VIA Labs, Inc.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors’ Report

Deloitte.

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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, 2023 and 2022, 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 material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the parent company only financial statements for the year ended December 31, 2023 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 31% of operating revenue in 2023, which is material to the parent company only 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 understanded and tested the effectiveness of the design and implementation of the main internal controls regarding the authenticity of revenue from specific customers. We also conducted sampling and confirmation procedures for the full-year sales revenue of these customers to test the authenticity of sales to these customers.

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, 2023 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 Pan-Fa, Wang and Chin-Chuan Shih.

Pan Fa Wang CHIN-CHUAN, SHIH

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

<u>*Notice to Readers*</u>

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

VIA LABS, INC.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,374,888	38	$ 1,501,199	39
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	406	-
Financial assets at amortized cost - current (Note 9)	310,000	8	-	-
Accounts receivable (Notes 4, 10 and 29)	202,640	6	259,067	7
Other receivables (Notes 4 and 10)	3,611	-	2,369	-
Inventories (Notes 4, 5 and 11)	313,371	9	957,566	25
Other current assets (Note 16)	9,785	-	15,426	-
Total current assets	2,214,295	61	2,736,033	71
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	177,913	5	162,446	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	778,038	22	638,794	17
Investments accounted for using the equity method (Notes 4 and 12)	25,973	1	24,486	1
Property, plant and equipment (Notes 4, 13 and 29)	115,503	3	80,638	2
Right-of-use assets (Notes 4, 14 and 29)	40,861	1	13,178	-
Intangible assets (Notes 4 and 15)	125,742	3	41,615	1
Deferred tax assets (Notes 4 and 23)	94,024	3	74,054	2
Other financial assets - non-current (Notes 16 and 30)	37,846	1	56,278	2
Other non-current assets (Note 16)	188	-	7,339	-
Total non-current assets	1,396,088	39	1,098,828	29
TOTAL	$ 3,610,383	100	$ 3,834,861	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes and accounts payable (Notes 17 and 29)	$ 151,665	4	$ 130,818	4
Other payables (Notes 18 and 29)	453,230	13	389,713	10
Current tax liabilities (Notes 4 and 23)	81,683	2	104,334	3
Provisions - current (Notes 4 and 19)	8,538	-	4,718	-
Lease liabilities - current (Notes 4, 14 and 29)	14,694	-	14,662	-
Other current liabilities (Note 18)	15,089	1	6,754	-
Total current liabilities	724,899	20	650,999	17
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 14 and 29)	27,458	1	-	-
Net defined benefit liabilities (Notes 4 and 20)	3,137	-	2,938	-
Total non-current liabilities	30,595	1	2,938	-
Total liabilities	755,494	21	653,937	17
EQUITY (Note 21)				
Share capital	690,740	19	685,110	18
Capital collected in advance	5,191	-	4,496	-
Capital surplus	1,576,268	44	1,571,188	41
Retained earnings				
Legal reserve	229,194	6	156,817	4
Special reserve	27,628	1	22,209	1
Unappropriated earnings	354,629	10	768,732	20
Total retained earnings	611,451	17	947,758	25
Other equity	(28,761)	(1)	(27,628)	(1)
Total equity	2,854,889	79	3,180,924	83
TOTAL	$ 3,610,383	100	$ 3,834,861	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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 29)				
Sales	$ 2,034,958	100	$ 2,954,841	100
Other operating revenue	145	-	145	-
	2,035,103	100	2,954,986	100
OPERATING COSTS (Notes 11, 22 and 29)	1,103,743	54	1,408,894	48
GROSS PROFIT	931,360	46	1,546,092	52
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	53,338	2	47,754	2
General and administrative expenses	76,255	4	73,380	2
Research and development expenses	648,498	32	717,259	24
Expected credit loss	-	-	653	-
Total operating expenses	778,091	38	839,046	28
PROFIT FROM OPERATIONS	153,269	8	707,046	24
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	34,017	2	17,428	-
Other gains and losses	23,666	1	120,839	4
Finance costs	(116)	-	(328)	-
Share of profit of subsidiaries	1,751	-	2,385	-
Total non-operating income and expenses	59,318	3	140,324	4
PROFIT BEFORE INCOME TAX	212,587	11	847,370	28
INCOME TAX EXPENSE (Notes 4 and 23)	(32,018)	(2)	(123,835)	(4)
NET PROFIT FOR THE YEAR	180,569	9	723,535	24

(Continued)

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	$ (869)	-	$ (6,607)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(264)	-	1,188	-
Other comprehensive loss for the year, net of income tax	(1,274)	-	(5,184)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 179,295	9	$ 718,351	24
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	$ 2.62		$ 10.56	
Diluted	$ 2.57		$ 10.25	

