PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS AS OF JUNE 30, 2023 AND 2022

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Parade Technologies, Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Parade Technologies, Ltd. and subsidiaries (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Goodwill impairment assessment

Description

Refer to Note 4(14) (impairment of non-financial assets), Note 5(2) (critical accounting estimates and assumptions) and Note 6(6) (intangible assets) of the consolidated financial statements for the details and accounting policies on goodwill impairment. The balance of goodwill arising from the acquisition as at June 30, 2023 was NT$2,364,445 thousand.

The Group periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and the Group uses 5-year cash flow forecasts prepared by the management to determine the recovery amount of cash generating units. The Group performs impairment indication assessments of goodwill in the interim period. Since the amount is material, and aforementioned assessments in the interim period consider several internal and external sources of information and involve management's subjective judgement, therefore, the goodwill impairment assessment is a key audit matter of the current period.

How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. Obtained asset impairment indication assessment documents prepared by the Group's management and reviewed the authorization procedures for the assessment documents.
2. Tested the reasonable of the supporting documents in relation to the internal and external sources of information listed in the management assessment documents.

Inventory impairment losses

Description

Refer to Note 4(10) (inventories), Note 5(2) (critical accounting estimates and assumptions) and Note 6(3) (inventories) of the consolidated financial statements for the details and accounting policies on inventory impairment losses.

Inventories and allowance for inventory valuation losses as at June 30, 2023 were NT$4,241,183 thousand and NT$679,750 thousand, respectively. The rapid changes in the technology of the industries in which the Group is involved and the net realizable value used in the evaluation of obsolete inventories often involve subjective judgements highly uncertain estimates. Inventories are measured at the lower of cost and net realizable value. The impact of inventories and its allowance for diminution in value has a significant impact on the financial statements. Therefore, the loss on inventories and allowances assessment is a key audit matter of the current period.

How our audit addressed the matter

Our procedures in relation to the key audit matter included:

1. Checked whether the valuation of inventory impairment losses adopted the understanding of the nature of the industry, and ensured that the accounting policy is consistent with the comparable period.
2. Understood the Group’s inventory control procedures and sent the inventory confirmation letters in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Verified the appropriateness of the logic for evaluating the inventory aging report to confirm that the report information is consistent with the Group’s policies.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Lin, Kuan-Hung Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 7,010,227	32	$ 6,975,384	31	$ 12,147,059	49
1170	Accounts receivable, net	6(2)	1,704,022	8	1,065,863	5	2,127,869	9
130X	Inventories, net	6(3)	3,561,433	16	4,468,087	20	3,207,122	13
1470	Other current assets		1,017,219	4	621,454	3	757,629	3
11XX	**Total current assets**		13,292,901	60	13,130,788	59	18,239,679	74
	Non-current assets							
1600	Property, plant and equipment, net	6(4)	466,159	2	495,523	2	532,593	2
1755	Right-of-use assets	6(5)	158,295	1	162,812	1	200,863	1
1780	Intangible assets	6(6)	3,169,177	14	3,164,291	14	3,154,145	13
1840	Deferred income tax assets	6(18)	346,988	2	356,894	2	304,090	1
1900	Other non-current assets	6(7)	4,685,730	21	4,761,390	22	2,322,312	9
15XX	**Total non-current assets**		8,826,349	40	8,940,910	41	6,514,003	26
1XXX	**TOTAL ASSETS**		$ 22,119,250	100	$ 22,071,698	100	$ 24,753,682	100

(Continued)

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			June 30, 2023		December 31, 2022		June 30, 2022	
	LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2170	Accounts payable		$ 909,092	4	$ 399,308	2	$ 1,666,672	7
2200	Other payables	6(8)	1,687,909	8	2,970,174	13	2,892,562	12
2230	Current income tax liabilities	6(18)	296,692	1	394,513	2	901,030	3
2280	Lease liabilities - current	6(5)	92,194	1	81,569	-	90,253	-
2300	Other current liabilities		202,110	1	413,782	2	410,818	2
21XX	**Total current liabilities**		3,187,997	15	4,259,346	19	5,961,335	24
	Non-current liability							
2580	Lease liabilities - non-current	6(5)	66,101	-	81,243	1	110,610	1
25XX	**Non-current liabilities**		66,101	-	81,243	1	110,610	1
2XXX	**Total liabilities**		3,254,098	15	4,340,589	20	6,071,945	25
	Equity attributable to owners of the Company							
	Share capital	6(11)						
3110	Ordinary shares		811,747	4	811,913	4	811,895	3
	Capital reserves	6(12)						
3200	Capital reserves		4,212,672	19	4,192,921	19	4,188,380	16
	Retained earnings	6(13)						
3310	Legal reserve		1,011,400	4	1,011,400	5	1,011,400	4
3320	Special reserve		8,324	-	122,461	-	1,342,499	5
3350	Unappropriated earnings		13,721,057	62	13,537,528	61	12,595,053	51
	Other equity							
3400	Other equity		493,401	2	208,496	1	(661,362)	(2)
3500	Treasury shares	6(11)	(1,393,449)	(6)	(2,153,610)	(10)	(606,128)	(2)
31XX	**Equity attributable to owners of the Company**		18,865,152	85	17,731,109	80	18,681,737	75
3XXX	**Total equity**		18,865,152	85	17,731,109	80	18,681,737	75
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 22,119,250	100	$ 22,071,698	100	$ 24,753,682	100

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			Three months ended June 30				Six months ended June 30			
			2023		2022		2023		2022	
	Items	Notes	Amount	%	Amount	%	Amount	%	Amount	%
4000	Revenue	6(14)	$ 3,199,298	100	$ 6,383,951	100	$ 6,239,010	100	$ 12,282,094	100
5000	Cost of goods sold	6(3)(16)(17)	(1,792,845)	(56)	(3,368,457)	(53)	(3,493,642)	(56)	(6,445,908)	(52)
5900	Gross profit		1,406,453	44	3,015,494	47	2,745,368	44	5,836,186	48
	Operating expenses	6(16)(17) and 7								
6100	Sales and marketing expenses		(220,732)	(7)	(232,925)	(3)	(439,554)	(7)	(462,836)	(4)
6200	General and administrative expenses		(150,109)	(5)	(192,942)	(3)	(301,906)	(5)	(373,450)	(3)
6300	Research and development expenses		(623,198)	(19)	(632,873)	(10)	(1,227,915)	(20)	(1,226,997)	(10)
6450	Expected credit loss	12(3)	-	-	-	-	(2,549)	-	-	-
6000	Total operating expenses		(994,039)	(31)	(1,058,740)	(16)	(1,971,924)	(32)	(2,063,283)	(17)
6900	Operating income		412,414	13	1,956,754	31	773,444	12	3,772,903	31
	Non-operating income and expenses									
7100	Interest income		42,976	1	3,935	-	89,352	2	4,627	-
7010	Other income		1,292	-	42	-	3,947	-	2,913	-
7020	Other gains and losses	6(15)	18,813	1	12,685	-	8,342	-	8,297	-
7000	Total non-operating income and expenses		63,081	2	16,662	-	101,641	2	15,837	-
7900	**Income before income tax**		475,495	15	1,973,416	31	875,085	14	3,788,740	31
7950	Income tax expense	6(18)	(46,226)	(2)	(178,193)	(3)	(92,525)	(1)	(336,882)	(3)
8000	**Net income for the period from continuing operations**		429,269	13	1,795,223	28	782,560	13	3,451,858	28
	Other comprehensive income (loss)									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8361	Other comprehensive income, before tax, exchange differences on translation		344,651	11	640,735	10	128,266	2	1,220,037	10
8360	Components of other comprehensive income that will not be reclassified to profit or loss		344,651	11	640,735	10	128,266	2	1,220,037	10
8300	**Other comprehensive income for the period**		$ 344,651	11	$ 640,735	10	$ 128,266	2	$ 1,220,037	10
8500	**Total comprehensive income for the period**		$ 773,920	24	$ 2,435,958	38	$ 910,826	15	$ 4,671,895	38
	Net income attributable to:									
8610	Owners of the Company		$ 429,269	13	$ 1,795,223	28	$ 782,560	13	$ 3,451,858	28
	Comprehensive income attributable to:									
8710	Owners of the Company		$ 773,920	24	$ 2,435,958	38	$ 910,826	15	$ 4,671,895	38
	Earnings per share									
9750	Basic earnings per share	6(19)	$	5.44	$	22.51	$	9.94	$	43.42
9850	Diluted earnings per share	6(19)	$	5.40	$	22.18	$	9.85	$	42.67

