

**REALTEK SEMICONDUCTOR CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2022 AND 2021
(Stock code: 2379)**

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR22000078

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries as at June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) and 6(7), the consolidated financial statements of certain insignificant consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 were based solely on the reports prepared by those subsidiaries and investee companies, which were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$6,729,145 thousand and NT\$6,702,872 thousand, constituting 5.63% and 7.06% of the consolidated total assets as at June 30, 2022 and 2021, respectively, total liabilities amounted to NT\$1,328,501

thousand and NT\$1,099,676 thousand, constituting 1.64% and 1.68% of the consolidated total liabilities as at June 30, 2022 and 2021, respectively, and the total comprehensive (loss) income amounted to NT (\$152,702) thousand, NT\$110,767 thousand, NT(\$458,434) thousand and NT\$378,937 thousand, constituting (2.55%), 3.22%, (3.66%) and 5.34% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. Furthermore, the investments accounted for under equity method as at June 30, 2022 and 2021 amounted to NT\$180,113 thousand and NT\$194,927 thousand, respectively, and the related investment loss were NT\$5,577 thousand, NT\$7,662 thousand, NT\$11,281 thousand and NT\$8,593 thousand for the three-month and six-month periods then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Realtek Semiconductor Corporation and subsidiaries as at June 30, 2022 and 2021, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Cheng, Ya-Huei

For and on behalf PricewaterhouseCoopers, Taiwan

July 28, 2022

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 independent auditors' review report 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 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.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at June 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	June 30, 2022		December 31, 2021		June 30, 2021				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	6,010,435	5	\$	7,197,351	7	\$	10,001,376	10
1110	Financial assets at fair value	6(2)									
	through profit or loss - current			1,570,655	1		1,952,647	2		770,077	1
1136	Financial assets at amortised	6(4)									
	cost - current			59,136,885	50		43,740,876	43		41,899,828	44
1170	Accounts receivable, net	6(5)		13,567,705	11		12,796,821	13		11,856,854	12
1180	Accounts receivable, net -	6(5) and 7									
	related parties			3,291,388	3		3,192,184	3		2,758,054	3
1200	Other receivables			292,744	-		156,928	-		96,192	-
130X	Inventories, net	6(6)		19,773,668	17		16,548,712	16		13,073,429	14
1410	Prepayments			452,513	-		659,883	1		562,913	1
11XX	Total current assets			104,095,993	87		86,245,402	85		81,018,723	85
Non-current assets											
1517	Financial assets at fair value	6(3)									
	through other comprehensive										
	income - non-current			2,901,426	3		3,644,878	4		3,231,795	3
1535	Financial assets at amortised	6(4) and 8									
	cost - non-current			85,319	-		80,101	-		79,769	-
1550	Investments accounted for	6(7)									
	under equity method			180,113	-		191,377	-		194,927	-
1600	Property, plant and equipment	6(8)		6,863,949	6		6,302,938	6		5,415,641	6
1755	Right-of-use assets	6(9)		1,599,251	1		1,587,910	2		1,591,756	2
1760	Investment property	6(10)		40,628	-		41,641	-		43,296	-
1780	Intangible assets	6(11)		2,808,769	2		2,231,694	2		2,472,430	3
1840	Deferred income tax assets			157,610	-		171,321	-		175,674	-
1900	Other non-current assets			751,512	1		734,651	1		712,268	1
15XX	Total non-current assets			15,388,577	13		14,986,511	15		13,917,556	15
1XXX	Total assets		\$	119,484,570	100	\$	101,231,913	100	\$	94,936,279	100

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at June 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity			June 30, 2022		December 31, 2021		June 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 10,194,948	9	\$ 13,342,100	13	\$ 14,713,320	16
2130	Contract liabilities - current	6(21)	360,845	-	211,100	-	277,167	-
2150	Notes payable		3,276	-	3,276	-	3,276	-
2170	Accounts payable		13,171,611	11	11,105,568	11	12,730,505	13
2180	Accounts payable - related parties	7	342,869	-	334,413	-	378,138	-
2200	Other payables	6(13)	42,401,340	36	24,645,141	24	26,206,640	28
2220	Other payables - related parties	7	108,091	-	101,253	-	111,365	-
2230	Current income tax liabilities		1,662,338	1	1,458,340	2	1,364,896	1
2280	Lease liabilities - current		86,466	-	80,315	-	91,675	-
2300	Other current liabilities	6(21)	8,461,162	7	7,539,417	8	7,207,703	8
21XX	Total current liabilities		76,792,946	64	58,820,923	58	63,084,685	66
Non-current liabilities								
2540	Long-term borrowings	6(14)	1,394,791	2	1,002,799	1	-	-
2550	Provisions - non-current	6(16)	1,181,134	1	989,475	1	995,908	1
2570	Deferred income tax liabilities		88,767	-	103,512	-	108,173	-
2580	Lease liabilities - non-current		1,264,193	1	1,252,390	2	1,237,367	2
2600	Other non-current liabilities		143,778	-	110,490	-	98,247	-
25XX	Total non-current liabilities		4,072,663	4	3,458,666	4	2,439,695	3
2XXX	Total liabilities		80,865,609	68	62,279,589	62	65,524,380	69
Equity								
	Share capital	6(17)						
3110	Common shares		5,128,636	4	5,106,849	5	5,106,849	5
	Capital surplus	6(18)						
3200	Capital surplus		1,044,903	1	1,101,079	1	1,100,638	1
	Retained earnings	6(19)						
3310	Legal reserve		7,262,359	6	5,577,083	5	5,577,083	6
3320	Special reserve		1,776,089	1	1,556,049	2	1,556,049	2
3350	Undistributed earnings		22,514,153	19	27,377,681	27	17,884,361	19
	Other equity	6(20)						
3400	Other equity interest		883,162	1	(1,776,090)	(2)	(1,822,727)	(2)
31XX	Equity attributable to holders of the parent company		38,609,302	32	38,942,651	38	29,402,253	31
36XX	Non-controlling interest		9,659	-	9,673	-	9,646	-
3XXX	Total equity		38,618,961	32	38,952,324	38	29,411,899	31
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 119,484,570	100	\$ 101,231,913	100	\$ 94,936,279	100

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7	\$ 30,499,344	100	\$ 25,839,083	100	\$ 60,255,655	100	\$ 49,179,829	100
5000 Operating costs	6(6) and 7	(15,197,946)	(50)	(12,813,720)	(49)	(29,424,576)	(49)	(25,701,663)	(52)
5950 Gross profit		<u>15,301,398</u>	<u>50</u>	<u>13,025,363</u>	<u>51</u>	<u>30,831,079</u>	<u>51</u>	<u>23,478,166</u>	<u>48</u>
Operating expenses	6(26)(27) and 7								
6100 Selling expenses		(1,319,595)	(4)	(1,100,697)	(4)	(2,555,531)	(4)	(2,144,255)	(4)
6200 General and administrative expenses		(1,067,324)	(4)	(813,138)	(3)	(2,100,873)	(4)	(1,475,861)	(3)
6300 Research and development expenses		(8,293,770)	(27)	(6,811,517)	(27)	(16,244,713)	(27)	(12,561,702)	(26)
6450 Expected credit (losses) gains	12(2)	(4,588)	-	940	-	(12,186)	-	(2,610)	-
6000 Total operating expenses		(10,685,277)	(35)	(8,724,412)	(34)	(20,913,303)	(35)	(16,184,428)	(33)
6900 Operating income		<u>4,616,121</u>	<u>15</u>	<u>4,300,951</u>	<u>17</u>	<u>9,917,776</u>	<u>16</u>	<u>7,293,738</u>	<u>15</u>
Non-operating income and expenses									
7100 Interest income	6(22)	253,725	1	76,224	-	328,068	1	179,023	-
7010 Other income	6(23)	33,006	-	11,963	-	107,690	-	69,235	-
7020 Other gains and losses	6(24)	7,846	-	128,748	1	(11,981)	-	185,255	1
7050 Finance costs	6(25)	(30,499)	-	(25,200)	-	(52,966)	-	(50,785)	-
7060 Share of loss of associates and joint ventures accounted for under equity method	6(7)	(5,577)	-	(7,662)	-	(11,281)	-	(8,593)	-
7000 Total non-operating income and expenses		<u>258,501</u>	<u>1</u>	<u>184,073</u>	<u>1</u>	<u>359,530</u>	<u>1</u>	<u>374,135</u>	<u>1</u>
7900 Profit before income tax, net		4,874,622	16	4,485,024	18	10,277,306	17	7,667,873	16
7950 Income tax expense	6(28)	(197,492)	-	(180,331)	(1)	(413,894)	(1)	(308,409)	(1)
8200 Net income for the period		<u>\$ 4,677,130</u>	<u>16</u>	<u>\$ 4,304,693</u>	<u>17</u>	<u>\$ 9,863,412</u>	<u>16</u>	<u>\$ 7,359,464</u>	<u>15</u>

