

**Mildef Crete Inc. and Its Subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Review Report**

**For the Six Months Ended June 30, 2022 and 2021**

**Company Address: 7F, No. 250, Sec. 3, Pei Shen Rd., Shen  
Keng District, New Taipei City**  
**Tel.: (02)2662-6074**

**Notice to Readers**

*For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.*

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## **Independent Auditors' Review Report**

To the Board of Directors of Mildef Crete Inc.,

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Mildef Crete Inc. (the “Company”) and its subsidiaries (collectively, the “Group”) as of June 30, 2022 and 2021; the relevant consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). It is the management team’s responsibility to prepare the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports” by Securities Issuers and the IAS 34 “Interim Financial Reporting”, which has been endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Republic of China, to present the consolidated financial position of the Group fairly, while our responsibility is to make a conclusion on the consolidated financial statements based on our review results.

### **Scope**

We conducted our review in accordance with Statements on Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

## Conclusion

According to our review results, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, with a fair presentation of the Group’s consolidated financial position as of June 30, 2022 and 2021 as well as consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, and consolidated cash flows for six months ended June 30, 2022 and 2021.

KPMG Taiwan

CPA:

Wei-Ming Shi

Mei-Yan Chen

Competent Securities  
Authority's Approval  
Document No.

Jin-Guan-Zheng-VI Zi No.  
: 0950103298  
(88) Tai-Cai-Zheng (VI)  
No.18311

August 3, 2022

**Reviewed only on June 30, 2022 and 2021 and not audited in accordance with the generally  
accepted auditing standards in the Republic of China**  
**Mildef Crete Inc. and Its Subsidiaries**

**Consolidated Balance Sheets**

**As of June 30, 2022, December 31, 2021, and June 30, 2021**

**Unit: NT \$1000**

Assets		2022.6.30		2021.12.31		2021.6.30		Liabilities and equity		2022.6.30		2021.12.31		2021.6.30										
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%									
Current assets:									Current liabilities:															
1100	Cash and cash equivalents (Note 6 (1))	\$	380,889	13	500,086	17	621,495	21	2130	Contract liabilities - current (Notes 6 (15) and 7)	\$	266,475	9	263,911	9	282,239	9							
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))		120,238	4	120,065	4	280,251	9	2150	Notes payable		35,162	1	24,588	1	28,675	1							
1150	Net amount of notes and accounts receivable (Note 6 (3) (15))		48,885	1	65,356	2	69,083	2	2170	Accounts payable		103,572	3	106,155	3	118,631	4							
1180	Accounts receivable - related parties (Note 6 (3) (15) and (7))		32,114	1	6,376	-	44,916	2	2209	Accrued expenses (Note 6 (16))		113,484	4	116,163	4	187,226	6							
130X	Inventories (Note 6 (4))		1,055,102	35	901,160	31	810,040	27	2216	Dividends payables (Note 6 (13))		217,137	7	-	-	-	-							
1476	Other financial assets - current (Note 6 (1))		246,020	8	246,020	8	246,020	9	2220	Other payables-related party (Note 7)		107	-	-	-	102	-							
1479	Other current assets		27,378	1	19,960	1	12,779	-	2230	Current income tax liabilities		55,307	2	58,919	2	20,088	1							
Total current assets			1,910,626	63	1,859,023	63	2,084,584	70	2280	Lease liabilities - current (Note 6 (10))		24,037	1	22,898	1	17,065	1							
Non-current assets:									2399	Other current liabilities		1,023	-	392	-	521	-							
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))		748,414	25	724,022	25	553,455	19	2322	Long-term loans due within one year (Notes 6 (9) and 8)		700	-	1,751	-	2,101	-							
1600	Property, plant and equipment (Notes 6 (6) and 8)		237,839	8	242,238	8	244,873	8	Total										817,004	27	594,777	20	656,648	22
1755	Right-of-use assets (Note 6 (7))		47,658	2	51,511	2	19,766	1	Non-current liabilities:															
1780	Intangible assets (Note 6 (8))		8,758	-	7,765	-	7,824	-	2540	Long-term loans (Notes 6 (9) and 8)		-	-	-	-	700	-							
1840	Deferred income tax assets		68,010	2	68,010	2	66,487	2	2552	Provisions for warranty liabilities		6,441	-	4,535	-	4,807	-							
1990	Other non-current assets (Note 8)		5,780	-	5,600	-	5,197	-	2570	Deferred income tax liabilities		141,934	5	137,055	5	141,354	5							
Total non-current assets			1,116,459	37	1,099,146	37	897,602	30	2580	Lease liabilities - non-current (Note 6 (10))		23,683	1	28,629	1	2,856	-							
									2640	Net defined benefit liabilities - non-current		45,899	1	52,983	2	56,333	2							
									Total non-current liabilities										217,957	7	223,202	8	206,050	7
									Total										1,034,961	34	817,979	28	862,698	29
									Equity attributed to owners of the parent company (Notes 6 (5) and (13)):															
									3110	Ordinary share capital		586,855	20	586,855	20	586,855	20							
									3200	Capital surplus		72,650	2	72,650	2	72,650	2							
									3300	Retained earnings		1,193,612	40	1,361,658	46	1,478,603	50							
									3400	Other equity		124,567	4	105,054	4	(33,001)	(1)							
										Equity attributed to owners of the parent company		1,977,684	66	2,126,217	72	2,105,107	71							
									36xx	Non-controlling interests		14,440	-	13,973	-	14,381	-							
									Total equity										1,992,124	66	2,140,190	72	2,119,488	71
Total assets									Total liabilities and equity									\$ 3,027,085 100 2,958,169 100 2,982,186 100						

(For details, please refer to the notes to the consolidated financial statements)

Chairman: Yi-Tong Shen

Manager: Yi-Tong Shen

Accounting Manager: Ya-Ping Liu

**Reviewed only; not audited in accordance with the generally accepted auditing standards in the Republic of China**

**Mildef Crete Inc. and Its Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the Three Months and Six Months Ended June 30, 2022 and 2021**

