

**REALTEK SEMICONDUCTOR CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2023 AND 2022
(Stock code: 2379)**

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR23000051

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect 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 Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) and 6(7), the consolidated financial statements of certain insignificant consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 were based solely on the reports prepared by those subsidiaries and investee companies, which were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$6,431,157 thousand and NT\$6,729,145 thousand, constituting 5.71% and 5.63% of the consolidated total assets as at June 30, 2023 and 2022, respectively, total liabilities amounted to NT\$1,127,826

thousand and NT\$1,328,501 thousand, constituting 1.51% and 1.64% of the consolidated total liabilities as at June 30, 2023 and 2022, respectively, and the total comprehensive loss amounted to NT\$178,815 thousand, NT\$152,702 thousand, NT\$200,235 thousand and NT\$458,434 thousand, constituting (4.89%), (2.55%), (4.01%) and (3.66%) of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. Furthermore, the investments accounted for under equity method as at June 30, 2023 and 2022 amounted to NT\$151,345 thousand and NT\$180,113 thousand, respectively, and the related investment loss were NT\$15,014 thousand, NT\$5,577 thousand, NT\$27,638 thousand and NT\$11,281 thousand for the three-month and six-month periods then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Realtek Semiconductor Corporation and subsidiaries as at June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Cheng, Ya-Huei

For and on behalf PricewaterhouseCoopers, Taiwan

August 4, 2023

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

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 13,800,413	12	\$ 13,754,035	12	\$ 6,010,435	5
1110	Financial assets at fair value through profit or loss - current	6(2)	1,012,483	1	1,563,287	1	1,570,655	1
1136	Financial assets at amortised cost - current	6(4)	40,171,999	36	41,595,837	37	59,136,885	50
1170	Accounts receivable, net	6(5)	12,982,847	12	9,418,440	8	13,567,705	11
1180	Accounts receivable, net - related parties	6(5) and 7	2,352,964	2	2,594,245	2	3,291,388	3
1200	Other receivables		1,174,991	1	488,769	-	292,744	-
130X	Inventories, net	6(6)	18,499,926	16	25,552,543	23	19,773,668	17
1410	Prepayments		528,627	-	524,525	1	452,513	-
11XX	Total current assets		90,524,250	80	95,491,681	84	104,095,993	87
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	53,000	-	358,145	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	3,080,004	3	3,099,759	3	2,901,426	3
1535	Financial assets at amortised cost - non-current	6(4) and 8	3,535,352	3	618,481	1	85,319	-
1550	Investments accounted for under equity method	6(7)	151,345	-	170,671	-	180,113	-
1600	Property, plant and equipment	6(8)	7,982,038	7	7,556,636	7	6,863,949	6
1755	Right-of-use assets	6(9)	1,806,904	2	1,537,328	1	1,599,251	1
1760	Investment property	6(10)	35,419	-	38,416	-	40,628	-
1780	Intangible assets	6(11)	2,955,218	3	2,413,195	2	2,808,769	2
1840	Deferred income tax assets		218,295	-	132,978	-	157,610	-
1900	Other non-current assets		2,212,004	2	2,283,237	2	751,512	1
15XX	Total non-current assets		22,029,579	20	18,208,846	16	15,388,577	13
1XXX	Total assets		\$ 112,553,829	100	\$ 113,700,527	100	\$ 119,484,570	100

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 9,818,100	9	\$ 13,737,994	12	\$ 10,194,948	9
2130	Contract liabilities - current	6(21)	302,537	-	117,752	-	360,845	-
2150	Notes payable		-	-	-	-	3,276	-
2170	Accounts payable		9,487,358	9	10,340,079	9	13,171,611	11
2180	Accounts payable - related parties	7	377,545	-	156,296	-	342,869	-
2200	Other payables	6(13)	39,720,584	35	27,684,495	25	42,401,340	36
2220	Other payables - related parties	7	77,325	-	90,401	-	108,091	-
2230	Current income tax liabilities		1,543,706	2	1,379,985	1	1,662,338	1
2280	Lease liabilities - current		132,759	-	78,446	-	86,466	-
2300	Other current liabilities	6(21)	8,247,947	7	8,959,279	8	8,461,162	7
21XX	Total current liabilities		69,707,861	62	62,544,727	55	76,792,946	64
Non-current liabilities								
2540	Long-term borrowings	6(14)	1,866,658	2	1,713,316	2	1,394,791	2
2550	Provisions - non-current	6(16)	1,356,254	1	1,287,710	1	1,181,134	1
2570	Deferred income tax liabilities		147,143	-	62,725	-	88,767	-
2580	Lease liabilities - non-current		1,446,699	1	1,223,185	1	1,264,193	1
2600	Other non-current liabilities		107,612	-	105,914	-	143,778	-
25XX	Total non-current liabilities		4,924,366	4	4,392,850	4	4,072,663	4
2XXX	Total liabilities		74,632,227	66	66,937,577	59	80,865,609	68
Equity								
	Share capital	6(17)						
3110	Common shares		5,128,636	5	5,128,636	5	5,128,636	4
	Capital surplus	6(18)						
3200	Capital surplus		541,832	-	1,045,147	1	1,044,903	1
	Retained earnings	6(19)						
3310	Legal reserve		8,882,764	8	7,262,359	6	7,262,359	6
3320	Special reserve		-	-	1,776,089	2	1,776,089	1
3350	Undistributed earnings		20,092,880	18	28,854,826	25	22,514,153	19
	Other equity	6(20)						
3400	Other equity interest		3,265,807	3	2,686,175	2	883,162	1
31XX	Equity attributable to holders of the parent company		37,911,919	34	46,753,232	41	38,609,302	32
36XX	Non-controlling interest		9,683	-	9,718	-	9,659	-
3XXX	Total equity		37,921,602	34	46,762,950	41	38,618,961	32
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 112,553,829	100	\$ 113,700,527	100	\$ 119,484,570	100