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent												
			Capital Reserves					Retained Earnings			Other Equity			
	Notes	Ordinary shares	Paid-in capital in excess of ordinary shares	Capital reserve from treasury share transactions	Capital reserve from employee stock options	Capital reserve from restricted stocks	Capital reserve - others	Legal reserve	Special reserve	Unappropriated earnings	Currency translation differences of foreign operations	Unearned compensation	Treasury shares	Total equity
For the six months ended June 30, 2022														
Balance at January 1, 2022		$ 808,638	$ 3,015,372	$ 186,974	$ 95,469	$ 929,048	$ 92,628	$ 1,011,400	$ 1,221,272	$10,737,604	($ 1,342,498)	($ 728,468)	($ 1,565,269)	$14,462,170
Net income for the period		-	-	-	-	-	-	-	-	3,451,858	-	-	-	3,451,858
Other comprehensive income for the period		-	-	-	-	-	-	-	-	-	1,220,037	-	-	1,220,037
Total comprehensive income		-	-	-	-	-	-	-	-	3,451,858	1,220,037	-	-	4,671,895
Exercise of employee stock options	6(10)(11)	3,467	118,401	-	(53,640)	-	-	-	-	-	-	-	-	68,228
Vesting of restricted stocks	6(10)(11)	-	222,229	-	-	(222,229)	-	-	-	-	-	-	-	-
Adjustment of turnover rate of restricted stocks		-	-	-	-	(8,817)	-	-	-	-	-	8,817	-	-
Cancellation of restricted stocks ordinary shares and related cash dividend recovered		(210)	552	-	-	210	-	-	-	965	-	-	-	1,517
Share-based compensation cost	6(11)	-	-	-	-	-	-	-	-	-	-	180,750	-	180,750
Tax deduction exceeds cumulative share-based payment expenses	6(10)(17)	-	-	-	-	-	18,298	-	-	-	-	-	-	18,298
Treasury shares reissued to employees		-	(19,141)	(186,974)	-	-	-	-	-	-	-	-	959,141	753,026
Earnings appropriation														
Special reserve		-	-	-	-	-	-	-	121,227	(121,227)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(1,474,147)	-	-	-	(1,474,147)
Balance at June 30, 2022		$ 811,895	$ 3,337,413	$ -	$ 41,829	$ 698,212	$ 110,926	$ 1,011,400	$ 1,342,499	$12,595,053	($ 122,461)	($ 538,901)	($ 606,128)	$18,681,737
For the six months ended June 30, 2023														
Balance at January 1, 2023		$ 811,913	$ 3,491,594	$ -	$ 38,126	$ 540,650	$ 122,551	$ 1,011,400	$ 122,461	$13,537,528	$ 579,156	($ 370,660)	($ 2,153,610)	$17,731,109
Net income for the period		-	-	-	-	-	-	-	-	782,560	-	-	-	782,560
Other comprehensive income for the period		-	-	-	-	-	-	-	-	-	128,266	-	-	128,266
Total comprehensive income		-	-	-	-	-	-	-	-	782,560	128,266	-	-	910,826
Expired employee stock options		-	-	-	(38,126)	-	38,126	-	-	-	-	-	-	-
Vesting of restricted stocks		-	188,016	-	-	(188,016)	-	-	-	-	-	-	-	-
Adjustment of turnover rate of restricted stocks		-	-	-	-	(19,671)	-	-	-	-	-	19,671	-	-
Cancellation of restricted stocks ordinary shares and related cash dividend recovered	6(11)	(166)	836	-	-	166	-	-	-	1,348	-	-	-	2,184
Share-based compensation cost	6(10)(17)	-	50,809	-	-	-	-	-	-	-	-	136,968	-	187,777
Tax deduction exceeds cumulative share-based payment expenses		-	-	-	-	-	(12,389)	-	-	-	-	-	-	(12,389)
Treasury shares reissued to employees	6(10)(11)	-	-	-	-	-	-	-	-	-	-	-	760,161	760,161
Earnings appropriation														
Special reserve		-	-	-	-	-	-	-	(114,137)	114,137	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	(714,516)	-	-	-	(714,516)
Balance at June 30, 2023		$ 811,747	$ 3,731,255	$ -	$ -	$ 333,129	$ 148,288	$ 1,011,400	$ 8,324	$13,721,057	$ 707,422	($ 214,021)	($ 1,393,449)	$18,865,152

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the six months ended June 30 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax for the period		$ 875,085	$ 3,788,740
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including the right-of-use assets)	6(4)(5)	170,320	150,111
Amortization	6(6)	169,780	168,127
Expected credit loss	12(3)	2,549	-
Loss on disposal of equipment	6(4)	-	34
Loss on disposal of intangible assets	6(6)	3,814	-
Share-based compensation cost	6(10)(17)	537,517	479,230
Interest income		(89,352)	(4,627)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(625,845)	(630,493)
Inventories		969,215	(954,979)
Other current assets		(737,173)	(893,882)
Changes in operating liabilities			
Accounts payable		504,193	452,730
Other payables		(289,726)	(53,915)
Other current liabilities		(217,466)	112,320
Cash inflow generated from operations		1,272,911	2,613,396
Interest received		89,352	4,627
Income tax paid		(190,854)	(23,433)
Income tax received		-	554
Net cash flows from operating activities		1,171,409	2,595,144
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(4)	(85,894)	(110,678)
Acquisition of intangible assets	6(6)	(5,181)	(977)
Decrease in refundable deposits	6(7)	212,389	2,193
Increase in other prepayments		(198,738)	(130,729)
Net cash flows used in investing activities		(77,424)	(240,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of employee stock options		-	68,228
Cash dividends paid	6(13)	(1,724,498)	(1,147,980)
Repayment of the principal portion of lease liabilities	6(5)(20)	(54,554)	(55,475)
Treasury shares reissued to employees	6(10)	760,161	959,141
Cash dividend recovered from cancellation of share-based compensation		2,184	1,517
Net cash flows used in financing activities		(1,016,707)	(174,569)
Effect of exchange rate changes		(42,435)	764,932
Net increase in cash and cash equivalents		34,843	2,945,316
Cash and cash equivalents at beginning of period		6,975,384	9,201,743
Cash and cash equivalents at end of period		$ 7,010,227	$ 12,147,059

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

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Parade Technologies, Ltd. (the "Company") was established in the Cayman Islands on November 15, 2005. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the research and development, and marketing and sale of high-speed interface standards, touch controller and display processing integrated circuit chips for products used in computers, consumer electronics and display panels. The shares of the Company were authorized by the Financial Supervisory Commission, R.O.C. and have been traded on Taipei Exchange (formerly GreTai Securities Market) in the R.O.C. since September 13, 2011 (stock code: 4966).