**Unit: NT \$1000**

		<b>For the Three Months Ended June 30, 2022</b>		<b>For the Three Months Ended June 30, 2021</b>		<b>For the Six Months Ended June 30, 2022</b>		<b>For the Six Months Ended June 30, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6 (15), 7 and 14)</b>	\$ 698,788	100	859,029	100	1,245,451	100	1,479,288	100
5000	<b>Operating costs (Notes 6 (4) (7) (10) (11) (16), 7 and 12)</b>	568,118	81	682,821	79	1,041,784	84	1,164,282	79
	<b>Gross operating profit</b>	130,670	19	176,208	21	203,667	16	315,006	21
5910	Less: Unrealized gain from sales	-	-	(5,444)	-	-	-	(4,488)	(1)
	<b>Realized gross operating profit</b>	130,670	19	181,652	21	203,667	16	319,494	22
	<b>Operating expenses (Notes 6 (7) (10) (11) (16), 7 and 12):</b>								
6100	Selling and marketing expenses	44,310	6	54,065	7	84,403	7	96,710	7
6200	General and administrative expenses	9,095	1	27,424	3	15,687	1	35,533	2
6300	Research and development expenses	17,210	3	28,038	3	32,946	2	41,574	3
	<b>Total operating expenses</b>	70,615	10	109,527	13	133,036	10	173,817	12
	<b>Net operating profit</b>	60,055	9	72,125	8	70,631	6	145,677	10
	<b>Non-operating income and expenses:</b>								
7100	Interest income (Note 6 (17))	2,263	-	1,959	-	4,488	-	3,817	-
7010	Other income (Note 6 (17))	9,327	1	59	-	9,981	1	1,028	-
7020	Other gains and losses (Note 6 (17))	4,101	1	(3,114)	-	10,259	1	(5,424)	-
7060	Share of the profit (loss) of associates accounted for using the equity method (Note 6 (5))	-	-	(4,850)	(1)	-	-	(24,862)	(2)
7225	Gains on disposal of investments (Note 6 (5))	-	-	496,607	58	-	-	496,607	34
7510	Finance costs (Note 6 (10) and (17))	(201)	-	(115)	-	(368)	-	(246)	-
	<b>Total non-operating income and expenses</b>	15,490	2	490,546	57	24,360	2	470,920	32
	<b>Net profit before tax</b>	75,545	11	562,671	65	94,991	8	616,597	42
7951	<b>Minus: Income tax expense (Note 6 (12))</b>	36,055	5	105,463	12	40,297	4	118,954	8
	<b>Current net profit</b>	39,490	6	457,208	53	54,694	4	497,643	34
8300	<b>Other comprehensive income/(loss):</b>								
8310	<b>Items not reclassified as income and loss</b>								
	Unrealized gain (loss) on investments in equity instruments as								
8316	at fair value through other comprehensive income	(106,678)	(15)	(3,572)	-	24,391	2	(3,572)	-
	Minus: Income tax relating to items that will not be reclassified								
8349	subsequently to profit or loss (Note 6 (12))	(21,336)	(3)	(714)	-	4,878	-	(714)	-
	<b>Total amount of items not reclassified to profit or loss</b>	(85,342)	(12)	(2,858)	-	19,513	2	(2,858)	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
	Exchange differences arising from the translation of the financial								
8361	statements of foreign operations (Note 6 (5))	-	-	18,739	2	-	-	14,798	-
	Minus: Income tax relating to items that may be reclassified								
8399	subsequently to profit or loss	-	-	-	-	-	-	-	-
	<b>Total amount of items that may be reclassified subsequently to profit or loss</b>	-	-	18,739	2	-	-	14,798	-
8300	<b>Other comprehensive income/(loss)</b>	(85,342)	(12)	15,881	2	19,513	2	11,940	-
	<b>Total amount of other current comprehensive gains and losses</b>	<b>\$ (45,852) (6)</b>		<b>473,089 55</b>		<b>74,207 6</b>		<b>509,583 34</b>	
	<b>Net profit/(loss) attributable to</b>								
8610	Owners of the Parent Company	\$ 35,875	5	448,865	52	49,091	4	491,052	34
8620	Non-controlling interests	3,615	1	8,343	1	5,603	-	6,591	-
		<b>\$ 39,490 6</b>		<b>457,208 53</b>		<b>54,694 4</b>		<b>497,643 34</b>	
	<b>Total comprehensive income/(loss) attributable to:</b>								
8710	Owners of the Parent Company	\$ (49,467)	(7)	464,746	54	68,604	6	502,992	34
8720	Non-controlling interests	3,615	1	8,343	1	5,603	-	6,591	-
		<b>\$ (45,852) (6)</b>		<b>473,089 55</b>		<b>74,207 6</b>		<b>509,583 34</b>	
	<b>Earnings per share (NT\$: Note 6 (14))</b>								
	<b>Basic earnings per share</b>	<b>\$ 0.61</b>		<b>7.65</b>		<b>0.84</b>		<b>8.37</b>	
	<b>Diluted earnings per share</b>	<b>\$ 0.61</b>		<b>7.51</b>		<b>0.83</b>		<b>8.17</b>	

(For details, please refer to the notes to the consolidated financial statements)

**Chairman: Yi-Tong Shen**

**Manager: Yi-Tong Shen**

**Accounting Manager: Ya-Ping Liu**

**Reviewed only; not audited in accordance with the generally accepted auditing standards in the Republic of China**  
**Mildef Crete Inc. and Its Subsidiaries**

**Consolidated statements of changes in equity**  
**For the Six Months Ended June 30, 2022 and 2021**

**Unit: NT \$1000**

	Retained earnings					Share of the other comprehensive income (loss) of associates accounted for using the equity method	Other Equity Items			Total equity attributable to owners of the parent company	Non-controlling interests	Total equity	
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		Total	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Defined benefits plans remeasurement				Total
Balance on January 1, 2021	\$ 586,855	72,650	421,570	52,277	516,192	990,039	(14,798)	(9,783)	(20,360)	(44,941)	1,604,603	17,986	1,622,589
Current net profit	-	-	-	-	491,052	491,052	-	-	-	-	491,052	6,591	497,643
Other comprehensive income/(loss)	-	-	-	-	-	-	14,798	(2,858)	-	11,94	11,940	-	11,940
Total amount of other current comprehensive gains and losses	-	-	-	-	491,052	491,052	14,798	(2,858)	-	11,94	502,992	6,591	509,583
Changes in capital surplus from investments in associates accounted for using the equity method	-	37,626	-	-	-	-	-	-	-	-	37,626	-	37,626
Disposal of associates by equity method	-	(37,626)	-	-	-	-	-	-	-	-	(37,626)	-	(37,626)
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,827)	(5,827)
Differences between equity price paid and carrying amount of subsidiaries acquired	-	-	-	-	(2,488)	(2,488)	-	-	-	-	(2,488)	2,488	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,857)	(6,857)
Balance on June 30, 2021	\$ 586,855	72,650	421,570	52,277	1,004,756	1,478,603	-	(12,641)	(20,360)	(33,001)	2,105,107	14,381	2,119,488
Balance on January 1, 2022	\$ 586,855	72,650	456,181	44,942	860,535	1,361,658	-	124,064	(19,010)	105,05	2,126,217	13,973	2,140,190
Current net profit	-	-	-	-	49,091	49,091	-	-	-	-	49,091	5,603	54,694
Other comprehensive income/(loss)	-	-	-	-	-	-	-	19,513	-	19,51	19,513	-	19,513
Total amount of other current comprehensive gains and losses	-	-	-	-	49,091	49,091	-	19,513	-	19,51	68,604	5,603	74,207
Appropriation and distribution of earnings:													
Legal reserve	-	-	63,570	-	(63,570)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(44,942)	44,942	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(217,137)	(217,137)	-	-	-	-	(217,137)	-	(217,137)
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,136)	(5,136)
Balance on June 30, 2022	\$ 586,855	72,650	519,751	-	673,861	1,193,612	-	143,577	(19,010)	124,56	1,977,684	14,440	1,992,124

(For details, please refer to the notes to the consolidated financial statements)