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7	\$ 26,290,803	100	\$ 30,499,344	100	\$ 45,915,706	100	\$ 60,255,655	100
5000 Operating costs	6(6) and 7	(15,322,827)	(58)	(15,197,946)	(50)	(26,482,172)	(57)	(29,424,576)	(49)
5950 Gross profit		<u>10,967,976</u>	<u>42</u>	<u>15,301,398</u>	<u>50</u>	<u>19,433,534</u>	<u>43</u>	<u>30,831,079</u>	<u>51</u>
Operating expenses	6(26)(27) and 7								
6100 Selling expenses		(1,034,105)	(4)	(1,319,595)	(4)	(1,816,153)	(4)	(2,555,531)	(4)
6200 General and administrative expenses		(906,324)	(4)	(1,067,324)	(4)	(1,597,970)	(4)	(2,100,873)	(4)
6300 Research and development expenses		(6,896,275)	(26)	(8,293,770)	(27)	(12,469,145)	(27)	(16,244,713)	(27)
6450 Expected credit losses	12(2)	(37,222)	-	(4,588)	-	(41,668)	-	(12,186)	-
6000 Total operating expenses		<u>(8,873,926)</u>	<u>(34)</u>	<u>(10,685,277)</u>	<u>(35)</u>	<u>(15,924,936)</u>	<u>(35)</u>	<u>(20,913,303)</u>	<u>(35)</u>
6900 Operating income		<u>2,094,050</u>	<u>8</u>	<u>4,616,121</u>	<u>15</u>	<u>3,508,598</u>	<u>8</u>	<u>9,917,776</u>	<u>16</u>
Non-operating income and expenses									
7100 Interest income	6(22)	672,433	2	253,725	1	1,202,524	2	328,068	1
7010 Other income	6(23)	9,143	-	33,006	-	20,346	-	107,690	-
7020 Other gains and losses	6(24)	25,053	-	7,846	-	14,209	-	(11,981)	-
7050 Finance costs	6(25)	(64,738)	-	(30,499)	-	(128,102)	-	(52,966)	-
7060 Share of loss of associates and joint ventures accounted for under equity method	6(7)	(15,014)	-	(5,577)	-	(27,638)	-	(11,281)	-
7000 Total non-operating income and expenses		<u>626,877</u>	<u>2</u>	<u>258,501</u>	<u>1</u>	<u>1,081,339</u>	<u>2</u>	<u>359,530</u>	<u>1</u>
7900 Profit before income tax, net		<u>2,720,927</u>	<u>10</u>	<u>4,874,622</u>	<u>16</u>	<u>4,589,937</u>	<u>10</u>	<u>10,277,306</u>	<u>17</u>
7950 Income tax expense	6(28)	(113,895)	-	(197,492)	-	(189,510)	-	(413,894)	(1)
8200 Net income for the period		<u>\$ 2,607,032</u>	<u>10</u>	<u>\$ 4,677,130</u>	<u>16</u>	<u>\$ 4,400,427</u>	<u>10</u>	<u>\$ 9,863,412</u>	<u>16</u>

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income (losses), net	6(20)								
Components of other comprehensive income (losses) that will not be reclassified to profit or loss									
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 122,467)	-	(\$ 597,527)	(2)	(\$ 135,153)	-	(\$ 939,965)	(1)
Components of other comprehensive income (losses) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		1,169,756	4	1,917,524	6	731,230	1	3,599,217	6
8300 Other comprehensive income, net		<u>\$ 1,047,289</u>	<u>4</u>	<u>\$ 1,319,997</u>	<u>4</u>	<u>\$ 596,077</u>	<u>1</u>	<u>\$ 2,659,252</u>	<u>5</u>
8500 Total comprehensive income for the period		<u>\$ 3,654,321</u>	<u>14</u>	<u>\$ 5,997,127</u>	<u>20</u>	<u>\$ 4,996,504</u>	<u>11</u>	<u>\$ 12,522,664</u>	<u>21</u>
Net income attributable to:									
8610 Equity holders of the parent company		\$ 2,607,012	10	\$ 4,677,111	16	\$ 4,400,380	10	\$ 9,863,379	16
8620 Non-controlling interest		20	-	19	-	47	-	33	-
Net income for the period		<u>\$ 2,607,032</u>	<u>10</u>	<u>\$ 4,677,130</u>	<u>16</u>	<u>\$ 4,400,427</u>	<u>10</u>	<u>\$ 9,863,412</u>	<u>16</u>
Comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 3,654,301	14	\$ 5,997,108	20	\$ 4,996,457	11	\$ 12,522,631	21
8720 Non-controlling interest		20	-	19	-	47	-	33	-
Total comprehensive income for the period		<u>\$ 3,654,321</u>	<u>14</u>	<u>\$ 5,997,127</u>	<u>20</u>	<u>\$ 4,996,504</u>	<u>11</u>	<u>\$ 12,522,664</u>	<u>21</u>
Earnings per share (in dollars)									
9750 Basic earnings per share	6(29)	\$ 5.08		\$ 9.12		\$ 8.58		\$ 19.27	
9850 Diluted earnings per share	6(29)	\$ 5.06		\$ 9.05		\$ 8.46		\$ 18.79	

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent company									
		Retained Earnings					Other equity interest				
								Unrealised income (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings		Financial statements translation differences of foreign operations		Total		
<u>Six-month period ended June 30, 2022</u>											
Balance at January 1, 2022	\$ 5,106,849	\$ 1,101,079	\$ 5,577,083	\$ 1,556,049	\$ 27,377,681	(\$ 4,156,871)	\$ 2,380,781	\$ 38,942,651	\$ 9,673	\$ 38,952,324	
Net income for the period	-	-	-	-	9,863,379	-	-	9,863,379	33	9,863,412	
Other comprehensive income (loss) for the period	6(20)	-	-	-	-	3,599,217	(939,965)	2,659,252	-	2,659,252	
Total comprehensive income (loss) for the period	-	-	-	-	9,863,379	3,599,217	(939,965)	12,522,631	33	12,522,664	
Distribution of 2021 earnings											
Legal reserve	6(19)	-	-	1,685,276	-	(1,685,276)	-	-	-	-	-
Special reserve	6(19)	-	-	-	220,040	(220,040)	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(12,821,591)	-	-	(12,821,591)	-	(12,821,591)
Employees' compensation transferred to common shares	6(18)(19)	21,787	969,551	-	-	-	-	991,338	-	991,338	
Cash from capital surplus	6(19)	-	(1,025,727)	-	-	-	-	(1,025,727)	-	(1,025,727)	
Changes in non-controlling interest		-	-	-	-	-	-	-	(47)	(47)	
Balance at June 30, 2022	\$ 5,128,636	\$ 1,044,903	\$ 7,262,359	\$ 1,776,089	\$ 22,514,153	(\$ 557,654)	\$ 1,440,816	\$ 38,609,302	\$ 9,659	\$ 38,618,961	
<u>Six-month period ended June 30, 2023</u>											
Balance at January 1, 2023	\$ 5,128,636	\$ 1,045,147	\$ 7,262,359	\$ 1,776,089	\$ 28,854,826	\$ 1,294,358	\$ 1,391,817	\$ 46,753,232	\$ 9,718	\$ 46,762,950	
Net income for the period	-	-	-	-	4,400,380	-	-	4,400,380	47	4,400,427	
Other comprehensive income (loss) for the period	6(20)	-	-	-	-	731,230	(135,153)	596,077	-	596,077	
Total comprehensive income (loss) for the period	-	-	-	-	4,400,380	731,230	(135,153)	4,996,457	47	4,996,504	
Distribution of 2022 earnings											
Legal reserve	6(19)	-	-	1,620,405	-	(1,620,405)	-	-	-	-	-
Special reserve	6(19)	-	-	-	(1,776,089)	1,776,089	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(13,334,455)	-	-	(13,334,455)	-	(13,334,455)
Cash from capital surplus	6(19)	-	(512,864)	-	-	-	-	(512,864)	-	(512,864)	
Changes in equity of associates accounted for under equity method	6(18)	-	9,549	-	-	-	-	9,549	-	9,549	
Disposal of financial assets at fair value through other comprehensive income or losses	6(20)	-	-	-	16,445	-	(16,445)	-	-	-	
Changes in non-controlling interest		-	-	-	-	-	-	-	(82)	(82)	
Balance at June 30, 2023	\$ 5,128,636	\$ 541,832	\$ 8,882,764	\$ -	\$ 20,092,880	\$ 2,025,588	\$ 1,240,219	\$ 37,911,919	\$ 9,683	\$ 37,921,602	

