

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR220000153

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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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\$7,000,513 thousand and NT\$6,251,356 thousand, constituting 5.21% and 6.13% of the consolidated total assets as at September 30, 2022 and 2021, respectively, total liabilities amounted to NT\$1,576,349

thousand and NT\$ 1,270,772 thousand, constituting 1.80% and 1.89% of the consolidated total liabilities as at September 30, 2022 and 2021, respectively, and the total comprehensive income (loss) amounted to NT\$9,143 thousand, NT\$131,835 thousand, NT(\$449,291) thousand and NT\$10,772 thousand, constituting 0.11%, 2.55%, (2.19%) and 4.16% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. Furthermore, the investments accounted for under equity method as at September 30, 2022 and 2021 amounted to NT\$176,891 thousand and NT\$192,976 thousand, respectively, and the related investment loss were NT\$3,222 thousand, NT\$1,921 thousand, NT\$14,503 thousand and NT\$10,514 thousand for the three-month and nine-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 September 30, 2022 and 2021, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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

October 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 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
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as at September 30, 2022 and 2021 are reviewed, not audited)

Assets			September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 8,325,957	6	\$ 7,197,351	7	\$ 12,357,936	12
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		1,624,804	1	1,952,647	2	589,947	1
1136	Financial assets at amortised	6(4)						
	cost - current		62,888,582	47	43,740,876	43	41,899,597	41
1170	Accounts receivable, net	6(5)	13,843,576	10	12,796,821	13	13,403,283	13
1180	Accounts receivable, net -	6(5) and 7						
	related parties		3,853,234	3	3,192,184	3	3,229,391	3
1200	Other receivables		659,951	1	156,928	-	264,539	-
130X	Inventories, net	6(6)	24,936,306	19	16,548,712	16	15,515,247	15
1410	Prepayments		617,951	-	659,883	1	549,537	1
11XX	Total current assets		116,750,361	87	86,245,402	85	87,809,477	86
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		305,619	-	-	-	-	-
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		3,069,781	2	3,644,878	4	3,525,581	3
1535	Financial assets at amortised	6(4) and 8						
	cost - non-current		85,740	-	80,101	-	79,879	-
1550	Investments accounted for	6(7)						
	under equity method		176,891	-	191,377	-	192,976	-
1600	Property, plant and equipment	6(8)	7,303,646	6	6,302,938	6	5,594,934	6
1755	Right-of-use assets	6(9)	1,578,832	1	1,587,910	2	1,580,531	2
1760	Investment property	6(10)	39,952	-	41,641	-	42,323	-
1780	Intangible assets	6(11)	2,506,551	2	2,231,694	2	2,265,012	2
1840	Deferred income tax assets		310,925	-	171,321	-	162,134	-
1900	Other non-current assets		2,307,295	2	734,651	1	732,701	1
15XX	Total non-current assets		17,685,232	13	14,986,511	15	14,176,071	14
1XXX	Total assets		\$ 134,435,593	100	\$ 101,231,913	100	\$ 101,985,548	100

(Continued)

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

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 9,927,317	8	\$ 13,342,100	13	\$ 12,907,940	13
2130	Contract liabilities - current	6(21)	181,020	-	211,100	-	215,694	-
2150	Notes payable		3,276	-	3,276	-	3,276	-
2170	Accounts payable		16,120,928	12	11,105,568	11	12,413,129	12
2180	Accounts payable - related parties	7	291,233	-	334,413	-	364,789	1
2200	Other payables	6(13)	45,895,179	34	24,645,141	24	30,511,759	30
2220	Other payables - related parties	7	139,948	-	101,253	-	103,905	-
2230	Current income tax liabilities		1,295,717	1	1,458,340	2	1,259,148	1
2280	Lease liabilities - current		88,570	-	80,315	-	77,434	-
2300	Other current liabilities	6(21)	9,390,442	7	7,539,417	8	7,109,448	7
21XX	Total current liabilities		83,333,630	62	58,820,923	58	64,966,522	64
Non-current liabilities								
2540	Long-term borrowings	6(14)	1,537,407	1	1,002,799	1	-	-
2550	Provisions - non-current	6(16)	1,293,019	1	989,475	1	995,764	1
2570	Deferred income tax liabilities		241,260	-	103,512	-	94,779	-
2580	Lease liabilities - non-current		1,246,453	1	1,252,390	2	1,243,707	1
2600	Other non-current liabilities		146,413	-	110,490	-	97,080	-
25XX	Total non-current liabilities		4,464,552	3	3,458,666	4	2,431,330	2
2XXX	Total liabilities		87,798,182	65	62,279,589	62	67,397,852	66
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	1,100,864	1
	Retained earnings	6(19)						
3310	Legal reserve		7,262,359	5	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		26,721,175	20	27,377,681	27	22,772,213	22
	Other equity	6(20)						
3400	Other equity interest		4,694,575	4	(1,776,090)	(2)	(1,535,026)	(2)
31XX	Equity attributable to holders of the parent company		46,627,737	35	38,942,651	38	34,578,032	34
36XX	Non-controlling interest		9,674	-	9,673	-	9,664	-
3XXX	Total equity		46,637,411	35	38,952,324	38	34,587,696	34
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 134,435,593	100	\$ 101,231,913	100	\$ 101,985,548	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 NINE-MONTH PERIODS ENDED SEPTEMBER 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 September 30				Nine-month periods ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7	\$ 29,772,018	100	\$ 28,954,850	100	\$ 90,027,673	100	\$ 78,134,679	100
5000 Operating costs	6(6) and 7	(15,468,231)	(52)	(13,715,678)	(47)	(44,892,807)	(50)	(39,417,341)	(51)
5950 Gross profit		<u>14,303,787</u>	<u>48</u>	<u>15,239,172</u>	<u>53</u>	<u>45,134,866</u>	<u>50</u>	<u>38,717,338</u>	<u>49</u>
Operating expenses	6(26)(27) and 7								
6100 Selling expenses		(1,293,284)	(4)	(1,160,994)	(4)	(3,848,815)	(4)	(3,305,249)	(4)
6200 General and administrative expenses		(1,029,026)	(3)	(1,018,000)	(3)	(3,129,899)	(4)	(2,493,861)	(3)
6300 Research and development expenses		(7,947,938)	(27)	(7,702,477)	(27)	(24,192,651)	(27)	(20,264,179)	(26)
6450 Expected credit gains (losses)	12(2)	<u>2,397</u>	<u>-</u>	<u>(4,558)</u>	<u>-</u>	<u>(9,789)</u>	<u>-</u>	<u>(7,168)</u>	<u>-</u>
6000 Total operating expenses		<u>(10,267,851)</u>	<u>(34)</u>	<u>(9,886,029)</u>	<u>(34)</u>	<u>(31,181,154)</u>	<u>(35)</u>	<u>(26,070,457)</u>	<u>(33)</u>
6900 Operating income		<u>4,035,936</u>	<u>14</u>	<u>5,353,143</u>	<u>19</u>	<u>13,953,712</u>	<u>15</u>	<u>12,646,881</u>	<u>16</u>
Non-operating income and expenses									
7100 Interest income	6(22)	361,657	1	69,555	-	689,725	1	248,578	-
7010 Other income	6(23)	109,395	-	72,132	-	217,085	-	141,367	-
7020 Other gains and losses	6(24)	(29,994)	-	(377,797)	(1)	(41,975)	-	(192,542)	-
7050 Finance costs	6(25)	(83,378)	-	(22,752)	-	(136,344)	-	(73,537)	-
7060 Share of loss of associates and joint ventures accounted for under equity method	6(7)	<u>(3,222)</u>	<u>-</u>	<u>(1,921)</u>	<u>-</u>	<u>(14,503)</u>	<u>-</u>	<u>(10,514)</u>	<u>-</u>
7000 Total non-operating income and expenses		<u>354,458</u>	<u>1</u>	<u>(260,783)</u>	<u>(1)</u>	<u>713,988</u>	<u>1</u>	<u>113,352</u>	<u>-</u>
7900 Profit before income tax, net		4,390,394	15	5,092,360	18	14,667,700	16	12,760,233	16
7950 Income tax expense	6(28)	<u>(183,357)</u>	<u>(1)</u>	<u>(204,490)</u>	<u>(1)</u>	<u>(597,251)</u>	<u>-</u>	<u>(512,899)</u>	<u>-</u>
8200 Net income for the period		<u>\$ 4,207,037</u>	<u>14</u>	<u>\$ 4,887,870</u>	<u>17</u>	<u>\$ 14,070,449</u>	<u>16</u>	<u>\$ 12,247,334</u>	<u>16</u>