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, 2023 AND 2022
(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, 2022	$ 675,000	$ 11,556	$ 1,561,112	$ 68,781	$ 15,757	$ 891,773	$ (21,390)	$ (819)	$ 3,201,770
Transaction of share-based payment (Note 25)	-	-	1,270	-	-	-	-	-	1,270
Issuance of new ordinary shares under 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
Transaction of share-based payment (Note 25)	-	-	550	-	-	-	-	-	550
Issuance of new ordinary shares under employee share options	5,630	695	4,530	-	-	-	-	-	10,855
Appropriation of 2022 earnings									
Legal reserve	-	-	-	72,377	-	(72,377)	-	-	-
Special reserve	-	-	-	-	5,419	(5,419)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(516,735)	-	-	(516,735)
Net profit for the year ended December 31, 2023	-	-	-	-	-	180,569	-	-	180,569
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	(141)	(869)	(264)	(1,274)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	180,428	(869)	(264)	179,295
BALANCE AT DECEMBER 31, 2023	$ 690,740	$ 5,191	$ 1,576,268	$ 229,194	$ 27,628	$ 354,629	$ (28,866)	$ 105	$ 2,854,889

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 212,587	$ 847,370
Adjustments for:		
Depreciation expense	81,123	68,118
Amortization expense	55,725	59,510
Expected credit loss recognized on accounts receivable	-	653
Finance costs	116	328
Interest income	(34,017)	(17,428)
Compensation costs of employee share options	550	1,270
Share of profit of subsidiaries	(1,751)	(2,385)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(15,061)	(8,342)
Accounts receivable	56,427	123,695
Inventories	644,195	(503,324)
Other current assets	5,641	(6,592)
Notes and accounts payable	20,847	(160,591)
Other payables	(6,990)	57,978
Provisions	3,820	(2,183)
Other current liabilities	8,335	(32,741)
Net defined benefit liabilities	58	38
Cash generated from operations	1,031,605	425,374
Interest received	32,775	15,563
Interest paid	(116)	(328)
Income tax paid	(74,639)	(231,514)
Net cash generated from operating activities	989,625	209,095
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(140,113)	(177,116)
Purchase of financial assets at amortized cost	(310,000)	-
Proceeds from financial assets at amortized cost	-	434,000
Payments for property, plant and equipment	(97,427)	(71,536)
Payments for intangible assets	(67,577)	(58,641)
Decrease in other financial assets	18,432	27,762
Net cash (used in) generated from investing activities	(596,685)	154,469
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(13,371)	(14,115)
Dividends paid	(516,735)	(752,323)
Proceeds from exercise of employee share options	10,855	11,856
Net cash used in financing activities	(519,251)	(754,582)

(Continued)

VIA LABS, INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	**2022**
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (126,311)	$ (391,018)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,501,199	1,892,217
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,374,888	$ 1,501,199

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

(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, 2023, VIA Technologies, Inc. owned 55.99% of VLI’s equity interest and the paid-in capital of VLI was $690,740 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 6, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only 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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only 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 MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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 the estimates 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 by the Company at the end of each reporting period, with the effect of any changes in the estimates 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. 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.

<u>The Company as lessee</u>

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. MATERIAL 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	
	2023	**2022**
Cash on hand	$ 260	$ 260
Checking accounts and demand deposits	578,988	767,946
Cash equivalents:		
Time deposits	695,640	632,993
Repurchase agreements collateralized by bonds	100,000	100,000
	$ 1,374,888	$ 1,501,199

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

	December 31	
	2023	**2022**
Time deposits	1.25%-5.80%	0.80%-5.10%
Repurchase agreements collateralized by bonds	1.30%	1.20%

7. FINANCIAL ASSETS AT FVTPL

	December 31	
	2023	2022
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	$ 60,113	$ 57,153
Domestic private placement convertible bonds	117,800	105,293
	$ 177,913	$ 162,446

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	
	2023	2022
Non-current		
Investments in equity instruments at FVTOCI		
Overseas unlisted shares	$ 778,038	$ 638,794

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.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 310,000	$ -

As of December 31, 2023, the interest rates of time deposits with original maturities of more than 3 months was ranging from 1.35% to 1.38%.

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

	December 31	
	2023	2022
At amortized cost		
Accounts receivable		
Accounts receivable	$ 209,124	$ 265,620
Accounts receivable - related parties	494	425
Less: Allowance for impairment loss	(6,978)	(6,978)
	$ 202,640	$ 259,067
Other receivables		
Interest receivable	$ 3,611	$ 2,369

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, 2023

	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	$ 209,618	$ -	$ -	$ -	$ 209,618
Loss allowance (lifetime ECLs)	(6,978)	-	-	-	(6,978)
Amortized cost	$ 202,640	$ -	$ -	$ -	$ 202,640

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

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	
	2023	2022
Balance at January 1	$ 6,978	$ 6,325
Add: Net remeasurement of loss allowance	-	653
Balance at December 31	$ 6,978	$ 6,978

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 99,612	$ 196,388
Work-in-process	212,977	525,332
Raw materials	782	235,846
	$ 313,371	$ 957,566

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included $108,795 thousand and $204,879 thousand, respectively, due to devaluation and obsolescence of inventories.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Investment in subsidiaries	$ 25,973	$ 24,486
Unlisted equity investments		
VIA Labs USA, Inc.	$ 11,284	$ 10,787
VIA Labs (Shenzhen) Co., Ltd.	10,416	9,336
VIA Labs (Beijing), Inc.	4,273	4,363
	$ 25,973	$ 24,486

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

	December 31	
Name of Subsidiaries	**2023**	**2022**
VIA Labs USA, Inc.	100.00%	100.00%
VIA Labs (Shenzhen) Co., Ltd.	100.00%	100.00%
VIA Labs (Beijing), Inc.	99.00%	99.00%

Refer to Note 33 for the details of the subsidiaries held by the Company.