Chairman: Yi-Tong Shen

Manager: Yi-Tong Shen

Accounting Manager: Ya-Ping Liu

**Reviewed only; not audited in accordance with the generally accepted auditing standards**  
**in the Republic of China**  
**Mildef Crete Inc. and Its Subsidiaries**

**Consolidated statements of cash flows**

**For the Six Months Ended June 30, 2022 and 2021**

**Unit: NT \$1000**

	<b>For the Six Months Ended June 30, 2022</b>	<b>For the Six Months Ended June 30, 2021</b>
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 94,991	616,597
Adjustments for:		
Profit and loss		
Depreciation expense	23,986	24,193
Amortization expense	2,607	2,160
Net gain on financial assets at fair value through profit or loss	(173)	(215)
Interest expense	368	246
Interest income	(4,488)	(3,817)
Share of loss of associates accounted for using the equity method	-	24,862
Gain on disposal of investments	-	(496,607)
Realized gain on sales of goods	-	(4,488)
Others	(48)	-
Total profit/(loss)	<u>22,252</u>	<u>(453,666)</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	16,471	(45,730)
Accounts receivable from related parties	(25,738)	118,200
Inventories	(153,942)	51,928
Other current assets	(7,418)	3,393
Total net changes in assets related to operating activities	<u>(170,627)</u>	<u>127,791</u>
Net changes in liabilities related to operating activities		
Contract liabilities	2,564	59,906
Notes payable	10,574	(18,255)
Accounts payable	(2,583)	17,791
Other payable by related parties	107	(798)
Provisions for warranty liabilities	1,906	(2,989)
Accrued expenses and other current liabilities	(2,048)	72,621
Net defined benefit liabilities	(7,084)	(1,486)
Total amount of net changes in liabilities related to operating activities	<u>3,436</u>	<u>126,790</u>
Total amount of net changes in assets and liabilities related to operating activities	<u>(167,191)</u>	<u>254,581</u>
Total adjustments	<u>(144,939)</u>	<u>(199,085)</u>
Cash inflow (outflow) from operations	(49,948)	417,512
Interest received	4,488	3,817
Dividends received	-	17,606
Income tax paid	(43,909)	(56,987)
<b>Net cash inflow (outflow) from operating activities</b>	<u>(89,369)</u>	<u>381,948</u>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through profit or loss	-	(160,000)
Disposal of investments accounted for using the equity method	-	77,185
Acquisition of property, plant and equipment	(4,295)	(7,415)
Disposal of property, plant and equipment	152	-
(Increase) decrease in other non-current assets	(180)	208
Acquisition of intangible assets	(3,600)	(5,870)
Decrease in other financial assets	-	9,000
<b>Net cash outflow from financing activities</b>	<u>(7,923)</u>	<u>(86,892)</u>
<b>Cash flows from financing activities:</b>		
Repayments of long-term loans	(1,051)	(1,051)
Payment of the principal portion of lease liabilities	(15,350)	(14,723)
Dividends paid to non-controlling interests	(5,136)	(5,827)
Non-controlling interests gained from subsidiaries	-	(6,857)
Interests paid	(368)	(246)
<b>Net cash outflow of financing activities</b>	<u>(21,905)</u>	<u>(28,704)</u>
<b>Increase (decrease) in cash and cash equivalents in this period</b>	<u>(119,197)</u>	<u>266,352</u>
<b>Opening balance of cash and cash equivalents in the consolidated statements of cash flows</b>	<u>500,086</u>	<u>355,143</u>
<b>Closing balance of cash and cash equivalents in the consolidated statements of cash flows</b>	<u><u>\$ 380,889</u></u>	<u><u>621,495</u></u>

(For details, please refer to the notes to the consolidated financial statements)

Chairman: Yi-Tong Shen

Manager: Yi-Tong Shen

Accounting Manager: Ya-Ping Liu



**Reviewed only; not audited in accordance with the generally accepted  
auditing standards in the Republic of China**

**Mildef Crete Inc. and Its Subsidiaries**

**Notes to the Consolidated Financial Statements**

**For the Six Months Ended June 30, 2022 and 2021**

**(In thousands of NTD, except otherwise specified)**

**I. Company History**

Mildef Crete Inc. (hereinafter referred to as the “Company”) was incorporated on March 15, 1990 with the approval of the Ministry of Economic Affairs. Its registered address is 7F, No. 250, Section 3, Pei Shen Road, Shen Keng District, New Taipei City. The Company and its subsidiaries (hereinafter referred to as the “Group”) mainly engage in the research, design, planning, manufacturing, sales, and import and export of various computer software and hardware and components thereof, as well as computer hardware and software combination, manufacturing, installation, and consulting services, and investment in relevant businesses.

**II. Date and Procedure for Approval of Financial Statements**

The consolidated financial statements were approved and released by the Board of Directors on August 3, 2022.

**III. Application of New and Amended Standards and Interpretations**

(I) Effect of the application of new and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) as endorsed by the Financial Supervisory Commission (FSC)

The Group has applied the following newly revised IFRS since January 1, 2022, which has not caused any material impact on its consolidated financial statements.

- Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(II) Effect of the IFRSs as endorsed by the FSC but not yet adopted

The Group has evaluated to apply the following newly revised IFRSs effective since January 1, 2023, which will not cause any material impact on its consolidated financial statements.

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

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

## (III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and amended by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC, while may be relevant to the Group are as follows:

<u>New and amended standards</u>	<u>Main amendments</u>	<u>Effective date announced by the IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments are intended to improve consistency in the application of the standard to assist enterprises in determining whether debts or other liabilities with uncertain settlement dates should be classified as current (or may be due within one year) or non-current on the balance sheet.</p> <p>The amendments also clarify the definition for the classification of debts that an enterprise may settle by converting them into equity.</p>	January 1, 2023

The Group is currently evaluating the impacts of the above standards and interpretations on its financial position and operating results and will disclose relevant impacts when completing the evaluation.

The Group does not expect that the new and amended standards below not yet endorsed by the FSC will have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”

## IV. Summary of Significant Accounting Policies

Except as stated below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the 2021 consolidated financial statements. Please refer to Note 4 to the 2021 consolidated financial statements for relevant information.

### (I) Declaration of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. This consolidated financial statements do not include all the necessary information shall be disclosed in the entire annual consolidated financial statements prepared in accordance with the IFRSs approved and issued into effect by the FSC.

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

## (II) Basis of consolidation

### 1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of business	% of equity held		
			2022.6.30	2021.12.31	2021.6.30
The Company	Flexbasis Technology Inc. (Flexbasis)	Manufacturing of metal casings	65.3%	65.3%	65.3%

### 2. Subsidiaries not included in the consolidated financial statements: None.

## (III) Employee benefits

The pension under the defined benefit plan during the interim period is calculated at actuarially determined pension cost rate on the balance sheet date of the prior year, from the beginning of the year to the end of this period and adjusted as per major market fluctuations after the balance sheet date, major reductions, settlements, or other major one-off events.

## (IV) Income tax

The Group measured and disclosed income tax expense incurred during the interim period in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”. Income tax expense is measured by multiplying the net income before tax for the interim reporting period by the management team’s best estimate of the expected effective tax rate for the entire year and is fully recognized as current income tax expense.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rate that is expected to be applicable when temporary differences between the carrying amounts of the relevant assets and liabilities and their tax bases at the balance sheet date are realized or settled.