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on August 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new standards and amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier Finance Arrangements'	January 1, 2024
Amendment to IAS 12, 'International Tax Reform—Pillar Two Model Rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Investor	Subsidiary	Main business activities	June 30, 2023	December 31, 2022	June 30, 2022	Description
Parade Technologies, Ltd.	Parade Technologies, Inc.	Providing sales and marketing, general and administrative, and research and development services to the Company	100	100	100	-
Parade Technologies, Ltd.	Parade Technologies Korea, Ltd.	Providing sales and marketing, general and administrative services to the Company	100	100	100	-
Parade Technologies, Ltd.	Parade Technologies, Ltd. (Nanjing)	Providing research and development services to the Company	100	100	100	-
Parade Technologies, Ltd.	Pinchot Ltd.	Providing administrative services to the Company	100	100	100	-
Parade Technologies, Ltd.	Parade Technologies, Ltd. (Chongqing)	Providing research and development services to the Company	100	100	100	-
Parade Technologies, Inc.	Parade Technologies, Inc. (Shanghai)	Providing research and development services to the Company	100	100	100	-

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US Dollars; however, the consolidated financial statements are presented in New Taiwan Dollars under the regulations of the Republic of China where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Treasury bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Accounts receivable

A. Accounts receivable entitles the Group to a legal right to receive consideration in exchange for transferred goods.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (“ECLs”) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the standard cost method. The cost of finished goods and work in process comprises raw materials, other direct costs and related production overheads. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Property, plant and equipment

A. Equipment is initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Equipment applies cost model and is depreciated using the straight-line method to allocate its cost over its estimated useful live. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of equipment are as follows:

Machinery and equipment	3 ~ 5 years
Office equipment	3 ~ 5 years
Leasehold improvements	2 ~ 5 years

(12) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use assets when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use assets is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use assets is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use assets.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(13) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Mask

Mask is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

D. Patent and other intangible assets

Separately acquired intangible assets are stated at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Related intangible assets have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 7 to 10 years.

(14) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(15) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Each subsidiary of the Group adopts defined contribution pension plan in accordance with local regulations. The contributions are recognized as pension expense when they are due on an accrual basis.

C. Employees’ compensation and Directors’ remuneration

Employees’ compensation and Directors’ remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees’ compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the Board meeting resolution.

(17) Employee share-based payment

A. For the equity-settled share-based compensation arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees. However, employees must return the dividends received if they resign before the vesting conditions are fully satisfied. When receiving dividend, the Group credits related amounts that were previously debited from retained earnings, legal reserve or capital reserve at the date of dividends declaration.

(c) For restricted stocks where employees do not need to pay to acquire those stocks. However, when employees resign before the vesting conditions are fully satisfied, the Group will redeem the restricted stocks without consideration and then retire them. After the restricted stocks were retired, the Group decreased ‘Ordinary shares’ and increased ‘Capital reserve from restricted stocks’.

(18) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognized in profit or loss.

(19) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(20) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

A. The Group designs and sells high-speed interfacing chips, touch and serial products of DisplayPort. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract. Other current liability is recognised for expected price rebate payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 to 60 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(22) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

As of June 30, 2023, the Group recognized goodwill amounting to $2,364,445.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technological innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of June 30, 2023, the carrying amount of inventories was $3,561,433.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 71	$ 73	$ 72
Checking accounts and bank deposits	2,800,300	2,787,406	6,509,836
	2,800,371	2,787,479	6,509,908
Cash equivalents			
Treasury bills	4,209,856	4,187,905	5,637,151
	$ 7,010,227	$ 6,975,384	$ 12,147,059

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 1,706,633	$ 1,065,863	$ 2,127,869
Less: Allowance for doubtful accounts	(2,611)	-	-
	$ 1,704,022	$ 1,065,863	$ 2,127,869

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	$ 1,409,923	$ 797,198	$ 2,094,294
60 days	245,556	268,665	33,575
90 days	51,154	-	-
91-180 days	-	-	-
181-360 days	-	-	-
over 360 days	-	-	-
	$ 1,706,633	$ 1,065,863	$ 2,127,869

The above ageing analysis was based on past due date.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,394,595.

C. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $1,706,633, $1,065,863 and $2,127,869, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(3).

(3) Inventories

	June 30, 2023		
	Cost	Allowance	Book value
Raw materials	$ 2,592,826	($ 452,325)	$ 2,140,501
Work-in-process	553,868	(68,095)	485,773
Finished goods	1,094,489	(159,330)	935,159
	$ 4,241,183	($ 679,750)	$ 3,561,433

	December 31, 2022		
	Cost	Allowance	Book value
Raw materials	$ 2,953,634	($ 308,098)	$ 2,645,536
Work-in-process	421,457	(102,721)	318,736
Finished goods	1,678,412	(174,597)	1,503,815
	$ 5,053,503	($ 585,416)	$ 4,468,087

	June 30, 2022		
	Cost	Allowance	Book value
Raw materials	$ 1,121,695	($ 238,528)	$ 883,167
Work-in-process	1,088,016	(49,002)	1,039,014
Finished goods	1,396,012	(111,071)	1,284,941
	$ 3,605,723	($ 398,601)	$ 3,207,122

The cost of inventories recognised as expense for the period:

	For the three months ended June 30,	
	2023	2022
Cost of goods sold	$ 1,657,539	$ 3,184,430
Loss on decline in market value	84,947	115,174
Others	50,359	68,853
	$ 1,792,845	$ 3,368,457

	For the six months ended June 30,	
	2023	2022
Cost of goods sold	$ 3,203,616	$ 6,164,558
Loss on decline in market value	185,905	148,762
Others	104,121	132,588
	$ 3,493,642	$ 6,445,908

(4) Property, plant and equipment

The Group had no property and plant as of June 30, 2023, December 31, 2022 and June 30, 2022.

	Machinery and equipment	Office equipment	Leasehold improvements	Total
At January 1, 2023				
Cost	$ 1,287,475	$ 77,564	$ 151,814	$ 1,516,853
Accumulated depreciation	(854,462)	(60,996)	(105,872)	(1,021,330)
	$ 433,013	$ 16,568	$ 45,942	$ 495,523
Six months ended June 30, 2023				
Opening net book amount	$ 433,013	$ 16,568	$ 45,942	$ 495,523
Additions	75,337	1,963	8,594	85,894
Depreciation charge	(95,839)	(4,269)	(15,658)	(115,766)
Net exchange differences	1,092	(112)	(472)	508
Closing net book amount	$ 413,603	$ 14,150	$ 38,406	$ 466,159
At June 30, 2023				
Cost	$ 1,364,858	$ 78,660	$ 159,596	$ 1,603,114
Accumulated depreciation	(951,255)	(64,510)	(121,190)	(1,136,955)
	$ 413,603	$ 14,150	$ 38,406	$ 466,159

	Machinery and equipment	Office equipment	Leasehold improvements	Total
At January 1, 2022				
Cost	$ 1,037,179	$ 69,586	$ 141,521	$ 1,248,286
Accumulated depreciation	(627,287)	(52,720)	(80,411)	(760,418)
	$ 409,892	$ 16,866	$ 61,110	$ 487,868
Six months ended June 30, 2022				
Opening net book amount	$ 409,892	$ 16,866	$ 61,110	$ 487,868
Additions	106,855	3,713	110	110,678
Disposals	-	(34)	-	(34)
Depreciation charge	(81,051)	(3,980)	(9,605)	(94,636)
Net exchange differences	26,357	298	2,062	28,717
Closing net book amount	$ 462,053	$ 16,863	$ 53,677	$ 532,593
At June 30, 2022				
Cost	$ 1,206,633	$ 74,230	$ 147,634	$ 1,428,497
Accumulated depreciation	(744,580)	(57,367)	(93,957)	(895,904)
	$ 462,053	$ 16,863	$ 53,677	$ 532,593

The above equipment is for self-use.

(5) Leasing arrangements－lessee

A. The Group leases offices. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Offices	$ 158,295	$ 162,812	$ 200,863

	For the three months ended June 30,	
	2023	2022
	Depreciation	Depreciation
Offices	$ 31,123	$ 33,326

	For the six months ended June 30,	
	2023	2022
	Depreciation	Depreciation
Offices	$ 54,554	$ 55,475

C. For the six months ended June 30, 2023 and 2022, the additions to right-of-use assets were $50,785 and $16,566, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three months ended June 30,	
Items affecting profit or loss	2023	2022
Expense on short-term lease contracts	$ 706	$ 649

	For the six months ended June 30,	
Items affecting profit or loss	2023	2022
Expense on short-term lease contracts	$ 1,196	$ 1,312

E. For the six months ended June 30, 2023 and 2022, the Group's total cash outflow for leases amounted to $55,750 and $56,787, respectively.