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 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 September 30				Nine-month periods ended September 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 income (losses) from investments in equity instruments measured at fair value through other comprehensive income		\$ 8,148	-	\$ 294,062	1	(\$ 931,817)(1)		\$ 949,424	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		3,803,265	13	(6,361)	-	7,402,482	8	(928,401)(1)	
8300 Other comprehensive income, net		<u>\$ 3,811,413</u>	<u>13</u>	<u>\$ 287,701</u>	<u>1</u>	<u>\$ 6,470,665</u>	<u>7</u>	<u>\$ 21,023</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 8,018,450</u>	<u>27</u>	<u>\$ 5,175,571</u>	<u>18</u>	<u>\$ 20,541,114</u>	<u>23</u>	<u>\$ 12,268,357</u>	<u>16</u>
Net income attributable to:									
8610 Equity holders of the parent company		\$ 4,207,022	14	\$ 4,887,852	17	\$ 14,070,401	16	\$ 12,247,291	16
8620 Non-controlling interest		<u>15</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>43</u>	<u>-</u>
Net income for the period		<u>\$ 4,207,037</u>	<u>14</u>	<u>\$ 4,887,870</u>	<u>17</u>	<u>\$ 14,070,449</u>	<u>16</u>	<u>\$ 12,247,334</u>	<u>16</u>
Comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 8,018,435	27	\$ 5,175,553	18	\$ 20,541,066	23	\$ 12,268,314	16
8720 Non-controlling interest		<u>15</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>43</u>	<u>-</u>
Total comprehensive income for the period		<u>\$ 8,018,450</u>	<u>27</u>	<u>\$ 5,175,571</u>	<u>18</u>	<u>\$ 20,541,114</u>	<u>23</u>	<u>\$ 12,268,357</u>	<u>16</u>
Earnings per share (in dollars)									
9750 Basic earnings per share	6(29)	<u>\$ 8.20</u>		<u>\$ 9.57</u>		<u>\$ 27.47</u>		<u>\$ 23.98</u>	
9850 Diluted earnings per share	6(29)	<u>\$ 8.13</u>		<u>\$ 9.52</u>		<u>\$ 26.52</u>		<u>\$ 23.57</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 NINE-MONTH PERIODS ENDED SEPTEMBER 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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		Nine-month periods ended September 30	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 14,667,700	\$ 12,760,233
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	854,174	723,153
Amortization	6(11)(26)	1,200,449	940,652
Expected credit losses	12(2)	9,789	7,168
Interest expense	6(25)	136,344	73,537
Interest income	6(22)	(689,725)	(248,578)
Dividend income	6(23)	(60,741)	(36,563)
Losses(gains) on financial assets at fair value through profit or loss	6(2)(24)	206,442	(36,853)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	14,503	10,514
Losses(gains) on disposal of property, plant and equipment	6(24)	2,079	(74)
Gain on disposal of investments	6(24)	-	(26,065)
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		133,026	553,774
Accounts receivable, net	(	1,054,348)	(2,569,531)
Accounts receivable, net - related parties	(	663,246)	(417,243)
Other receivables	(	128,525)	(143,894)
Inventories	(	8,387,594)	(6,892,270)
Prepayments		41,932	(22,463)
Changes in operating liabilities			
Contract liabilities - current	(	30,080)	(120,560)
Notes payable		-	(25,377)
Accounts payable		5,015,360	1,793,075
Accounts payable - related parties	(	43,180)	(24,557)
Other payables		7,833,607	8,441,774
Other payables - related parties		38,695	9,097
Other current liabilities		1,851,025	(292,040)
Provisions - non-current		146,666	-
Accrued pension obligations		33,665	(3,475)

(Continued)

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

		Nine-month periods ended September 30	
	Notes	2022	2021
Cash inflow generated from operations		\$ 21,127,993	\$ 14,502,548
Interest received		315,227	429,364
Dividends received		60,741	36,563
Interest paid		(137,146)	(71,251)
Income tax paid		(765,398)	(334,437)
Net cash flows from operating activities		<u>20,601,417</u>	<u>14,562,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss - non-current		(317,244)	-
Acquisition of financial assets at fair value through other comprehensive income		(112,875)	-
Acquisition of financial assets at amortised cost		(72,855,015)	(46,334,639)
Proceeds from disposal of financial assets at amortised cost		60,525,410	38,930,098
Acquisition of investments accounted for under equity method		-	(45,000)
Proceeds from disposal of investments accounted for under equity method		-	110
Acquisition of property, plant and equipment	6(30)	(1,549,513)	(1,712,547)
Proceeds from disposal of property, plant and equipment		347	200
Acquisition of intangible assets	6(30)	(1,099,864)	(960,001)
Increase in refundable deposits		(1,459,438)	(684,473)
Increase in other non-current assets		(113,206)	1,091
Net cash flows used in investing activities		<u>(16,981,398)</u>	<u>(10,805,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	114,359,342	102,053,010
Decrease in short-term borrowings	6(31)	(117,774,125)	(100,601,760)
Increase in long-term borrowings	6(31)	537,050	-
Repayment of principal portion of lease liabilities	6(31)	(72,155)	(71,758)
(Decrease)increase in guarantee deposits		(184)	213
Net cash flows (used in) from financing activities		<u>(2,950,072)</u>	<u>1,379,705</u>
Effect of exchange rate		<u>458,659</u>	<u>(75,755)</u>
Net increase in cash and cash equivalents		1,128,606	5,061,576
Cash and cash equivalents at beginning of period		7,197,351	7,296,360
Cash and cash equivalents at end of period		<u>\$ 8,325,957</u>	<u>\$ 12,357,936</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 NINE-MONTH PERIODS ENDED SEPTEMBER 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 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 October 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 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
			September 30, 2022	December 31, 2021	September 30, 2021	
Realtek Semiconductor Corporation	Leading Enterprises Limited	Investment holdings	100%	100%	100%	
Realtek Semiconductor Corporation	Amber Universal Inc.	//	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Realtek Semiconductor Corporation	AICONNX Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	-	Notes 1 and 4
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	100%	Note 3
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%	-	-	Notes 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 nine-month periods ended September 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 nine-month period ended September 30, 2022 were 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 September 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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 953	\$ 910	\$ 998
Checking accounts and demand deposits	6,913,223	7,113,048	10,982,754
Time deposits	1,411,781	83,393	1,374,184
	<u>\$ 8,325,957</u>	<u>\$ 7,197,351</u>	<u>\$ 12,357,936</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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 148,709	\$ 358,892	\$ 309,380
Beneficiary certificates	<u>1,476,095</u>	<u>1,593,755</u>	<u>280,567</u>
	<u>1,624,804</u>	<u>1,952,647</u>	<u>589,947</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 305,619	\$ -	\$ -
	<u>\$ 1,930,423</u>	<u>\$ 1,952,647</u>	<u>\$ 589,947</u>