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 2023 and 2022 was $1,751 thousand and $2,385 thousand, respectively. The share of profit or loss under the equity method from the subsidiaries of the Company in 2023 and 2022 was as follows:

	For the Year Ended December 31	
	2023	**2022**
VIA Labs USA, Inc.	$ 506	$ 746
VIA Labs (Shenzhen) Co., Ltd.	1,262	1,641
VIA Labs (Beijing), Inc.	(17)	(2)
	$ 1,751	$ 2,385

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2023	December 31 2022
Carrying amount		
Instrument equipment	$ 84,879	$ 45,021
Computer equipment	9,612	14,355
Others	18,604	18,687
Leasehold improvements	2,408	2,575
	$ 115,503	$ 80,638

	Instrument Equipment	Computer Equipment	Others	Leasehold Improve-ments	Total
Cost					
Balance at January 1, 2023	$ 142,169	$ 32,690	$ 56,540	$ 7,524	$ 238,923
Additions	68,868	2,907	29,694	1,341	102,810
Disposal	(2,476)	-	-	-	(2,476)
Balance at December 31, 2023	208,561	35,597	86,234	8,865	339,257
Accumulated depreciation					
Balance at January 1, 2023	97,148	18,335	37,853	4,949	158,285
Depreciation expenses	29,010	7,650	29,777	1,508	67,945
Disposal	(2,476)	-	-	-	(2,476)
Balance at December 31, 2023	123,682	25,985	67,630	6,457	223,754
Carrying amounts at December 31, 2023	$ 84,879	$ 9,612	$ 18,604	$ 2,408	$ 115,503
Cost					
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
Disposal	-	-	-	-	-
Balance at December 31, 2022	$ 142,169	$ 32,690	$ 56,540	$ 7,524	$ 238,923
Accumulated depreciation					
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
Disposal	-	-	-	-	-
Balance at December 31, 2022	97,148	18,335	37,853	4,949	158,285
Carrying amounts at December 31, 2022	$ 45,021	$ 14,355	$ 18,687	$ 2,575	$ 80,638

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, 2023 and 2022.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Buildings	$ 40,861	$ 13,178

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 40,861	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 13,178	$ 13,178

Except for the addition and depreciation expense listed above, there was no significant sublease or impairment of the right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 14,694	$ 14,662
Non-current	$ 27,458	$ -

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	**2022**
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	
	2023	2022
Expenses relating to short-term leases	$ 1,355	$ 1,262
Expenses relating to low-value asset leases	$ -	$ -
Total cash outflow for leases	$ 14,842	$ 15,705

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	
	2023	2022
Carrying amount		
Computer software	$ 125,742	$ 41,615

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 183,623	$ 124,309
Acquisition	139,852	59,314
Balance at December 31	323,475	183,623
Accumulated amortization and impairment		
Balance at January 1	(142,008)	(82,498)
Amortization	(55,725)	(59,510)
Balance at December 31	(197,733)	(142,008)
Carrying amount at December 31	$ 125,742	$ 41,615

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 2023	December 31 2022
Prepaid expense	$ 8,224	$ 4,425
Temporary payment	132	-
Value - added tax receivable	1,429	8,787
Overpaid sales tax	-	2,214
Other financial assets - non-current	37,846	56,278
Prepayments for equipment	187	7,338
Refundable deposits	1	1
	$ 47,819	$ 79,043
Current	$ 9,785	$ 15,426
Non-current	38,034	63,617
	$ 47,819	$ 79,043

The market interest rates of the above other financial assets ranged from 1.57% to 5.00% and 1.44% to 3.80% as of December 31, 2023 and 2022, respectively.

The Company pledged other financial assets as a guarantee for customs duties on imported raw materials, refer to Note 30.

17. NOTES AND ACCOUNTS PAYABLE (INCLUDED RELATED PARTIES)

	December 31 2023	December 31 2022
Notes payable	$ 11	$ 25
Accounts payable	$ 140,050	$ 125,265
Accounts payable - related parties	11,604	5,528
	$ 151,654	$ 130,793

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 2023	December 31 2022
Current		
Other payables		
Salaries and bonuses	$ 244,561	$ 210,652
Purchase of intangible assets	91,610	19,335
Employees' compensation (Note 22)	38,666	85,881
Advertisement	37,631	24,660
Research and development	21,453	23,840
Professional fees	6,861	4,609
Insurance	3,950	3,736
Pension	3,728	3,578
Remuneration of directors (Note 22)	2,354	2,354
Payables for purchases of equipment	544	2,312
Indemnity	-	4,126
Others	1,872	4,630
	$ 453,230	$ 389,713
Other liabilities		
Advance receipts	$ 9,642	$ 1,943
Receipts under custody	5,447	4,811
	$ 15,089	$ 6,754

19. PROVISIONS

	December 31 2023	December 31 2022
Provisions for allowances and warranty	$ 8,538	$ 4,718
Current	$ 8,538	$ 4,718
Non-current	-	-
	$ 8,538	$ 4,718

Movement of provisions for the years ended December 31, 2023 and 2022 was as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Balance at January 1	$ 4,718	$ 6,901
Provisions recognized	3,820	-
Provisions reversal	-	(2,183)
Balance at December 31	$ 8,538	$ 4,718