(6) Intangible assets

	Software	Goodwill	Mask	Patent and others	Total
At January 1, 2023					
Cost	$ 97,071	$ 2,331,796	$ 1,137,551	$ 1,738,186	$ 5,304,604
Accumulated amortization	(61,253)	-	(912,208)	(1,166,852)	(2,140,313)
	$ 35,818	$ 2,331,796	$ 225,343	$ 571,334	$ 3,164,291
Six months ended June 30, 2023					
Opening net book amount	$ 35,818	$ 2,331,796	$ 225,343	$ 571,334	$ 3,164,291
Inward transfer	-	-	130,005	-	130,005
Additions - acquired separately	5,181	-	-	-	5,181
Amortization charge	(7,604)	-	(85,037)	(77,139)	(169,780)
Disposal	-	-	(3,814)	-	(3,814)
Net exchange differences	185	32,649	3,950	6,510	43,294
Closing net book amount	$ 33,580	$ 2,364,445	$ 270,447	$ 500,705	$ 3,169,177
At June 30, 2023					
Cost	$ 101,124	$ 2,364,445	$ 1,269,747	$ 1,762,524	$ 5,497,840
Accumulated amortization	(67,544)	-	(999,300)	(1,261,819)	(2,328,663)
	$ 33,580	$ 2,364,445	$ 270,447	$ 500,705	$ 3,169,177

	Software	Goodwill	Mask	Patent and others	Total
At January 1, 2022					
Cost	$ 75,445	$ 2,101,729	$ 947,596	$ 1,566,688	$ 4,691,458
Accumulated amortization	(43,961)	-	(705,420)	(897,870)	(1,647,251)
	$ 31,484	$ 2,101,729	$ 242,176	$ 668,818	$ 3,044,207
Six months ended June 30, 2022					
Opening net book amount	$ 31,484	$ 2,101,729	$ 242,176	$ 668,818	$ 3,044,207
Inward transfer	-	-	56,708	-	56,708
Additions - acquired separately	917	-	60	-	977
Amortization charge	(6,207)	-	(76,888)	(85,032)	(168,127)
Net exchange differences	2,006	154,896	17,147	46,331	220,380
Closing net book amount	$ 28,200	$ 2,256,625	$ 239,203	$ 630,117	$ 3,154,145
At June 30, 2022					
Cost	$ 81,528	$ 2,256,625	$ 1,076,178	$ 1,682,152	$ 5,096,483
Accumulated amortization	(53,328)	-	(836,975)	(1,052,035)	(1,942,338)
	$ 28,200	$ 2,256,625	$ 239,203	$ 630,117	$ 3,154,145

A. Details of amortization of intangible assets are as follows:

	For the three months ended June 30,	
	2023	2022
Operating costs	$ 45,121	$ 52,910
Research and development expenses	42,278	32,571
Selling expenses	307	88
Administrative expenses	72	(38)
	$ 87,778	$ 85,531

	For the six months ended June 30,	
	2023	2022
Operating costs	$ 85,060	$ 91,046
Research and development expenses	84,073	76,899
Selling expenses	510	153
Administrative expenses	137	29
	$ 169,780	$ 168,127

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The Group is identified as one cash-generating unit. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of the cash-generating unit calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are budgeted gross margin, weighted average growth rates, and discount rates.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(7) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	$ 4,134,252	$ 4,286,621	$ 2,002,628
Prepaid mask	551,478	474,769	319,684
	$ 4,685,730	$ 4,761,390	$ 2,322,312

The refundable deposits resulted from a Letter of Intent with its key supplier. The Company has strengthened its cooperative relationship with the key supplier and obtained capacity support to meet the Company's future operating needs.

(8) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Dividends payable	$ 714,516	$ 1,724,498	$ 1,474,147
Employees' compensation and Directors' remuneration	460,049	508,304	802,052
Payroll, bonus and accrued vacation	323,680	551,682	360,201
Commissions	68,579	79,823	91,974
Engineering expenses	37,440	8,079	54,299
Legal and professional fees	29,436	29,375	37,380
Others	54,209	68,413	72,509
	$ 1,687,909	$ 2,970,174	$ 2,892,562

(9) Pensions

Each subsidiary adopts a funded defined contribution pension plan in accordance with local regulations. Under the pension plan, subsidiaries contribute monthly an amount to an independent fund. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2023 and 2022 were $45,354, $43,364, $83,414 and $82,834, respectively.

(10) Share-based payment

A. In March 2012, the Board of Directors of the Company approved the 2012 employee stock option plan and resolved to issue 940 units of employee stock options to the employees of the Company. Each unit can purchase 1,000 shares of the Company's common stock. The employee stock options are valid for 10 years from the issuance. The holders may exercise the stock options in installments two years after the issuance. The exercise price under the plan shall not be less than the closing price of the Company's common stock at the issuance. The issuance of the employee stock options was submitted to the FSC and became effective in April 2012.

B. For the six months ended June 30, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	Jul. 26, 2012	940	10 years	2 ~ 4 years service
Treasury stock transferred to employees	Feb. 9, 2022	79	1 year	1 year service
Treasury stock transferred to employees	Feb. 9, 2022	82	1 year	1 year service
Treasury stock transferred to employees	Apr. 27, 2022	279	1 year	1 year service
Treasury stock transferred to employees	Apr. 27, 2022	53		Vested immediately
Treasury stock transferred to employees	Feb. 8, 2023	94	1 year	1 year service
Treasury stock transferred to employees	Feb. 8, 2023	184	1 year	1 year service
Treasury stock transferred to employees	Apr. 26, 2023	52		Vested immediately
Treasury stock transferred to employees	Apr. 26, 2023	386	1 year	1 year service
Restricted stocks to employees (Note)	Feb. 7, 2018	7	4 years	4 years service
Restricted stocks to employees (Note)	Apr. 26, 2018	5	4 years	4 years service
Restricted stocks to employees (Note)	Jun. 28, 2018	77	4 years	4 years service
Restricted stocks to employees (Note)	Aug. 1, 2018	490	4 years	4 years service
Restricted stocks to employees (Note)	Oct. 31, 2018	4	4 years	4 years service
Restricted stocks to employees (Note)	Feb. 13, 2019	6	4 years	4 years service
Restricted stocks to employees (Note)	Apr. 30, 2019	100	4 years	4 years service
Restricted stocks to employees (Note)	Jul. 31, 2019	682	4 years	4 years service
Restricted stocks to employees (Note)	Oct. 30, 2019	14	4 years	4 years service
Restricted stocks to employees (Note)	Feb. 12, 2020	9	4 years	4 years service
Restricted stocks to employees (Note)	Apr. 29, 2020	45	4 years	4 years service
Restricted stocks to employees (Note)	Jul. 29, 2020	709	4 years	4 years service
Restricted stocks to employees (Note)	Oct. 28, 2020	5	4 years	4 years service

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Restricted stocks to employees (Note)	Feb. 03,2021	8	4 years	4 years service
Restricted stocks to employees (Note)	Apr. 28, 2021	78	4 years	4 years service

Note: Restrictions before the vesting conditions are fully satisfied are as follows:

(a) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the restricted stocks awards (the “RSAs”), or otherwise dispose of the RSAs in any other manner.

(b) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian.

(c) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earnings capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earnings capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests.