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

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 28,604)	(\$ 212,334)
Beneficiary certificates	<u>(5,723)</u>	<u>2,870</u>
	<u>(\$ 34,327)</u>	<u>(\$ 209,464)</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 210,182)	\$ 27,027
Beneficiary certificates	<u>3,740</u>	<u>9,826</u>
	<u>(\$ 206,442)</u>	<u>\$ 36,853</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	September 30, 2022	December 31, 2021	September 30, 2021
Non-current items:			
Equity instruments			
Listed stocks	\$ 562,184	\$ 788,460	\$ 692,907
Emerging stocks	27,404	36,046	34,679
Unlisted stocks	2,480,193	2,820,372	2,797,995
	<u>\$ 3,069,781</u>	<u>\$ 3,644,878</u>	<u>\$ 3,525,581</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 \$3,069,781, \$3,644,878, and \$3,525,581 on September 30, 2022, December 31, 2021, and September 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 September 30, 2022	For the three-month period ended September 30, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>\$ 8,148</u>	<u>\$ 294,062</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>(\$ 931,817)</u>	<u>\$ 949,424</u>

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

(4) Financial assets at amortized cost

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Time deposits	<u>\$ 62,888,582</u>	<u>\$ 43,740,876</u>	<u>\$ 41,899,597</u>
Non-current items:			
Time deposits	<u>\$ 85,740</u>	<u>\$ 80,101</u>	<u>\$ 79,879</u>

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

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

(5) Accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 13,931,517	\$ 12,877,169	\$ 13,487,268
Accounts receivable - related parties	3,873,792	3,210,546	3,247,934
Less: Allowance for bad debts	(108,499)	(98,710)	(102,528)
	<u>\$ 17,696,810</u>	<u>\$ 15,989,005</u>	<u>\$ 16,632,674</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Not past due	\$ 17,480,575	\$ 15,874,298	\$ 16,396,032
Up to 30 days	324,698	210,889	338,709
31 to 90 days	-	2,067	-
Over 90 days	36	461	461
	<u>\$ 17,805,309</u>	<u>\$ 16,087,715</u>	<u>\$ 16,735,202</u>

The above aging analysis is based on past due date.

B. As at September 30, 2022, December 31, 2021 and September 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

<u>September 30, 2022</u>			
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Raw materials	\$ 3,394,672	(\$ 19,608)	\$ 3,375,064
Work in process	13,645,173	(1,568,511)	12,076,662
Finished goods	10,565,572	(1,080,992)	9,484,580
	<u>\$ 27,605,417</u>	<u>(\$ 2,669,111)</u>	<u>\$ 24,936,306</u>
<u>December 31, 2021</u>			
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
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>

	September 30, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 896,697	(\$ 7,983)	\$ 888,714
Work in process	9,881,150	(488,108)	9,393,042
Finished goods	5,651,229	(417,738)	5,233,491
	<u>\$ 16,429,076</u>	<u>(\$ 913,829)</u>	<u>\$ 15,515,247</u>

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

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Cost of inventories sold and others	\$ 15,282,466	\$ 13,765,891
Inventory loss on (gain on reversal of) decline in market value, obsolete and slow-moving inventories	154,490 (	186,944)
Loss on scrap inventory	31,275	136,731
	<u>\$ 15,468,231</u>	<u>\$ 13,715,678</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Cost of inventories sold and others	\$ 43,296,530	\$ 39,368,209
Inventory loss on (gain on reversal of) decline in market value, obsolete and slow-moving inventories	1,473,402 (	232,494)
Loss on scrap inventory	122,875	281,626
	<u>\$ 44,892,807</u>	<u>\$ 39,417,341</u>

(7) Investments accounted for under equity method

	September 30, 2022	December 31, 2021	September 30, 2021
Estinet Technologies Incorporation	\$ 2,600	\$ 5,081	\$ 6,142
Innorich Venture Capital Corp.	137,411	142,619	141,787
Starmems Semiconductor Corp.	36,880	43,677	45,047
	<u>\$ 176,891</u>	<u>\$ 191,377</u>	<u>\$ 192,976</u>

A. The loss on investments accounted for under equity method amounted to \$3,222, \$1,921, \$14,503, and \$10,514 for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

B. Starmems Semiconductor Corp. was incorporated in April 2021. The Group's investment in the investee amounted to \$45,000.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Test equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<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	-	-	227,396	631,396	37,195	838,426	1,734,413
Disposals	-	(3)	-	(2,365)	(58)	-	(2,426)
Reclassifications	-	-	-	4,264	-	(4,264)	-
Depreciation	-	(108,421)	(120,907)	(405,052)	(46,793)	(87,009)	(768,182)
Net exchange difference	-	34,892	(1,787)	3,860	1,808	(1,870)	36,903
At September 30	<u>\$ 489,370</u>	<u>\$ 1,875,905</u>	<u>\$ 744,123</u>	<u>\$ 1,520,229</u>	<u>\$ 229,145</u>	<u>\$ 2,444,874</u>	<u>\$ 7,303,646</u>
<u>At September 30, 2022</u>							
Cost	\$ 489,370	\$ 3,486,304	\$ 4,413,125	\$ 4,555,126	\$ 530,556	\$ 3,315,655	\$ 16,790,136
Accumulated depreciation and impairment	-	(1,610,399)	(3,669,002)	(3,034,897)	(301,411)	(870,781)	(9,486,490)
	<u>\$ 489,370</u>	<u>\$ 1,875,905</u>	<u>\$ 744,123</u>	<u>\$ 1,520,229</u>	<u>\$ 229,145</u>	<u>\$ 2,444,874</u>	<u>\$ 7,303,646</u>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Test equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<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	259,260	428,218	149,103	930,791	1,781,480
Disposals	-	-	-	(2)	(124)	-	(126)
Reclassifications	102,090	42,767	-	-	-	(144,857)	-
Depreciation	-	(83,407)	(85,653)	(356,601)	(34,692)	(71,193)	(631,546)
Net exchange difference	-	(1,178)	(1,899)	(162)	(294)	127	(3,406)
At September 30	<u>\$ 489,370</u>	<u>\$ 1,973,072</u>	<u>\$ 580,765</u>	<u>\$ 1,166,674</u>	<u>\$ 239,586</u>	<u>\$ 1,145,467</u>	<u>\$ 5,594,934</u>
<u>At September 30, 2021</u>							
Cost	\$ 489,370	\$ 3,464,075	\$ 4,095,313	\$ 3,711,431	\$ 480,619	\$ 1,897,312	\$14,138,120
Accumulated depreciation and impairment	-	(1,491,003)	(3,514,548)	(2,544,757)	(241,033)	(751,845)	(8,543,186)
	<u>\$ 489,370</u>	<u>\$ 1,973,072</u>	<u>\$ 580,765</u>	<u>\$ 1,166,674</u>	<u>\$ 239,586</u>	<u>\$ 1,145,467</u>	<u>\$ 5,594,934</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		
	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 1,361,426	\$ 1,370,790	\$ 1,377,501
Buildings	216,808	215,177	200,638
Transportation equipment	598	1,943	2,392
	<u>\$ 1,578,832</u>	<u>\$ 1,587,910</u>	<u>\$ 1,580,531</u>

	Depreciation	
	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Land	\$ 6,906	\$ 6,842
Buildings	22,754	27,710
Transportation equipment	448	449
	<u>\$ 30,108</u>	<u>\$ 35,001</u>

	Depreciation	
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Land	\$ 21,249	\$ 20,531
Buildings	60,452	66,988
Transportation equipment	1,345	1,196
	<u>\$ 83,046</u>	<u>\$ 88,715</u>

C. For the three-month and nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets were \$2,064, \$19,647, \$68,618, and \$23,235, respectively.