## V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In preparing the consolidated financial statements, the management should exercise judgments and make estimates and assumptions in accordance with the IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC, which will affect the adoption of accounting policies and the amounts of assets, liabilities, income, and expenses reported. Actual results may differ from estimates.

When the consolidated financial statements were prepared, the critical judgments exercised by the management in adopting the Group’s accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the 2021 consolidated financial statements.

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

## VI. Description of Significant Accounts

Except as stated below, there is no significant difference between the description of important accounting titles in these consolidated financial statements and the 2021 consolidated financial statements. Please refer to Note 4 to the 2021 consolidated financial statements for relevant information.

### (I) Cash and cash equivalents

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Cash on hand	\$ 377	382	410
Checking deposit and demand deposit	380,512	499,704	621,085
	<b><u>\$ 380,889</u></b>	<b><u>500,086</u></b>	<b><u>621,495</u></b>

The Group's bank time deposits with the initial duration of more than three months as of June 30, 2022, December 31, 2021, and June 30, 2021 were all NT\$246,020,000, which are recognized in other financial assets – current.

### (II) Financial instruments

#### 1. Financial assets at fair value through profit or loss - current

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Money funds	<b><u>\$ 120,238</u></b>	<b><u>120,065</u></b>	<b><u>280,251</u></b>

Please refer to Note 6(17) for the amount re-measured at fair value and recognized in profit or loss.

#### 2. Financial assets at fair value through other comprehensive income - non-current

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Unlisted stocks	\$ 24,683	24,683	23,431
Overseas stocks	723,731	699,339	530,024
Total	<b><u>\$ 748,414</u></b>	<b><u>724,022</u></b>	<b><u>553,455</u></b>

The Group disposed part of the associate Mildef Group's AB shares invested using the equity method in June 2021 and reclassified the remaining shares to financial assets at fair value through other comprehensive income - non-current. Please refer to Note 6(2) to the 2021 consolidated financial statements for relevant information.

The above equity instrument investments by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Information on significant equity investments in foreign currencies on the balance sheet date is as follows:

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

	<b>2022.6.30</b>			<b>2021.12.31</b>			<b>2021.6.30</b>		
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
EUR	\$ 763	31.05	23,683	756	31.32	23,863	676	33.15	22,431
SEK	248,705	2.91	723,731	227,798	3.07	699,339	161,593	3.28	530,024

The Group did not dispose of its strategic investments during six months ended June 30, 2022 and 2021 nor reclassify the cumulative gains and losses within equity during these periods.

As of June 30, 2022, December 31, 2021, and June 30, 2021, none of the Group's financial assets above had been pledged as collateral.

**(III) Notes and accounts receivable (related parties)**

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Notes and accounts receivable	\$ 49,608	66,079	69,806
Accounts receivable - related parties	32,114	6,376	44,916
Less: Allowance for losses	(723)	(723)	(723)
	<b>\$ 80,999</b>	<b>71,732</b>	<b>113,999</b>

The Group estimated expected credit losses using a simplified approach for all notes and accounts receivable, i.e., using lifetime expected credit losses, and included forward-looking information. The analysis of expected credit losses on the Group's notes and accounts receivable is as follows:

	<b>2022.6.30</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average expected credit loss ratio</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 71,196	0.00001%	-
Overdue for 1 to 30 days	9,803	0.000012%	-
Overdue for more than 365 days	723	100%	723
	<b>\$ 81,722</b>		<b>723</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

	<b>2021.12.31</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average expected credit loss ratio</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 71,732	-	-
Overdue for more than 365 days	723	100%	723
	<b><u>\$ 72,455</u></b>		<b><u>723</u></b>

	<b>2021.6.30</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average expected credit loss ratio</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 87,729	-	-
Overdue for 1 to 30 days	26,270	0.000004%	-
Overdue for more than 365 days	723	100%	723
	<b><u>\$ 114,722</u></b>		<b><u>723</u></b>

There was no change in the Group's allowance for notes receivable and accounts receivable during the six months ended June 30, 2022 and 2021. The relevant circumstances are as follows:

	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Ending balance (i.e. opening balance)	<b><u>\$ 723</u></b>	<b><u>723</u></b>

**(IV) Inventories**

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Merchandise	\$ 203,536	120,060	54,595
Finished goods	5,344	1,706	1,846
Semi-finished goods	183,106	199,532	139,983
Work in process	240,863	150,411	201,512
Raw materials	422,253	429,451	412,104
	<b><u>\$ 1,055,102</u></b>	<b><u>901,160</u></b>	<b><u>810,040</u></b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

The costs of inventories recognized in profit and loss in the current period are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Costs of inventories sold	\$ 558,412	671,004	1,050,167	1,148,718
Inventory valuation loss (gain on reversal)	9,706	11,817	(8,383)	15,564
	<b><u>\$ 568,118</u></b>	<b><u>682,821</u></b>	<b><u>1,041,784</u></b>	<b><u>1,164,282</u></b>

The above inventory valuation loss (gain on reversal) refers to the inventory valuation loss recognized by the Group due to the write-down of the inventory to the net realizable value; or it is due to the fact that the inventory at the beginning of the period was disposed of in the current period, resulting in a decrease in the allowance for inventory valuation loss that should be recognized at the end of the period, so the gain on reversal occurred and was recognized under the accounts of operating costs.

(V) Investments accounted for using the equity method

The Group does not have any individually material associate, and the aggregate information on the Group's share of loss on associates is disclosed as follows:

	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2021</b>
Net loss for this period	\$ (4,850)	(24,862)
Total comprehensive income	<b><u>\$ (4,850)</u></b>	<b><u>(24,862)</u></b>

For the six months ended June 30, 2022, the Group did not have any associate invested using the equity method.

In the first quarter of 2021, an associate invested using the equity method issued new shares to acquire and merge its subsidiary, so that the Group's shareholding in the associate decreased from 30.74% to 28.97%, and the change in the net value of equity was recognized in changes in investments in associates accounted for using the equity method in the amount of NT\$37,626,000.

The Group's share of loss on associates during the six months ended June 30, 2021 was calculated based on the financial statements for the same period that have not been reviewed by a CPA.

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

(VI) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:							
June 30, 2022	<u>\$ 147,478</u>	<u>46,310</u>	<u>28,515</u>	<u>3,205</u>	<u>330</u>	<u>12,001</u>	<u>237,839</u>
January 1, 2022	<u>\$ 147,478</u>	<u>47,475</u>	<u>31,003</u>	<u>3,214</u>	<u>357</u>	<u>12,711</u>	<u>242,238</u>
June 30, 2021	<u>\$ 147,478</u>	<u>46,555</u>	<u>31,535</u>	<u>3,789</u>	<u>397</u>	<u>15,119</u>	<u>244,873</u>

There was no significant addition, disposal, provision for impairment, or reversal of the Group's property, plant and equipment during the six months ended June 30, 2022 and 2021. Please refer to the depreciation amount for the current period. Please refer to Note 12(1) for the depreciation amount in this period. Please refer to Note 6(6) to the 2021 consolidated financial statements for other relevant information. Please refer to Note 8 for the details of the machinery and equipment used by the Group as collateral for borrowings from non-financial institutions.