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 $14,649 thousand and $13,652 thousand, representing the contributions to these plans by the Company at the rates specified in the plans for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the amounts of contributions unpaid were $3,728 thousand and $3,578 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	
	2023	2022
Present value of defined benefit obligation	$ (3,437)	$ (3,151)
Fair value of plan assets	300	213
Deficit	(3,137)	(2,938)
Asset ceiling	-	-
Net defined benefit liabilities	$ (3,137)	$ (2,938)
Defined benefit liabilities	$ 3,137	$ 2,938

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, 2022	$ (3,257)	$ 122	$ (3,135)
Service cost			
Current service cost	(90)	-	(90)
Net interest (expense) interest	(32)	1	(31)
Recognized in profit or loss	(122)	1	(121)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
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)
Service cost			
Current service cost	(89)	-	(89)
Net interest (expense) interest	(55)	4	(51)
Recognized in profit or loss	(144)	4	(140)
Remeasurement			
Return on plan assets	-	1	1
Actuarial loss - experience adjustments	(57)	-	(57)
Actuarial gain - changes in financial assumptions	(85)	-	(85)
Actuarial loss - changes in demographic assumptions	-	-	-
Recognized in other comprehensive income	(142)	1	(141)
Contributions from the employer	-	82	82
Balance at December 31, 2023	$ (3,437)	$ 300	$ (3,137)

(Concluded)

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	
	2023	2022
Summary of functions		
Operating costs	$ -	$ -
Selling and marketing expenses	-	-
General and administrative expenses	-	-
Research and development expenses	140	121
	$ 140	$ 121

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	
	2023	**2022**
Discount rates	1.375%	1.750%
Expected rates of salary increase	4.500%	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	
	2023	**2022**
Discount rates		
0.25% increase	$ (156)	$ (150)
0.25% decrease	$ 166	$ 159
Expected rates of salary increase		
0.25% increase	$ 159	$ 153
0.25% decrease	$ (151)	$ (145)

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	
	2023	**2022**
Expected contributions to the plan for the next year	$ 39	$ 39
Average duration of the defined benefit obligation	17.6 years	19.3 years

21. EQUITY

Share Capital

Ordinary shares

	December 31	
	2023	**2022**
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)	69,074	68,511
Shares issued and fully paid	$ 690,740	$ 685,110
Advance receipts for share capital	$ 5,191	$ 4,496

As of December 31, 2023 and 2022, employees exercised 297 thousand and 248 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 2023 and 2022, the Company's employees exercised 315 thousand units of share options, and 642 thousand units of share options along with advance receipts for share capital as of December 31, 2022 and 2021 have been registered. As of December 31, 2023 and 2022, the balance of issued and fully paid shares amounted to $690,740 thousand and $685,110 thousand, respectively.

Capital Surplus

	December 31	
	2023	**2022**
Issuance of ordinary shares (a)	$ 1,571,977	$ 1,565,832
Employee share options (b) (Note 25)	4,291	5,356
	$ 1,576,268	$ 1,571,188

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 2022 and 2021 were as follows:

	The Appropriation of Earnings		Cash Dividends per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 72,377	$ 88,036	$ -	$ -
Special reserve	5,419	6,452	-	-
Cash dividends	516,735	752,323	7.50	11.00

The above appropriation for cash dividends was resolved by the Company's board of directors on March 9, 2023 and March 8, 2022, which were released on May 17, 2023 and May 6, 2022, respectively. The rest proposed appropriations will be resolved by the shareholders in their meeting to be held on June 16, 2023 and June 17, 2022, respectively.

The appropriation of earning for 2023 resolved by the Company's board of directors on March 6, 2024, were as follows:

	Appropriation of Earnings	Cash Dividends per share (NT$)
Legal reserve	$ 18,043	$ -
Special reserve	1,237	-
Cash dividends	138,984	2.00

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 20, 2024.

Other Equity

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 369	$ (819)
Recognized for the year		
Exchange differences arising on translating the foreign operations	(264)	1,188
Balance at December 31	$ 105	$ 369

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	
	2023	**2022**
Balance at January 1	$ (27,997)	$ (21,390)
Recognized for the year		
Unrealized loss - equity instruments	(869)	(6,607)
Balance at December 31	$ (28,866)	$ (27,997)

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 FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	**2022**
Interest income		
Bank deposits	$ 32,755	$ 17,319
Repurchase agreements collateralized by bonds	1,262	109
	$ 34,017	$ 17,428

b. Other gains and losses

	For the Year Ended December 31	
	2023	**2022**
Net gain of financial instruments		
Financial assets at FVTPL	$ 15,061	$ 21,388
Net foreign exchange gains	4,351	99,327
Others	4,254	124
	$ 23,666	$ 120,839

c. Finance costs

	For the Year Ended December 31	
	2023	**2022**
Interest on lease liabilities	$ 116	$ 328

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 67,945	$ 54,940
Right-of-use assets	13,178	13,178
Intangible assets	55,725	59,510
	$ 136,848	$ 127,628
An analysis of depreciation by function		
Operating costs	$ 896	$ 704
Operating expenses	80,227	67,414
	$ 81,123	$ 68,118
An analysis of amortization by function		
Operating costs	$ 80	$ 87
Operating expenses	55,645	59,423
	$ 55,725	$ 59,510