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 4,589,937	\$ 10,277,306
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	633,635	556,575
Amortization	6(11)(26)	884,707	792,482
Expected credit losses	12(2)	41,668	12,186
Interest expense	6(25)	128,102	52,966
Interest income	6(22)	(1,202,524)	(328,068)
Dividend income	6(23)	(3,575)	(25,270)
Losses on financial assets at fair value through profit or loss	6(2)(24)	2,306	172,115
Share of loss of associates and joint ventures accounted for under equity method	6(7)	27,638	11,281
(Gains) losses on disposal of property, plant and equipment	6(24)	(390)	2,052
Gains on disposal of investments	6(24)	(6,220)	-
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		544,200	209,877
Accounts receivable, net		(3,604,396)	(781,279)
Accounts receivable, net - related parties		239,602	(100,995)
Other receivables		29,190	(2,755)
Inventories		7,052,617	(3,224,956)
Prepayments		4,804	207,370
Changes in operating liabilities			
Contract liabilities - current		184,785	149,745
Accounts payable		(852,721)	2,066,043
Accounts payable - related parties		221,249	8,456
Other payables		(2,482,038)	4,734,154
Other payables - related parties		(13,076)	6,838
Other current liabilities		(711,332)	921,745
Provisions - non-current		61,124	115,042
Accrued pension obligations		2,454	34,869

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REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30	
		2023	2022
Cash inflow generated from operations		\$ 5,771,746	\$ 15,867,755
Interest received		487,112	195,007
Dividends received		3,575	25,270
Interest paid		(127,723)	(54,868)
Income tax paid		(34,255)	(224,454)
Net cash flows from operating activities		<u>6,100,455</u>	<u>15,808,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		309,442	-
Acquisition of financial assets at fair value through other comprehensive income		(12,075)	(50,469)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		18,041	-
Acquisition of financial assets at amortised cost		(13,075,982)	(53,960,356)
Proceeds from disposal of financial assets at amortised cost		12,235,849	42,048,401
Acquisition of property, plant and equipment	6(30)	(884,963)	(1,112,453)
Proceeds from disposal of property, plant and equipment		3,079	340
Acquisition of intangible assets	6(30)	(916,462)	(1,021,506)
Decrease in refundable deposits		696	22,221
Increase in other non-current assets		(20,474)	(39,082)
Net cash flows used in investing activities		<u>(2,342,849)</u>	<u>(14,112,904)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	80,292,713	66,489,844
Decrease in short-term borrowings	6(31)	(84,212,607)	(69,636,996)
Increase in long-term borrowings	6(31)	152,600	390,590
Repayment of principal portion of lease liabilities	6(31)	(56,432)	(41,931)
Decrease in guarantee deposits		(14)	(179)
Net cash flows used in financing activities		<u>(3,823,740)</u>	<u>(2,798,672)</u>
Effect of exchange rate		<u>112,512</u>	<u>(84,050)</u>
Net increase (decrease) in cash and cash equivalents		46,378	(1,186,916)
Cash and cash equivalents at beginning of period		<u>13,754,035</u>	<u>7,197,351</u>
Cash and cash equivalents at end of period		<u>\$ 13,800,413</u>	<u>\$ 6,010,435</u>

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 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 authorized for issuance by the Board of Directors on August 4, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The above standards, interpretations and amendments 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 that came into effect as endorsed by the FSC but not yet adopted by the Group

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2024

The above standards, interpretations and amendments 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, 2022, except for the compliance statement, basis of preparations, 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' that came into effect 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, 2022.

(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 that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2022 consolidated financial statements.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Realtek Semiconductor Corporation	Leading Enterprises Limited	Investment holdings	-	-	100%	Note 1
Realtek Semiconductor Corporation	Amber Universal Inc.	"	100%	100%	100%	
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	
Realtek Semiconductor Corporation	Bluocean Inc.	Investment holdings	-	-	100%	Note 1
Realtek Semiconductor Corporation	Talent Eagle Enterprise Inc.	"	-	-	100%	Note 1
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	"	100%	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Realtek Semiconductor Corporation	Wise Elite Global Limited	Investment holdings	100%	-	-	Notes 2 and 4
Realtek Semiconductor Corporation	Realsun Investment Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Realsun Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	Note 3
Realtek Semiconductor Corporation	Bobitag Inc.	Manufacture and installation of computer equipment and wholesale, retail and related service of electronic materials and information / software	67%	67%	67%	Note 3
Realtek Semiconductor Corporation	AICONNX Technology Corporation	ICs manufacturing, design, research, development, sales, and marketing	100%	100%	100%	Note 3
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Information collection and technical support	100%	100%	100%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Leading Enterprises Limited	Circon Universal Inc.	Investment holdings	-	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 (Suzhou) Co.,LTD	"	100%	100%	100%	Note 3
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Access Inc.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Cortina Network Systems Shanghai Co., Ltd.	"	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Investment holdings	100%	100%	100%	Note 3
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	R&D and technical support	100%	100%	100%	Note 3
Realtek Singapore Private Limited	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	19%	19%	19%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Realtek Singapore Private Limited	Leading Enterprises Limited	Investment holdings	100%	100%	-	Note 1
Realtek Singapore Private Limited	Bluocean Inc.	"	100%	100%	-	Note 1
Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	"	100%	100%	-	Note 1
Realsil Microelectronics (Suzhou) Co.,LTD	RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	81%	81%	81%	Note 3
Realsil Microelectronics (Suzhou) Co.,LTD	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%	100%	100%	Note 3

Note 1: Due to organisation restructuring, in the fourth quarter of 2022, the Company sold all equity interests in its three wholly-owned subsidiaries, Leading Enterprises Limited, Bluocean Inc. and Talent Eagle Enterprise Inc., to Realtek Singapore Private Limited through share exchanges.

Note 2: Wise Elite Global Limited was established on February 17, 2023.