C. Details of the employee stock options are as follows:

	For the six months ended June 30,			
	2023		2022	
	No. of shares (in thousands)	Weighted-average exercise price (in US dollars)	No. of shares (in thousands)	Weighted-average exercise price (in US dollars)
Options outstanding at beginning of period	-	$ -	357	$ 6.85
Options exercised	-	-	(347)	6.85
Options outstanding at end of period	-	-	10	6.85
Options exercisable at end of period	-		10	

D. The weighted-average stock price of stock options at exercise dates for the six months ended June 30, 2022 was $1,672.2 (in dollars).

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		June 30, 2023		June 30, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in US dollars)	No. of shares (in thousands)	Exercise price (in US dollars)
Jul. 26, 2012	Jul. 26, 2022	-	-	10	6.852

F. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Expected dividend	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	Jul. 26, 2012	NT$338.5	NT$338.5	48%	6.375	-	1.06%	NT$159.84

G. Please see Note 6(11) for the related information about the fair value of restricted stocks to employees issued by the Company.

H. The Company reissued 161 thousand treasury shares with repurchase price amounting to $327,175 to its employees with the effective date set on February 9, 2022 in accordance with the Share Repurchase and Employee Incentive Plan. The subscription price of $2,037.28 (in dollars) per share equals the average repurchase price per share. The fair value of the treasury shares reissued was measured based on the market price at the grant date.

I. The Company reissued 279 and 53 thousand treasury shares with repurchase price amounting to $568,350 and $63,616, respectively, to its employees with the effective date set on April 27, 2022 in accordance with the Share Repurchase and Employee Incentive Plan. The subscription price of $2,037.28 (in dollars) and $1,202.11 (in dollars) per share equals the average repurchase price per share. The fair value of the treasury shares reissued was measured based on the market price at the grant date.

J. The Company reissued 94 and 184 thousand treasury shares with repurchase price amounting to $72,538 and $237,688, respectively, to its employees with the effective date set on February 8, 2023 in accordance with the Share Repurchase and Employee Incentive Plan. The subscription price of $773.74 (in dollars) and $2,037.28 (in dollars) per share equals the average repurchase price per share. The fair value of the treasury shares reissued was measured based on the market price at the grant date.

K. The Company reissued 316, 70 and 52 thousand treasury shares with repurchase price amounting to $244,782, 142,864 and $62,289, respectively, to its employees with the effective date set on April 26, 2023 in accordance with the Share Repurchase and Employee Incentive Plan. The subscription price of $773.74 (in dollars), $2,037.28 (in dollars) and $1,202.11 (in dollars) per share equals the average repurchase price per share. The fair value of the treasury shares reissued was measured based on the market price at the grant date.

L. Expenses incurred on share-based payment transactions are shown below:

	For the three months ended June 30,	
	2023	2022
Equity-settled	$ 245,773	$ 224,598

	For the six months ended June 30,	
	2023	2022
Equity-settled	$ 537,517	$ 479,230

(11) Share capital/ Treasury shares

A. As of June 30, 2023, the Company's authorized capital was $1,500,000, consisting of 150 million shares of ordinary stock, and the paid-in capital was $811,747 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares, and excluding treasury shares):

	For the six months ended June 30, 2023			
	Unrestricted shares	Restricted shares	Treasury shares	Total
At January 1	80,593	598	(2,323)	78,868
Vesting of restricted stocks	235	(235)	-	-
Cancellation of restricted stocks ordinary shares	-	(17)	-	(17)
Treasury stock reissued to employees	-	-	716	716
At June 30	80,828	346	(1,607)	79,567

	For the six months ended June 30, 2022			
	Unrestricted shares	Restricted shares	Treasury shares	Total
At January 1	79,728	1,136	(816)	80,048
Exercise of employee stock options	347	-	-	347
Vesting of restricted stocks	307	(307)	-	-
Cancellation of restricted stocks ordinary shares	-	(21)	-	(21)
Treasury stock reissued to employees	-	-	493	493
At June 30	80,382	808	(323)	80,867

B. The Board of Directors during its meetings on July 29, 2020, October 28, 2020, February 3, 2021 and April 28, 2021 adopted a resolution to issue employee restricted ordinary shares (see Note 6(10)) with the effective date set on July 29, 2020, October 28, 2020, February 3, 2021 and April 28, 2021. Each share will be issued without consideration. The decision on the fair value was based on the closing prices of $1,095, $1,130, $1,270 and $1,260 (in dollars), respectively, at the grant date. The employee restricted ordinary shares issued are subject to stockholders' right restrictions, please see Note 6(10) for details. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. Due to employee termination, reacquired share capital is $595 as of June 30, 2023, including unretired share capital of $106.

C. The Board of Directors during its meetings on July 31, 2019, October 30, 2019, February 12, 2020 and April 29, 2020 adopted a resolution to issue employee restricted ordinary shares (see Note 6(10)) with the effective date set on July 31, 2019, October 30, 2019, February 12, 2020 and April 29, 2020, respectively. Each share will be issued without consideration. The decision on the fair value was based on the closing prices of $517, $598, $691 and $728 (in dollars), respectively, at the grant date. The employee restricted ordinary shares issued are subject to stockholders' right restrictions, please see Note 6(10) for details. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. Due to employee termination, reacquired share capital is $566 as of June 30, 2023, including unretired share capital of $1.

D. The Board of Directors during its meetings on August 1, 2018, October 31, 2018, February 13, 2019 and April 30, 2019 adopted a resolution to issue employee restricted ordinary shares (see Note 6(10)) with the effective date set on August 1, 2018, October 31, 2018, February 13, 2019 and April 30, 2019, respectively. Each share will be issued without consideration. The decision on the fair value was based on the closing prices of $469.5, $410, $531 and $523 (in dollars), respectively, at the grant date. The employee restricted ordinary shares issued are subject to stockholders' right restrictions, please see Note 6(10) for details. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. Due to employee termination, reacquired share capital is $590 as of June 30, 2023, there is no unretired share capital.

E. The Board of Directors during its meetings on February 7, 2018, April 26, 2018 and June 28, 2018 adopted a resolution to issue employee restricted ordinary shares (see Note 6(10)) with the effective date set on February 7, 2018, April 26, 2018 and June 28, 2018, respectively. Each share will be issued without consideration. The decision on the fair value was based on the closing prices of $552, $437 and $494 (in dollars), respectively, at the grant date. The employee restricted ordinary shares issued are subject to stockholders' right restrictions, please see Note 6(10) for details. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares. Due to employee termination, reacquired share capital is $190 as of June 30, 2023, there is no unretired share capital.

F. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		June 30, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	1,607	$ 1,393,449

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,323	$ 2,153,610

		June 30, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	323	$ 606,128

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(12) Capital reserves

In accordance with the provisions of the Articles of Association and with the approval of the shareholders at the Annual General Meeting, the Board of Directors may capitalize any amount within the capital reserve account, including capital reserve - additional paid-in capital and capital redemption reserve. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. The Company passed the amendments to the Articles of Association by resolution of the shareholders' meeting held on June 15, 2020. At the close of each of the half fiscal year, the Board may resolve to distribute profits or allocate losses; provided, however, that any distribution of profits by way of capitalization of distributable dividends shall be subject to the Supermajority Resolution.

B. In accordance with the provisions of the Articles of Association, if there are profits after the final settlement of account of a year, the Company, after its losses have been offset and at the time of allocating surplus profits, may first set aside 10% of the annual profits as statutory reserve until the statutory reserve amounts to the authorized capital, and may appropriate a portion of the annual profits as special reserve required by Applicable Public Company Rules or government authorities. Thereafter, having considered the financial, business and operational factors, the Board may propose and specify no less than 10% of any remaining annual profits after the above plus, at the Board's sole discretion, a certain percent of accumulated retained earnings to be distributed as dividends. Cash dividend shall not be less than 10% of the total dividends declared. The Company may distribute to the Members, in the form of cash, all or a portion of its Dividend and/or statutory reserve by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, and shall subsequently report such distribution to the Members at the general meeting.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) The Company recognized dividends distributed to owners for the first and second half year of 2021. The appropriation of the first and second half year of 2021 earnings had been approved by the Board of Directors on October 27, 2021 and April 27, 2022, respectively.