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 436,295	$ 509,488
Post-employment benefits		
Defined contribution plans	14,649	13,652
Defined benefit plans (Note 20)	140	121
	14,789	13,773
Share-based payment (Note 25)	550	1,270
Total employee benefits expense	$ 451,634	$ 524,531
An analysis of employee benefits expense by function		
Operating costs	$ 14,429	$ 14,911
Operating expenses	437,205	509,620
	$ 451,634	$ 524,531

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, 2023 and 2022, which were approved by the Company's board of directors on March 6, 2024 and March 9, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Employees' compensation	8.57%	8.42%
Remuneration of directors	0.39%	0.10%

Amount

	For the Year Ended December 31			
	2023		**2022**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 20,000	$ -	$ 78,000	-
Remuneration of directors	900	-	900	-

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 estimates.

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, 2022 and 2021.

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	
	2023	**2022**
Accounts receivable	$ -	$ 653
Inventories (included in operating costs)	$ 108,795	$ 204,879

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	
	2023	2022
Current tax		
In respect of the current year	$ (52,849)	$ (158,172)
Adjustments for prior years	861	(3,561)
Deferred tax		
In respect of the current year	19,970	37,898
Income tax expense recognized in profit or loss	$ (32,018)	$ (123,835)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 212,587	$ 847,370
Income tax expense calculated at the statutory rate (20%)	$ (42,517)	$ (169,474)
Tax-exempt income	3,362	2,146
Temporary differences	(5,724)	(2,608)
Investment credits	12,000	49,662
Adjustments for prior years' tax	861	(3,561)
Income tax expense recognized in profit or loss	$ (32,018)	$ (123,835)

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 81,683	$ 104,334

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized provision for the decline in inventory value	$ 74,054	$ 19,970	$ 94,024

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

d. Income tax assessments

The Company's tax returns for the years through 2021 have been assessed and approved by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 2.62	$ 10.56
Diluted earnings per share	$ 2.57	$ 10.25

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	
	2023	2022
Profit for the year attributable to owners of the Company	$ 180,569	$ 723,535

Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	69,021	68,487
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	137	475
Employee share options	986	1,630
Weighted average number of ordinary shares used in computation of diluted earnings per share	70,144	70,592

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			
	2023		2022	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	1,731	$ 18.13	2,383	$ 18.73
Options granted	-	-	-	-
Options exercised	(612)	17.74	(642)	18.47
Options expired	(47)	17.48	(10)	18.13
Balance at December 31	1,072	17.48	1,731	18.13
Options exercisable at end of the year	1,072	17.48	981	18.13

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, 2023, the exercise price was NT$17.48.

Information on outstanding options was as follows:

	December 31	
	2023	2022
Range of exercise price (NT$)	$17.48	$18.13
Weighted-average remaining contractual life (in years)	1.02 years	2.07 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.

The Company recognized on the costs of employee share option plan were $550 thousand and $1,270 thousand for the years ended December 31, 2023 and 2022, respectively.

26. NON-CASH TRANSACTIONS

The Company's acquisition of property, plant and equipment in the amounts of $544 thousand and $2,312 thousand were not yet paid as of December 31, 2023 and 2022, respectively. In addition, the Company's acquisition of intangible assets - computer software in the amounts of $91,610 thousand and $19,335 thousand were not yet paid as of December 31, 2023 and 2022, 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 2022.

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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares	$ -	$ -	$ 60,113	$ 60,113
Domestic private placement convertible bonds	-	-	117,800	117,800
	$ -	$ -	$ 177,913	$ 177,913
Financial assets at FVTOCI				
Overseas unlisted shares	$ -	$ -	$ -	$ -
Overseas unlisted equity investments	-	-	778,038	778,038
	$ -	$ -	$ 778,038	$ 778,038

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Overseas unlisted shares	$ -	$ -	$ 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	$ -	$ -	$ -	$ -
Overseas unlisted equity investments	-	-	638,794	638,794
	$ -	$ -	$ 638,794	$ 638,794

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

c. Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 162,446	$ 638,794
Addition	-	140,113
Recognized in profit or loss (included in other gains and losses)	15,467	-
Recognized in other comprehensive income (included in unrealized loss on financial assets at FVTOCI)	-	(869)
Balance at December 31	$ 177,913	$ 778,038

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1	$ 154,510	$ 468,285
Addition	-	177,116
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

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 unlisted equity investments	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	
	2023	**2022**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,928,986	$ 1,818,914
Financial assets at FVTPL	177,913	162,852
Financial assets at FVTOCI		
Equity instruments	778,038	638,794
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	604,895	520,531

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, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised notes payables and 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.

