible alternative assumption within Level 3

No sensitivity analysis using alternative assumptions is done since the valuation of the financial instruments did not adopt self-estimation model.

Categories of Financial Instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,818,914	$ 2,794,177
Financial assets at FVTPL	162,852	154,510
Equity instruments	638,794	468,285
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	520,531	623,859

Note 1: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, time deposits with original maturities of more than three months, accounts receivable (including related parties), other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised notes payables, accounts payables (including related parties) and other payables (including related parties).

Financial Risk Management Objectives and Policies

The Company's financial instruments mainly include equity investments and accounts receivable, accounts payable and lease liability. The Company's Department of Finance and Accounting provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The company hedges risk through derivative financial instruments to mitigate the impact of such risks. The use of derivative financial instruments is governed by the policies adopted by the board of directors of the company, which are written principles for investment in exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and remaining liquidity.

a. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year were set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the United States dollar (USD).

The following table shows the Company's sensitivity to a 2% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate 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 is 2 %. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts adjusts their translation at the end of the reporting period for a 2% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 2% against the relevant currency. For a 2% weakening of the 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.

	Currency USD impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	$ 12,140	$ 12,197
Equity	216	181

2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 732,993	$ 1,286,193
Financial liabilities	14,662	28,777

Sensitivity analysis

The financial assets exposed to interest rate risk were mainly certificates of time deposits and repurchase agreements collateralized by bonds. Because the interest rate was determined when depositing, the abovementioned financial assets were not affected by interest rate risk and excluded from the sensitivity analysis. The interest rate of financial liabilities was determined when borrowing, the financial liabilities were not affected by interest rate risk and excluded from the sensitivity analysis.

3) Other price risk

The Company was exposed to price risk through its investments in equity securities and convertible bonds. Equity investments are held for strategic rather than for trading purposes; the Company does not actively trade these investments.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, the profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $16,245 thousand and $15,451 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $63,879 thousand and $46,829 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparty to discharge its obligation and financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only deals with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

Accounts receivable from four largest customers amounted to $113,697 thousand and $179,903 thousand as of December 31, 2022 and 2021, respectively. The Company's concentration of credit risk of 43% and 46% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the four largest customers in the Company.

c. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 165,612	$ 145,642	$ 209,277	$ -	$ -	$ 520,531
Lease liabilities	1.60%	2,397	2,217	10,048	-	-	14,662
		$ 168,009	$ 147,859	$ 219,325	$ -	$ -	$ 535,193

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities							
Non-interest bearing	-	$ 202,258	$ 252,078	$ 169,523	$ -	$ -	$ 623,859
Lease liabilities	1.60	3,336	2,181	9,889	13,371	-	28,777
		$ 205,594	$ 254,259	$ 179,412	$ 13,371	$ -	$ 652,636

The table below details the liquidity analysis of derivative financial instruments conducted by the Company, which is prepared on the basis of undiscounted total cash inflows and outflows. When the amount payable or receivable is not fixed, the disclosed amount is determined by the estimated interest rate as estimated by the yield curve at the balance sheet date.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Foreign exchange forward contracts					
Inflows	$ -	$ 29,096	$ -	$ -	$ -
Outflows	-	(28,690)	-	-	-
	$ -	$ 406	$ -	$ -	$ -

December 31, 2021: None

29. RELATED-PARTY TRANSACTIONS

The Company's parent is VIA Technology Inc., which held 56.49% and 57.11% of the ordinary shares of the Company on December 31, 2022 and 2021, respectively.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. The names and relationships of related parties

Related party	Related Party Category
VIA Technologies, Inc.	Parent
Vate Technology Co., Ltd.	Sister
VIA Technologies, Inc. (USA)	Sister
VIA Next Technologies, Inc. (Note 1)	Sister
EverPro (Wuhan) Technologies Company Ltd. (Note 2)	Related party in substance
EverProsper (Hong Kong) Technologies Company Ltd. (Note 2)	Related party in substance
Xander International Corp.	Related party in substance
HTC Corporation	Related party in substance
APEX (TWN) International Co., Ltd.	Related party in substance
VIA Labs USA, Inc.	Subsidiary
VIA Labs (Shenzhen) Inc.	Subsidiary

Note 1: VIA CPU Platform Co., Ltd. was renamed as VIA Next Technologies, Inc. in August 2021.