	First half year of 2021		Second half year of 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ -	
Special reserve	455,621		121,227	
Cash dividends	1,147,980	$ 14.25	1,474,147	$ 18.23

The appropriation of 2021 earnings had been approved by the shareholders on June 15, 2022.

(b) The Company recognized dividends distributed to owners for the first and second half year of 2022. The appropriation of the first and second half year of 2022 earnings had been approved by the Board of Directors on October 28, 2022 and April 26, 2023, respectively.

	First half year of 2022		Second half year of 2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ -	
Special reserve	(1,220,038)		(114,137)	
Cash dividends	1,724,498	$ 21.24	714,516	$ 8.80

The appropriation of 2022 earnings had been approved by the shareholders on June 15, 2023 For the information relating to the above distribution of earnings as approved by the Board of Directors or shareholders, please refer to the "Market Observation Post System" at the website of the Taiwan Stock Exchange Company.

(14) Operating revenue

Disaggregation of revenue from contracts with customers

The Group has only one reportable operating segment. The Group derives revenue from the following major product lines:

	For the three months ended June 30, 2023				
	Serial products of DisplayPort	High-speed interfacing chips	Source Driver	Serial products of TrueTouch	Total
Revenue from contracts with customers	$ 1,221,149	$ 1,399,126	$ 513,518	$ 65,505	$ 3,199,298

	For the three months ended June 30, 2022				
	Serial products of DisplayPort	High-speed interfacing chips	Source Driver	Serial products of TrueTouch	Total
Revenue from contracts with customers	$ 2,415,139	$ 2,053,119	$ 1,658,851	$ 256,842	$ 6,383,951

	For the six months ended June 30, 2023				
	Serial products of DisplayPort	High-speed interfacing chips	Source Driver	Serial products of TrueTouch	Total
Revenue from contracts with customers	$ 2,441,667	$ 2,616,708	$ 1,033,818	$ 146,817	$ 6,239,010

	For the six months ended June 30, 2022				
	Serial products of DisplayPort	High-speed interfacing chips	Source Driver	Serial products of TrueTouch	Total
Revenue from contracts with customers	$ 4,653,659	$ 3,731,006	$ 3,396,837	$ 500,592	$ 12,282,094

(15) Other gains and losses

	For the three months ended June 30,	
	2023	2022
Foreign exchange gains	$ 18,813	$ 12,692
Losses on disposals of equipment	-	-
Other losses	-	(7)
	$ 18,813	$ 12,685

	For the six months ended June 30,	
	2023	2022
Foreign exchange gains	$ 8,352	$ 8,346
Losses on disposals of equipment	-	(34)
Other losses	(10)	(15)
	$ 8,342	$ 8,297

(16) Expenses by nature

	For the three months ended June 30,	
	2023	2022
Employee benefit expenses	$ 763,801	$ 866,068
Depreciation and amortization charges on equipment and intangible assets	178,397	168,340
Engineering expenses	67,261	58,742
Legal and professional expenses	14,170	19,376
Commission expenses	11,969	17,010
Expense on short-term lease contracts	706	649
Other expenses	30,206	20,023
Total manufacturing and operating expenses	$ 1,066,510	$ 1,150,208

	For the six months ended June 30,	
	2023	2022
Employee benefit expenses	$ 1,541,071	$ 1,715,298
Depreciation and amortization charges on equipment and intangible assets	340,100	318,238
Engineering expenses	111,587	98,679
Legal and professional expenses	27,084	31,001
Commission expenses	21,311	29,943
Expense on short-term lease contracts	1,196	1,312
Other expenses	73,596	38,081
Total manufacturing and operating expenses	$ 2,115,945	$ 2,232,552

(17) Employee benefit expenses

	For the three months ended June 30,	
	2023	2022
Wages and salaries	$ 398,286	$ 516,079
Employee compensation costs	245,773	224,598
Pension costs	45,354	43,364
Other personnel expenses	74,388	82,027
	$ 763,801	$ 866,068

	For the six months ended June 30,	
	2023	2022
Wages and salaries	$ 776,862	$ 1,010,002
Employee compensation costs	537,517	479,230
Pension costs	83,414	82,834
Other personnel expenses	143,278	143,232
	$ 1,541,071	$ 1,715,298

A. In accordance with the provisions of the amended Articles of Association approved by the shareholders, where the Company generates profits before tax for the annual financial year, the Company shall appropriate no less than 3% and up to 7.5% of such annual profits before tax as employees' compensation, which shall be distributed in accordance with the incentive programme approved by a majority of the meeting of Board of Directors attended by two-thirds or more of all the Directors and may be distributed to employees of the Company and its subsidiaries and a maximum of 2% as additional directors' remuneration.

B. For the three months and six months ended June 30, 2023 and 2022, employees' compensations were accrued at $26,616, $110,454, $49,007 and $212,175, respectively; Directors' remunerations were accrued at $10,237, $42,483, $18,849 and $81,606, respectively. The aforementioned amounts were recognised in salary expenses.

For the six months ended June 30, 2023, the employees' compensation and Directors' remuneration were estimated and accrued based on the distributable profit of current year as of the end of reporting period, and the percentage of previous year payment.

For 2022, the employees' compensation and Directors' remuneration resolved at the meeting of Board of Directors amounted to $305,885 and $53,640, respectively. The employees' compensation will be distributed in the form of cash. The difference between the employees' compensation of $305,885 and the Directors' remuneration of $92,803 recognised in the 2022 financial statements were $0 and $(39,163), respectively, mainly resulting from the difference between accrual amount and resolution amount by the Board of Directors, and recognized as profit or loss in the year.

Information about employees' compensation and Directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post

System” at the website of the Taiwan Stock Exchange.

(18) Income tax

Components of income tax expense:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022
Current tax:		
Current tax on profits for the period	$ 16,669	$ 205,256
Prior year income tax underestimation	21,381	653
Total current tax	38,050	205,909
Deferred tax:		
Origination and reversal of temporary differences	8,176	(27,716)
Income tax expense	$ 46,226	$ 178,193

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current tax:		
Current tax on profits for the period	$ 61,233	$ 396,277
Prior year income tax underestimation	21,386	653
Total current tax	82,619	396,930
Deferred tax:		
Origination and reversal of temporary differences	9,906	(60,048)
Income tax expense	$ 92,525	$ 336,882

(19) Earnings per share

	For the three months ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 429,269	78,947	$ 5.44
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 429,269	78,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	146	
Restricted stocks to employees	-	452	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 429,269	79,545	$ 5.40

	For the three months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 1,795,223	79,766	$ 22.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 1,795,223	79,766	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	9	
Employees' compensation	-	289	
Restricted stocks to employees	-	887	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 1,795,223	80,951	$ 22.18

	For the six months ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 782,560	78,692	$ 9.94
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 782,560	78,692	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	245	
Restricted stocks to employees	-	476	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 782,560	79,413	$ 9.85

	For the six months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 3,451,858	79,496	$ 43.42
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 3,451,858	79,496	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	61	
Employees' compensation	-	386	
Restricted stocks to employees	-	962	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 3,451,858	80,905	$ 42.67

(20) Supplemental cash flow information

Financing activities with no cash flow effects

	For the six months ended June 30,	
	2023	2022
Cash dividends payable	$ 714,516	$ 1,474,147

(21) Changes in liabilities from financing activities

	2023	2022
	Lease liabilities	Lease liabilities
At January 1	$ 162,812	$ 234,571
Changes in cash flow from financing activities	(54,554)	(55,475)
Impact of changes in foreign exchange rate	(748)	5,201
Changes in other non-cash items	50,785	16,566
At June 30	$ 158,295	$ 200,863

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

None.