Note 3: The financial statements of the entity as at and for the six-month periods ended June 30, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: The financial statements of the entity as at and for the six-month periods ended June 30, 2023 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 June 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	\$ 826	\$ 837	\$ 816
Checking accounts and demand deposits	6,070,726	10,001,264	5,861,917
Time deposits	7,728,861	3,751,934	147,702
	<u>\$ 13,800,413</u>	<u>\$ 13,754,035</u>	<u>\$ 6,010,435</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 145,866	\$ 159,902	\$ 177,313
Beneficiary certificates	866,617	1,403,385	1,393,342
	<u>1,012,483</u>	<u>1,563,287</u>	<u>1,570,655</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 305,145	\$ -
Hybrid instruments	53,000	53,000	-
	<u>53,000</u>	<u>358,145</u>	<u>-</u>
	<u>\$ 1,065,483</u>	<u>\$ 1,921,432</u>	<u>\$ 1,570,655</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 June 30, 2023</u>	<u>For the three-month period ended June 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 24,874)	(\$ 95,587)
Beneficiary certificates	1,040	5,990
	<u>(\$ 23,834)</u>	<u>(\$ 89,597)</u>
	<u>For the six-month period ended June 30, 2023</u>	<u>For the six-month period ended June 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 14,036)	(\$ 181,578)
Beneficiary certificates	11,730	9,463
	<u>(\$ 2,306)</u>	<u>(\$ 172,115)</u>

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

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 773,747	\$ 718,427	\$ 599,028
Emerging stocks	-	28,771	36,210
Unlisted stocks	2,306,257	2,352,561	2,266,188
	<u>\$ 3,080,004</u>	<u>\$ 3,099,759</u>	<u>\$ 2,901,426</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 \$3,080,004, \$3,099,759, and \$2,901,426 on June 30, 2023, December 31, 2022, and June 30, 2022, respectively.

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

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	(\$ 122,467)	(\$ 597,527)
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	(\$ 135,153)	(\$ 939,965)
Cumulative gains reclassified to retained earnings due to disposal	(\$ 16,445)	\$ -

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

(4) Financial assets at amortized cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits	\$ 40,171,999	\$ 41,595,837	\$ 59,136,885
Non-current items:			
Corporate bonds	\$ 3,441,614	\$ 532,574	\$ -
Time deposits	93,738	85,907	85,319
	<u>\$ 3,535,352</u>	<u>\$ 618,481</u>	<u>\$ 85,319</u>

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

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

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

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	\$ 13,077,059	\$ 9,472,662	\$ 13,658,447
Accounts receivable - related parties	2,365,715	2,605,318	3,311,542
Less: Allowance for bad debts	(106,963)	(65,295)	(110,896)
	<u>\$ 15,335,811</u>	<u>\$ 12,012,685</u>	<u>\$ 16,859,093</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	\$ 15,037,487	\$ 12,034,050	\$ 16,588,976
Up to 30 days	405,251	43,893	371,083
31 to 90 days	-	-	9,894
Over 90 days	36	37	36
	<u>\$ 15,442,774</u>	<u>\$ 12,077,980</u>	<u>\$ 16,969,989</u>

The above aging analysis is based on past due date.

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable were all from contracts with customers. And as at January 1, 2022, the balance of receivables from contracts with customers amounted to \$16,087,715.

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

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

(6) Inventories

June 30, 2023			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 5,173,542	(\$ 1,173,848)	\$ 3,999,694
Work in process	8,885,448	(1,974,629)	6,910,819
Finished goods	9,814,311	(2,224,898)	7,589,413
	<u>\$ 23,873,301</u>	<u>(\$ 5,373,375)</u>	<u>\$ 18,499,926</u>
December 31, 2022			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 9,483,560	(\$ 1,024,725)	\$ 8,458,835
Work in process	8,905,516	(948,334)	7,957,182
Finished goods	10,319,326	(1,182,800)	9,136,526
	<u>\$ 28,708,402</u>	<u>(\$ 3,155,859)</u>	<u>\$ 25,552,543</u>
June 30, 2022			
	Cost	Allowance for obsolescence and market value decline	Book value
Raw materials	\$ 5,357,676	(\$ 1,169,419)	\$ 4,188,257
Work in process	9,675,431	(445,463)	9,229,968
Finished goods	7,207,712	(852,269)	6,355,443
	<u>\$ 22,240,819</u>	<u>(\$ 2,467,151)</u>	<u>\$ 19,773,668</u>

Operating costs incurred on inventories for the three-month and six-month periods ended June 30, 2023 and 2022 were as follows:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Cost of inventories sold and others	\$ 13,899,485	\$ 14,369,840
Inventory loss on decline in market value, obsolete and slow-moving inventories	1,340,138	757,556
Loss on scrap inventory	83,204	70,550
	<u>\$ 15,322,827</u>	<u>\$ 15,197,946</u>

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Cost of inventories sold and others	\$ 24,201,698	\$ 28,014,064
Inventory loss on decline in market value, obsolete and slow-moving inventories	2,195,448	1,318,912
Loss on scrap inventory	85,026	91,600
	<u>\$ 26,482,172</u>	<u>\$ 29,424,576</u>

(7) Investments accounted for under equity method

	June 30, 2023	December 31, 2022	June 30, 2022
Estinet Technologies Incorporation	\$ -	\$ 2,276	\$ 3,674
Innorich Venture Capital Corp.	125,935	135,808	138,425
Starmems Semiconductor Corp.	25,410	32,587	38,014
	<u>\$ 151,345</u>	<u>\$ 170,671</u>	<u>\$ 180,113</u>

The loss on investments accounted for under equity method amounted to \$15,014, \$5,577, \$27,638, and \$11,281 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
<u>At January 1, 2023</u>							
Cost	\$ 489,370	\$ 3,083,025	\$ 1,292,529	\$ 3,414,364	\$ 434,731	\$ 3,085,480	\$ 11,799,499
Accumulated depreciation and impairment	-	(1,187,897)	(532,861)	(1,960,834)	(215,677)	(345,594)	(4,242,863)
	<u>\$ 489,370</u>	<u>\$ 1,895,128</u>	<u>\$ 759,668</u>	<u>\$ 1,453,530</u>	<u>\$ 219,054</u>	<u>\$ 2,739,886</u>	<u>\$ 7,556,636</u>
<u>2023</u>							
At January 1	\$ 489,370	\$ 1,895,128	\$ 759,668	\$ 1,453,530	\$ 219,054	\$ 2,739,886	\$ 7,556,636
Additions	-	912	76,663	498,331	18,178	446,395	1,040,479
Disposals	-	-	-	(2,533)	(156)	-	(2,689)
Reclassifications	-	-	1,903	(70,837)	14,370	54,564	-
Depreciation	-	(51,449)	(101,733)	(312,361)	(33,038)	(76,495)	(575,076)
Net exchange difference	-	(8,942)	(33,557)	(806)	(10)	6,003	(37,312)
At June 30	<u>\$ 489,370</u>	<u>\$ 1,835,649</u>	<u>\$ 702,944</u>	<u>\$ 1,565,324</u>	<u>\$ 218,398</u>	<u>\$ 3,170,353</u>	<u>\$ 7,982,038</u>
<u>At June 30, 2023</u>							
Cost	\$ 489,370	\$ 3,060,153	\$ 1,336,447	\$ 3,824,105	\$ 464,673	\$ 3,589,155	\$ 12,763,903
Accumulated depreciation and impairment	-	(1,224,504)	(633,503)	(2,258,781)	(246,275)	(418,802)	(4,781,865)
	<u>\$ 489,370</u>	<u>\$ 1,835,649</u>	<u>\$ 702,944</u>	<u>\$ 1,565,324</u>	<u>\$ 218,398</u>	<u>\$ 3,170,353</u>	<u>\$ 7,982,038</u>