(VII) Right-of-use assets

	<u>Buildings</u>
Cost of right-of-use assets:	
Balance on January 1, 2022	\$ 137,776
Additions	17,019
Lease modification	680
Decrease	<u>(31,866)</u>
Balance on June 30, 2022	<u>\$ 123,609</u>
Balance on January 1, 2021	\$ 82,425
Additions	9,752
Lease modification	170
Decrease	<u>(1,544)</u>
Balance on June 30, 2021	<u>\$ 90,803</u>



**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

Accumulated depreciation of right-of-use assets:

Balance on January 1, 2022	\$ 86,265
Depreciation in this period	15,455
Decrease	<u>(25,769)</u>
Balance on June 30, 2022	<u><b>\$ 75,951</b></u>
Balance on January 1, 2021	\$ 57,917
Depreciation in this period	14,664
Decrease	<u>(1,544)</u>
Balance on June 30, 2021	<u><b>\$ 71,037</b></u>
Book value:	
January 1, 2022	<u><b>\$ 51,511</b></u>
June 30, 2022	<u><b>\$ 47,658</b></u>
June 30, 2021	<u><b>\$ 19,766</b></u>

**(VIII) Intangible assets**

	<u><b>Computer software</b></u>
Carrying amount:	
June 30, 2022	<u><b>\$ 8,758</b></u>
January 1, 2022	<u><b>\$ 7,765</b></u>
June 30, 2021	<u><b>\$ 7,824</b></u>

There was no significant addition, disposal, provision for impairment, or reversal of the Group's intangible assets during the six months ended June 30, 2022 and 2021. Please refer to the depreciation amount for the current period. Please refer to Note 12(1) for the amortization amount in this period. Please refer to Note 6(8) to the 2021 consolidated financial statements for other relevant information.

**(IX) Long-term borrowings**

	<u><b>2022.6.30</b></u>		
	<u><b>Currency</b></u>	<u><b>Interest rate range</b></u>	<u><b>Year in which borrowings are due</b></u>
Secured borrowings from non-financial institutions	NTD	3.79%	2020~2022
Less: The current portion			<u>(700)</u>
Total			<u><b>\$ -</b></u>
Facilities undrawn			<u><b>\$ -</b></u>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

<b>2021.12.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Year in which borrowings are due</b>	<b>Amount</b>
Secured borrowings from non-financial institutions	NTD	3.79%	2020~2022	\$ 1,751
Less: The current portion				(1,751)
Total				<u>\$ -</u>
Facilities undrawn				<u><u>\$ -</u></u>

<b>2021.6.30</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Year in which borrowings are due</b>	<b>Amount</b>
Secured borrowings from non-financial institutions	NTD	3.79%	2020~2022	\$ 2,801
Less: The current portion				(2,101)
Total				<u>\$ 700</u>
Facilities undrawn				<u><u>\$ -</u></u>

1. Increase in and repayment of borrowings

It is a loan of subsidiary, Flexbasis, from Shinshin Credit Corporation (a subsidiary of Taiwan Acceptance Corporation) in 2019. The amounts repaid during the six months ended June 30, 2022 and 2021 were NT\$1,051,000 in both periods. Please refer to Note 6(17) for details of interest expenses.

2. Collateral for borrowings from non-financial institutions

Please refer to Note 8 for the details of subsidiary Flexbasis' assets pledged as collateral for the above-mentioned loan.

(X) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Current	<u>\$ 24,037</u>	<u>22,898</u>	<u>17,065</u>
Non-current	<u>\$ 23,683</u>	<u>28,629</u>	<u>2,856</u>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

The amounts of leases recognized in profit or loss are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Interest expenses on lease liabilities	<u>\$ 171</u>	<u>83</u>	<u>309</u>	<u>180</u>
Short-term lease expenses	<u>\$ 194</u>	<u>11</u>	<u>275</u>	<u>20</u>
COVID-19-related rent concessions	<u>\$ 46</u>	<u>-</u>	<u>102</u>	<u>-</u>

The amounts recognized in the cash flow statement are as follows:

	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Total cash outflow from leases	<u>\$ 15,934</u>	<u>14,923</u>

The Group leases the stores and plants usually over lease terms ranging from one to three years. At the end of a lease term, the lease term and rent need to be re-negotiated.

The Group leases parking spaces for scooters, and these leases are low-value leases. The Group elects to apply recognition exemptions and does not recognize its relevant right-of-use assets and lease liabilities.

**(XI) Employee benefits**

**1. Defined benefit plan**

As there were no major market fluctuation, major reduction, settlement, or other major one-off events after the balance sheet date of the prior year, the Group measured and disclosed pension costs for interim periods at the actuarially determined pension costs on December 31, 2021 and 2020.

The details of pension expenses under the Group's defined benefit plan are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Operating costs	<u>\$ 41</u>	<u>47</u>	<u>74</u>	<u>115</u>
Operating expenses	<u>69</u>	<u>103</u>	<u>146</u>	<u>184</u>
	<u>\$ 110</u>	<u>150</u>	<u>220</u>	<u>299</u>

**2. Defined contribution plan**

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

The details of pension expenses under the Group's defined contribution plan are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Operating costs	\$ 868	809	1,728	1,590
Operating expenses	1,941	1,824	3,928	3,719
	<b>\$ 2,809</b>	<b>2,633</b>	<b>5,656</b>	<b>5,309</b>

**(XII) Income tax**

1. The details of the Group's income tax expenses are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Current income tax expenses				
Income tax from current income	\$ 16,058	12,666	20,300	26,157
Unappropriated earnings	19,997	-	19,997	-
	36,055	12,666	40,297	26,157
Deferred income tax expenses	-	92,797	-	92,797
Income tax expenses	<b>\$ 36,055</b>	<b>105,463</b>	<b>40,297</b>	<b>118,954</b>

2. The details of income tax expenses (benefits) recognized by the Group in other comprehensive income are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Financial assets at fair value through other comprehensive income	\$ (21,336)	(714)	4,878	(714)

3. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2020.

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

**(XIII) Capital and other equity**

Except as stated below, there was no significant change in the Group's capital and other equity during the six months ended June 30, 2022 and 2021. Please refer to Note 6(14) to the 2021 consolidated financial statements for relevant information.

**Earnings distribution:**

As per the Articles of Incorporation, the Company shall pay the tax first to make up for the previous losses if there are any earnings in the Company's annual general final accounts, and it shall then set aside 10% of the legal reserve. However, it may not set aside when the legal reserve has reached the amount of the paid-in capital of the Company. Furthermore, after the special reserve is set aside or reversed depending on the needs or as per laws and regulations, any remaining profit, together with any cumulative undistributed earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution.