(2) Key management compensation

	For the three months ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 96,272	$ 131,024
Service execution fees	94,025	95,961
	$ 190,297	$ 226,985

	For the six months ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 204,440	$ 275,613
Share-based compensation expenses	149,057	179,470
	$ 353,497	$ 455,083

A. Salaries and bonuses include regular wages, special responsibility allowances, pensions, severance pay, various bonuses, employees' compensation, directors' remuneration, rewards and travel or transportation allowances, etc.

B. Share-based compensation expenses represent the compensation costs accounted for under IFRS 2.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022 and consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022 in functional currency

The Company prepares its consolidated financial statements in US Dollars. For the purpose of application for listing in the Taipei Exchange in R.O.C., the consolidated financial statements were translated into New Taiwan Dollars in accordance with Note 4. Since the functional currency is US Dollars, the supplementary disclosure of consolidated balance sheets and statements of comprehensive income in US Dollars are as follows:

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(EXPRESSED IN THOUSANDS OF US DOLLARS)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents	$ 225,120	32	$ 227,137	31	$ 408,717	49
Accounts receivable, net	54,721	8	34,707	5	71,597	9
Inventories, net	114,368	16	145,493	20	107,911	13
Other current assets	32,666	4	20,236	3	25,492	3
Total current assets	426,875	60	427,573	59	613,717	74
Non-current assets						
Property, plant and equipment, net	14,970	2	16,136	2	17,920	2
Right-of-use assets	5,083	1	5,302	1	6,759	1
Intangible assets	101,772	14	103,038	14	106,129	13
Deferred income tax assets	11,143	2	11,621	2	10,232	1
Other non-current assets	150,473	21	155,044	22	78,140	9
Total non-current assets	283,441	40	291,141	41	219,180	26
TOTAL ASSETS	$ 710,316	100	$ 718,714	100	$ 832,897	100
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	$ 29,194	4	$ 13,003	2	$ 56,079	7
Other payables	54,820	8	100,624	13	100,695	12
Current income tax liabilities	9,528	1	12,846	2	30,317	3
Lease liabilities - current	2,960	1	2,656	-	3,037	-
Other current liabilities	6,490	1	13,474	2	13,823	2
Total current liabilities	102,992	15	142,603	19	203,951	24
Non-current liabilities						
Lease liabilities - non-current	2,123	-	2,646	1	3,722	1
Total non-current liabilities	2,123	-	2,646	1	3,722	1
Total liabilities	105,115	15	145,249	20	207,673	25
Equity attributable to owners of the Company						
Share capital						
Ordinary shares	26,735	4	26,740	4	26,740	3
Capital reserves						
Capital reserves	134,946	19	138,110	19	138,074	16
Retained earnings						
Legal reserve	33,380	4	33,380	5	33,380	4
Special reserve	275	-	3,489	-	45,969	5
Unappropriated earnings	464,847	65	456,130	64	421,382	51
Other equity						
Other equity	(10,321)	(1)	(14,299)	(2)	(18,513)	(2)
Treasury shares	(44,661)	(6)	(70,085)	(10)	(21,808)	(2)
Equity attributable to owners of the Company	605,201	85	573,465	80	625,224	75
Total equity	605,201	85	573,465	80	625,224	75
TOTAL LIABILITIES AND EQUITY	$ 710,316	100	$ 718,714	100	$ 832,897	100

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF US DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	For the three months ended June 30,				For the six months ended June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	$ 104,178	100	$ 216,699	100	$ 204,168	100	$ 427,422	100
Cost of goods sold	(58,380)	(56)	(114,340)	(53)	(114,327)	(56)	(224,288)	(52)
Gross profit	45,798	44	102,359	47	89,841	44	203,134	48
Operating expenses								
Sales and marketing expenses	(7,188)	(7)	(7,907)	(3)	(14,386)	(7)	(16,121)	(4)
General and administrative expenses	(4,888)	(5)	(6,549)	(3)	(9,881)	(5)	(12,998)	(3)
Research and development expenses	(20,293)	(19)	(21,483)	(10)	(40,185)	(20)	(42,709)	(10)
Expected credit loss	-	-	-	-	(84)	-	-	-
Total operating expenses	(32,369)	(31)	(35,939)	(16)	(64,536)	(32)	(71,828)	(17)
Operating income	13,429	13	66,420	31	25,305	12	131,306	31
Non-operating income and expenses								
Interest income	1,400	1	133	-	2,925	2	158	-
Other income	43	-	2	-	130	-	104	-
Other gains and losses	612	1	431	-	268	-	274	-
Total non-operating income and expenses	2,055	2	566	-	3,323	2	536	-
Income before income tax	15,484	15	66,986	31	28,628	14	131,842	31
Income tax expense	(1,505)	(2)	(6,049)	(3)	(3,028)	(1)	(11,718)	(3)
Net income for the period from continuing operations	13,979	13	60,937	28	25,600	13	120,124	28
Other comprehensive (loss) income								
Components of other comprehensive (loss) income that will not be reclassified to profit or loss								
Currency translation differences of foreign operations	(1,567)	(2)	(1,041)	-	(1,316)	(2)	(955)	-
Components of other comprehensive (loss) income that will not be reclassified to profit or loss	(1,567)	(2)	(1,041)	-	(1,316)	(2)	(955)	-
Total comprehensive income for the period	$ 12,412	11	$ 59,896	28	$ 24,284	11	$ 119,169	28
Net income attributable to:								
Owners of the Company	$ 13,979	13	$ 60,937	28	$ 25,600	13	$ 120,124	28
Comprehensive income attributable to:								
Owners of the Company	$ 12,412	11	$ 59,896	28	$ 24,284	11	$ 119,169	28
Earnings per share								
Basic earnings per share	$	0.18	$	0.76	$	0.33	$	1.51
Diluted earnings per share	$	0.18	$	0.75	$	0.32	$	1.48

(2) Capital management

The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

(3) Financial instruments

A. Financial instruments by category

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	$ 7,010,227	$ 6,975,384	$ 12,147,059
Accounts receivable, net	1,704,022	1,065,863	2,127,869
Guarantee deposits paid	4,134,252	4,286,621	2,002,628
	$ 12,848,501	$ 12,327,868	$ 16,277,556

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities			
Financial liabilities at amortised cost			
Accounts payable	$ 909,092	$ 399,308	$ 1,666,672
Guarantee deposits received	21	-	-
	$ 909,113	$ 399,308	$ 1,666,672
Lease liability	$ 158,295	$ 162,812	$ 200,863

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (such as foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group's major purchases and sales transactions are denominated in US Dollars. The change in fair value will be caused by fluctuations in the foreign exchange rate; however, the amounts and periods of the Group's assets and liabilities in foreign currencies are equivalent, so the market risk could be offset.

ii. The Group's businesses involve non-functional currency operations.

The information on assets denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2023		
	Foreign Currency Amount (in RMB thousands)	Exchange Rate	Book Value (in USD thousands)
(Foreign currency:functional currency)			
Financial assets - monetary items			
RMB:USD	$ 1,906	0.139	$ 264

	December 31, 2022		
	Foreign Currency Amount (in RMB thousands)	Exchange Rate	Book Value (in USD thousands)
(Foreign currency:functional currency)			
Financial assets - monetary items			
RMB:USD	$ 2,329	0.143	$ 334

	June 30, 2022		
	Foreign Currency Amount (in RMB thousands)	Exchange Rate	Book Value (in USD thousands)
(Foreign currency:functional currency)			
Financial assets - monetary items			
RMB:USD	$ 2,440	0.149	$ 364

Based on the foreign currency quoted position held by the Group as of June 30, 2023 and 2022, as US dollars appreciate/depreciate by 1%, the profit or loss before tax of the Group would increase by $82 and $108, respectively.

iii. Total exchange loss (gain), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2023 and 2022, amounted to ($10,320), ($1,950), ($1,488) and $3,748, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group’s concern. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group treasury. The utilization of credit limits is regularly monitored.

iii. The default occurs when the contract payments are past due over 360 days.

iv. If the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers’ accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group used timely information to assess the default possibility of accounts receivable.