	Land	Buildings	Machinery	Test equipment	Office equipment	Others	Total
<u>At January 1, 2022</u>							
Cost	\$ 489,370	\$ 3,466,696	\$ 4,185,792	\$ 3,926,851	\$ 492,603	\$ 2,477,232	\$ 15,038,544
Accumulated depreciation and impairment	-	(1,517,259)	(3,546,371)	(2,638,725)	(255,610)	(777,641)	(8,735,606)
	<u>\$ 489,370</u>	<u>\$ 1,949,437</u>	<u>\$ 639,421</u>	<u>\$ 1,288,126</u>	<u>\$ 236,993</u>	<u>\$ 1,699,591</u>	<u>\$ 6,302,938</u>
<u>2022</u>							
At January 1	\$ 489,370	\$ 1,949,437	\$ 639,421	\$ 1,288,126	\$ 236,993	\$ 1,699,591	\$ 6,302,938
Additions	-	-	41,139	191,860	36,697	769,552	1,039,248
Disposals	-	(3)	-	(2,366)	(23)	-	(2,392)
Reclassifications	-	-	-	4,264	-	(4,264)	-
Depreciation	-	(72,009)	(77,776)	(264,881)	(30,662)	(56,348)	(501,676)
Net exchange difference	-	23,159	(1,134)	3,719	1,562	(1,475)	25,831
At June 30	<u>\$ 489,370</u>	<u>\$ 1,900,584</u>	<u>\$ 601,650</u>	<u>\$ 1,220,722</u>	<u>\$ 244,567</u>	<u>\$ 2,407,056</u>	<u>\$ 6,863,949</u>
<u>At June 30, 2022</u>							
Cost	\$ 489,370	\$ 3,481,104	\$ 4,225,469	\$ 4,110,978	\$ 531,123	\$ 3,245,896	\$ 16,083,940
Accumulated depreciation and impairment	-	(1,580,520)	(3,623,819)	(2,890,256)	(286,556)	(838,840)	(9,219,991)
	<u>\$ 489,370</u>	<u>\$ 1,900,584</u>	<u>\$ 601,650</u>	<u>\$ 1,220,722</u>	<u>\$ 244,567</u>	<u>\$ 2,407,056</u>	<u>\$ 6,863,949</u>

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 other equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	Carrying amount		
	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 1,577,879	\$ 1,354,240	\$ 1,368,174
Buildings	202,244	182,939	230,031
Other equipment	26,781	149	1,046
	<u>\$ 1,806,904</u>	<u>\$ 1,537,328</u>	<u>\$ 1,599,251</u>

	Depreciation	
	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Land	\$ 9,202	\$ 7,497
Buildings	7,800	19,339
Other equipment	1,840	449
	<u>\$ 18,842</u>	<u>\$ 27,285</u>

	Depreciation	
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Land	\$ 17,356	\$ 14,343
Buildings	37,195	37,698
Other equipment	2,051	897
	<u>\$ 56,602</u>	<u>\$ 52,938</u>

C. For the three-month and six-month periods ended June 30, 2023 and 2022, the additions to right-of-use assets were \$341,207, \$40,575, \$342,388, and \$66,554, respectively.

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

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 7,672</u>	<u>\$ 7,540</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 14,689</u>	<u>\$ 14,567</u>

E. For the three-month and six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases were \$35,210, \$29,260, \$71,121, and \$56,724, respectively.

(10) Investment property

	Buildings	
	2023	2022
<u>At January 1</u>		
Cost	\$ 82,504	\$ 81,152
Accumulated depreciation and impairment	(44,088)	(39,511)
	<u>\$ 38,416</u>	<u>\$ 41,641</u>
At January 1	\$ 38,416	\$ 41,641
Depreciation	(1,957)	(1,961)
Net exchange difference	(1,040)	948
At June 30	<u>\$ 35,419</u>	<u>\$ 40,628</u>
<u>At June 30</u>		
Cost	\$ 80,157	\$ 83,020
Accumulated depreciation and impairment	(44,738)	(42,392)
	<u>\$ 35,419</u>	<u>\$ 40,628</u>

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

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Rental income from the lease of the investment property	\$ 562	\$ 572
Operating expenses arising from the investment property that generated rental income during the period	\$ 970	\$ 982
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Rental income from the lease of the investment property	\$ 1,132	\$ 1,139
Operating expenses arising from the investment property that generated rental income during the period	\$ 1,957	\$ 1,961

B. The Group's investment property is located in Mainland China. The fair value is based on valuation information from Information Centre of Real Estate in local governments in Mainland China and is adjusted and classified as level 3 accordingly. As at June 30, 2023, December 31, 2022 and June 30, 2022, the fair values were \$132,470, \$133,060, and \$133,444, respectively.

(11) Intangible assets

	Computer software	Intellectual property	Goodwill	Others	Total
<u>At January 1, 2023</u>					
Cost	\$ 7,099,807	\$ 6,117,679	\$ 639,561	\$ 348,766	\$ 14,205,813
Accumulated amortisation and impairment	(5,700,830)	(5,162,742)	(639,561)	(289,485)	(11,792,618)
	<u>\$ 1,398,977</u>	<u>\$ 954,937</u>	<u>\$ -</u>	<u>\$ 59,281</u>	<u>\$ 2,413,195</u>
<u>2023</u>					
At January 1	\$ 1,398,977	\$ 954,937	\$ -	\$ 59,281	\$ 2,413,195
Additions	1,138,907	251,507	-	41,879	1,432,293
Reclassifications	85,899	-	-	(85,899)	-
Amortisation	(565,449)	(313,644)	-	(5,614)	(884,707)
Net exchange difference	(349)	(5,185)	-	(29)	(5,563)
At June 30	<u>\$ 2,057,985</u>	<u>\$ 887,615</u>	<u>\$ -</u>	<u>\$ 9,618</u>	<u>\$ 2,955,218</u>
<u>At June 30, 2023</u>					
Cost	\$ 3,633,322	\$ 2,878,283	\$ 639,561	\$ 308,849	\$ 7,460,015
Accumulated amortisation and impairment	(1,575,337)	(1,990,668)	(639,561)	(299,231)	(4,504,797)
	<u>\$ 2,057,985</u>	<u>\$ 887,615</u>	<u>\$ -</u>	<u>\$ 9,618</u>	<u>\$ 2,955,218</u>

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

Details of amortization on intangible assets are as follows:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Operating costs	\$ 1,231	\$ 360
Operating expenses	420,212	406,011
	<u>\$ 421,443</u>	<u>\$ 406,371</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Operating costs	\$ 2,357	\$ 720
Operating expenses	882,350	791,762
	<u>\$ 884,707</u>	<u>\$ 792,482</u>

(12) Short-term borrowings

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 9,818,100</u>	1.32%~5.59%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 13,737,994</u>	1.18%~2.3%	None
Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 10,194,948</u>	0.12%~1.99%	None

Interest expense of bank borrowings recognized in profit or loss amounted to \$57,066, \$22,959, \$113,413, and \$38,399 for the three-month and six-month periods ended June 30, 2023 and 2022,

respectively.