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(Reviewed, not audited)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income(loss), net	6(20)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealised (losses) income from investments in equity instruments measured at fair value through other comprehensive income		(\$ 597,527)	(2)	\$ 82,441	-	(\$ 939,965)	(1)	\$ 655,362	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		1,917,524	6	(951,229)	(4)	3,599,217	6	(922,040)	(2)
8300 Other comprehensive income(loss), net		<u>\$ 1,319,997</u>	<u>4</u>	<u>(\$ 868,788)</u>	<u>(4)</u>	<u>\$ 2,659,252</u>	<u>5</u>	<u>(\$ 266,678)</u>	<u>(1)</u>
8500 Total comprehensive income for the period		<u>\$ 5,997,127</u>	<u>20</u>	<u>\$ 3,435,905</u>	<u>13</u>	<u>\$ 12,522,664</u>	<u>21</u>	<u>\$ 7,092,786</u>	<u>14</u>
Net income attributable to:									
8610 Equity holders of the parent company		\$ 4,677,111	16	\$ 4,304,674	17	\$ 9,863,379	16	\$ 7,359,439	15
8620 Non-controlling interest		<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>25</u>	<u>-</u>
Net income for the period		<u>\$ 4,677,130</u>	<u>16</u>	<u>\$ 4,304,693</u>	<u>17</u>	<u>\$ 9,863,412</u>	<u>16</u>	<u>\$ 7,359,464</u>	<u>15</u>
Comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 5,997,108	20	\$ 3,435,886	13	\$ 12,522,631	21	\$ 7,092,761	14
8720 Non-controlling interest		<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>25</u>	<u>-</u>
Total comprehensive income for the period		<u>\$ 5,997,127</u>	<u>20</u>	<u>\$ 3,435,905</u>	<u>13</u>	<u>\$ 12,522,664</u>	<u>21</u>	<u>\$ 7,092,786</u>	<u>14</u>
Earnings per share (in dollars)									
9750 Basic earnings per share	6(29)	<u>\$ 9.12</u>		<u>\$ 8.43</u>		<u>\$ 19.27</u>		<u>\$ 14.41</u>	
9850 Diluted earnings per share	6(29)	<u>\$ 9.05</u>		<u>\$ 8.39</u>		<u>\$ 18.79</u>		<u>\$ 14.22</u>	

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

Equity attributable to owners of the parent company											

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	<u>Notes</u>	<u>Six-month periods ended June 30</u>	
		<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 10,277,306	\$ 7,667,873
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	556,575	469,511
Amortization	6(11)(26)	792,482	591,145
Expected credit losses	12(2)	12,186	2,611
Interest expense	6(25)	52,966	50,785
Interest income	6(22)	(328,068)	(179,023)
Dividend income	6(23)	(25,270)	(13,874)
Losses(gains) on financial assets at fair value through profit or loss	6(2)(24)	172,115	(246,317)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	11,281	8,593
Losses(gains) on disposal of property, plant and equipment	6(24)	2,052	(136)
Gains arising from lease modifications	6(24)	(24)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		209,877	556,897
Accounts receivable, net		(781,279)	(1,020,448)
Accounts receivable, net - related parties		(100,995)	55,997
Other receivables		(2,755)	(2,532)
Inventories		(3,224,956)	(4,450,452)
Prepayments		207,370	(35,839)
Changes in operating liabilities			
Contract liabilities - current		149,745	(59,087)
Notes payable		-	(25,377)
Accounts payable		2,066,043	2,110,451
Accounts payable - related parties		8,456	37,906
Other payables		4,734,154	4,093,325
Other payables - related parties		6,838	16,557
Other current liabilities		921,745	(193,785)
Provisions - non-current		115,042	-
Accrued pension obligations		34,869	(2,314)

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Six-month periods ended June 30 2022	2021
Cash inflow generated from operations		\$ 15,867,755	\$ 9,432,467
Interest received		195,007	372,920
Dividends received		25,270	13,874
Interest paid		(54,868)	(49,867)
Income tax paid		(224,454)	(25,814)
Net cash flows from operating activities		<u>15,808,710</u>	<u>9,743,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(50,469)	-
Acquisition of financial assets at amortised cost		(53,960,356)	(38,981,769)
Proceeds from disposal of financial assets at amortised cost		42,048,401	31,544,161
Acquisition of investments accounted for under equity method		-	(45,000)
Acquisition of property, plant and equipment	6(30)	(1,112,453)	(1,321,165)
Proceeds from disposal of property, plant and equipment		340	200
Acquisition of intangible assets	6(30)	(1,021,506)	(762,944)
Decrease(increase) in refundable deposits		22,221	(661,813)
Increase in other non-current assets		(39,082)	(1,136)
Net cash flows used in investing activities		<u>(14,112,904)</u>	<u>(10,229,466)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	66,489,844	70,915,790
Decrease in short-term borrowings	6(31)	(69,636,996)	(67,659,160)
Increase in long-term borrowing	6(31)	390,590	-
Repayment of principal portion of lease liabilities	6(31)	(41,931)	(46,234)
(Decrease)increase in guarantee deposits		(179)	219
Net cash flows (used in) from financing activities		<u>(2,798,672)</u>	<u>3,210,615</u>
Effect of exchange rate		(84,050)	(19,713)
Net (decrease) increase in cash and cash equivalents		(1,186,916)	2,705,016
Cash and cash equivalents at beginning of period		7,197,351	7,296,360
Cash and cash equivalents at end of period		<u>\$ 6,010,435</u>	<u>\$ 10,001,376</u>

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Realtek Semiconductor Corporation (the “Company”) was incorporated as a company limited by shares on October 21, 1987 and commenced commercial operations in March 1988. The Company was based in Hsinchu Science-Based Industrial Park since October 28, 1989. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the research, development, design, testing, and sales of ICs and application software for these products.

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

These consolidated financial statements were reported to the Board of Directors on July 28, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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 issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC 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.

(3) IFRSs issued by 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
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, 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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and interim financial statements applied as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. 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' as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations 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:

Basis for preparation of consolidated financial statements is consistent with the 2021 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Realtek Semiconductor Corporation	Leading Enterprises Limited	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Amber Universal Inc.	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Realtek Semiconductor Corporation	Bluocean Inc.	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Bobitag Inc.	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information / software	67%	67%	67%	Note 3
Realtek Semiconductor Corporation	AICONNX Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	-	Note 1 and 4

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Information collection and technical support	100%	100%	100%	Note 3
Leading Enterprises Limited	Circon Universal Inc.	Investment holdings	100%	100%	100%	Note 3
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Information services and technical support	100%	100%	100%	Note 3
Amber Universal Inc.	Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	100%	100%	100%	Note 3
Empsonic Enterprises Inc.	Realsil Microelectronics Corp.	"	100%	100%	100%	Note 3
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Access Inc.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Investment holdings	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	100%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Realtek Singapore Private Limited	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	19%	19%	19%	Note 3
Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	"	81%	81%	81%	Note 3
Realsil Microelectronics Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	"	80%	80%	80%	Note 3
Realtek Semiconductor (Shen Zhen) Corp.	Suzhou PanKore Integrated Circuit Technology Co. Ltd.	"	20%	20%	20%	Note 3
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn. Bhd.	R&D and technical support	100%	100%	100%	Note 3
Bluocean Inc.	Realtek Korea Inc.	"	100%	-	-	Note 2 and 4

Note 1: AICONNX Technology Corporation was established on December 20, 2021.

Note 2: Realtek Korea Inc. was established on January 17, 2022.

Note 3: The financial statements of the entity as at and for the six-month periods ended June 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: The financial statements of the entity as at and for the six-month periods ended June 30, 2022 was not reviewed by the independent auditors as the entity did not meet the definition

of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pensions - Defined benefit plan

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognized 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.

B. 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 recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

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

There have been no significant changes as at June 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and revolving funds	\$ 816	\$ 910	\$ 987
Checking accounts and demand deposits	5,861,917	7,113,048	9,897,230
Time deposits	147,702	83,393	103,159
	<u>\$ 6,010,435</u>	<u>\$ 7,197,351</u>	<u>\$ 10,001,376</u>

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.

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

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 177,313	\$ 358,892	\$ 537,976
Beneficiary certificates	1,393,342	1,593,755	232,101
	<u>\$ 1,570,655</u>	<u>\$ 1,952,647</u>	<u>\$ 770,077</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 95,587)	\$ 103,307
Beneficiary certificates	5,990	2,589
	<u>(\$ 89,597)</u>	<u>\$ 105,896</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 181,578)	\$ 239,361
Beneficiary certificates	9,463	6,956
	<u>(\$ 172,115)</u>	<u>\$ 246,317</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	June 30, 2022	December 31, 2021	June 30, 2021
Non-current items:			
Equity instruments			
Listed stocks	\$ 599,028	\$ 788,460	\$ 677,318
Emerging stocks	36,210	36,046	22,372
Unlisted stocks	2,266,188	2,820,372	2,532,105
	<u>\$ 2,901,426</u>	<u>\$ 3,644,878</u>	<u>\$ 3,231,795</u>

A. The Group has elected to classify equity instruments investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,901,426, \$3,644,878, and \$3,231,795 on June 30, 2022,

December 31, 2021, and June 30, 2021, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	(\$ 597,527)	\$ 82,441
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	(\$ 939,965)	\$ 655,362

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortized cost

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Time deposits	\$ 59,136,885	\$ 43,740,876	\$ 41,899,828
Non-current items:			
Time deposits	\$ 85,319	\$ 80,101	\$ 79,769

A. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

B. The counterparties that the Group's investing in its time deposits were financial institution who have good credit quality, so it expects that the probability of counterparty default is remote.

(5) Accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable	\$ 13,658,447	\$ 12,877,169	\$ 11,938,185
Accounts receivable - related parties	3,311,542	3,210,546	2,774,693
Less: Allowance for bad debts	(110,896)	(98,710)	(97,970)
	\$ 16,859,093	\$ 15,989,005	\$ 14,614,908

A. The aging analysis of accounts receivable is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Not past due	\$ 16,588,976	\$ 15,874,298	\$ 14,483,825
Up to 30 days	371,083	210,889	228,592
31 to 90 days	9,894	2,067	-
Over 90 days	36	461	461
	<u>\$ 16,969,989</u>	<u>\$ 16,087,715</u>	<u>\$ 14,712,878</u>

The above aging analysis is based on past due date.

B. As at June 30, 2022, December 31, 2021 and June 30, 2021, accounts receivable were all from contracts with customers. And as at January 1, 2021, the balance of receivables from contracts with customers amounted to \$13,748,428.