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

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 6,629</u>	<u>\$ 5,529</u>

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 21,196	\$ 19,649

E. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$36,853, \$31,053, \$93,351 and \$91,407, 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	(2,946)	(2,892)
Net exchange difference	1,257	(475)
At September 30	<u>\$ 39,952</u>	<u>\$ 42,323</u>
<u>At September 30</u>		
Cost	\$ 83,668	\$ 80,615
Accumulated depreciation and impairment	(43,716)	(38,292)
	<u>\$ 39,952</u>	<u>\$ 42,323</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 September 30, 2022	For the three-month period ended September 30, 2021
Rental income from the lease of the investment property	\$ 569	\$ 552
Operating expenses arising from the investment property that generated rental income during the period	\$ 985	\$ 957

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Rental income from the lease of the investment property	\$ 1,708	\$ 1,671
Operating expenses arising from the investment property that generated rental income during the period	\$ 2,946	\$ 2,892

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 September 30, 2022, December 31, 2021 and September 30, 2021, the fair value was \$134,487, \$130,525, and \$130,411, 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	1,406,498	38,402	-	31,270	1,476,170
Amortisation	(715,768)	(468,510)	-	(16,171)	(1,200,449)
Net exchange difference	421	(3,680)	-	2,395	(864)
At September 30	<u>\$ 1,593,506</u>	<u>\$ 854,714</u>	<u>\$ -</u>	<u>\$ 58,331</u>	<u>\$ 2,506,551</u>
<u>At September 30, 2022</u>					
Cost	\$ 7,047,842	\$ 5,850,280	\$ 639,561	\$ 351,743	\$ 13,889,426
Accumulated amortisation and impairment	(5,454,336)	(4,995,566)	(639,561)	(293,412)	(11,382,875)
	<u>\$ 1,593,506</u>	<u>\$ 854,714</u>	<u>\$ -</u>	<u>\$ 58,331</u>	<u>\$ 2,506,551</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	337,027	793,333	-	13,320	1,143,680
Amortisation	(549,612)	(375,565)	-	(15,475)	(940,652)
Net exchange difference	(119)	(4,273)	-	(948)	(5,340)
At September 30	<u>\$ 887,565</u>	<u>\$ 1,332,183</u>	<u>\$ -</u>	<u>\$ 45,264</u>	<u>\$ 2,265,012</u>
<u>At September 30, 2021</u>					
Cost	\$ 5,424,746	\$ 5,691,665	\$ 639,561	\$ 282,356	\$ 12,038,328
Accumulated amortisation and impairment	(4,537,181)	(4,359,482)	(639,561)	(237,092)	(9,773,316)
	<u>\$ 887,565</u>	<u>\$ 1,332,183</u>	<u>\$ -</u>	<u>\$ 45,264</u>	<u>\$ 2,265,012</u>

Details of amortization on intangible assets are as follows:

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Operating costs	\$ 692	\$ 273
Operating expenses	407,275	349,234
	<u>\$ 407,967</u>	<u>\$ 349,507</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Operating costs	\$ 1,412	\$ 1,030
Operating expenses	1,199,037	939,622
	<u>\$ 1,200,449</u>	<u>\$ 940,652</u>

(12) Short-term borrowings

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 9,927,317</u>	0.89%~3.64%	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	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 12,907,940</u>	0.43%~0.55%	None

Interest expense of bank borrowings recognized in profit or loss amounted to \$76,749, \$17,223, \$115,148 and \$53,888 for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

(13) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued salaries and bonus	\$ 12,541,103	\$ 9,641,868	\$ 9,639,175
Payable for dividends and cash from capital surplus	13,847,318	-	7,149,589
Payable for employees' compensation	14,244,330	11,117,412	9,739,759
Other accrued expenses	2,585,284	1,927,958	2,225,148
Payables on equipment	468,696	283,796	127,892
Payables on software and intellectual property	1,822,236	1,445,930	1,336,270
Others	386,212	228,177	293,926
	<u>\$ 45,895,179</u>	<u>\$ 24,645,141</u>	<u>\$ 30,511,759</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>September 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>\$ 1,537,407</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 September 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 nine-month periods ended September 30, 2022 and 2021 were \$504, \$343, \$1,513 and \$1,029, 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 nine-month periods ended September 30, 2022 and 2021 were \$98,501, \$83,935, \$292,626 and \$244,443, respectively.

(16) Provision

	2022	2021
At January 1	\$ 989,475	\$ 1,018,706
Increase in provision	146,666	-
Effect of exchange rate	156,878	(22,942)
At September 30	<u>\$ 1,293,019</u>	<u>\$ 995,764</u>

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

(17) Share capital

A. As at September 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 September 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 September 30, 2022, the outstanding GDRs were 401 thousand units, or 1,603 thousand shares of common stock, representing 0.31% 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 equity of 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 September 30	<u>\$ 982,830</u>	<u>\$ 61,261</u>	<u>\$ 812</u>	<u>\$ 1,044,903</u>

	2021			
	Change in equity of 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)
Changes in equity of associates accounted for under equity method	-	226	-	226
At September 30	<u>\$ 1,039,006</u>	<u>\$ 61,261</u>	<u>\$ 597</u>	<u>\$ 1,100,864</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	(931,817)	-	(931,817)
Currency translation differences:			
–Group	-	7,402,482	7,402,482
At September 30	<u>\$ 1,448,964</u>	<u>\$ 3,245,611</u>	<u>\$ 4,694,575</u>

	2021		
	Unrealised gains on valuation	Currency translation difference	Total
At January 1	\$ 1,384,909	(\$ 2,940,958)	(\$ 1,556,049)
Revaluation:			
–Group	949,424	-	949,424
Currency translation differences:			
–Group	-	(928,401)	(928,401)
At September 30	<u>\$ 2,334,333</u>	<u>(\$ 3,869,359)</u>	<u>(\$ 1,535,026)</u>

(21) Operating revenue

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
	\$	\$
Revenue from contracts with customers	<u>29,772,018</u>	<u>28,954,850</u>

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
	\$	\$
Revenue from contracts with customers	<u>90,027,673</u>	<u>78,134,679</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		
For the three-month period ended September 30, 2022	circuit products	Others	Total
Revenue from external customer contracts	<u>\$ 29,725,780</u>	<u>\$ 46,238</u>	<u>\$ 29,772,018</u>
Timing of revenue recognition			
At a point in time	<u>\$ 29,725,780</u>	<u>\$ 46,238</u>	<u>\$ 29,772,018</u>
	Integrated		
For the nine-month period ended September 30, 2022	circuit products	Others	Total
Revenue from external customer contracts	<u>\$ 89,887,747</u>	<u>\$ 139,926</u>	<u>\$ 90,027,673</u>
Timing of revenue recognition			
At a point in time	<u>\$ 89,887,747</u>	<u>\$ 139,926</u>	<u>\$ 90,027,673</u>
	Integrated		
For the three-month period ended September 30, 2021	circuit products	Others	Total
Revenue from external customer contracts	<u>\$ 28,928,898</u>	<u>\$ 25,952</u>	<u>\$ 28,954,850</u>
Timing of revenue recognition			
At a point in time	<u>\$ 28,928,898</u>	<u>\$ 25,952</u>	<u>\$ 28,954,850</u>
	Integrated		
For the nine-month period ended September 30, 2021	circuit products	Others	Total
Revenue from external customer contracts	<u>\$ 78,044,760</u>	<u>\$ 89,919</u>	<u>\$ 78,134,679</u>
Timing of revenue recognition			
At a point in time	<u>\$ 78,044,760</u>	<u>\$ 89,919</u>	<u>\$ 78,134,679</u>