(13) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued salaries and bonus	\$ 7,570,212	\$ 11,366,632	\$ 10,972,746
Payable for dividends and cash from capital surplus	13,847,319	-	13,847,318
Payable for employees' compensation	13,332,770	12,002,603	13,008,288
Other accrued expenses	2,542,124	2,531,844	2,195,277
Payables on equipment	270,030	114,514	210,591
Payables on software and intellectual property	1,808,138	1,292,307	1,793,936
Others	349,991	376,595	373,184
	<u>\$ 39,720,584</u>	<u>\$ 27,684,495</u>	<u>\$ 42,401,340</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	June 30, 2023
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2027/12/15	Repayable in instalment over the agreed period	1.050% ~ 1.250%	None	<u>\$ 1,866,658</u>

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2022
Loan for Accelerated Investment by Domestic Corporations (Note)	2021/11/8 ~2027/12/15	Repayable in instalment over the agreed period	0.925% ~ 1.125%	None	<u>\$ 1,713,316</u>

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

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 Group for the three-month and six-month periods ended June 30, 2023 and 2022 were \$555, \$505, \$1,063, and \$1,009, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 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. Employees may receive the payment of the pension every month or on a lump-sum basis depending on the accumulated earnings in the personal pension account.
- (b) The Company's mainland China subsidiaries, Realsil Microelectronics (Suzhou) Co., LTD, Realtek Semiconductor (Shen Zhen) Corp., Cortina Network Systems (Shanghai) Co., Ltd., RayMX Microelectronics Corp. and Suzhou PanKore Integrated Circuit Technology Co. Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Monthly contributions to an independent fund are administered by the government. Other than the monthly contributions, the Group has no further obligations.

- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2023 and 2022 were \$104,045, \$99,629, \$211,623, and \$194,125, respectively.

(16) Provision

	2023	2022
At January 1	\$ 1,287,710	\$ 989,475
Increase in provision	61,124	115,042
Effect of exchange rate	7,420	76,617
At June 30	<u>\$ 1,356,254</u>	<u>\$ 1,181,134</u>

As at June 30, 2023, provisions were estimated for potential infringement litigations.

(17) Share capital

- A. As at June 30, 2023, 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:

	2023	2022
At January 1	512,863	510,684
Employees' compensation transferred to common shares	-	2,179
At June 30	<u>512,863</u>	<u>512,863</u>

- B. On March 18, 2022, the Company's Board of Directors resolved to distribute employees' compensation in the form of stocks amounting to \$991,338. The Company issued 2,179 thousand shares based on the closing price of the Company's share at the previous day of the Board meeting resolution at 455 NT dollar, which was approved by the competent authority, and the record date of issuance of new shares was March 30, 2022. The registration for the distribution of employees' compensation was completed on April 13, 2022.
- C. On January 24, 2002, the Company increased its new common stock and sold its old common stock by issuing 13,924 thousand units of GDRs for cash. Each GDR unit represents 4 common stocks, so the total common stocks issued were 55,694 thousand shares. The Company's GDRs are traded in the Luxembourg Stock Exchange. As at June 30, 2023, the outstanding GDRs were 401 thousand units, or 1,605 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.

	2023			
	Change in equity of associates accounted for under			
	Share premium	equity method	Others	Total
At January 1	\$ 982,830	\$ 61,261	\$ 1,056	\$ 1,045,147
Changes in equity of associates accounted for under equity method	-	9,549	-	9,549
Cash from capital surplus	(512,864)	-	-	(512,864)
At June 30	<u>\$ 469,966</u>	<u>\$ 70,810</u>	<u>\$ 1,056</u>	<u>\$ 541,832</u>
	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 June 30	<u>\$ 982,830</u>	<u>\$ 61,261</u>	<u>\$ 812</u>	<u>\$ 1,044,903</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. Dividends shall account for at least 50% of the distributable earnings added in the current year.

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 2022 and 2021 earnings had been resolved at the shareholders' meeting on June 6, 2023 and June 8, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,620,405	\$ -	\$ 1,685,276	\$ -
Special reserve	(1,776,089)	-	220,040	-
Cash dividends	13,334,455	26.00	12,821,591	25.00
Total	<u>\$ 13,178,771</u>	<u>\$ 26.00</u>	<u>\$ 14,726,907</u>	<u>\$ 25.00</u>

- E. On April 21, 2023, the Board of Directors of the Company proposed to distribute cash dividends from capital surplus to shareholders in the amount of \$512,864 (\$1 per share).
- F. On April 22, 2022, the Board of Directors of the Company proposed to distribute \$1,025,727 by cash (\$2 per share) from capital surplus.

(20) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation difference	Total
At January 1	\$ 1,391,817	\$ 1,294,358	\$ 2,686,175
Revaluation:			
–Group	(135,153)	-	(135,153)
Revaluation transferred to retained earnings:			
–Group	(16,445)	-	(16,445)
Currency translation differences:			
–Group	-	731,230	731,230
At June 30	<u>\$ 1,240,219</u>	<u>\$ 2,025,588</u>	<u>\$ 3,265,807</u>
	2022		
	Unrealised gains (losses) on valuation	Currency translation difference	Total
At January 1	\$ 2,380,781	(\$ 4,156,871)	(\$ 1,776,090)
Revaluation:			
–Group	(939,965)	-	(939,965)
Currency translation differences:			
–Group	-	3,599,217	3,599,217
At June 30	<u>\$ 1,440,816</u>	<u>(\$ 557,654)</u>	<u>\$ 883,162</u>

(21) Operating revenue

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Revenue from contracts with customers	<u>\$ 26,290,803</u>	<u>\$ 30,499,344</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Revenue from contracts with customers	<u>\$ 45,915,706</u>	<u>\$ 60,255,655</u>

A. Disaggregation of revenue from contracts with customers

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

	Integrated circuit products	Others	Total
<u>For the three-month period ended June 30, 2023</u>			
Revenue from external customer contracts	<u>\$ 26,241,596</u>	<u>\$ 49,207</u>	<u>\$ 26,290,803</u>
Timing of revenue recognition			
At a point in time	<u>\$ 26,241,596</u>	<u>\$ 49,207</u>	<u>\$ 26,290,803</u>
<u>For the six-month period ended June 30, 2023</u>			
Revenue from external customer contracts	<u>\$ 45,820,114</u>	<u>\$ 95,592</u>	<u>\$ 45,915,706</u>
Timing of revenue recognition			
At a point in time	<u>\$ 45,820,114</u>	<u>\$ 95,592</u>	<u>\$ 45,915,706</u>
<u>For the three-month period ended June 30, 2022</u>			
Revenue from external customer contracts	<u>\$ 30,448,229</u>	<u>\$ 51,115</u>	<u>\$ 30,499,344</u>
Timing of revenue recognition			
At a point in time	<u>\$ 30,448,229</u>	<u>\$ 51,115</u>	<u>\$ 30,499,344</u>
<u>For the six-month period ended June 30, 2022</u>			
Revenue from external customer contracts	<u>\$ 60,161,967</u>	<u>\$ 93,688</u>	<u>\$ 60,255,655</u>
Timing of revenue recognition			
At a point in time	<u>\$ 60,161,967</u>	<u>\$ 93,688</u>	<u>\$ 60,255,655</u>