C. The Group has no accounts receivable pledged to others.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

June 30, 2022			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 2,251,004	(\$ 11,405)	\$ 2,239,599
Work in process	13,191,542	(1,601,625)	11,589,917
Finished goods	6,798,273	(854,121)	5,944,152
	<u>\$ 22,240,819</u>	<u>(\$ 2,467,151)</u>	<u>\$ 19,773,668</u>
December 31, 2021			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 1,181,719	(\$ 7,322)	\$ 1,174,397
Work in process	8,666,087	(623,852)	8,042,235
Finished goods	7,815,457	(483,377)	7,332,080
	<u>\$ 17,663,263</u>	<u>(\$ 1,114,551)</u>	<u>\$ 16,548,712</u>
June 30, 2021			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 835,736	(\$ 15,840)	\$ 819,896
Work in process	9,549,258	(541,018)	9,008,240
Finished goods	3,789,340	(544,047)	3,245,293
	<u>\$ 14,174,334</u>	<u>(\$ 1,100,905)</u>	<u>\$ 13,073,429</u>

Operating costs incurred on inventories for the three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Cost of inventories sold and others	\$ 14,369,840	\$ 12,835,064
Inventory loss on (gain on reversal of) decline in market value, obsolete and slow-moving inventories	757,556 (145,769)
Loss on scrap inventory	70,550	124,425
	<u>\$ 15,197,946</u>	<u>\$ 12,813,720</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Cost of inventories sold and others	\$ 28,014,064	\$ 25,602,318
Inventory loss on (gain on reversal of) decline in market value, obsolete and slow-moving inventories	1,318,912 (45,550)
Loss on scrap inventory	91,600	144,895
	<u>\$ 29,424,576</u>	<u>\$ 25,701,663</u>

(7) Investments accounted for under equity method

	June 30, 2022	December 31, 2021	June 30, 2021
Technology Partner V Venture Capital Corporation	\$ -	\$ -	\$ 255
Estinet Technologies Incorporation	3,674	5,081	6,810
Innorich Venture Capital Corp.	138,425	142,619	142,908
Starmems Semiconductor Corp.	38,014	43,677	44,954
	<u>\$ 180,113</u>	<u>\$ 191,377</u>	<u>\$ 194,927</u>

- A. The loss on investments accounted for under equity method amounted to \$5,577, \$7,662, \$11,281, and \$8,593 for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.
- B. Technology Partner V Venture Capital Corporation was dissolved on September 21, 2020 and the process of liquidation was completed as at July 20, 2021.
- C. Starmems Semiconductor Corp. was incorporated in April 2021. The Group's investment in the investee amounted to \$45,000.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
<u>At January 1, 2022</u>							
Cost	\$ 489,370	\$ 3,466,696	\$ 4,185,792	\$ 3,926,851	\$ 492,603	\$ 2,477,232	\$ 15,038,544
Accumulated depreciation and impairment	-	(1,517,259)	(3,546,371)	(2,638,725)	(255,610)	(777,641)	(8,735,606)
	<u>\$ 489,370</u>	<u>\$ 1,949,437</u>	<u>\$ 639,421</u>	<u>\$ 1,288,126</u>	<u>\$ 236,993</u>	<u>\$ 1,699,591</u>	<u>\$ 6,302,938</u>
<u>2022</u>							
At January 1	\$ 489,370	\$ 1,949,437	\$ 639,421	\$ 1,288,126	\$ 236,993	\$ 1,699,591	\$ 6,302,938
Additions	-	-	41,139	191,860	36,697	769,552	1,039,248
Disposals	-	(3)	-	(2,366)	(23)	-	(2,392)
Reclassifications	-	-	-	4,264	-	(4,264)	-
Depreciation	-	(72,009)	(77,776)	(264,881)	(30,662)	(56,348)	(501,676)
Net exchange difference	-	23,159	(1,134)	3,719	1,562	(1,475)	25,831
At June 30	<u>\$ 489,370</u>	<u>\$ 1,900,584</u>	<u>\$ 601,650</u>	<u>\$ 1,220,722</u>	<u>\$ 244,567</u>	<u>\$ 2,407,056</u>	<u>\$ 6,863,949</u>
<u>At June 30, 2022</u>							
Cost	\$ 489,370	\$ 3,481,104	\$ 4,225,469	\$ 4,110,978	\$ 531,123	\$ 3,245,896	\$ 16,083,940
Accumulated depreciation and impairment	-	(1,580,520)	(3,623,819)	(2,890,256)	(286,556)	(838,840)	(9,219,991)
	<u>\$ 489,370</u>	<u>\$ 1,900,584</u>	<u>\$ 601,650</u>	<u>\$ 1,220,722</u>	<u>\$ 244,567</u>	<u>\$ 2,407,056</u>	<u>\$ 6,863,949</u>
	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
<u>At January 1, 2021</u>							
Cost	\$ 387,280	\$ 3,414,624	\$ 3,838,068	\$ 3,290,307	\$ 333,113	\$ 1,111,004	\$ 12,374,396
Accumulated depreciation and impairment	-	(1,413,842)	(3,429,011)	(2,195,086)	(207,520)	(680,405)	(7,925,864)
	<u>\$ 387,280</u>	<u>\$ 2,000,782</u>	<u>\$ 409,057</u>	<u>\$ 1,095,221</u>	<u>\$ 125,593</u>	<u>\$ 430,599</u>	<u>\$ 4,448,532</u>
<u>2021</u>							
At January 1	\$ 387,280	\$ 2,000,782	\$ 409,057	\$ 1,095,221	\$ 125,593	\$ 430,599	\$ 4,448,532
Additions	-	14,108	91,384	267,888	90,740	915,830	1,379,950
Disposals	-	-	-	(2)	(62)	-	(64)
Reclassifications	102,090	42,767	-	-	-	(144,857)	-
Depreciation	-	(57,902)	(53,574)	(234,162)	(21,298)	(46,926)	(413,862)
Net exchange difference	-	684	(958)	1,394	11	(46)	1,085
At June 30	<u>\$ 489,370</u>	<u>\$ 2,000,439</u>	<u>\$ 445,909</u>	<u>\$ 1,130,339</u>	<u>\$ 194,984</u>	<u>\$ 1,154,600</u>	<u>\$ 5,415,641</u>
<u>At June 30, 2021</u>							
Cost	\$ 489,370	\$ 3,464,346	\$ 3,927,693	\$ 3,552,059	\$ 422,654	\$ 1,880,535	\$ 13,736,657
Accumulated depreciation and impairment	-	(1,463,907)	(3,481,784)	(2,421,720)	(227,670)	(725,935)	(8,321,016)
	<u>\$ 489,370</u>	<u>\$ 2,000,439</u>	<u>\$ 445,909</u>	<u>\$ 1,130,339</u>	<u>\$ 194,984</u>	<u>\$ 1,154,600</u>	<u>\$ 5,415,641</u>

A. There was no capitalization of borrowing costs attributable to the property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(9) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings and transportation equipment. 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 are as follows:

	Carrying amount		
	June 30, 2022	December 31, 2021	June 30, 2021
Land	\$ 1,368,174	\$ 1,370,790	\$ 1,384,352
Buildings	230,031	215,177	204,564
Transportation equipment	1,046	1,943	2,840
	<u>\$ 1,599,251</u>	<u>\$ 1,587,910</u>	<u>\$ 1,591,756</u>

	Depreciation	
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Land	\$ 7,497	\$ 6,844
Buildings	19,339	18,427
Transportation equipment	449	448
	<u>\$ 27,285</u>	<u>\$ 25,719</u>

	Depreciation	
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Land	\$ 14,343	\$ 13,689
Buildings	37,698	39,278
Transportation equipment	897	747
	<u>\$ 52,938</u>	<u>\$ 53,714</u>

C. For the three-month and six-month periods ended June 30, 2022 and 2021, the additions to right-of-use assets were \$40,575, \$0, \$66,554, and \$3,588, respectively.

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 7,540</u>	<u>\$ 7,072</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
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Items affecting profit or loss

Interest expense on lease liabilities	\$ 14,567	\$ 14,120
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E. For the three-month and six-month periods ended June 30, 2022 and 2021, the Group's total cash outflow for leases were \$29,260, \$27,100, \$56,498 and \$60,354, respectively.

(10) Investment property

	Buildings	
	2022	2021
<u>At January 1</u>		
Cost	\$ 81,152	\$ 81,499
Accumulated depreciation and impairment	(39,511)	(35,809)
	<u>\$ 41,641</u>	<u>\$ 45,690</u>
 At January 1	 \$ 41,641	 \$ 45,690
Depreciation	(1,961)	(1,935)
Net exchange difference	948	(459)
At June 30	<u>\$ 40,628</u>	<u>\$ 43,296</u>
<u>At June 30</u>		
Cost	\$ 83,020	\$ 80,644
Accumulated depreciation and impairment	(42,392)	(37,348)
	<u>\$ 40,628</u>	<u>\$ 43,296</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Rental income from the lease of the investment property	<u>\$ 572</u>	<u>\$ 557</u>
Operating expenses arising from the investment property that generated rental income during the period	<u>\$ 982</u>	<u>\$ 962</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Rental income from the lease of the investment property	\$ 1,139	\$ 1,119
Operating expenses arising from the investment property that generated rental income during the period	\$ 1,961	\$ 1,935

B. The Group's investment property is located in Mainland China. The fair value is based on valuation information from Information Centre of Real Estate in local governments in Mainland China and is adjusted and classified as level 3 accordingly. As at June 30, 2022, December 31, 2021 and June 30, 2021, the fair value was \$133,444, \$130,525, and \$130,915, respectively.