<u>Sensitivity analysis</u>

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	
	2023	**2022**
Profit or loss	$ 8,313	$ 12,356

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	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 1,143,486	$ 789,271
Financial liabilities	42,152	14,662

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, 2023 and 2022 would have increased/decreased by $17,791 thousand and $16,285 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, 2023 and 2022 would have increased/decreased by $77,803 thousand and $63,879 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 $112,379 thousand and $113,697 thousand as of December 31, 2023 and 2022, respectively. The Company's concentration of credit risk of 54% and 43% of total accounts receivable as of December 31, 2023 and 2022, 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, 2023

	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	-	$ 87,320	$ 248,971	$ 268,604	$ -	$ -	$ 604,895
Lease liabilities	1.60	2,454	2,326	10,469	27,918	-	43,167
		$ 89,774	$ 251,297	$ 279,073	$ 27,918	$ -	$ 648,062

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	2,415	2,248	10,115	-	-	14,778
		$ 168,027	$ 147,890	$ 219,392	$ -	$ -	$ 535,309

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, 2023: None

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	$ -	$ -	$ -

29. RELATED-PARTY TRANSACTIONS

The Company's parent is VIA Technology Inc., which held 55.99% and 56.49% of the ordinary shares of the Company on December 31, 2023 and 2022, 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.	Sister
EverPro (Wuhan) Technologies Company Ltd. (Note)	Related party in substance
EverProsper (Hong Kong) Technologies Company Ltd. (Note)	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) Co., Ltd.	Subsidiary

Note: 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	
	2023	2022
Sales		
Parent	$ 8	$ 383
Related parties in substance	1,727	4,423
	$ 1,735	$ 4,806

Selling prices and terms of credit to related parties are similar with other regular sales.

	For the Year Ended December 31	
	2023	2022
Other operating income		
Sister		
VIA Next Technologies, Inc.	$ 145	$ -

The Company entered into technical service contract with the above related party. The revenue recognized under other operating income is calculated according to the contract.

The following balances of accounts receivable from related parties were outstanding at the end of the reporting period:

	December 31	
	2023	2022
Parent	$ 8	$ -
Related parties in substance	486	425
	$ 494	$ 425

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	
	2023	2022
Sister	$ 11,604	$ 5,528

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	
	2023	2022
Acquisition of right-of-use assets		
Parent		
VIA Technologies, Inc.	$ 40,861	$ -

	December 31	
	2023	2022
Lease liabilities		
Parent		
VIA Technologies, Inc.	$ 42,152	$ 14,662

	For the Year Ended December 31	
	2023	2022
Interest expense		
Parent		
VIA Technologies, Inc.	$ 116	$ 328
Lease expense		
Parent		
VIA Technologies, Inc.	$ 721	$ 622

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	
	2023	2022
Property, plant and equipment - computer equipment		
Related party in substance		
Xander International Corp.	$ -	$ 2,214
Property, plant and equipment - instrument equipment		
Parent	$ 376	$ -
Sister	82	-
	$ 458	-

e. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 33,778	$ 44,796
Share-based payment	132	305
Post-employment benefits	630	540
Other benefits	140	220
	$ 34,680	$ 45,861

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	
	2023	2022
Sister	$ 30,530	$ 48,392

Terms of cost and payment for both related and unrelated parties are similar.

2) Research expense

	For the Year Ended December 31	
	2023	2022
Parent	$ 11,975	$ 11,988
Subsidiaries	59,637	50,116
Sister	7,766	10,840
Related party in substance	382	66
	$ 79,760	$ 73,010

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 $3,877 thousand and $7,760 thousand in 2023 and 2022, respectively.

3) Professional fees

	For the Year Ended December 31	
	2023	2022
Parent		
VIA Technologies, Inc.	$ 16,357	$ 15,218

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	
	2023	2022
Parent	$ 4,255	$ 2,782
Subsidiaries	13,843	13,933
Sister	1,999	2,985
Related parties in substance	368	468
	$ 20,465	$ 20,168

5) Receipts under custody

	December 31	
	2023	2022
Subsidiaries	$ 166	$ 118

30. PLEDGED ASSETS

The following asset of the Company are provided as collateral for customs duties on imported raw materials:

	December 31	
	2023	2022
Pledged time deposits (classified as other financial assets - non-current)	$ 37,846	$ 56,278

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant Commitments

As of December 31, 2023, the amount of customs duties confirmed by banks for importing goods was $1,000 thousand.

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, 2023

	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 18,511	30.71
Investments accounted for using the equity method		
USD	367	30.71
RMB	3,385	4.34
Financial liabilities		
Monetary items		
USD	5,342	30.71

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

The significant realized and unrealized foreign exchange gains were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	31.16 (USD:NTD)	$ 4,353	29.81 (USD:NTD)	$ 99,717

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: None

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, 2023.

VIA LABS, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				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	$ 60,113	2.28	$ 60,113	
	KikaGo Limited	None	Financial assets at fair value through other comprehensive income - non-current	2	-	19.05	-	
	Unlisted 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	-	265,613	1.27	265,613	
	Ally Bridge Group-CMRCO., L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	124,775	11.39	124,775	
	SMART Growth Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	228,862	1.72	228,862	Note
	10D Fund II L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	9,794	1.09	9,794	
	10D Opportunity Fund I LP.	None	Financial assets at fair value through other comprehensive income - non-current	-	7,673	6.63	7,673	
	ACHI Capital Partners Fund L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	141,321	5.48	141,321	
	Convertible bonds							
	Ennoconn Corporation	None	Financial assets at fair value through profit or loss - non-current	1	117,800	-	117,800	

Note: Wise Road Industry Investment Fund I, L.P. was renamed as SMART Growth Fund, L.P.