B. Contract liabilities

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities -				
advance sales				
receipts	<u>\$ 302,537</u>	<u>\$ 117,752</u>	<u>\$ 360,845</u>	<u>\$ 211,100</u>

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

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Contract liabilities – advance sales receipts	<u>\$ 14,674</u>	<u>\$ 20,493</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Contract liabilities – advance sales receipts	<u>\$ 85,422</u>	<u>\$ 133,896</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Refund liabilities – current	\$ 8,247,292	\$ 8,932,366	\$ 8,428,637

(22) Interest income

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Interest income from bank deposits and corporate bonds	\$ 672,433	\$ 253,725
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Interest income from bank deposits and corporate bonds	\$ 1,202,524	\$ 328,068

(23) Other income

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Dividend income	\$ 3,575	\$ 7,150
Other income	5,568	25,856
	\$ 9,143	\$ 33,006
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Dividend income	\$ 3,575	\$ 25,270
Other income	16,771	82,420
	\$ 20,346	\$ 107,690

(24) Other gains and losses

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Gains on disposal of property, plant and equipment	\$ 244	\$ 302
Gains on disposal of investments	6,220	-
Net currency exchange gains	51,626	111,853
Losses on financial assets at fair value through profit or loss	(23,834)	(89,597)
Other losses	(9,203)	(14,712)
	<u>\$ 25,053</u>	<u>\$ 7,846</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Gains (losses) on disposal of property, plant and equipment	\$ 390	(\$ 2,052)
Gains on disposal of investments	6,220	-
Gains arising from lease modifications	-	24
Net currency exchange gains	11,170	181,757
Losses on financial assets at fair value through profit or loss	(2,306)	(172,115)
Other losses	(1,265)	(19,595)
	<u>\$ 14,209</u>	<u>(\$ 11,981)</u>

(25) Finance costs

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Interest expense		
Bank borrowings	\$ 57,066	\$ 22,959
Lease liabilities	7,672	7,540
	<u>\$ 64,738</u>	<u>\$ 30,499</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Interest expense		
Bank borrowings	\$ 113,413	\$ 38,399
Lease liabilities	14,689	14,567
	<u>\$ 128,102</u>	<u>\$ 52,966</u>

(26) Expenses by nature

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Employee benefit expenses	\$ 6,334,820	\$ 8,182,572
Depreciation	322,965	281,647
Amortisation	421,443	406,371
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Employee benefit expenses	\$ 11,132,899	\$ 16,280,206
Depreciation	633,635	556,575
Amortisation	884,707	792,482

(27) Employee benefit expenses

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Wages and salaries	\$ 5,924,096	\$ 7,830,104
Labor and health insurance fees	225,604	200,326
Pension costs	104,600	100,134
Other personnel expenses	80,520	52,008
Total	<u>\$ 6,334,820</u>	<u>\$ 8,182,572</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Wages and salaries	\$ 10,312,201	\$ 15,575,558
Labor and health insurance fees	440,646	391,547
Pension costs	212,686	195,134
Other personnel expenses	167,366	117,967
Total	<u>\$ 11,132,899</u>	<u>\$ 16,280,206</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall appropriate no higher than 3% for directors' remuneration and no less than 1% for employees' compensation, if the Company generates profit. If the Company has accumulated deficit, earnings should be reserved to cover losses before the appropriation of directors' remuneration and employees' compensation.

Aforementioned employees' compensation could be distributed by cash or stocks. Specifics of the compensation are to be determined by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors. The resolution should be reported to the shareholders during the shareholders' meeting.

B. For the three-month and six-month periods ended June 30, 2023 and 2022, employees' compensation was accrued at \$766,128, \$1,374,696, \$1,290,165, and \$2,892,868, respectively; directors' remuneration was accrued at \$51,075, \$62,728, \$86,011, and \$163,939, respectively. The amounts were estimated as operating cost or operating expense in accordance with the Company's Articles of Incorporation.

On April 21, 2023, employees' compensation was \$4,765,898, and directors' remuneration was \$120,000 for 2022 resolved at the meeting of the Board of Directors agreed with those amounts recognized in the 2022 financial statements.

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

(28) Income tax

A. Income tax expense

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Current income tax:		
Current income tax on profit for the period	\$ 158,253	\$ 447,364
Tax on undistributed earnings	151,264	106,293
Prior year income tax overestimation	(195,678)	(355,446)
Total current income tax	<u>113,839</u>	<u>198,211</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>56</u>	<u>(719)</u>
Income tax expense	<u>\$ 113,895</u>	<u>\$ 197,492</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Current income tax:		
Current income tax on profit for the period	\$ 234,822	\$ 664,081
Tax on undistributed earnings	151,264	106,293
Prior year income tax overestimation	(195,678)	(355,446)
Total current income tax	<u>190,408</u>	<u>414,928</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>(898)</u>	<u>(1,034)</u>
Income tax expense	<u>\$ 189,510</u>	<u>\$ 413,894</u>

B. As at June 30, 2023, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(29) Earnings per share

For the three-month period ended June 30, 2023			
	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	\$ 2,607,012	512,863	\$ 5.08
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 2,607,012	512,863	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	2,119	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	\$ 2,607,012	514,982	\$ 5.06
For the three-month period ended June 30, 2022			
	Amount after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,677,111	512,863	\$ 9.12
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,677,111	512,863	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	-	4,067	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	\$ 4,677,111	516,930	\$ 9.05

For the six-month period ended June 30, 2023			
	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>\$ 4,400,380</u>	<u>512,863</u>	<u>\$ 8.58</u>
<u>Diluted earnings per share</u>			
Profit attributable to common shareholders of the parent company	\$ 4,400,380	512,863	
Assumed conversion of all dilutive potential common shares			
Employees' compensation	<u>-</u>	<u>7,287</u>	
Profit attributable to common shareholders of the parent company plus assumed conversion of all dilutive potential common shares	<u>\$ 4,400,380</u>	<u>520,150</u>	<u>\$ 8.46</u>