(11) Intangible assets

	Computer software	Intellectual property	Goodwill	Others	Total
<u>At January 1, 2022</u>					
Cost	\$ 5,639,381	\$ 5,805,930	\$ 639,561	\$ 281,520	\$ 12,366,392
Accumulated amortisation and impairment	(4,737,026)	(4,517,428)	(639,561)	(240,683)	(10,134,698)
	<u>\$ 902,355</u>	<u>\$ 1,288,502</u>	<u>\$ -</u>	<u>\$ 40,837</u>	<u>\$ 2,231,694</u>
<u>2022</u>					
At January 1	\$ 902,355	\$ 1,288,502	\$ -	\$ 40,837	\$ 2,231,694
Additions	1,315,263	28,356	-	25,893	1,369,512
Amortisation	(469,114)	(312,799)	-	(10,569)	(792,482)
Net exchange difference	311	(1,782)	-	1,516	45
At June 30	<u>\$ 1,748,815</u>	<u>\$ 1,002,277</u>	<u>\$ -</u>	<u>\$ 57,677</u>	<u>\$ 2,808,769</u>
<u>At June 30, 2022</u>					
Cost	\$ 6,955,731	\$ 5,838,701	\$ 639,561	\$ 326,981	\$ 13,760,974
Accumulated amortisation and impairment	(5,206,916)	(4,836,424)	(639,561)	(269,304)	(10,952,205)
	<u>\$ 1,748,815</u>	<u>\$ 1,002,277</u>	<u>\$ -</u>	<u>\$ 57,677</u>	<u>\$ 2,808,769</u>

	Computer software	Intellectual property	Goodwill	Others	Total
<u>At January 1, 2021</u>					
Cost	\$ 5,088,065	\$ 4,900,421	\$ 639,561	\$ 275,206	\$ 10,903,253
Accumulated amortisation and impairment	(3,987,796)	(3,981,733)	(639,561)	(226,839)	(8,835,929)
	<u>\$ 1,100,269</u>	<u>\$ 918,688</u>	<u>\$ -</u>	<u>\$ 48,367</u>	<u>\$ 2,067,324</u>
<u>2021</u>					
At January 1	\$ 1,100,269	\$ 918,688	\$ -	\$ 48,367	\$ 2,067,324
Additions	248,888	752,056	-	525	1,001,469
Amortisation	(359,033)	(221,755)	-	(10,357)	(591,145)
Net exchange difference	(73)	(4,204)	-	(941)	(5,218)
At June 30	<u>\$ 990,051</u>	<u>\$ 1,444,785</u>	<u>\$ -</u>	<u>\$ 37,594</u>	<u>\$ 2,472,430</u>
<u>At June 30, 2021</u>					
Cost	\$ 5,336,658	\$ 5,650,456	\$ 639,561	\$ 269,599	\$ 11,896,274
Accumulated amortisation and impairment	(4,346,607)	(4,205,671)	(639,561)	(232,005)	(9,423,844)
	<u>\$ 990,051</u>	<u>\$ 1,444,785</u>	<u>\$ -</u>	<u>\$ 37,594</u>	<u>\$ 2,472,430</u>

Details of amortization on intangible assets are as follows:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Operating costs	\$ 360	\$ 272
Operating expenses	406,011	306,052
	<u>\$ 406,371</u>	<u>\$ 306,324</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Operating costs	\$ 720	\$ 757
Operating expenses	791,762	590,388
	<u>\$ 792,482</u>	<u>\$ 591,145</u>

(12) Short-term borrowings

Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 10,194,948</u>	0.12%~1.99%	None
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 13,342,100</u>	0.42%~0.57%	None
Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 14,713,320</u>	0.425%~0.55%	None

Interest expense of bank borrowings recognized in profit or loss amounted to \$22,959, \$18,128, \$38,399 and \$36,665 for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

(13) Other payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Accrued salaries and bonus	\$ 10,972,746	\$ 9,641,868	\$ 6,900,133
Payable for dividends and cash from capital surplus	13,847,318	-	7,149,589
Payable for employees' compensation	13,008,288	11,117,412	8,302,196
Other accrued expenses	2,195,277	1,927,958	2,054,432
Payables on equipment	210,591	283,796	117,744
Payables on software and intellectual property	1,793,936	1,445,930	1,391,116
Others	373,184	228,177	291,430
	<u>\$ 42,401,340</u>	<u>\$ 24,645,141</u>	<u>\$ 26,206,640</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30, 2022</u>
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2027/2/15	Repayable in instalment over the agreed period	0.675%~0.875%	None	<u>\$ 1,394,791</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2026/12/15	Repayable in instalment over the agreed period	0.30%	None	<u>\$ 1,002,799</u>

There were no such transactions as at June 30, 2021.

Note: The Ministry of Economic Affairs implemented the “Action Plan for Accelerated Investment by Domestic Corporations” on July 1, 2019. An entity can apply for a subsidized loan for an eligible investment project from financial institutions at a preferential interest rate. The Group is qualified for the loan as approved by the Ministry of Economic Affairs and entered into a loan contract with a financial institution with a credit period of 5 years. The loan is used for construction of plant and related facilities.

(15) Pension

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on

the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) The pension costs under the defined benefit pension plans of the Company for the three-month and six-month periods ended June 30, 2022 and 2021 were \$505, \$343, \$1,009 and \$686, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$6,000.
- B. (a) Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland China subsidiaries, Realsil Microelectronics Corp., Realtek Semiconductor (Shen Zhen) Corp., Cortina Network Systems (Shanghai) Co., Ltd., RayMX Microelectronics Corp. and Suzhou PanKore Integrated Circuit Technology Co. Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Monthly contributions to an independent fund are administered by the government. Other than the monthly contributions, the Group has no further obligations.
 - (c) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2022 and 2021 were \$99,629, \$79,716, \$194,125 and \$160,508, respectively.

(16) Provision

	2022	2021
At January 1	\$ 989,475	\$ 1,018,706
Increase in provision	115,042	-
Effect of exchange rate	76,617	(22,798)
At June 30	<u>\$ 1,181,134</u>	<u>\$ 995,908</u>

As at June 30, 2022, provisions were estimated for potential infringement litigations.

(17) Share capital

A. As at June 30, 2022, the Company's authority capital was \$8,900,000, consisting of 890 million shares of common stock (including 80 million shares reserved for employee stock options), and the paid-in capital was \$5,128,636 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number (thousands of shares) of the Company's common shares outstanding are as follows:

	2022	2021
At January 1	510,684	510,684
Employees' compensation transferred to common shares	2,179	-
At June 30	<u>512,863</u>	<u>510,684</u>

B. On March 18, 2022, the Company's Board of Directors resolved to distribute employees' compensation in the form of stocks amounting to \$991,338. The Company issued 2,179 thousand shares based on the closing price of the Company's share at the previous day of the Board meeting resolution at 455 NT dollar, which was approved by the competent authority, and the record date of issuance of new shares was March 30, 2022. The registration for the distribution of employees' compensation was completed on April 13, 2022.

C. On January 24, 2002, the Company increased its new common stock and sold its old common stock by issuing 13,924 thousand units of GDRs for cash. Each GDR unit represents 4 common stocks, so the total common stocks issued were 55,694 thousand shares. The Company's GDRs are traded in the Luxembourg Stock Exchange. As at June 30, 2022, the outstanding GDRs were 420 thousand units, or 1,682 thousand shares of common stock, representing 0.33% of the Company's total common stocks.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated

deficit unless the legal reserve is insufficient.

	2022			
	Change in associates accounted for under			
	Share premium	equity method	Others	Total
At January 1	\$ 1,039,006	\$ 61,261	\$ 812	\$ 1,101,079
Employees' compensation transferred to common shares	969,551	-	-	969,551
Cash from capital surplus	(1,025,727)	-	-	(1,025,727)
At June 30	<u>\$ 982,830</u>	<u>\$ 61,261</u>	<u>\$ 812</u>	<u>\$ 1,044,903</u>
	2021			
	Change in associates accounted for under			
	Share premium	equity method	Others	Total
At January 1	\$ 2,060,376	\$ 61,035	\$ 597	\$ 2,122,008
Cash from capital surplus	(1,021,370)	-	-	(1,021,370)
At June 30	<u>\$ 1,039,006</u>	<u>\$ 61,035</u>	<u>\$ 597</u>	<u>\$ 1,100,638</u>

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year's accumulated undistributed earnings shall be proposed by the Board of Directors. However, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares, or the appropriation of earnings shall be resolved by the Board of Directors, if earnings are distributed in the form of cash. The Company should consider factors affecting finance, business and operations to appropriate distributable earnings for the period, and appropriate all or partial reserve in accordance with regulations of the Competent Authority. The Company's dividend policy takes into consideration the Company's future expansion plans and future cash flows. In accordance with the Company's dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

In accordance with Company Act Article 240, Item 5 and Article 241, Item 2, the resolution, for all or partial of distributable dividends, legal reserve and capital surplus are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors

attended by at least two-thirds of the total number of directors, and will be reported to the shareholders.

- B. 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.
- C. 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 debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting on June 8, 2022 and August 9, 2021. Details are summarized below:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,685,276	\$ -	\$ -	\$ -
Special reserve	220,040	-	1,339,013	-
Cash dividends	12,821,591	25.00	6,128,219	12.00
Total	<u>\$ 14,726,907</u>	<u>\$ 25.00</u>	<u>\$ 7,467,232</u>	<u>\$ 12.00</u>

- E. On April 22, 2022, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of \$1,025,727 (2 NT dollar per share).
- F. On April 23, 2021, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of \$1,021,370 (2 NT dollar per share).