The general shareholders' meeting passed the resolutions for the 2021 and 2020 earnings distribution proposal on June 9, 2022 and July 15, 2021, respectively. The dividends distributed to owners are as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Dividend per share (NTD)</b>	<b>Amount</b>	<b>Dividend per share (NTD)</b>	<b>Amount</b>
Dividends distributed to owners of ordinary shares:				
Cash	\$ 3.70	<u><u>\$ 217,137</u></u>	4.50	<u><u>264,085</u></u>

Relevant information of the earnings distribution is available on the Market Observation Post System (MOPS).

**(XIV) Earnings per share**

**1. Basic earnings per share**

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Net income attributable to holders of the Company's ordinary shares	<u><u>\$ 35,875</u></u>	<u><u>448,865</u></u>	<u><u>49,091</u></u>	<u><u>491,052</u></u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	<u><u>58,685</u></u>	<u><u>58,685</u></u>	<u><u>58,685</u></u>	<u><u>58,685</u></u>
Basic earnings per share (NTD)	<u><u>\$ 0.61</u></u>	<u><u>7.65</u></u>	<u><u>0.84</u></u>	<u><u>8.37</u></u>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

2. Diluted earnings per share

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Net income attributable to holders of the Company's ordinary shares	\$ <b>35,875</b>	<b>448,865</b>	<b>49,091</b>	<b>491,052</b>
Weighted average number of outstanding ordinary shares (in thousands of shares)	58,685	58,685	58,685	58,685
The effect of employee remuneration	220	1,067	507	1,415
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilutive ordinary shares)	<b>58,905</b>	<b>59,752</b>	<b>59,192</b>	<b>60,100</b>
Diluted earnings per share (NTD)	\$ <b>0.61</b>	<b>7.51</b>	<b>0.83</b>	<b>8.17</b>

(XV) Revenue from customer contracts

1. Breakdown of income

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Major sales market:				
Taiwan	\$ 569,045	683,377	1,048,437	1,169,839
Germany	73,209	125,371	92,929	214,899
Sweden	19,568	14,862	36,337	42,609
U.S.	27,233	11,357	48,946	16,088
Others	9,733	24,062	18,802	35,853
Total	\$ <b>698,788</b>	<b>859,029</b>	<b>1,245,451</b>	<b>1,479,288</b>
Main product/service lines:				
Business computer	\$ 515,127	562,774	948,992	970,568
Rugged computer	164,622	246,491	259,617	422,039
Repair and maintenance services and others	19,039	49,764	36,842	86,681
	\$ <b>698,788</b>	<b>859,029</b>	<b>1,245,451</b>	<b>1,479,288</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

2. Contract balance

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Notes and accounts receivable	\$ 81,722	72,455	114,722
Less: Allowance for losses	(723)	(723)	(723)
Total	<b>\$ 80,999</b>	<b>71,732</b>	<b>113,999</b>
Contract liabilities (including related parties)	<b>\$ 266,475</b>	<b>263,911</b>	<b>282,239</b>

Please refer to Note 6(3) for the notes and accounts receivable and impairment thereof disclosed.

The contract liabilities mainly arise from advances received from the sales of rugged computers, which will be reclassified to revenue when the Group delivers the products to clients. The opening balances of contract liabilities as of January 1, 2022 and 2021 recognized in income for the six months ended June 30, 2022 and 2021 were NT\$41,338,000 and NT\$73,034,000, respectively.

(XVI) Remuneration to employees and directors

As per the Company's Articles of Incorporation, if it makes a profit for a year, it shall allocate 5% to 10% of the profit as employee remuneration and no more than 3% as directors' remuneration. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria.

The estimated amounts of the Company's employee remuneration for the three months and six months ended June 30, 2022 and 2021 were NT\$7,566,000, NT\$59,814,000, NT\$9,348,000, and NT\$65,522,000, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT\$1,517,000, NT\$11,988,000, NT\$1,874,000 and NT\$13,132,000, respectively. The amounts were estimated based on the Company's net income before tax before the remuneration to employees and directors was deducted for each period, multiplied by the percentages of the profit for employee and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the amounts were recognized in operating costs or operating expenses for the period. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimates, and the difference will be recognized in profit and loss for the following year.

The estimated amounts of the Company's 2021 and 2020 employee remuneration were NT\$42,242,000 and NT\$44,522,000, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT\$7,312,000 and NT\$8,923,000, respectively. The amounts are the same as those resolved by the Board of Directors and all

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

were distributed in cash. Relevant information is available on the MOPS.

**(XVII) Non-operating income and expenses**

**1. Interest income**

The details of the Group's interest income are as follows:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Interest income from cash in banks	\$ 712	548	1,199	1,059
Other interest income	1,551	1,411	3,289	2,758
Total interest income	<b>\$ 2,263</b>	<b>1,959</b>	<b>4,488</b>	<b>3,817</b>

**2. Other income**

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Dividend income	\$ 9,130	-	9,130	-
COVID-19-related rent concessions	46	-	102	-
Others	151	59	749	1,028
Total	<b>\$ 9,327</b>	<b>59</b>	<b>9,981</b>	<b>1,028</b>

**3. Other gains and losses**

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Foreign exchange gains (losses)	\$ 3,993	(3,236)	10,038	(5,630)
Net gain on financial assets at fair value through profit or loss	104	122	173	215
Others	4	-	48	(9)
	<b>\$ 4,101</b>	<b>(3,114)</b>	<b>10,259</b>	<b>(5,424)</b>



**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

4. Financial cost

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Interest expense:				
Borrowings from non-financial institutions	\$ (26)	(32)	(52)	(66)
Lease liabilities	(171)	(83)	(309)	(180)
Others	(4)	-	(7)	-
	<b>\$ (201)</b>	<b>(115)</b>	<b>(368)</b>	<b>(246)</b>

(XVIII) Financial instruments

Except as stated below, there was no significant change in the fair value of the Group's financial instruments and exposure to credit risk, liquidity risk, and market risk due to the financial instruments held. Please refer to Note 6(19) for relevant information.

1. Types of financial instruments

(1) Financial assets

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Financial assets at fair value through profit or loss - current:			
Money funds	120,238	120,065	280,251
Financial assets at fair value through other comprehensive income - non-current:			
Unlisted stocks	24,683	24,683	23,431
Overseas listed stocks	723,731	699,339	530,024
Financial assets at amortized cost:			
Cash and cash equivalents	380,889	500,086	621,495
Notes and accounts receivable (related parties)	80,999	71,732	113,999
Other financial assets - current	246,020	246,020	246,020
Other current assets - guarantee deposits paid	5,780	5,600	5,197
Total	<b>1,582,340</b>	<b>1,667,525</b>	<b>1,820,417</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

(2) Financial liabilities

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Financial liabilities at amortized cost:	\$		
Borrowings from non-financial institutions	700	1,751	2,101
Lease liabilities	47,720	51,527	19,921
Payables	469,462	246,906	334,634
Total	<u><u>\$ 517,882</u></u>	<u><u>300,184</u></u>	<u><u>356,656</u></u>

2. Exchange rate risk

The Group's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

Exchange rate risk (in thousands)										
2022.6.30					2021.12.31			2021.6.30		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
<u>Monetary item</u>										
USD	\$	3,543	29.72	105,298	5,363	27.68	148,448	4,674	27.86	130,218
Financial liabilities										
<u>Monetary item</u>										
USD		27	29.72	802	9	27.68	249	54	27.86	1,504

The Group's exchange rate risk mainly comes from cash and cash equivalents, accounts receivable (including related parties), accounts payable, and other payables (including related parties) in foreign currencies, and foreign exchange gains and losses arise during translation. If the NTD depreciated or appreciated by 1% against USD as of June 30, 2022 and 2021, with all other variables remaining unchanged, the Group's net income before tax for the six months ended June 30, 2022 and 2021 would have increased or decreased by NT\$1,045,000 and NT\$1,287,000, respectively. The same basis was used for analyses for both periods.