Note 2: Since April 2022, EverPro (Wuhan) Technologies Company Limited and EverProsper (Hong Kong) Technologies Company Limited because of the Company has lost influence on both of those company, the relationship between they had changed from a substantial related party to a non-related party.

b. Operating transactions

	For the Year Ended December 31	
	2022	2021
Sales		
Parent	$ 383	$ 501
Sister	-	2
Related parties in substance	4,423	8,000
	$ 4,806	$ 8,503

Selling prices and terms of credit to related parties are similar with other regular sales.

The following balances of accounts receivable from related parties were outstanding at the end of the reporting period:

	December 31	
	2022	2021
Parent	$ -	$ 354
Related parties in substance	425	1,267
	$ 425	$ 1,621

The amount of accounts receivable listed above is the total amount of accounts receivable without deducting allowance for loss.

The following balances of accounts payable to related parties were outstanding at the end of the reporting period:

	December 31	
	2022	2021
Sister	$ 5,528	$ 26,028

The outstanding accounts payable to related parties are unsecured and will be settled in cash. The outstanding accounts receivable from related parties are unsecured.

c. Lease arrangements - the Company is lessee

	For the Year Ended December 31	
	2022	2021
Acquisition of right-of-use assets		
Parent		
VIA Technologies, Inc.	$ -	$ 37,227

	December 31	
	2022	2021
Lease liabilities		
Parent		
VIA Technologies, Inc.	$ 14,662	$ 28,777

	For the Year Ended December 31	
	2022	2021
Interest expense		
Parent		
VIA Technologies, Inc.	$ 328	$ 442
Lease expense		
Parent		
VIA Technologies, Inc.	$ 622	$ 415

The Company rented the offices and parking lots from the above related parties. Rental prices were determined based on the prevailing rates in the surrounding area.

d. Acquisition of assets

	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Property, plant and equipment-Computer equipment		
Parent		
VIA Technologies, Inc.	$ -	$ 88
Related party in substance		
Xander International Corp.	2,214	2,433
	$ 2,214	$ 2,521

e. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term benefits	$ 44,796	$ 49,933
Share-based payment	305	763
Post-employment benefits	540	540
Other benefits	220	270
	$ 45,861	$ 51,506

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

f. Other transactions with related parties

1) Packaging and testing cost

	For the Year Ended December 31	
	2022	2021
Sister	$ 48,392	$ 86,317

Terms of cost and payment for both related and unrelated parties are similar.

2) Research expense

	For the Year Ended December 31	
	2022	2021
Parent	$ 11,988	$ 3,783
Subsidiaries	50,116	38,882
Sister	10,840	750
Related party in substance	66	127
	$ 73,010	$ 43,542

The research expense mainly included testing cost, professional fee, the expenditure of EDA and consumables. VIA Technologies Inc. negotiated the expenditure of EDA with vendors and paid for it before billing to the Company. The consumables of R&D were $7,760 thousand and $1,179 thousand in 2022 and 2021, respectively.

3) Professional fees

	For the Year Ended December 31	
	2022	2021
Parent		
VIA Technologies, Inc.	$ 15,218	$ 10,633

The Company entered into service agreements with VIA Technologies, Inc. to receive management consulting and technical support services. The expenses based on these agreements are recognized as professional fees.

4) Other payables

	December 31	
	2022	2021
Parent	$ 2,782	$ 3,492
Subsidiaries	13,933	9,415
Sister	2,985	837
Related parties in substance	468	1,526
	$ 20,168	$ 15,270

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant Commitments

a. As of December 31, 2022, the amount of customs duties confirmed by banks for importing goods was $1,000 thousand.

b. The Company entered into a product development agreement with a vendor. There was a dispute between the two parties on the quality of the product for acceptance. Taiwan Taipei District Court adjudged that VLI won the first lawsuit case on April 7, 2021, the vendor disagreed and filed an appeal to Taiwan High Court on April 27 of the same fiscal year. The case is currently on trial at the Taiwan High Court. Based on historical experience and legal expert opinion, the Company assessed that the case would not have a material impact on the Company's operation and financial position.

31. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Company and some of its customers and suppliers implemented policies such as self-isolation and travel restrictions. At the same time, there is also an increase in demand for high tech products to accommodate remote work and stay-at-home economy. The pandemic did not have a significant impact on the Company's overall business and finance, and there are no doubts on its ability to continue as going concerns, impairment of assets and financial risks.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 21,646	30.71
Non-monetary items		
USD (derivative instruments)	950	30.71
Investments accounted for using the equity method		
USD	351	30.71
RMB	3,106	4.41
Financial liabilities		
Monetary items		
USD	2,830	30.71

December 31, 2021

	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 26,481	27.68
Investments accounted for using the equity method		
USD	326	27.68
RMB	2,738	4.34
Financial liabilities		
Monetary items		
USD	4,449	27.68

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.81 (USD:NTD)	$ 99,717	28.01 (USD:NTD)	$ (22,694)

33. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Financing provided: None

b. Endorsements/guarantees provided to others: None

c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 1

d. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

i. Information on derivative instruments: Note 7

j. Information on investees: Table 2

Information on investments in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 3

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 3

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   3) The amount of property transactions and the amount of the resultant gains or losses.

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 4

34. SEGMENT INFORMATION

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

TABLE 1

VIA LABS, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Balance as of December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
VIA Labs, Inc.	Unlisted company							
	EverPro (Wuhan) Technologies Company Ltd.	None	Financial assets at fair value through profit or loss - non-current	4,528	$ 57,153	2.28	$ 57,153	
	KikaGo Limited	None	Financial assets at fair value through other comprehensive income - non-current	2	-	19.05	-	
	Non-publicly traded equity investments							
	Ally Bridge Group - WTT Global Life Science Capital Partners, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	271,878	1.27	271,878	
	Ally Bridge Group - CMRCO., L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	116,381	11.39	116,381	
	SMART Growth Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	208,879	1.73	208,879	Note
	10D Fund II L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	5,420	1.09	5,420	
	10D Opportunity Fund I LP.	None	Financial assets at fair value through other comprehensive income - non-current	-	5,404	6.52	5,404	
	ACHI Capital Partners Fund L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	30,832	5.53	30,832	
	Convertible bonds							
	Ennoconn Corporation	None	Financial assets at fair value through profit or loss - non-current	1	105,293	-	105,293	

Note: Wise Road Industry Investment Fund I, L.P. was renamed as SMART Growth Fund, L.P.

TABLE 2

VIA LABS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars/Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Loss of the Investee	Investment Loss Recognized	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
VIA Labs, Inc.	VIA Labs USA, Inc.	940 Mission Court. Fremont, CA 94539	Contract testing and sales marketing support	$ 8,823	$ 8,823	300	100.00	$ 10,787	$ 746	$ 746	

Note: Information on the investment in mainland China is disclosed on Table 3.

TABLE 3

VIA LABS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
VIA Labs (Shenzhen), Inc.	Integrated circuits chip testing and technical support	$ 4,657	Direct investment in company located in mainland China through VIA Labs, Inc.	$ 4,657	$ -	$ -	$ 4,657	$ 1,641	100.00	$ 1,641	$ 9,336	$ -
VIA Labs (Beijing), Inc.	Integrated circuits chip testing and technical support	4,342	Direct investment in company located in mainland China through VIA Labs, Inc., and VIA Labs (Shenzhen), Inc.	4,237	-	-	4,237	(2)	100.00	(2)	4,407	-

Accumulated Outflow for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 196,729 (RMB 40,116)	$ 218,069 (RMB 45,100)	$ 1,908,554

Note 1: As of December 31, 2022, the amount of the accumulated outflow of investment in mainland China and the investment amount authorized by the Investment Commission, MOEA were included in amount of investment of NT$187,373 thousand and NT$208,713 thousand in EverPro Technologies Company Ltd., which was renamed as EverPro (Wuhan) Technologies Joint Stock Limited Company in December 2021, and the investment was accounted for as financial assets at fair value through profit or loss - non-current.

Note 2: As of December 31, 2022, the amount of the accumulated outflow of investment in mainland China and the investment amount authorized by the Investment Commission, MOEA were included in the indirect amount of investment of NT$462 thousand in Shenzhen KikaGO Limited through KikaGo Limited, which was accounted for as financial assets at fair value through other comprehensive income - non-current.

Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment term, and unrealized gains or losses:

Investee Company	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
VIA Labs (Shenzhen), Inc.	Research expense	$ 25,189	60-90 days	Same	Accrued payable $ (6,292)	(2)	$ -	

TABLE 4

VIA LABS, INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
VIA Technologies, Inc.	38,843,000	56.49

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

VIA Labs, Inc.

Wenchi Chen, Chairman