(20) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation difference	Total
At January 1	\$ 2,380,781	(\$ 4,156,871)	(\$ 1,776,090)
Revaluation:			
–Group	(939,965)	-	(939,965)
Currency translation differences:			
–Group	-	3,599,217	3,599,217
At June 30	<u>\$ 1,440,816</u>	<u>(\$ 557,654)</u>	<u>\$ 883,162</u>

	2021		
	Unrealised	Currency	Total
	gains on valuation	translation difference	
At January 1	\$ 1,384,909	(\$ 2,940,958)	(\$ 1,556,049)
Revaluation:			
–Group	655,362	-	655,362
Currency translation differences:			
–Group	-	(922,040)	(922,040)
At June 30	<u>\$ 2,040,271</u>	<u>(\$ 3,862,998)</u>	<u>(\$ 1,822,727)</u>

(21) Operating revenue

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue from contracts with customers	<u>\$ 30,499,344</u>	<u>\$ 25,839,083</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue from contracts with customers	<u>\$ 60,255,655</u>	<u>\$ 49,179,829</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Integrated circuit products	Others	Total
<u>For the three-month period ended June 30, 2022</u>			
Revenue from external customer contracts	<u>\$ 30,448,229</u>	<u>\$ 51,115</u>	<u>\$ 30,499,344</u>
Timing of revenue recognition			
At a point in time	<u>\$ 30,448,229</u>	<u>\$ 51,115</u>	<u>\$ 30,499,344</u>
	Integrated circuit products	Others	Total
<u>For the six-month period ended June 30, 2022</u>			
Revenue from external customer contracts	<u>\$ 60,161,967</u>	<u>\$ 93,688</u>	<u>\$ 60,255,655</u>
Timing of revenue recognition			
At a point in time	<u>\$ 60,161,967</u>	<u>\$ 93,688</u>	<u>\$ 60,255,655</u>
	circuit products	Others	Total
<u>For the three-month period ended June 30, 2021</u>			
Revenue from external customer contracts	<u>\$ 25,808,168</u>	<u>\$ 30,915</u>	<u>\$ 25,839,083</u>
Timing of revenue recognition			
At a point in time	<u>\$ 25,808,168</u>	<u>\$ 30,915</u>	<u>\$ 25,839,083</u>

<u>For the six-month period ended June 30, 2021</u>	<u>Integrated circuit products</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 49,115,862</u>	<u>\$ 63,967</u>	<u>\$ 49,179,829</u>
Timing of revenue recognition			
At a point in time	<u>\$ 49,115,862</u>	<u>\$ 63,967</u>	<u>\$ 49,179,829</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>January 1, 2021</u>
Contract liabilities - advance sales receipts	<u>\$ 360,845</u>	<u>\$ 211,100</u>	<u>\$ 277,167</u>	<u>\$ 336,254</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	<u>For the three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Contract liabilities – advance sales receipts	<u>\$ 20,493</u>	<u>\$ -</u>
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
Contract liabilities – advance sales receipts	<u>\$ 133,896</u>	<u>\$ 264,547</u>

C. Refund liabilities (shown in other current liabilities)

The Group estimates the discounts based on accumulated experience. The estimation is subject to an assessment at each reporting date.

The following refund liabilities:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Refund liabilities – current	<u>\$ 8,428,637</u>	<u>\$ 7,521,493</u>	<u>\$ 7,189,815</u>

(22) Interest income

	<u>For the three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Interest income from bank deposits	<u>\$ 253,725</u>	<u>\$ 76,224</u>
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
Interest income from bank deposits	<u>\$ 328,068</u>	<u>\$ 179,023</u>

(23) Other income

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Dividend income	\$ 7,150	\$ -
Other income	25,856	11,963
	<u>\$ 33,006</u>	<u>\$ 11,963</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Dividend income	\$ 25,270	\$ 13,874
Other income	82,420	55,361
	<u>\$ 107,690</u>	<u>\$ 69,235</u>

(24) Other gains and losses

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Gains (losses) on disposal of property, plant and equipment	\$ 302	(\$ 28)
Net currency exchange gains	111,853	27,331
(Losses) gains on financial assets at fair value through profit or loss	(89,597)	105,896
Other losses	(14,712)	(4,451)
	<u>\$ 7,846</u>	<u>\$ 128,748</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
(Losses) gains on disposal of property, plant and equipment	(\$ 2,052)	\$ 136
Gains arising from lease modifications	24	-
Net currency exchange gains (losses)	181,757	(56,601)
(Losses) gains on financial assets at fair value through profit or loss	(172,115)	246,317
Other losses	(19,595)	(4,597)
	<u>(\$ 11,981)</u>	<u>\$ 185,255</u>

(25) Finance costs

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Interest expense		
Bank borrowings	\$ 22,959	\$ 18,128
Lease liabilities	7,540	7,072
	<u>\$ 30,499</u>	<u>\$ 25,200</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Interest expense		
Bank borrowings	\$ 38,399	\$ 36,665
Lease liabilities	14,567	14,120
	<u>\$ 52,966</u>	<u>\$ 50,785</u>

(26) Expenses by nature

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Employee benefit expenses	\$ 8,182,572	\$ 6,765,447
Depreciation	281,647	239,941
Amortisation	406,371	306,324
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Employee benefit expenses	\$ 16,820,206	\$ 12,417,321
Depreciation	556,575	469,511
Amortisation	792,482	591,145

(27) Employee benefit expenses

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Wages and salaries	\$ 7,830,104	\$ 6,514,704
Labor and health insurance fees	200,326	125,923
Pension costs	100,134	80,059
Other personnel expenses	52,008	44,761
Total	<u>\$ 8,182,572</u>	<u>\$ 6,765,447</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Wages and salaries	\$ 15,575,558	\$ 11,832,767
Labor and health insurance fees	391,547	311,318
Pension costs	195,134	161,194
Other personnel expenses	117,967	112,042
Total	<u>\$ 16,280,206</u>	<u>\$ 12,417,321</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall appropriate no higher than 3% for directors' remuneration and no less than 1% for employees' compensation, if the Company generates profit. If the Company has accumulated deficit, earnings should be reserved to cover losses before the appropriation of directors' remuneration and employees' compensation. Aforementioned employees' compensation could be distributed by cash or stocks. Specifics of the compensation are to be determined by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors. The resolution should be reported to the shareholders during the shareholders' meeting.

B. For the three-month and six-month periods ended June 30, 2022 and 2021, employees' compensation was accrued at \$1,374,696, \$1,263,709, \$2,892,868 and \$2,156,712, respectively; directors' remuneration was accrued at \$62,728, \$30,466, \$163,939 and \$90,000, respectively. The amounts were estimated as operating cost or operating expense in accordance with the Company's Articles of Incorporation.

On March 18, 2022, the employees' compensation of \$4,956,694 and directors' remuneration of \$130,000 for 2021 resolved at the meeting of the Board of Directors agreed with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Current income tax:		
Current income tax on profit for the period	\$ 447,364	\$ 391,778
Tax on undistributed earnings	106,293	64,850
Prior year income tax overestimation	(355,446)	(276,529)
Total current income tax	<u>198,211</u>	<u>180,099</u>
Deferred income tax:		
Origination and reversal of temporary differences	(719)	232
Income tax expense	<u>\$ 197,492</u>	<u>\$ 180,331</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Current income tax:		
Current income tax on profit for the period	\$ 664,081	\$ 520,585
Tax on undistributed earnings	106,293	64,850
Prior year income tax overestimation	(355,446)	(276,529)
Total current income tax	<u>414,928</u>	<u>308,906</u>
Deferred income tax:		
Origination and reversal of temporary differences	(1,034)	497
Income tax expense	<u>\$ 413,894</u>	<u>\$ 308,409</u>

B. As at June 30, 2022, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

For the three-month period ended June 30, 2022			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,677,111	512,863	\$ 9.12
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,677,111	512,863	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	4,067	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	\$ 4,677,111	516,930	\$ 9.05
For the three-month period ended June 30, 2021			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,304,674	510,685	\$ 8.43
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,304,674	510,685	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	2,593	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	\$ 4,304,674	513,278	\$ 8.39

For the six-month period ended June 30, 2022			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 9,863,379</u>	<u>511,949</u>	<u>\$ 19.27</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 9,863,379	511,949	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	13,101	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 9,863,379</u>	<u>525,050</u>	<u>\$ 18.79</u>
For the six-month period ended June 30, 2021			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 7,359,439</u>	<u>510,685</u>	<u>\$ 14.41</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 7,359,439	510,685	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	6,754	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 7,359,439</u>	<u>517,439</u>	<u>\$ 14.22</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Purchase of property, plant and equipment	\$ 1,039,248	\$ 1,379,950
Add: Opening balance of payable on equipment	283,796	58,959
Less: Ending balance of payable on equipment	(210,591)	(117,744)
Cash paid during the period	<u>\$ 1,112,453</u>	<u>\$ 1,321,165</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Purchase of intangible assets	\$ 1,369,512	\$ 1,001,469
Add: Opening balance of payable on software and intellectual property	1,445,930	1,152,591
Less: Ending balance of payable on software and intellectual property	(1,793,936)	(1,391,116)
Cash paid during the period	<u>\$ 1,021,506</u>	<u>\$ 762,944</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Cash dividends declared	\$ 12,821,591	\$ 6,128,219
Cash from capital surplus	1,025,727	1,021,370
Ending balance of other payables (shown in other payables)	(13,847,318)	(7,149,589)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Long-term borrowings	Payable for dividends	Liabilities from financing activities-total
At January 1, 2022	\$ 13,342,100	\$ 1,448	\$ 1,332,705	\$ 1,002,799	\$ -	\$ 15,679,052
Changes in cash flow from financing activities	(3,147,152)	(179)	(41,931)	390,590	-	(2,798,672)
Interest paid	-	-	(14,567)	-	-	(14,567)
Interest of lease liabilities	-	-	14,567	-	-	14,567
Impact of changes in foreign exchange	-	-	(4,663)	-	-	(4,663)
Changes in other non-cash items	-	-	64,548	1,402	13,847,318	13,913,268
At June 30, 2022	<u>\$ 10,194,948</u>	<u>\$ 1,269</u>	<u>\$ 1,350,659</u>	<u>\$ 1,394,791</u>	<u>\$ 13,847,318</u>	<u>\$ 26,788,985</u>

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Payable for dividends	Liabilities from financing activities-total
At January 1, 2021	\$ 11,456,690	\$ 1,251	\$ 1,377,257	\$ -	\$ 12,835,198
Changes in cash flow from financing activities	3,256,630	219	(46,234)	-	3,210,615
Interest paid	-	-	(14,120)	-	(14,120)
Interest of lease liabilities	-	-	14,120	-	14,120
Impact of changes in foreign exchange	-	-	(5,569)	-	(5,569)
Changes in other non-cash items	-	-	3,588	7,149,589	7,153,177
At June 30, 2021	<u>\$ 14,713,320</u>	<u>\$ 1,470</u>	<u>\$ 1,329,042</u>	<u>\$ 7,149,589</u>	<u>\$ 23,193,421</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate controlling party of the Group is the Company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
G.M.I Technology Inc.	Other related party
Actions Semiconductor Co., Ltd.	Other related party
C-Media Electronics Inc.	Other related party
Greatek Electronics Inc.	Other related party
EmBestor Technology Inc.	Other related party

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Sales of goods:		
G.M.I Technology Inc.	\$ 4,145,180	\$ 3,975,087
Others	121,228	159,638
	<u>\$ 4,266,408</u>	<u>\$ 4,134,725</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Sales of goods:		
G.M.I Technology Inc.	\$ 8,583,107	\$ 7,613,621
Others	248,984	308,971
	<u>\$ 8,832,091</u>	<u>\$ 7,922,592</u>

Goods are sold based on the price lists in force and terms that would be available to third parties, and the general collection term was 30 ~ 60 days after monthly billings.