B. Contract liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Contract liabilities -				
advance sales				
receipts	<u>\$ 181,020</u>	<u>\$ 211,100</u>	<u>\$ 215,694</u>	<u>\$ 336,254</u>

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

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Contract liabilities – advance sales receipts	<u>\$ 55,640</u>	<u>\$ -</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Contract liabilities – advance sales receipts	<u>\$ 189,536</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Refund liabilities			
– current	<u>\$ 9,358,067</u>	<u>\$ 7,521,493</u>	<u>\$ 7,088,004</u>

(22) Interest income

	For the three-month period ended <u>September 30, 2022</u>	For the three-month period ended <u>September 30, 2021</u>
Interest income from bank deposits	<u>\$ 361,657</u>	<u>\$ 69,555</u>
	For the nine-month period ended <u>September 30, 2022</u>	For the nine-month period ended <u>September 30, 2021</u>
Interest income from bank deposits	<u>\$ 689,725</u>	<u>\$ 248,578</u>

(23) Other income

	For the three-month period ended <u>September 30, 2022</u>	For the three-month period ended <u>September 30, 2021</u>
Dividend income	\$ 35,471	\$ 22,689
Other income	<u>73,924</u>	<u>49,443</u>
	<u>\$ 109,395</u>	<u>\$ 72,132</u>
	For the nine-month period ended <u>September 30, 2022</u>	For the nine-month period ended <u>September 30, 2021</u>
Dividend income	\$ 60,741	\$ 36,563
Other income	<u>156,344</u>	<u>104,804</u>
	<u>\$ 217,085</u>	<u>\$ 141,367</u>

(24) Other gains and losses

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Losses on disposal of property, plant and equipment	(\$ 27)	(\$ 62)
Gains on disposal of investments	-	26,065
Net currency exchange gains (losses)	14,484	(22,429)
Losses on financial assets at fair value through profit or loss	(34,327)	(209,464)
Other losses	(10,124)	(171,907)
	<u>(\$ 29,994)</u>	<u>(\$ 377,797)</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
(Losses) gains on disposal of property, plant and equipment	(\$ 2,079)	\$ 74
Gains on disposal of investments	-	26,065
Gains arising from lease modifications	24	-
Net currency exchange gains (losses)	196,241	(79,030)
(Losses) gains on financial assets at fair value through profit or loss	(206,442)	36,853
Other losses	(29,719)	(176,504)
	<u>(\$ 41,975)</u>	<u>(\$ 192,542)</u>

(25) Finance costs

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Interest expense		
Bank borrowings	\$ 76,749	\$ 17,223
Lease liabilities	6,629	5,529
	<u>\$ 83,378</u>	<u>\$ 22,752</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Interest expense		
Bank borrowings	\$ 115,148	\$ 53,888
Lease liabilities	21,196	19,649
	<u>\$ 136,344</u>	<u>\$ 73,537</u>

(26) Expenses by nature

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Employee benefit expenses	\$ 7,632,549	\$ 7,563,850
Depreciation	297,599	253,642
Amortisation	407,967	349,507
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Employee benefit expenses	\$ 23,912,755	\$ 19,981,171
Depreciation	854,174	723,153
Amortisation	1,200,449	940,652

(27) Employee benefit expenses

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Wages and salaries	\$ 7,300,106	\$ 7,283,631
Labor and health insurance fees	175,658	150,009
Pension costs	99,005	84,278
Other personnel expenses	57,780	45,932
Total	\$ 7,632,549	\$ 7,563,850
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Wages and salaries	\$ 22,875,664	\$ 19,116,398
Labor and health insurance fees	567,205	461,327
Pension costs	294,139	245,472
Other personnel expenses	175,747	157,974
Total	\$ 23,912,755	\$ 19,981,171

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 nine-month periods ended September 30, 2022 and 2021, employees'

compensation was accrued at \$1,240,613, \$1,437,563, \$4,133,481 and \$3,594,275, respectively; directors' remuneration was accrued at \$0, \$0, \$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 <u>September 30, 2022</u>	For the three-month period ended <u>September 30, 2021</u>
Current income tax:		
Current income tax on profit for the period	\$ 184,179	\$ 204,344
Deferred income tax:		
Origination and reversal of temporary differences	(822)	146
Income tax expense	<u>\$ 183,357</u>	<u>\$ 204,490</u>
	For the nine-month period ended <u>September 30, 2022</u>	For the nine-month period ended <u>September 30, 2021</u>
Current income tax:		
Current income tax on profit for the period	\$ 848,260	\$ 724,929
Tax on undistributed earnings	106,293	64,850
Prior year income tax overestimation	(355,446)	(276,529)
Total current income tax	<u>599,107</u>	<u>513,250</u>
Deferred income tax:		
Origination and reversal of temporary differences	(1,856)	(351)
Income tax expense	<u>\$ 597,251</u>	<u>\$ 512,899</u>

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

(29) Earnings per share

<u>For the three-month period ended September 30, 2022</u>			
	<u>Amount after</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 4,207,022</u>	<u>512,863</u>	<u>\$ 8.20</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,207,022	512,863	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	<u>-</u>	<u>4,578</u>	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 4,207,022</u>	<u>517,441</u>	<u>\$ 8.13</u>
<u>For the three-month period ended September 30, 2021</u>			
	<u>Amount after</u>	<u>Weighted average number of common shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
	<u>tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	<u>\$ 4,887,852</u>	<u>510,684</u>	<u>\$ 9.57</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,887,852	510,684	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	<u>-</u>	<u>2,973</u>	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 4,887,852</u>	<u>513,657</u>	<u>\$ 9.52</u>

For the nine-month period ended September 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>\$14,070,401</u>	<u>512,257</u>	<u>\$ 27.47</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$14,070,401	512,257	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	18,285	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$14,070,401</u>	<u>530,542</u>	<u>\$ 26.52</u>
For the nine-month period ended September 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>\$12,247,291</u>	<u>510,684</u>	<u>\$ 23.98</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$12,247,291	510,684	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	9,011	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$12,247,291</u>	<u>519,695</u>	<u>\$ 23.57</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Purchase of property, plant and equipment	\$ 1,734,413	\$ 1,781,480
Add: Opening balance of payable on equipment	283,796	58,959
Less: Ending balance of payable on equipment	(468,696)	(127,892)
Cash paid during the period	<u>\$ 1,549,513</u>	<u>\$ 1,712,547</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Purchase of intangible assets	\$ 1,476,170	\$ 1,143,680
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	(1,822,236)	(1,336,270)
Cash paid during the period	<u>\$ 1,099,864</u>	<u>\$ 960,001</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 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	Lease liabilities	Long-term borrowings	Dividends payable	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	(3,414,783)	(184)	(72,155)	537,050	-	(2,950,072)
Interest paid	-	-	(21,196)	-	-	(21,196)
Interest of lease liabilities	-	-	21,196	-	-	21,196
Impact of changes in foreign exchange	-	-	7,861	-	-	7,861
Changes in other non-cash items	-	-	66,612	(2,442)	13,847,318	13,911,488
At September 30, 2022	<u>\$ 9,927,317</u>	<u>\$ 1,264</u>	<u>\$ 1,335,023</u>	<u>\$ 1,537,407</u>	<u>\$ 13,847,318</u>	<u>\$ 26,648,329</u>