The exchange gains and losses of the Group's monetary items mainly arose from the translation of foreign currency transactions in USD into NTD. As of June 30, 2022, December 31, 2021, and June 30, 2021, the unrealized exchange (gains) losses on foreign currency transactions in USD are as follows:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Unrealized foreign exchange losses (gains) at the end of the period	\$ (2,061)	1,917	(987)
Exchange rate at the end of the period	29.72	27.68	27.86

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

Please refer to Note 6(2) for information on exchange rate risk of non-monetary foreign currency assets.

## 3. Fair value information

### (1) Financial instruments not at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

### (2) Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The fair value levels are defined as follows:

A. Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

B. Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices) for assets or liabilities.

C. Level 3: Unobservable inputs for assets or liabilities not based on observable market data (unobservable inputs).

		2022.6.30			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss - current:					
Money funds	\$ 120,238	120,238	-	-	120,238
Financial assets at fair value through other comprehensive income - non-current:					
Unlisted stocks	\$ 24,683	-	-	24,683	24,683
Overseas stocks	723,731	723,731	-	-	723,731
	<b>\$ 748,414</b>	<b>723,731</b>	<b>-</b>	<b>24,683</b>	<b>748,414</b>

		2021.12.31			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss - current:					
Money funds	\$ 120,065	120,065	-	-	120,065
Financial assets at fair value through other comprehensive income - non-current:					
Unlisted stocks	\$ 24,683	-	-	24,683	24,683
Overseas stocks	699,339	699,339	-	-	699,339
Total	<b>\$ 724,022</b>	<b>699,339</b>	<b>-</b>	<b>24,683</b>	<b>724,022</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

	2021.6.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss - current:					
Money funds	<u>\$ 280,251</u>	<u>280,251</u>	<u>-</u>	<u>-</u>	<u>280,251</u>
Financial assets at fair value through other comprehensive income - non-current:					
Unlisted stocks	23,431	-	-	23,431	23,431
Overseas stocks	<u>\$ 530,024</u>	<u>530,024</u>	<u>-</u>	<u>-</u>	<u>530,024</u>
Total	<u>\$ 553,455</u>	<u>530,024</u>	<u>-</u>	<u>23,431</u>	<u>553,455</u>

There were no transfers of financial assets and liabilities within the fair value hierarchy during the six months ended June 30, 2022 and 2021

(3) Fair value valuation techniques for financial instruments at fair value

When the quoted market price of a financial instrument is available, the price shall be adopted as the fair value.

There are standard terms and conditions for the money funds and overseas listed stocks held by the Group, and such funds and stocks are traded in active markets; thus, the fair values thereof are determined as per the quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the balance sheet date.

The fair values of the unlisted stocks held by the Group without active markets are mainly valued using the income approach based on a discounted cash flow model. It is mainly assumed that the expected future cash flow from the investees will be discounted and measured at the return on investment that reflects the time value of money and investment risk.

(4) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Group's financial instruments at fair value and classified as Level 3 are financial assets at fair value through other comprehensive income - unlisted stocks.

Quantitative information on significant unobservable inputs is listed as follows:

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Relations between significant unobservable input and fair value</b>
Financial assets at fair value through other comprehensive income - unlisted stocks	Discounted cash flow method	Cost of equity capital (8.55%, 8.55%, and 9.30% as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively)	• The higher the cost of equity capital, the lower the fair value

- (5) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The measurement of fair values of financial instruments by the Group is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on other comprehensive income in this period is as follows:

		Increase or decrease change	Changes in fair value reflected in other comprehensive income	
Input			Favorable change	Unfavorable change
June 30, 2022				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	0.25%	\$ 156	154

**December 31, 2021**

Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	0.25%	<u><u>156</u></u>	<u><u>154</u></u>

			Changes in fair value reflected in other comprehensive income	
	Input	Increase or decrease change	Favorable change	Unfavorable change
June 30, 2021				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	0.25%	\$ 146	144

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

The Group's favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs.

**(XIX) Financial risk management**

There is no significant difference between the Group's financial risk management goals and policies and those disclosed in Note 6 (20) to the 2021 consolidated financial statements.

**(XX) Capital management**

The Group's capital management goals, policies, and procedures are consistent with those disclosed in the 2021 consolidated financial statements. There was no significant difference between the aggregate quantitative data on items under capital management and those disclosed in the 2021 consolidated financial statements. Please refer to Note 6(21) of the 2021 consolidated financial statements for relevant information.

**(XXI) Non-cash transactions in investing and financing activities**

1. Please refer to Note 6(7) for details of right-of-use assets acquired by way of leasing
2. The reconciliation of liabilities from financing activities is as follows:

	<b>2022.1.1</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>2022.6.30</b>
			<b>Additions</b>	<b>Decrease</b>	
Long-term borrowings (including the current portion)	\$ 1,751	(1,051)	-	-	700
Lease liabilities	51,527	(15,350)	17,699	(6,156)	47,720
Total liabilities from financing activities	<b>53,278</b>	<b>(16,401)</b>	<b>17,699</b>	<b>(6,156)</b>	<b>48,420</b>

	<b>2021.1.1</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>2021.6.30</b>
			<b>Additions</b>	<b>Decrease</b>	
Long-term borrowings (including the current portion)	\$ 3,852	(1,051)	-	-	2,801
Lease liabilities	24,722	(14,723)	9,922	-	19,921
Total liabilities from financing activities	<b>\$ 28,574</b>	<b>(15,774)</b>	<b>9,922</b>	<b>-</b>	<b>22,722</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

**VII. Related-Party Transactions**

(I) Name of related party and relations

The related parties with transactions with the Group during the period covered by these consolidated financial statements are as follows:

<u>Name of related party</u>	<u>Relations with the Group</u>
MilDef Group AB	(Note)
Mildef Products AB	Subsidiary of MilDef Group AB (Note)
MilDef Ltd.	Subsidiary of MilDef Group AB (Note)
MilDef Inc.	Subsidiary of MilDef Group AB (Note)
Roda Computer GmbH	The Group is one of the company's three shareholders

(Note) Since June 2021, the Group has lost significant influence over MilDef Group AB, and the company is no longer an associate of the Group.

(II) Significant Transactions with Related Parties

1. Operating revenue

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Associate	\$ -	25,096	-	58,895
Other related parties				
Roda Computer GmbH	71,116	125,370	90,836	214,899
	<b>\$ 71,116</b>	<b>150,466</b>	<b>90,836</b>	<b>273,794</b>

The Group's sales conditions to related parties are not significantly different from those to general clients, and the payment term is about 30 to 60 days.