B. Processing cost

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Greatek Electronics Inc.	\$ 305,966	\$ 362,276
Others	3,667	4,734
	<u>\$ 309,633</u>	<u>\$ 367,010</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Greatek Electronics Inc.	\$ 650,658	\$ 723,986
Others	10,528	6,065
	<u>\$ 661,186</u>	<u>\$ 730,051</u>

Processing cost is paid to related parties on normal commercial terms and conditions, and the general payment term was 69 days after monthly billings.

C. Receivables from related parties

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable:			
G.M.I Technology Inc.	\$ 3,259,667	\$ 3,146,078	\$ 2,698,174
Other	31,721	46,106	59,880
	<u>\$ 3,291,388</u>	<u>\$ 3,192,184</u>	<u>\$ 2,758,054</u>

Aforementioned receivables were 30 ~ 60 days after monthly billings. The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable:			
Greatek Electronics Inc.	\$ 338,951	\$ 333,380	\$ 371,770
Others	3,918	1,033	6,368
	<u>\$ 342,869</u>	<u>\$ 334,413</u>	<u>\$ 378,138</u>

The payment term above was 69 days after monthly billings. The payables to related parties arise mainly from processing cost. The payables bear no interest.

E. Other transactions and other (receivables) payables:

	For the six-month period ended June 30, 2022		For the six-month period ended June 30, 2021	
	Amount	Ending balance	Amount	Ending balance
Other related parties-				
Sales commissions	<u>\$ 356,389</u>	<u>\$ 108,091</u>	<u>\$ 296,660</u>	<u>\$ 111,365</u>
Technical royalty revenue	<u>(\$ 723)</u>	<u>\$ -</u>	<u>(\$ 6,341)</u>	<u>\$ -</u>
Other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327</u>	<u>\$ -</u>

The payment term above was 49 days after monthly billings; the collection term was 30 ~ 60 days after monthly billings.

(4) Key management compensation

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Salaries and other short-term employee benefits	\$ 101,505	\$ 14,554
Post-employment benefits	933	729
Total	<u>\$ 102,438</u>	<u>\$ 15,283</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Salaries and other short-term employee benefits	\$ 206,645	\$ 91,881
Post-employment benefits	1,865	1,458
Total	<u>\$ 208,510</u>	<u>\$ 93,339</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purposes
	June 30, 2022	December 31, 2021	June 30, 2021	
Time deposits (shown in financial assets at amortised cost non-current)	\$ 31,048	\$ 31,048	\$ 30,821	Guarantee for the importation customs duties of materials
"	54,271	49,053	48,948	Guarantee for leasing land and office in science park
	<u>\$ 85,319</u>	<u>\$ 80,101</u>	<u>\$ 79,769</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

- A. In 2020, Divx, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On July 4, 2021, DivX terminated the investigation against the Company in ITC.
- B. In 2020, KONINKLIJKE PHILIPS N.V. and PHILIPS NORTH AMERICA LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court of Delaware against the Company's IC products. On March 23, 2022, ITC issued the final determination finding non-infringement for the accused Company's IC products and non-existence of the required domestic industry.
- C. Future Link Systems, LLC brought actions for patent infringement in United States International Trade Commission ("ITC") and United States District Court for the Western District of Texas against the Company's IC products. The cases are still pending, and the Company is unable to reliably determine the outcome of the cases.
- D. BANDSPEED, LLC brought an action for patent infringement in United States District Court for the Western District of Texas against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.
- E. Advanced Micro Devices, Inc./ ATI Technologies ULC brought an action for patent infringement in United States International Trade Commission ("ITC") against the Company's IC products. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There have been no significant changes as at June 30, 2022. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>1,570,655</u>	\$ <u>1,952,647</u>	\$ <u>770,077</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ <u>2,901,426</u>	\$ <u>3,644,878</u>	\$ <u>3,231,795</u>
Financial assets at amortised cost/			
Receivables			
Cash and cash equivalents	\$ 6,010,435	\$ 7,197,351	\$ 10,001,376
Financial assets at amortised cost	59,222,204	43,820,977	41,979,597
Accounts receivable (including related parties)	16,859,093	15,989,005	14,614,908
Other receivables	292,744	156,928	96,192
Refundable deposits	712,634	734,855	711,940
	\$ <u>83,097,110</u>	\$ <u>67,899,116</u>	\$ <u>67,404,013</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 10,194,948	\$ 13,342,100	\$ 14,713,320
Notes payable	3,276	3,276	3,276
Accounts payable (including related parties)	13,514,480	11,439,981	13,108,643
Other payables (including related parties)	42,509,431	24,746,394	26,318,005
Long-term borrowings	1,394,791	1,002,799	-
Guarantee deposits	1,269	1,448	1,470
Other financial liabilities	8,428,637	7,521,493	7,189,815
	\$ <u>76,046,832</u>	\$ <u>58,057,491</u>	\$ <u>61,334,529</u>
Lease liabilities	\$ <u>1,350,659</u>	\$ <u>1,333,705</u>	\$ <u>1,329,042</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a finance division (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets, and liabilities.
- ii. Management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. The Group is required to hedge its entire foreign exchange risk exposure with the Group finance.
- iii. The Group's businesses involve some functional currency operations (the Company's and other certain subsidiaries' functional currency: NTD ; other certain subsidiaries' functional currency: USD and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 369,769	29.730	\$ 10,993,232
<u>Non-monetary items</u>			
USD:NTD	1,973,423	29.730	58,669,866
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	447,695	29.730	13,309,972

December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 371,907	27.690	\$ 10,298,105
<u>Non-monetary items</u>			
USD:NTD	1,692,376	27.690	46,861,891
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	458,477	27.690	12,695,228

June 30, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 390,779	27.87	\$ 10,891,011
<u>Non-monetary items</u>			
USD:NTD	1,596,574	27.87	44,496,517
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	513,135	27.87	14,301,072

The exchange gains (losses), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2022 and 2021, amounted to \$111,853, \$27,331, \$181,757 and (\$56,601), respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the six-month period ended June 30, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 109,932	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	586,699
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(133,100)	-

For the six-month period ended June 30, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 108,910	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	444,965
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(143,011)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2022 and 2021 would have increased/decreased by \$157,066 and \$77,008, respectively, as a result of gains/losses on

equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$290,143 and \$323,180, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group has no material interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost.
- 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.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 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 of debt instruments 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 modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

- viii. The Group used the forecast ability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. As at June 30, 2022, December 31, 2021 and June 30, 2021, the provision matrix are as follows:

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At June 30, 2022</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 16,588,976	\$ 380,977	\$ 36	\$ 16,969,989
Loss allowance	\$ 107,050	\$ 3,810	\$ 36	\$ 110,896
	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2021</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 15,874,298	\$ 212,956	\$ 461	\$ 16,087,715
Loss allowance	\$ 96,119	\$ 2,130	\$ 461	\$ 98,710
	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At June 30, 2021</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 14,483,825	\$ 228,592	\$ 461	\$ 14,712,878
Loss allowance	\$ 95,223	\$ 2,286	\$ 461	\$ 97,970

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

	<u>2022</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 98,710
Provision for impairment loss	12,186
At June 30	\$ 110,896
	<u>2021</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 95,360
Provision for impairment loss	2,610
At June 30	\$ 97,970

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.
- 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.

Non-derivative financial liabilities:

June 30, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 10,194,948	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	13,514,480	-	-
Other payables (including related parties)	42,509,431	-	-
Lease liabilities	129,834	345,366	1,328,708
Long-term borrowings	-	1,397,390	-
Guarantee deposits received	-	-	1,269
Other financial liabilities	8,428,637	-	-

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 13,342,100	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	11,439,981	-	-
Other payables (including related parties)	24,746,394	-	-
Lease liabilities	115,821	334,479	1,340,088
Long-term borrowings	-	1,017,360	-
Guarantee deposits received	-	-	1,448
Other financial liabilities	7,521,493	-	-

Non-derivative financial liabilities:

June 30, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 14,713,320	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	13,108,643	-	-
Other payables (including related parties)	26,318,005	-	-
Lease liabilities	116,471	308,680	1,366,855
Guarantee deposits received	-	-	1,470
Other financial liabilities	7,189,815	-	-

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are 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. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10).
C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

(a) The related information of nature of the assets is as follows:

June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,570,655	\$ -	\$ -	\$ 1,570,655
Financial assets at fair value through other comprehensive income				
Equity securities	<u>635,238</u>	<u>-</u>	<u>2,266,188</u>	<u>2,901,426</u>
Total	<u>\$ 2,205,893</u>	<u>\$ -</u>	<u>\$ 2,266,188</u>	<u>\$ 4,472,081</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,952,647	\$ -	\$ -	\$ 1,952,647
Financial assets at fair value through other comprehensive income				
Equity securities	<u>824,506</u>	<u>-</u>	<u>2,820,372</u>	<u>3,644,878</u>
Total	<u>\$ 2,777,153</u>	<u>\$ -</u>	<u>\$ 2,820,372</u>	<u>\$ 5,597,525</u>
June 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 770,077	\$ -	\$ -	\$ 770,077
Financial assets at fair value through other comprehensive income				
Equity securities	<u>699,690</u>	<u>-</u>	<u>2,532,105</u>	<u>3,231,795</u>
Total	<u>\$ 1,469,767</u>	<u>\$ -</u>	<u>\$ 2,532,105</u>	<u>\$ 4,001,872</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed- end fund	Open- end fund	Government bond	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Net asset value	Translation price	Weighted average quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs.