VIA LABS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars/Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Profit of the Investee	Investment Gain 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	$ 11,284	$ 506	$ 506	

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on any investee company in mainland China:

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
VIA Labs (Shenzhen) Co., Ltd.	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	$ 1,262	100.00	$ 1,262	$ 10,416	$ -
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) Co., Ltd.	4,237	-	-	4,237	(17)	100.00	(17)	4,316	-

Accumulated Outflow for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
$ 196,729 (RMB 40,116)	$ 306,307 (RMB 65,450)	$ 1,712,933

Note 1: As of December 31, 2023, 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, 2023, 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.

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: Refer to the consolidated financial statements Table 2.

TABLE 4

VIA LABS, INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
VIA Technologies, Inc.	38,843,000	56.06

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 parent company only 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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

VIA LABS, INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 260
Cash in banks		
Checking accounts		10
Demand deposits	Including US$3,599 thousand @30.71, JPY120 thousand @0.22	578,978
Time deposits	Including US$8,000 thousand @30.71 (interest rates at 1.25%-5.80%)	695,640
Repurchase agreements collateralized by bonds	Interest rates at 1.30%	100,000
		$ 1,374,888

VIA LABS, INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Shares (In Thousands)	Par Value (In Dollars)	Amount	Interest Rates (%)	Acquisition Cost	Fair Value Unit Price (In Dollars)	Fair Value Total Amount
Overseas unlisted shares								
EverPro (Wuhan) Technologies Company Ltd.		4,528	RMB 1	$ 19,628		$ 56,671	$ 13.28	$ 60,113
Convertible bonds								
Ennoconn Corporation		1	100,000	100,000		100,000	117,800	117,800
				$ 119,628		$ 156,671		$ 177,913

VIA LABS, INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Shares (In Thousands)	Par Value (In Dollars)	Amount	Interest Rates (%)	Acquisition Cost	Fair Value Unit Price (In Dollars)	Fair Value Total Amount
Overseas unlisted shares								
KikaGo Limited		2	HK$ 1	$ 7		$ 27,165		$ -
Overseas unlisted equity investments								
Ally Bridge Group - WTT Global Life Science Capital Partners, L. P.		-	-	268,736		268,736	$ -	265,613
Ally Bridge Group - CMRCO, L.P.		-	-	122,433		122,433	-	124,775
SMART Growth Fund, L.P. (Note)		-	-	212,408		212,408	-	228,862
10D Fund II L.P.		-	-	12,718		12,718	-	9,794
10D Opportunity Fund I LP.		-	-	9,075		9,075	-	7,673
ACHI Capital Partners Fund L.P.		-	-	154,370		154,370	-	141,321
				779,740		779,740		778,038
				$ 779,747		$ 806,905		$ 778,038

Note: Wise Road Industry Investment Fund I, L.P. was renamed as SMART Growth Fund, L.P.

VIA LABS, INC.

STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Client A		$ 59,767
Client B		36,864
Client C		28,912
Client D		27,414
Client E		20,515
Client F		14,992
Client G		10,205
Others	The amount of individual client included in others does not exceed 5% of the account balance.	10,455
		209,124
Less: Allowances for impairment loss		(6,978)
		$ 202,146

VIA LABS, INC.

STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
HTC Corporation		$ 486
VIA Technologies, Inc.		8
Less: Allowances for impairment loss		-
		$ 494

STATEMENT 6

VIA LABS, INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount: Cost	Amount: Net Realizable Value
Raw materials		$ 107,879	$ 782
Work-in-process		492,060	212,977
Finished goods		183,375	99,612
Merchandise		175	-
		783,489	$ 313,371
Less: Allowance for valuation losses		(470,118)	
		$ 313,371	

Note: The Company's inventories 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.

VIA LABS, INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning Balance		Increase in Investment		Decrease in Investment		Ending Balance			Market Value or Net Assets Value		
Investees	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Percentage of Ownership (%)	Amount	Unit Price (NT$)	Total Amount	Collateral
VIA LABS USA, INC. (Note 1)	300	$ 10,787	-	$ 506	-	$ 9	300	100.00	$ 11,284	$ 37.61	$ 11,284	None
VIA Labs (Shenzhen) Co., Ltd. (Note 2)	-	9,336	-	1,262	-	182	-	100.00	10,416	-	10,416	None
VIA Labs (Beijing), Inc. (Note 3)	990	4,363	-	-	-	90	990	99.00	4,273	4.32	4,273	None
		$ 24,486		$ 1,768		$ 281			$ 25,973		$ 25,973	

Note 1: The increase in the current period is due to the share of profit amount of $506 thousand and the decrease in the current period is due to exchange loss amount of $9 thousand on translating foreign operation.

Note 2: The increase in the current period is due to the share of profit amount of $1,262 thousand and the decrease in the current period is due to exchange loss amount of $182 thousand on translating foreign operation.

Note 3: The decrease in the current period due to the share of loss amount of $17 thousand and exchange loss amount of $73 thousand on translating foreign operation.

VIA LABS, INC.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance	Note
Buildings	$ 37,227	$ 40,861	$ (37,227)	$ 40,861	

Note: Items are listed separately by the class of assets.

VIA LABS, INC.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance	Note
Buildings	$ 24,049	$ 13,178	$ (37,227)	$ -	

Note: Items are listed separately by the class of assets.

VIA LABS, INC.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Supplier A		$ 114,793
Supplier B		17,875
Others	The amount of individual supplier in others does not exceed 5% of the account balance.	7,382
		$ 140,050

VIA LABS, INC.