2. Accounts receivable from related parties

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Other related parties			
Roda Computer GmbH	<b>\$ 32,114</b>	<b>6,376</b>	<b>44,916</b>

3. Contract liabilities with related party (under contract liabilities)

	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Other related parties			
Roda Computer GmbH	<b>\$ 68,776</b>	<b>76,680</b>	<b>80,338</b>

**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
(Continued)

4. Repair and maintenance and other operating revenue

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Associate	\$ -	2,651	-	3,083
Other related parties	1,361	5,887	2,093	8,973
	<b>\$ 1,361</b>	<b>8,538</b>	<b>2,093</b>	<b>12,056</b>

All receivables from the above transactions have been received.

5. Technical service fees, repair and maintenance fees, and other payables

	<b>Technical service fees, repair and maintenance fees, and others</b>				<b>Other payables to related parties</b>		
	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Associate	\$ -	2,871	-	4,184	-	-	-
Other related parties	212	204	526	306	107	-	102
	<b>\$ 212</b>	<b>3,075</b>	<b>526</b>	<b>4,490</b>	<b>107</b>	<b>-</b>	<b>102</b>

(III) Remuneration to key management personnel

Remuneration to key management personnel includes:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Short-term employee benefits	\$ 3,272	11,013	7,024	15,213
Post-employment benefits	27	27	54	53
	<b>\$ 3,299</b>	<b>11,040</b>	<b>7,078</b>	<b>15,266</b>

**VIII. Assets pledged**

The details of the book values of the assets pledged by the Group are as follows:

<b>Name of asset</b>	<b>Item pledged as collateral</b>	<b>2022.6.30</b>	<b>2021.12.31</b>	<b>2021.6.30</b>
Time deposit	Customs guarantee i	\$ 200	200	200
Property, plant and equipment	Borrowings from non-financial institutions	5,977	6,384	6,792
		<b>\$ 6,177</b>	<b>6,584</b>	<b>6,992</b>



**Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries**  
**(Continued)**

**IX. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.**

**X. Major Disaster Losses: None.**

**XI. Material Events After the Balance Sheet Date**

The Group is expected to dispose of some financial assets at fair value through other comprehensive income - non-current from July 1, 2022 to September 30, 2022, and the total transaction amount is expected to fall between NT\$355,036,000 and NT\$500,905,000.

**XII. Others**

(I) Employee benefits and depreciation and amortization expense are summarized by function as follows:

<b>By function</b>	<b>For the six months ended June 30, 2022</b>			<b>For the six months ended June 30, 2021</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
<b>By nature</b>						
Employee benefits						
Salary and wages	19,774	41,429	61,203	45,090	81,341	126,431
Labor and health insurance	1,844	3,712	5,556	1,689	3,588	5,277
Pension	909	2,010	2,919	856	1,927	2,783
Other employee benefits	211	608	819	244	694	938
Depreciation expense	4,635	7,013	11,648	5,030	7,185	12,215
Amortization expense	303	1,034	1,337	10	1,176	1,186

<b>By function</b>	<b>For the six months ended June 30, 2022</b>			<b>For the six months ended June 30, 2021</b>		
	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
<b>By nature</b>						
Employee benefits						
Salary and wages	36,179	75,439	111,618	62,840	117,505	180,345
Labor and health insurance	3,747	7,728	11,475	3,459	7,512	10,971
Pension	1,802	4,074	5,876	1,705	3,903	5,608
Other employee benefits	382	1,065	1,447	458	1,260	1,718
Depreciation expense	9,299	14,687	23,986	9,805	14,388	24,193
Amortization expense	522	2,085	2,607	19	2,141	2,160

(II) Seasonality of operations

The Group's operations are not materially affected by seasonal or cyclical factors.

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

## XIII. Additional Disclosures

### (I) Information on Material Transactions

The material transactions during the six months ended June 30, 2022 the Group needs to disclose in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to Others: None.
2. Endorsements/Guarantees provided to others: None.
3. Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Unit: In thousands of shares/thousands of units/thousands of NTD

Company	Type and name of securities held	Relations with the securities issuer	Account	End of the period				Remark
				Number of shares	Carrying amount	Shareholding	Fair value/Net worth	
The Company	Shares of Roda Computer GmbH	The Company is one of the company's three shareholders	Financial assets at fair value through other comprehensive income - non-current	-	23,683	8.00%	23,683	
The Company	Shares of Alliance Technology Co., Ltd.	-	"	100	1,000	0.79%	1,000	
The Company	Shares of MilDef Group AB		"	4,356	723,731	11.97%	723,731	
The Company	UPAMC James Bond Money Market Fund		Financial assets at fair value through profit or loss - current	2,372	40,080	-	40,080	
The Company	Hua Nan Phoenix Money Market Fund		"	1,219	20,045	-	20,045	
The Company	Fuh Hwa Money Market Fund	-	"	1,374	20,031	-	20,031	
The Company	Hua Nan Kirin Money Market Fund		"	1,655	20,037	-	20,037	
The Company	Jih Sun Money Market Fund		"	1,335	20,045	-	20,045	

4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital: None.
5. Acquisition of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
8. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
9. Trading in Derivative Instruments: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries:

No. (Note 1)	Name of trader	Transaction counterparty	Relationship with transaction counterparty (Note 2)	Transaction details			
				Account	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%)
1	Flexbasis	The Company	2	Accounts receivable	6,354	Net 60 days at the end of the following month	0.21
1	Flexbasis	The Company	2	Sales income	28,621	Net 60 days end of the following month	2.30

# Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

Note I. Businesses are coded as follows:

1. The parent company is coded "1.0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note II. The types of relations with the counterparty are indicated as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company

Note III. The above transactions were eliminated in the preparation of consolidated financial statements.

## (II) Information on Investees:

The information on the Group's investees during the six months ended June 30, 2022 is as follows:

Name of investor	Name of investee	Location	Main business	Initial investment amount		End of the period			Gain or loss on investee in this period	Investment income (loss) recognized in this period	Remark
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Flexbasis Technology Inc.	New Taipei City	Manufacturing	27,208	27,208	2,416	65.30%	27,1	12,0	10,545	(Note 1)

Note: It has been eliminated in the consolidated financial statements.

## (III) Information on Investment in Mainland China: None.

## (IV) Information on Major Shareholders:

Name of major shareholder	Shares	Number of shares held	Shareholding
Yi-Tong Shen		3,126,244	5.32%

Note: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares with registration of dematerialized securities completed (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares with registration of dematerialized securities completed as a result of different bases of preparation.

## XIV. Segment Information

The Group mainly engages in the production and sales of various computer software, hardware, and peripherals. The operating financial information provided to the operating decision makers for review covers a single segment, and the accounting policies adopted by the Group's operating segment are consistent with the summary of significant accounting policies described in Note 4. The operating segment's income or loss is measured based on the operating income or loss before tax, which serves as the basis for evaluating performance. The segment's revenue, income or loss, and total assets under the Group are consistent with those in presented in the financial statements. Please refer to the consolidated balance sheet and the consolidated statements of comprehensive income.