D. For the six-month periods ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2022 and 2021:

	2022	2021
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 2,820,372	\$ 2,031,480
(Losses) gains recognized in other comprehensive income	(554,184)	500,625
At June 30	\$ 2,266,188	\$ 2,532,105

F. For the six-month periods ended June 30, 2022 and 2021, there was no transfer into or out from Level 3.

G. The finance division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the

exercisable price, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 115,013	Market comparable companies	Price to book ratio multiple	14.24	The higher the multiple, the higher the fair value
"	35,437	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,115,738	Net asset value	Not applicable	-	Not applicable
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 106,304	Market comparable companies	Price to book ratio multiple	15.33	The higher the multiple, the higher the fair value
"	30,270	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,683,798	Net asset value	Not applicable	-	Not applicable

	<u>Fair value at June 30, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 106,995	Market comparable companies	Price to book ratio multiple	4.39	The higher the multiple, the higher the fair value
"	23,624	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,401,486	Net asset value	Not applicable	-	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		<u>June 30, 2022</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
		<u>Input</u>	<u>Change</u>	<u>Favourable Change</u>	<u>Unfavourable change</u>	<u>Favourable Change</u>	<u>Unfavourable change</u>
Financial assets							
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 7,262	(\$ 7,262)	
		<u>December 31, 2021</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
		<u>Input</u>	<u>Change</u>	<u>Favourable Change</u>	<u>Unfavourable change</u>	<u>Favourable Change</u>	<u>Unfavourable change</u>
Financial assets							
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 7,283	(\$ 7,283)	

		June 30, 2021				
		Recognized in profit or loss		Recognized in other comprehensive income		
		Favourable	Unfavourable	Favourable	Unfavourable	
	Input	Change	change	Change	change	
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,758	(\$ 1,758)

(4) Effects on the Group's operation arising from the COVID-19 pandemic

In response to the COVID-19 pandemic, the Company adjusted the working pattern of its employees, enhanced cleaning and disinfection and other measures to comply with the government regulations. As at June 30, 2022, the Group assessed that the epidemic had no significant impact on the overall operating activities and financial statements.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to tables 1, 2 and 6.

(4) Major shareholders information

As at June 30, 2022, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, 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 Chief Operating Decision-Maker assesses the performance of the operating segments based on the consolidated financial statements. The accounting policy of operating segments is the same as that described in Note 4.

(3) Information on segment profit (loss), assets and liabilities

The revenue from external customers and segment financial information reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

(4) Reconciliation for segment profit (loss)

The segment assets, liabilities and profit before income tax reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the consolidated balance sheet and consolidated statement of comprehensive income. As a result, no reconciliation was reported.

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES																	
Loans to others																	
For the six-month period ended June 30, 2022																	
Expressed in thousands of NTD (Except as otherwise indicated)																	
No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six- month period ended June 30,2022 (Note 3)	Balance at June 30, 2022	Actual amount drawn down (Note 4)	Interest rate(%)	Nature of loan	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Other receivables-related parties	Y	\$ 300, 000	\$ 300, 000	\$ 81, 500	0. 95	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 3, 860, 930	\$ 15, 443, 721	None
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	59, 452	59, 452	-	-	Short-term financing	-	Operations	-	None	-	3, 860, 930	15, 443, 721	None
0	Realtek Semiconductor Corporation	Blueocean Inc.	Other receivables-related parties	Y	2, 080, 820	2, 080, 820	2, 080, 820	2. 05	Short-term financing	-	Operations	-	None	-	3, 860, 930	15, 443, 721	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	2, 378, 080	2, 378, 080	2, 378, 080	2. 05	Short-term financing	-	Operations	-	None	-	3, 860, 930	15, 443, 721	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	2, 675, 340	2, 675, 340	2, 601, 025	2. 05	Short-term financing	-	Operations	-	None	-	3, 860, 930	15, 443, 721	None
1	Leading Enterprises Limited	Blueocean Inc.	Other receivables-related parties	Y	1, 783, 560	1, 783, 560	3, 121	2. 05	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1, 783, 560	1, 783, 560	264, 561	2. 05	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None
2	Amber Universal Inc.	Blueocean Inc.	Other receivables-related parties	Y	1, 486, 300	1, 486, 300	-	-	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	2, 972, 600	2, 972, 600	1, 203, 903	2. 05	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	891, 780	891, 780	765, 445	0. 44	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None
4	Realtek Investment Singapore Private Limited	Realtek Singapore Private Limited	Other receivables-related parties	Y	2, 972, 600	2, 972, 600	2, 595, 080	2. 05	Short-term financing	-	Operations	-	None	-	15, 443, 721	15, 443, 721	None

Table 1

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the six-month period ended June 30, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six- month period ended June 30,2022 (Note 3)	Balance at June 30, 2022	Actual amount drawn down (Note 4)	Interest rate(%)	Nature of loan	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note 2)	Footnote
							Item						Value				
5	Realtek Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	Y	\$ 2,972,600	\$ 2,972,600	\$ 2,972,600	2.05	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 15,443,721	\$ 15,443,721	None
5	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables-related parties	Y	59,452	59,452	-	-	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
5	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables-related parties	Y	891,780	891,780	-	-	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
5	Realtek Singapore Private Limited	Realtek Investment Singapore Private Limited	Other receivables-related parties	Y	2,972,600	2,972,600	-	-	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
5	Realtek Singapore Private Limited	Bluocean Inc.	Other receivables-related parties	Y	2,972,600	2,972,600	2,526,710	2.05	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
6	Realsil Microelectronics Corp.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	355,240	355,240	102,132	4.35	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
6	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables-related parties	Y	355,240	355,240	-	-	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None
7	Cortina Network Systems (Shanghai) Co., Ltd.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	133,215	133,215	-	-	Short-term financing	-	Operations	-	None	-	15,443,721	15,443,721	None

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The Company’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by the Company to all parties is 40% of the Company’s net assets value as per its most recent financial statements.
(2) Limit on loans to a single party with business transactions is the business transactions occurred between the creditor and borrower in the current year. The business transaction amount is the higher of purchasing and selling during current year on the year of financing.
(3) For companies needing for short-term financing, the cumulative lending amount may not exceed 40% of the borrowing company’s net assets based on its latest financial statements audited or reviewed by independent auditors.

The amount the Company or its subsidiaries lend to an individual entity may not exceed 10% of the Company’s or subsidiary’s net assets based on its latest financial statements audited or reviewed by independent auditors.

For the foreign companies which the Company holds 100% of the voting rights directly or indirectly, limit on loans is not restricted as stipulated in the above item (3). However, the ceiling on total loans and limit on loans to a single partymay not exceed 40% of the Company’s net assets based on its latest financial statements audited or reviewed by independent auditors.

Note 3: Accumulated maximum outstandings balance of loans to others as at the reporting month of the current period.