STATEMENT OF ACCOUNTS PAYABLE - RELATED PARTIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Vate Technology Co., Ltd.		$ 11,604

VIA LABS, INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rates	Ending Balance	Note
Buildings	Offices and parking lots	2024.01.01-2026.12.31	1.60%	$ 42,152	

STATEMENT 13

VIA LABS, INC.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales		$ 2,059,659
Less: Sales discounts and allowances		(24,701)
Net sales		2,034,958
Other operating revenue		145
		$ 2,035,103

VIA LABS, INC.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold of self-made product	
Raw materials, January 1	$ 304,354
Add: Raw materials purchased	154,091
Less: Raw materials, December 31	(107,879)
Scrapping costs	(7,483)
Transferred to other accounts	(11)
Raw materials used	343,072
Manufacturing expenses - self-testing fee	20,014
Manufacturing expenses - outsourced packaging fee	216,808
Manufacturing expenses - outsourced testing fee	66,076
Manufacturing expenses - outsourced processing fee	1,665
Manufacturing expenses - outsourced polishing fee	2,249
Manufacturing costs	649,884
Add: Work-in-process, January 1	665,515
Less: Work-in-process, December 31	(492,060)
Scrapping costs	(236)
Transferred to other accounts	(140)
Cost of finished goods	822,963
Add: Finished goods, January 1	357,761
Less: Finished goods, December 31	(183,375)
Scrapping costs	(1,225)
Transferred to other accounts	(1,418)
Cost of goods sold of self-made product	994,706
Cost of goods sold - merchandise	
Merchandise, January 1	203
Add: Merchandise purchased	214
Less: Merchandise, December 31	(175)
Cost of goods sold - merchandise	242
Loss on inventory scrapping	8,945
Loss on devaluation and obsolescence of inventories	99,850
	$ 1,103,743

VIA LABS, INC.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll expense		$ 24,441
Meal expense		259
Pension expense		714
Rent expense		103
Travelling expense		2,109
Shipping expense		67
Postage expense		127
Advertisement expense		15,299
Utility expense		81
Insurance expense		1,465
Entertainment expense		590
Depreciation expense		621
Employee welfare		52
Professional fee		5,901
Export charge		1,235
Royalty		61
Others		213
		$ 53,338

VIA LABS, INC.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll expense		$ 32,777
Meal expense		347
Pension expense		740
Rent expense		129
Supplies expense		164
Shipping expense		185
Postage expense		145
Maintenance expense		3,959
Advertisement expense		63
Utility expense		113
Insurance expense		3,750
Entertainment expense		13
Miscellaneous		1,194
Depreciation expense		8,268
Amortization expense		5,052
Employee welfare		70
Professional fee		15,345
Training expense		150
Software expense		2,418
Others		1,373
		$ 76,255

VIA LABS, INC.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll expense		$ 333,798
Meal expense		4,542
Pension expense		12,799
Rent expense		1,122
Supplies expense		11
Travelling expense		5,380
Shipping expense		186
Postage expense		197
Maintenance expense		3,091
Utility expense		1,631
Insurance expense		22,547
Entertainment expense		58
Consumables of R&D		17,425
Depreciation expense		71,340
Amortization expense		50,592
Employee welfare		923
Professional fee		47,068
Training expense		118
Materials		11,403
Testing fee		31,903
Masks		26,630
Software expense		189
Miscellaneous		25
Others		5,520
		$ 648,498

VIA LABS, INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses						
Salary and bonus	$ 12,532	$ 388,526	$ 401,058	$ 12,965	$ 462,112	$ 475,077
Labor and health insurance	1,067	25,473	26,540	1,086	24,380	25,466
Pension	536	14,253	14,789	526	13,247	13,773
Share-based payment	-	550	550	-	1,270	1,270
Remuneration to directors	-	1,940	1,940	-	1,840	1,840
Others	294	6,463	6,757	334	6,771	7,105
	$ 14,429	$ 437,205	$ 451,634	$ 14,911	$ 509,620	$ 524,531
Depreciation	$ 896	$ 80,227	$ 81,123	$ 704	$ 67,414	$ 68,118
Amortization	$ 80	$ 55,645	$ 55,725	$ 87	$ 59,423	$ 59,510

Note 1: The average number of employees of the Company in 2023 and 2022 were 195 and 188, respectively, which included 7 and 7 non-employee directors, respectively.

Note 2: Average employee benefits expenses for the years ended December 31, 2023 and 2022 were $2,392 thousand and $2,888 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2023 and 2022 were $2,133 thousand and $2,625 thousand, respectively.

Note 4: The average salary and bonus decreased by 19% year over year.

Note 5: The Company's compensation policies:

a) 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. Employees' compensation and remuneration of directors are based on operating results, individual performance and industry standard, which are resolved by the Company's board of directors and shall be reported in the shareholders' meeting.

b) The compensation paid to the directors is decided based on their job responsibility, contribution and industry standard. The board of directors is authorized to determine the salary for the directors, then approved by the compensation committee.

c) The Company has a compensation committee to review the policies, standards, structure rationality of compensation regularly; the compensation paid to managers is decided based on their job responsibility, contribution and industry standard, which are approved by the board of directors and the compensation committee.