	Short-term borrowings	Guarantee deposits	Lease liabilities	Dividends payable	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	1,451,250	213	(71,758)	-	1,379,705
Interest paid	-	-	(19,649)	-	(19,649)
Interest of lease liabilities	-	-	19,649	-	19,649
Impact of changes in foreign exchange	-	-	140	-	140
Changes in other non-cash items	-	-	15,502	7,149,589	7,165,091
At September 30, 2021	<u>\$ 12,907,940</u>	<u>\$ 1,464</u>	<u>\$ 1,321,141</u>	<u>\$ 7,149,589</u>	<u>\$ 21,380,134</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 September 30, 2022	For the three-month period ended September 30, 2021
Sales of goods:		
G.M.I Technology Inc.	\$ 4,466,143	\$ 4,427,910
Others	83,381	188,317
	<u>\$ 4,549,524</u>	<u>\$ 4,616,227</u>

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Sales of goods:		
G.M.I Technology Inc.	\$ 13,049,250	\$ 12,041,531
Others	332,365	497,288
	<u>\$ 13,381,615</u>	<u>\$ 12,538,819</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 September 30, 2022	For the three-month period ended September 30, 2021
Greatek Electronics Inc.	\$ 283,198	\$ 334,259
Others	-	1,364
	<u>\$ 283,198</u>	<u>\$ 335,623</u>

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Greatek Electronics Inc.	\$ 933,856	\$ 1,058,245
Others	10,528	7,429
	<u>\$ 944,384</u>	<u>\$ 1,065,674</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

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable:			
G.M.I Technology Inc.	\$ 3,797,708	\$ 3,146,078	\$ 3,186,507
Other	55,526	46,106	42,884
	<u>\$ 3,853,234</u>	<u>\$ 3,192,184</u>	<u>\$ 3,229,391</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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable:			
Greatek Electronics Inc.	\$ 291,233	\$ 333,380	\$ 363,357
Others	-	1,033	1,432
	<u>\$ 291,233</u>	<u>\$ 334,413</u>	<u>\$ 364,789</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 payables (receivables):

	<u>For the nine-month period ended September 30, 2022</u>		<u>For the nine-month period ended September 30, 2021</u>	
	<u>Amount</u>	<u>Ending balance</u>	<u>Amount</u>	<u>Ending balance</u>
Other related parties-				
Sales commissions	\$ 563,220	\$ 139,948	\$ 470,379	\$ 103,905
Technical royalty revenue	(\$ 1,010)	\$ -	(\$ 25,909)	\$ -
Other	\$ -	\$ -	\$ 327	\$ -

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

(4) Key management compensation

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Salaries and other short-term employee benefits	\$ 22,797	\$ 16,275
Post-employment benefits	1,005	822
Total	<u>\$ 23,802</u>	<u>\$ 17,097</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Salaries and other short-term employee benefits	\$ 229,442	\$ 108,156
Post-employment benefits	2,870	2,280
Total	<u>\$ 232,312</u>	<u>\$ 110,436</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purposes
	September 30, 2022	December 31, 2021	September 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
"	54,692	49,053	49,058	Guarantee for leasing land and office in science park
	<u>\$ 85,740</u>	<u>\$ 80,101</u>	<u>\$ 79,879</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. Due to the Plaintiff/ Complainant's withdrawal of its patent infringement complaints, the patent infringement cases have been terminated.
- 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 September 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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 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	\$ 1,930,423	\$ 1,952,647	\$ 589,947
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 3,069,781	\$ 3,644,878	\$ 3,525,581
Financial assets at amortised cost/			
Receivables			
Cash and cash equivalents	\$ 8,325,957	\$ 7,197,351	\$ 12,357,936
Financial assets at amortised cost	62,974,322	43,820,977	41,979,476
Accounts receivable (including related parties)	17,696,810	15,989,005	16,632,674
Other receivables	659,951	156,928	264,539
Refundable deposits	2,194,293	734,855	734,600
	<u>\$ 91,851,333</u>	<u>\$ 67,899,116</u>	<u>\$ 71,969,225</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 9,927,317	\$ 13,342,100	\$ 12,907,940
Notes payable	3,276	3,276	3,276
Accounts payable (including related parties)	16,412,161	11,439,981	12,777,918
Other payables (including related parties)	46,035,127	24,746,394	30,615,664
Long-term borrowings	1,537,407	1,002,799	-
Guarantee deposits	1,264	1,448	1,464
Other financial liabilities	9,358,067	7,521,493	7,088,004
	<u>\$ 83,274,619</u>	<u>\$ 58,057,491</u>	<u>\$ 63,394,266</u>
Lease liabilities	<u>\$ 1,335,023</u>	<u>\$ 1,332,705</u>	<u>\$ 1,321,141</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 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:

	September 30, 2022		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 441,811	31.743	\$ 14,024,407
<u>Non-monetary items</u>			
USD:NTD	1,905,601	31.743	60,489,493
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	477,290	31.743	15,150,616

December 31, 2021			
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(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
September 30, 2021			
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 384,444	27.866	\$ 10,712,917
<u>Non-monetary items</u>			
USD:NTD	1,748,077	27.866	48,711,914
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	494,171	27.866	13,770,569

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 nine-month periods ended September 30, 2022 and 2021, amounted to \$14,484, (\$22,429), \$196,241 and (\$79,030), respectively.

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

<u>For the nine-month period ended September 30, 2022</u>			
<u>Sensitivity analysis</u>			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 140,244	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	604,895
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(151,506)	-
<u>For the nine-month period ended September 30, 2021</u>			
<u>Sensitivity analysis</u>			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 107,129	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	487,119
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(137,706)	-

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 nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$193,042 and \$58,995, 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 \$306,978 and \$352,558, 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 September 30, 2022, December 31, 2021 and September 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 September 30, 2022</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 17,480,575	\$ 324,698	\$ 36	\$ 17,805,309
Loss allowance	\$ 105,216	\$ 3,247	\$ 36	\$ 108,499
	<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 September 30, 2021</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	\$ 16,396,032	\$ 338,709	\$ 461	\$ 16,735,202
Loss allowance	\$ 98,680	\$ 3,387	\$ 461	\$ 102,528

- 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	9,789
At September 30	\$ 108,499
	<u>2021</u>
	<u>Loss allowance for accounts receivable</u>
At January 1	\$ 95,360
Provision for impairment loss	7,168
At September 30	\$ 102,528

(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:

September 30, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 9,927,317	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	16,412,161	-	-
Other payables (including related parties)	46,035,127	-	-
Lease liabilities	129,370	332,990	1,318,685
Long-term borrowings	-	1,537,407	-
Guarantee deposits	-	-	1,264
Other financial liabilities	9,358,067	-	-

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	-	-	1,448
Other financial liabilities	7,521,493	-	-

Non-derivative financial liabilities:

September 30, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 12,907,940	\$ -	\$ -
Notes payable	3,276	-	-
Accounts payable (including related parties)	12,777,918	-	-
Other payables (including related parties)	30,615,664	-	-
Lease liabilities	109,075	319,346	1,353,507
Guarantee deposits	-	-	1,464
Other financial liabilities	7,088,004	-	-

- 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:

September 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	\$ 1,930,423	\$ -	\$ -	\$ 1,930,423
Financial assets at fair value through other comprehensive income				
Equity securities	<u>589,588</u>	<u>-</u>	<u>2,480,193</u>	<u>3,069,781</u>
Total	<u>\$ 2,520,011</u>	<u>\$ -</u>	<u>\$ 2,480,193</u>	<u>\$ 5,000,204</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>
September 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	\$ 589,947	\$ -	\$ -	\$ 589,947
Financial assets at fair value through other comprehensive income				
Equity securities	<u>727,586</u>	<u>-</u>	<u>2,797,995</u>	<u>3,525,581</u>
Total	<u>\$ 1,317,533</u>	<u>\$ -</u>	<u>\$ 2,797,995</u>	<u>\$ 4,115,528</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 nine-month periods ended September 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 nine-month periods ended September 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	(340,179)	766,515
At September 30	<u>\$ 2,480,193</u>	<u>\$ 2,797,995</u>

F. For the nine-month periods ended September 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 September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 122,816	Market comparable companies	Price to book ratio multiple	3.12	The higher the multiple, the higher the fair value
"	38,481	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,318,896	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

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 106,980	Market comparable companies	Price to book ratio multiple	4.54	The higher the multiple, the higher the fair value
"	26,019	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,664,996	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:

		September 30, 2022				
				Recognized in profit or loss		Recognized in other comprehensive income
		Input	Change	Favourable Change	Unfavourable change	Favourable Change
						Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,698	(\$ 1,698)
		December 31, 2021				
				Recognized in profit or loss		Recognized in other comprehensive income
		Input	Change	Favourable Change	Unfavourable change	Favourable Change
						Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 7,283	(\$ 7,283)

			September 30, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable Change	Unfavourable change	Favourable Change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to book ratio multiple	± 1%	\$ -	\$ -	\$ 1,819	(\$ 1,819)

(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 September 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 September 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.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Loans to others
For the nine-month period ended September 30, 2022

Table 1

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 nine-month period ended September 30, 2022 (Note 3)	Balance at September 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	\$ 33,000	1.40	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 4,662,774	\$ 18,651,095	None
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	63,486	63,486	-	-	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	Other receivables-related parties	Y	300,000	300,000	-	-	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
0	Realtek Semiconductor Corporation	Bluecean Inc.	Other receivables-related parties	Y	2,222,010	2,222,010	2,222,010	3.80	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
0	Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	2,539,440	2,539,440	2,539,440	3.80	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	2,856,870	2,856,870	2,777,513	3.80	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	3,174,300	3,174,300	984,033	3.80	Short-term financing	-	Operations	-	None	-	4,662,774	18,651,095	None
1	Leading Enterprises Limited	Bluecean Inc.	Other receivables-related parties	Y	1,904,580	1,904,580	-	-	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,904,580	1,904,580	282,513	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
2	Amber Universal Inc.	Bluecean Inc.	Other receivables-related parties	Y	1,587,150	1,587,150	1,555,407	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,174,300	3,174,300	2,872,742	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	952,290	952,290	817,382	0.44	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Loans to others
For the nine-month period ended September 30, 2022

Table 1

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 nine-month period ended September 30,2022 (Note 3)	Balance at September 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				
4	Realtek Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	Y	\$ 3,174,300	\$ 3,174,300	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 18,651,095	\$ 18,651,095	None
4	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables-related parties	Y	63,486	63,486	-	-	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
4	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	Other receivables-related parties	Y	952,290	952,290	-	-	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
4	Realtek Singapore Private Limited	Bluocean Inc.	Other receivables-related parties	Y	3,174,300	3,174,300	3,124,827	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
4	Realtek Singapore Private Limited	Amber Universal Inc.	Other receivables-related parties	Y	3,174,300	3,174,300	2,158,524	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
4	Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,174,300	3,174,300	3,174,300	3.80	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
5	Realsil Microelectronics Corp.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	358,016	358,016	132,242	4.35	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
5	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	Other receivables-related parties	Y	358,016	358,016	-	-	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	None
6	Cortina Network Systems (Shanghai) Co., Ltd.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	134,256	134,256	-	-	Short-term financing	-	Operations	-	None	-	18,651,095	18,651,095	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 party may 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 nine-month period ended September 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 September 30, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee 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	\$ 23,313,869	\$ 4,662,774	\$ 4,662,774	\$ -	\$ -	10%	\$ 23,313,869	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	23,313,869	9,325,548	9,325,548	-	-	20%	23,313,869	Y	N	N	
0	Realtek Semiconductor Corporation	Suzhou PanKore Integrated Circuit Technology Co., Ltd.	2	23,313,869	466,277	466,277	-	-	1%	23,313,869	Y	N	Y	
0	Realtek Semiconductor Corporation	Realsil Microelectronics Corp.	2	23,313,869	1,398,832	1,398,832	-	-	3%	23,313,869	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	23,313,869	1,398,832	1,398,832	38,046	-	3%	23,313,869	Y	N	Y	
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	2	23,313,869	932,555	932,555	-	-	2%	23,313,869	Y	N	N	
1	Leading Enterprises Limited	Realsil Microelectronics Corp.	2	23,313,869	634,860	634,860	-	-	2%	23,313,869	N	N	Y	
2	Realsil Microelectronics Corp.	RayMX Microelectronics Corp.	2	23,313,869	634,860	634,860	-	-	2%	23,313,869	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)
September 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 September 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	\$ 53,505	1.63%	\$ 53,505	
Realtek Semiconductor Corporation	Nuheara Ltd	None	Financial assets at fair value through other comprehensive income	14,166,667	61,402	10.33%	61,402	
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	84,370	5.23%	84,370	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	66,817,958	517,173	3.03%	517,173	
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	84,370	5.23%	84,370	
Leading Enterprises Limited	Fortemedia Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	8,837,301	103,770	6.89%	103,770	
Leading Enterprises Limited	Starix Technology, Inc.-Preferred stock	None	Financial assets at fair value through other comprehensive income	5,000,000	19,046	-	19,046	
Leading Enterprises Limited	Octasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9,000,000	1,181,300	12.49%	1,181,330	
Amber Universal Inc.	Octasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4,726,836	620,423	6.56%	620,434	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336,346	12,024	-	12,024	
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	95,204	2.89%	95,204	
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	286,812	1.02%	286,812	
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	27,404	0.37%	27,404	
Hung-wei Venture Capital Co., Ltd.	Embester Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2,800,000	38,481	10.77%	38,481	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 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 September 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	\$ 26,573	2.03%	\$ 26,573	
Talent Eagle Enterprise Inc.	EARGO, Inc.	None	Financial assets at fair value through other comprehensive income	199,000	6,633	0.51%	6,633	
Realsil Microelectronics Corp.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	16,478,623	73,744	-	73,744	
Realsil Microelectronics Corp.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	10,099,338	45,197	-	45,197	
Realsil Microelectronics Corp.	BOC Cash Fund	None	Financial assets at fair value through profit or loss	22,211,910	99,403	-	99,403	
Realsil Microelectronics Corp.	Guang-Fa Currency Fund	None	Financial assets at fair value through profit or loss	90,033,825	402,919	-	402,919	
Realsil Microelectronics Corp.	WAN JIA Monetary Fund	None	Financial assets at fair value through profit or loss	10,100,576	45,202	-	45,202	
Realtek Semiconductor (Shen Zhen) Corp.	Tian-Tian-Jin Stable Funds	None	Financial assets at fair value through profit or loss	23,128,280	142,266	-	142,266	
Realtek Semiconductor (Shen Zhen) Corp.	Tian-Tian-Jin Aggressive Funds	None	Financial assets at fair value through profit or loss	45,278,912	273,269	-	273,269	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund A	None	Financial assets at fair value through profit or loss	5,855,972	26,207	-	26,207	
Realtek Semiconductor (Shen Zhen) Corp.	Capital Increase Monetary Fund B	None	Financial assets at fair value through profit or loss	10,081,112	45,115	-	45,115	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	39,500,000	177,053	-	177,053	
Cortina Network Systems (Shanghai) Co. Ltd.	Zhou Zhou Fa Fund	None	Financial assets at fair value through profit or loss	11,967,897	73,670	-	73,670	
Cortina Network Systems (Shanghai) Co. Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	16,100,000	72,051	-	72,051	
Blueocean Inc.	CyWeeMotion Group Limited	None	Financial assets at fair value through other comprehensive income	8,422,256	-	7.01%	-	
Realtek Investment Singapore Private Limited	Bond funds	None	Financial assets at fair value through profit or loss	-	305,619	-	305,619	