Note 4: Fill in the actual amount of loans to others used by the borrowing company.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limited on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ amount as at June 30, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2022 (Note 5)	Actual amont drawn down (Note 6)	Amount of endorsements/ gurantees secured with collateral	Ratio of accumulated endorsement/ amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Realtek Semiconductor Corporation	Realtek Singapore Private Limited	2	\$ 19,304,651	\$ 3,860,930	\$ 3,860,930	\$ -	\$ -	10%	\$ 19,304,651	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	19,304,651	7,721,861	7,721,861	-	-	20%	19,304,651	Y	N	N	
0	Realtek Semiconductor Corporation	Suzhou PanKore Integrated Circuit Technology Co., Ltd.	2	19,304,651	386,093	386,093	-	-	1%	19,304,651	Y	N	Y	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	19,304,651	1,158,279	1,158,279	-	-	3%	19,304,651	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	19,304,651	1,158,279	1,158,279	30,318	-	3%	19,304,651	Y	N	Y	
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	2	19,304,651	772,186	772,186	-	-	2%	19,304,651	Y	N	N	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	19,304,651	594,520	594,520	-	-	1%	19,304,651	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	19,304,651	594,520	594,520	-	-	1%	19,304,651	N	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is ‘0’.
- (2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Ceiling on total endorsements/guarantees granted by the Company and subsidiaries is 50% of the Company’s net asset based on the latest financial statements audited or reviewed by independent auditors, and limit on endorsements/guarantees to a single party is 50% of the Company’s net asset based on the latest financial statements audited or reviewed by independent auditors.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at June 30, 2022				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Realtek Semiconductor Corporation	C-media Electronics Inc. - Common stock	Other related parties	Financial assets at fair value through profit or loss	1, 278, 501	\$ 63, 797	1. 63%	\$ 63, 797	
Realking Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3, 575, 000	100, 100	5. 23%	100, 100	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	48, 736, 172	428, 499	2. 21%	428, 499	
Realsun Investment Co., Ltd.	Compal broadband networks Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	3, 575, 000	100, 100	5. 23%	100, 100	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8, 837, 301	97, 177	6. 89%	97, 177	
Leading Enterprises Limited	Starix Technology, Inc.-Preferred stock	None	Financial assets at fair value through other comprehensive income	5, 000, 000	17, 836	–	17, 836	
Leading Enterprises Limited	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9, 000, 000	1, 106, 238	12. 49%	1, 106, 238	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4, 726, 836	581, 001	6. 56%	581, 001	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336, 346	13, 168	–	13, 168	
Hung-wei Venture Capital Co., Ltd.	C-media Electronics Inc.- Common stock	Other related parties	Financial assets at fair value through profit or loss	2, 274, 875	113, 516	2. 89%	113, 516	
Hung-wei Venture Capital Co., Ltd.	Greatek Electroninc Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	5, 823, 602	363, 393	1. 02%	363, 393	
Hung-wei Venture Capital Co., Ltd.	Subtron technology Co., Ltd - Common stock	None	Financial assets at fair value through other comprehensive income	1, 093, 968	36, 210	0. 37%	36, 210	
Hung-wei Venture Capital Co., Ltd.	Embestor Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2, 800, 000	35, 437	10. 77%	35, 437	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at June 30, 2022				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Blueocean Inc.	EARGO, Inc.	None	Financial assets at fair value through other comprehensive income	797, 261	\$ 17, 820	2. 03%	\$ 17, 820	
Talent Eagle Enterprise Inc.	EARGO, Inc.	None	Financial assets at fair value through other comprehensive income	199, 000	4, 447	0. 51%	4, 447	
Realsil Microelectronics Corp.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	55, 255, 818	245, 363	–	245, 363	
Realsil Microelectronics Corp.	Guang-Fa Demand Policy Loan Fund	None	Financial assets at fair value through profit or loss	15, 023, 194	66, 710	–	66, 710	
Realsil Microelectronics Corp.	Jian-Xin Monetary Fund	None	Financial assets at fair value through profit or loss	13, 021, 692	57, 824	–	57, 824	
Realsil Microelectronics Corp.	ICBC Cash Fund	None	Financial assets at fair value through profit or loss	4, 327	19	–	19	
Realsil Microelectronics Corp.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	10, 048, 800	44, 622	–	44, 622	
Realsil Microelectronics Corp.	BOC Cash Fund	None	Financial assets at fair value through profit or loss	20, 097, 728	89, 244	–	89, 244	
Realsil Microelectronics Corp.	Guang-Fa Currency Fund	None	Financial assets at fair value through profit or loss	89, 620, 060	397, 957	–	397, 957	
Realsil Microelectronics Corp.	WAN JIA Monetary Fund	None	Financial assets at fair value through profit or loss	10, 052, 017	44, 636	–	44, 636	
Realtek Semiconductor (Shen Zhen) Corp.	Pu-Yin Monetary Fund	None	Financial assets at fair value through profit or loss	20, 567, 584	91, 330	–	91, 330	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund A	None	Financial assets at fair value through profit or loss	10, 034, 075	44, 556	–	44, 556	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund B	None	Financial assets at fair value through profit or loss	10, 039, 625	44, 581	–	44, 581	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	32, 500, 000	144, 573	–	144, 573	
Cortina Network Systems (Shanghai) Co. Ltd.	Zhou Zhou Fa Fund	None	Financial assets at fair value through profit or loss	7, 588, 335	45, 995	–	45, 995	
Cortina Network Systems (Shanghai) Co. Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	17, 100, 000	75, 932	–	75, 932	
Blueocean Inc.	CyWeeMotion Group Limited	None	Financial assets at fair value through other comprehensive income	8, 422, 256	–	7. 01%	–	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the six-month period ended June 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
			Transaction						Notes/accounts receivable(payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchase (sales)	Percentage of total purchase			Unit price	Credit term	Percentage of total notes/accounts		Footnote
				Amount	(sales)	Credit term			Balance	receivable (payable)	
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	(Sales)	(\$ 5,344,183)	(9%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	\$ 1,963,134	13%	
Realtek Semiconductor Corporation	Actions Semiconductor Co., Ltd.	Other related parties	(Sales)	(37,137)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	-	0%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	(206,655)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	31,724	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(3,190,242)	(5%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,284,796	7%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(48,683)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	11,737	0%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	464,611	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(244,290)	3%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	178,336	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(94,266)	1%	

Table 4

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	\$ 1,963,134	5.74	\$ -	-	\$ 910,598	(\$ 19,830)
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,284,796	5.10	-	-	547,545	\$ -

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	\$ 48,362	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
0	Realtek Semiconductor Corporation	Realtek Korea	1	Technical service fees	55,664	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.09%
0	Realtek Semiconductor Corporation	Realtek Korea	1	Other receivables	55,664	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.05%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Technical service fees	283,035	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.47%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Other receivables	283,035	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.24%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	1,320,109	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.19%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Prepaid account	695,588	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.58%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Technical service fees	263,159	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.44%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	102,194	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.17%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	17,270	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Technical service fees	70,633	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.12%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Other payables	37,169	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Technical service fees	96,146	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.16%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Other payables	13,477	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.01%
1	Realtek Singapore Private Limited	Realtek Semiconductor (Japan) Corp.	3	Technical service fees	30,954	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.05%
1	Realtek Singapore Private Limited	Realtek Viet Nam Co. Ltd.	3	Technical service fees	16,201	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	48,362	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%

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: Only transactions above NTS10 million are disclosed. Transactions of related parties are not further disclosed here.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss) of the investee for the six-month period ended June 30, 2022	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	\$ 14,682,563	\$ 13,676,922	34,630	100%	\$ 13,913,763	(\$ 55,700)	(\$ 55,700)	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,679,286	4,358,823	41,432	100%	3,575,230	(20,737)	(20,737)	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	4,217,676	3,928,798	89,856,425	100%	28,754,722	8,723,395	8,724,225	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	3,271,346	3,047,285	110,050,000	100%	3,435,363	17,882	17,882	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,391,737	3,159,429	114,100,000	100%	2,350,751	29,367	29,367	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	5,945,200	5,538,000	200,000,000	100%	6,623,545	33,467	33,467	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	577,418	18,824	18,824	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	473,977	(117,282)	(117,282)	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	272,299	(1,797)	(1,797)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporatioin	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,028	(39)	(39)	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesasle, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,318	99	66	Subsidiary
Realtek Semiconductor Corporation	AICONNX Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	20,000	20,000	2,000,000	100%	26,619	6,639	6,639	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022				Investment income (loss)		Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2022	recognised by the Company for the six-month period ended June 30, 2022		
Realtek Semiconductor Corporation	Estinet Technologies Incorporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	\$ 110,000	\$ 110,000	2,000,000	6.89%	\$ 3,674	(\$ 27,427)	(\$ 1,424)	Investments accounted for under equity method	
Realking Investments Co., Ltd.	Innorich Venture Capital Corp.	Taiwan	Venture capital activities	200,000	200,000	20,000,000	37.38%	138,425	(6,673)	(4,194)	Investments accounted for under equity method	
Realking Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	10,000	10,000	1,000,000	10%	8,448	(12,584)	(1,258)	Investments accounted for under equity method	
Realsun Investments Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	23,000	23,000	2,300,000	23%	19,430	(12,584)	(2,894)	Investments accounted for under equity method	
Hung-wei Venture Capital Co., Ltd.	Starmems Semiconductor Corporation	Taiwan	Research and development, design, manufacturing, sales and other services of electronic components, information/Software and integrated circuits.	12,000	12,000	1,200,000	12%	10,136	(12,584)	(1,511)	Investments accounted for under equity method	
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	Information collection and technical support	4,364	4,812	400	100%	7,244	5,581	5,581	Sub-Subsidiary	
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	8,918	8,307	300,000	100%	7,571	(77)	(77)	Sub-Subsidiary	
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,683	5,326	-	100%	1,081	(22)	(22)	Sub-Subsidiary	
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	839,760	782,243	2,825,000	100%	2,031,239	26,956	26,956	Sub-Subsidiary	
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and information services	1,214,188	1,131,026	16,892	100%	897,787	6,857	6,857	Sub-Subsidiary	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Investment income (loss)		Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six-month period ended	recognised by the Company for the six-month period ended	
									June 30, 2022	June 30, 2022	
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	\$ 59,452	\$ 55,380	21,130,000	100%	\$ 65,204	\$ 13,051	\$ 13,051	Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	118,904	110,760	4,000,000	100%	82,491	1,026	1,026	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and technical support	1,783,560	1,661,400	60,000,000	100%	290,114	16,699	16,699	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Limited	Malaysia	R&D and technical support	70,495	69,275	10,450,000	100%	65,066	1,890	1,890	Sub-Subsidiary
Bluocean Inc.	Realtek Korea Inc.	Korea	R&D and technical support	45,789	-	200,000	100%	49,299	3,572	3,572	Sub-Subsidiary

Note : The amount of foreign currencies denominated in New Taiwan dollars in this table, which relates to income and expenses which were re-translated at the average exchange rate from January 1, 2022 to June 30, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China
For the six-month period ended June 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six-month period ended June 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee for the six-month period ended June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022 (Note2(2)C)		Book value of investment in Mainland China as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	\$ 107,014	(2)	\$ 107,014	\$ -	\$ -	\$ 107,014	\$ 3,458	100%	\$ 3,458		\$ 109,037	\$ -	
Realsil Microelectronics Corp.	R&D and technical support	832,328	(2)	832,328	-	-	832,328	28,433	100%	28,433		2,029,129	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	148,630	(2)	148,630	-	-	148,630	(29,041)	100%	(29,041)		262,494	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	116,563	(2)	116,563	-	-	116,563	(3,160)	100%	(3,160)		403,125	-	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	44,405	(2)	44,405	-	-	44,405	(46,322)	100%	(47,817)	(105,224)		-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
Cortina Network Systems (Shanghai) Co., Ltd.	\$ 107,014	\$ 107,014	\$ 23,165,582											
Realsil Microelectronics Corp.	832,328	832,328												
Realtek Semiconductor (Shan Zhen) Corp.	148,630	148,630												
RayMX Microelectronics Corp.	116,563	116,563												
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	44,405	44,405												

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the Investment income (loss) recognised by the Company for the six-month period ended June 30, 2022 column was recorded based on the financial statements prepared by the company. were audited by the independent auditors of parent company in Taiwan.

Note 3: The amount of foreign currencies denominated in New Taiwan dollars in this table, which relates to income and expenses which were re-translated at the average exchange rate from January 1, 2022 to June 30, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.