On June 30, 2023, the loss rate methodology is as follows:

		Not past due		Up to 60 days past due		Up to 90 days past due
At June 30, 2023						
Expected loss rate (Note)		0~0.3%		0~0.3%		0.5%
Total book value	$	1,409,923	$	245,556	$	51,154
Loss allowance	$	2,611	$	-	$	-

		91~180 days		181~360 days		Up to 360 days
At June 30, 2023						
Expected loss rate (Note)		1~5%		50~75%		100%
Total book value	$	-	$	-	$	-
Loss allowance	$	-	$	-	$	-

		Total
At June 30, 2023		
Expected loss rate (Note)		
Total book value	$	1,706,633
Loss allowance	$	2,611

Note: Based on past experience, it has been shown that the defaults of these customers have been extremely low, so the expected credit losses are measured at a single loss rate based on the past due dates. The amount of allowance for doubtful accounts were not significant, so the Group had not recognized related impact as at June 30, 2022, respectively.

viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023		2022	
	Accounts receivable		Accounts receivable	
At January 1	$	-	$	-
Provision for impairment		2,549		-
Effect of foreign exchange		62		-
At June 30	$	2,611	$	-

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Group treasury invests surplus cash in interest bearing current accounts, money market fund and treasury bill, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group held treasury bills of $4,209,856, $4,187,905 and $5,637,151 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively, which are expected to immediately generate cash inflows for managing liquidity risk.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

June 30, 2023	Less than 1 year	Between 1 year and 5 years
Non-derivative financial liabilities		
Accounts payable	$ 909,092	$ -
Other payables	1,687,909	-
Lease liability	92,194	66,101

December 31, 2022	Less than 1 year	Between 1 year and 5 years
Non-derivative financial liabilities		
Accounts payable	$ 399,308	$ -
Other payables	2,970,174	-
Lease liability	81,569	81,243

June 30, 2022	Less than 1 year	Between 1 year and 5 years
Non-derivative financial liabilities		
Accounts payable	$ 1,666,672	$ -
Other payables	2,892,562	-
Lease liability	90,253	110,610

(4) Fair value information

A. The different levels of inputs to valuation techniques used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The book value of financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, accounts payable and other payables, reasonably approximates their fair value.

C. There were no financial and non-financial instruments measured at fair value recognized as at June 30, 2023, December 31, 2022 and June 30, 2022.

13. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

(1) Related information of significant transactions

A. Loans granted during the six months ended June 30, 2023 : None.

B. Endorsements and guarantees provided during the six months ended June 30, 2023: None.

C. Marketable securities held as at June 30, 2023 (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital during the six months ended June 30, 2023: None.

E. Acquisition of real estate properties exceeding $300 million or 20% of the Company's paid-in capital during the six months ended June 30, 2023: None.

F. Disposal of real estate properties exceeding $300 million or 20% of the Company's paid-in capital during the six months ended June 30, 2023: None.

G. Purchases from or sales to related parties exceeding $100 million or 20% of the Company's paid-in capital during the six months ended June 30, 2023: None.

H. Receivables from related parties exceeding $100 million or 20% of the Company's paid-in capital as at June 30, 2023: None.

I. Derivative financial instruments undertaken during the six months ended June 30, 2023: None.

J. Significant inter-company transactions for the six months ended June 30, 2023: Please refer to table 1.

(2) Disclosure information of investee company (not including investees in Mainland China)

Please refer to table 2.

(3) Disclosure information on indirect investments in Mainland China

A. Information on investments in Mainland China: Please refer to table 3.

B. The Company's transactions with investee companies in China through other entities outside of Taiwan and China: Please refer to table 1.

(4) Disclosure information on major shareholders

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group's segment profit or loss, assets and liabilities information are in agreement with its major financial statement information.

(3) Information about segment profit or loss, assets and liabilities

The Group's segment profit or loss, assets and liabilities information are in agreement with its major financial statement information.

(4) Reconciliation for segment income (loss)

The Group’s segment profit or loss, assets and liabilities information are in agreement with its major financial statement information.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Parade Technologies, Ltd.	Parade Technologies, Inc.	(1)	Service expense	$ 671,088	In accordance with the agreement, depending on the financial condition of the paying firm	11%
			(1)	Other payables	105,255	In accordance with the agreement, depending on the financial condition of the paying firm	0%
		Parade Technologies Korea, Ltd.	(1)	Service expense	11,469	In accordance with the agreement, depending on the financial condition of the paying firm	0%
			(1)	Other payables	1,980	In accordance with the agreement, depending on the financial condition of the paying firm	0%
		Parade Technologies, Inc. (Shanghai)	(1)	Service expense	373,616	In accordance with the agreement, depending on the financial condition of the paying firm	6%
			(1)	Other payables	403,477	In accordance with the agreement, depending on the financial condition of the paying firm	2%
		Parade Technologies, Ltd. (Nanjing)	(1)	Service expense	229,234	In accordance with the agreement, depending on the financial condition of the paying firm	4%
			(1)	Other payables	221,549	In accordance with the agreement, depending on the financial condition of the paying firm	1%
		Parade Technologies, Ltd. (Chongqing)	(1)	Service expense	44,139	In accordance with the agreement, depending on the financial condition of the paying firm	1%
			(1)	Other payables	11,171	In accordance with the agreement, depending on the financial condition of the paying firm	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES (NOT INCLUDING INVESTEES IN MAINLAND CHINA)

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at 6/30/2023	Initial investment amount: Balance as at 1/1/2023	Shares held as at 6/30/2023: Number of shares	Shares held as at 6/30/2023: Ownership (%)	Shares held as at 6/30/2023: Book value	Net income of the investee for the six months ended 6/30/2023 (Note 2(2))	Investment income recognised by the Company for the six months ended 6/30/2023 (Note 2(3))	Footnote
The Company	Parade Technologies, Inc.	United States	Providing sales and marketing, general and administrative, and research and development services to the Company	$ 40,482	$ 40,482	10,000	100.00	$ 3,272,483	$ 69,134	$ 69,134	
The Company	Parade Technologies Korea, Ltd.	South Korea	Providing sales and marketing, general and administrative services to the Company	1,557	1,557	10,000	100.00	21,837	429	429	
The Company	Pinchot Ltd.	Cayman Islands	Providing administrative services to the Company	31	31	1,000	100.00	31	-	-	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at 6/30/2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net income (loss) of the investee for the six months ended 6/30/2023' column should fill in amount of net income (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the six months ended 6/30/2023'column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net income (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of 1/1/2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan		Accumulated amount of remittance from Taiwan to Mainland China as of 6/30/2023	Net income of investee as of 6/30/2023	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the six months ended 6/30/2023	Book value of investments in Mainland China as of 6/30/2023	Accumulated amount of investment income remitted back to Taiwan as of 6/30/2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Parade Technologies, Inc. (Shanghai)	Providing research and development services to the Company	$ 40,482	1	$ -	$ -	$ -	$ -	$ 1,673	100.00	$ 1,673	$ 729,237	$ -	
Parade Technologies, Ltd. (Nanjing)	Providing research and development services to the Company	62,280	2	-	-	-	-	(5,692)	100.00	(5,692)	355,404	-	
Parade Technologies, Ltd. (Chongqing)	Providing research and development services to the Company	15,570	2	-	-	-	-	1,931	100.00	1,931	34,175	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of 6/30/2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ -	$ -	$ -

Note 1: Investment methods are classified into the following two categories; fill in the number of category each case belongs to:

(1)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.(Parade Technologies, Inc.)

(2) Directly invest in a company in Mainland China.

Note 2: The Company is registered in Cayman Islands; therefore, its investment in Mainland China does not need approval from the Investment Commission of MOEA.

PARADE TECHNOLOGIES, LTD. AND SUBSIDIARIES

Major shareholders information

JUNE 30, 2023

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Fubon Life Insurance Co., Ltd	5,477,000	6.74%