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 nine-month period ended September 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)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Percentage of total notes/accounts receivable (payable)		Footnote
									Balance		
Realtek Semiconductor Corporation	G.M.I Technology Inc.	Other related parties	(Sales)	(\$ 7,648,615)	(8%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	\$ 1,977,253	11%	
Realtek Semiconductor Corporation	Actions Semiconductor Co., Ltd.	Other related parties	(Sales)	(50,213)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	3,111	0%	
Realtek Semiconductor Corporation	C-Media Electronics Inc.	Other related parties	(Sales)	(276,959)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	52,440	0%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(74,923)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	24,662	0%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(5,325,712)	(6%)	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,795,793	10%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	631,582	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(193,097)	1%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	293,220	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(91,066)	0%	

Table 4

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 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	\$ 1,977,253	5.45	\$ -	-	\$ 820,583	\$ 19,972
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,795,793	4.53	-	-	794,372	-

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

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	Percentage of consolidated total operating revenues or total assets (Note 3)
						Transaction terms	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	\$ 51,643	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 Inc.	1	Technical service fees	89,306	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.10%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Other payables	34,753	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
0	Realtek Semiconductor Corporation	Uhlirix Technology Inc.	1	Technical service fees	449,144	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.50%
0	Realtek Semiconductor Corporation	Uhlirix Technology Inc.	1	Other payables	169,683	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.13%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Technical service fees	2,032,798	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.26%
1	Realtek Singapore Private Limited	Realsil Microelectronics Corp.	3	Prepaid account	866,584	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.64%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Technical service fees	431,199	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.48%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	158,891	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.18%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	19,410	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	110,526	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	41,648	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	145,383	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	14,998	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	50,103	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.06%
1	Realtek Singapore Private Limited	Realtek Viet Nam Co. Ltd.	3	Technical service fees	25,836	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	Realtek Semiconductor (Malaysia) Sdn. Bhd.	3	Technical service fees	11,427	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	RayMX Microelectronics Corp.	3	Other receivables	51,643	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 nine-month period ended September 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount	Shares held as at September 30, 2022						
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote
Realtek Semiconductor Corporation	Leading Enterprises Limited	British Virgin Islands	Investment holdings	\$ 15,678,820	\$ 13,676,922	34,630	100%	\$ 14,846,976	(\$ 66,275)	(\$ 66,275)	Subsidiary
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	4,996,786	4,358,823	41,432	100%	3,831,587	9,466	9,466	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	4,503,858	3,928,798	89,856,425	100%	28,498,958	12,825,801	12,827,046	Subsidiary
Realtek Semiconductor Corporation	Bluocean Inc.	Cayman Islands	Investment holdings	3,493,317	3,047,285	110,050,000	100%	3,674,726	24,750	24,750	Subsidiary
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,621,876	3,159,429	114,100,000	100%	2,524,035	40,676	40,676	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	6,348,600	5,538,000	200,000,000	100%	7,105,008	63,834	63,834	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd. Corporation	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	649,790	18,253	18,253	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	416,871	(90,901)	(90,901)	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	255,354	(3,011)	(3,011)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	5,028	(40)	(40)	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesales, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	66.67%	19,349	144	96	Subsidiary
Realtek Semiconductor Corporation	AICONNX Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	20,000	20,000	2,000,000	100%	1,175	(15,146)	(15,146)	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount	Shares held as at September 30, 2022							
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote	
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%	\$ 2,600	(\$ 43,023)	(\$ 2,498)	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%	137,411	(9,383)	(5,208)	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%	8,195	(15,104)	(1,510)	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%	18,850	(15,104)	(3,474)	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%	9,835	(15,104)	(1,813)	Investments accounted for under equity method	
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	Information collection and technical support	4,399	4,812	400	100%	12,866	11,232	11,232	Sub-Subsidiary	
Leading Enterprises Limited	Circon Universal Inc.	Mauritius	Investment holdings	9,523	8,307	300,000	100%	8,085	(78)	(78)	Sub-Subsidiary	
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	6,066	5,326	-	100%	1,151	(24)	(24)	Sub-Subsidiary	
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	896,740	782,243	2,825,000	100%	2,029,567	8,255	8,255	Sub-Subsidiary	
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and technical support	1,296,575	1,131,026	16,892	100%	957,353	11,134	11,134	Sub-Subsidiary	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount	Shares held as at September 30, 2022							Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2022				
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	\$ 63,486	\$ 55,380	21,130,000	100%	\$ 75,259	\$ 25,139	\$	25,139		Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	126,972	110,760	4,000,000	100%	86,452	1,743		1,743		Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and technical support	1,904,580	1,661,400	60,000,000	100%	320,256	26,695		26,695		Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Limited	Malaysia	R&D and technical support	71,714	69,275	10,450,000	100%	67,952	3,626		3,626		Sub-Subsidiary
Bluocean Inc.	Realtek Korea Inc.	Korea	R&D and technical support	44,390	-	200,000	100%	52,156	8,072		8,072		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 September 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 nine-month period ended September 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 nine-month period ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the nine-month period ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine- month period ended September 30, 2022 (Note2)		Book value of investment in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan								
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	\$ 114,275	(2)	\$ 114,275	\$ -	\$ -	\$ 114,275	\$ 5,541	100%	\$ 5,541		\$ 107,974	\$ -	
Realsil Microelectronics Corp.	R&D and technical support	888,804	(2)	888,804	-	-	888,804	9,282	100%	9,282		2,025,663	-	
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	158,715	(2)	158,715	-	-	158,715	(15,858)	100% (	15,858)		277,846	-	
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	117,474	(2)	117,474	-	-	117,474	(9,557)	100% (	9,557)		399,821	-	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	44,752	(2)	44,752	-	-	44,752	(84,831)	100% (	83,356) (		144,902)	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 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.	\$ 114,275	\$ 114,275	\$ 27,976,643											
Realsil Microelectronics Corp.	888,804	888,804												
Realtek Semiconductor (Shan Zhen) Corp.	158,715	158,715												
RayMX Microelectronics Corp.	117,474	117,474												
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	44,752	44,752												

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 nine-month period ended September 30, 2022 column was recorded based on the financial statements prepared by the company.

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 September 30, 2022, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.