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

(30) Supplemental cash flow information

Investing activities with partial cash payments

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Purchase of property, plant and equipment	\$ 1,040,479	\$ 1,039,248
Add: Opening balance of payable on equipment	114,514	283,796
Less: Ending balance of payable on equipment	(270,030)	(210,591)
Cash paid during the period	<u>\$ 884,963</u>	<u>\$ 1,112,453</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Purchase of intangible assets	\$ 1,432,293	\$ 1,369,512
Add: Opening balance of payable on software and intellectual property	1,292,307	1,445,930
Less: Ending balance of payable on software and intellectual property	(1,808,138)	(1,793,936)
Cash paid during the period	<u>\$ 916,462</u>	<u>\$ 1,021,506</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Cash dividends declared	\$ 13,334,455	\$ 12,821,591
Cash from capital surplus	512,864	1,025,727
Ending balance of other payables (shown in other payables)	(13,847,319)	(13,847,318)
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, 2023	\$13,737,994	\$ 556	\$1,301,631	\$1,713,316	\$ -	\$ 16,753,497
Changes in cash flow from financing activities	(3,919,894)	(14)	(56,432)	152,600	-	(3,823,740)
Interest paid	-	-	(14,689)	-	-	(14,689)
Interest of lease liabilities	-	-	14,689	-	-	14,689
Impact of changes in foreign exchange	-	-	(8,129)	-	-	(8,129)
Changes in other non-cash items	-	-	342,388	742	13,847,319	14,190,449
At June 30, 2023	<u>\$ 9,818,100</u>	<u>\$ 542</u>	<u>\$1,579,458</u>	<u>\$1,866,658</u>	<u>\$13,847,319</u>	<u>\$ 27,112,077</u>

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

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 Group
G.M.I Technology Inc.	Other related party
Actions Technology (HK) Company Limited	Other related party
C-Media Electronics Inc.	Other related party
Greatek Electronics Inc.	Other related party
EmBestor Technology Inc.	Other related party
Fortemedia Inc.	Other related party

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Sales of goods:		
G.M.I Technology Inc.	\$ 2,900,145	\$ 4,145,180
Others	10,530	121,228
	<u>\$ 2,910,675</u>	<u>\$ 4,266,408</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Sales of goods:		
G.M.I Technology Inc.	\$ 5,433,267	\$ 8,583,107
Others	29,173	248,984
	<u>\$ 5,462,440</u>	<u>\$ 8,832,091</u>

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

B. Processing cost

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Greatek Electronics Inc.	\$ 305,034	\$ 305,966
Others	10,525	3,667
	<u>\$ 315,559</u>	<u>\$ 309,633</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Greatek Electronics Inc.	\$ 516,492	\$ 650,658
Others	15,691	10,528
	<u>\$ 532,183</u>	<u>\$ 661,186</u>

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

C. Receivables from related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable:			
G.M.I Technology Inc.	\$ 2,344,209	\$ 2,548,128	\$ 3,259,667
Other	8,755	46,117	31,721
	<u>\$ 2,352,964</u>	<u>\$ 2,594,245</u>	<u>\$ 3,291,388</u>

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

D. Payables to related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable:			
Greatek Electronics Inc.	\$ 369,770	\$ 156,225	\$ 338,951
Others	7,775	71	3,918
	<u>\$ 377,545</u>	<u>\$ 156,296</u>	<u>\$ 342,869</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):

	For the six-month period ended June 30, 2023		For the six-month period ended June 30, 2022	
	Amount	Ending balance	Amount	Ending balance
Other related parties-				
Sales commissions	\$ 234,300	\$ 77,127	\$ 356,389	\$ 108,091
Technical royalty revenue	(\$ 785)	\$ -	(\$ 723)	\$ -
Other	\$ -	\$ 198	\$ -	\$ -

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

(4) Key management compensation

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Salaries and other short-term employee benefits	\$ 163,741	\$ 101,505
Post-employment benefits	1,006	933
Total	\$ 164,747	\$ 102,438
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Salaries and other short-term employee benefits	\$ 325,056	\$ 206,645
Post-employment benefits	2,011	1,865
Total	\$ 327,067	\$ 208,510

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purposes
	June 30, 2023	December 31, 2022	June 30, 2022	
Time deposits (shown in financial assets at amortised cost non-current)	\$ 31,348	\$ 31,348	\$ 31,048	Guarantee for the importation customs duties of materials
"	62,390	54,559	54,271	Guarantee for leasing land and office in science park
	\$ 93,738	\$ 85,907	\$ 85,319	

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. The case in the United States District Court of Delaware is still pending, and the Company is unable to reliably determine the outcome of the case.
- 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. The case in the United States District Court of Delaware is still pending, and the Company is unable to reliably determine the outcome of the case.
- C. 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.
- D. Advanced Micro Devices, Inc./ ATI Technologies ULC brought an action for patent infringement in United States International Trade Commission (“ITC”) and United States District Court for the Eastern District of Texas against the Company’s IC products. The initial determination issued by ITC Administrative Law Judge on July 7, 2023 is under review pursuant to the procedural schedule set by ITC. The review is still pending, and the Company is unable to reliably determine the outcome of the case.
- E. American Patent LLC brought an action for patent infringement in United States District Court for the Eastern District of Texas against the Company’s IC products. The case is terminated due to withdrawal of the complaint by the plaintiff.
- F. Tyche Licensing LLC brought an action for patent infringement in United States District Court for the Eastern District of Texas against the Company’s IC products. The case is terminated due to withdrawal of the complaint by the plaintiff.
- G. ParkerVision, Inc. 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.
- H. Monterey Research, LLC brought an action for patent infringement in the Tokyo District Court against the Company’s subsidiary, Realtek Semiconductor (Japan) Corp.. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

I. The Company filed a complaint in the Northern District of California against MediaTek Inc., Future Link Systems LLC, and IPValue Management (Future Link's parent company) for violation of, including but not limited to, US anti-trust and unfair competition laws. The case is still pending, and the Company is unable to reliably determine the outcome of the case.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There have been no significant changes as at June 30, 2023. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 1,065,483</u>	<u>\$ 1,921,432</u>	<u>\$ 1,570,655</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 3,080,004</u>	<u>\$ 3,099,759</u>	<u>\$ 2,901,426</u>
Financial assets at amortised cost/			
Receivables			
Cash and cash equivalents	\$ 13,800,413	\$ 13,754,035	\$ 6,010,435
Financial assets at amortised cost	43,707,351	42,214,318	59,222,204
Accounts receivable (including related parties)	15,335,811	12,012,685	16,859,093
Other receivables	1,174,991	488,769	292,744
Refundable deposits	2,191,214	2,191,910	712,634
	<u>\$ 76,209,780</u>	<u>\$ 70,661,717</u>	<u>\$ 83,097,110</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 9,818,100	\$ 13,737,994	\$ 10,194,948
Notes payable	-	-	3,276
Accounts payable (including related parties)	9,864,903	10,496,375	13,514,480
Other payables (including related parties)	39,797,909	27,774,896	42,509,431
Long-term borrowings	1,866,658	1,713,316	1,394,791
Guarantee deposits	542	556	1,269
Other financial liabilities	8,247,292	8,932,366	8,428,637
	<u>\$ 69,595,404</u>	<u>\$ 62,655,503</u>	<u>\$ 76,046,832</u>
Lease liabilities	<u>\$ 1,579,458</u>	<u>\$ 1,301,631</u>	<u>\$ 1,350,659</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:

June 30, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 364,558	31.135	\$ 11,350,513
<u>Non-monetary items</u>			
USD:NTD	1,926,705	31.135	59,987,960
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	371,911	31.135	11,579,449
December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 246,929	30.708	\$ 7,582,696
<u>Non-monetary items</u>			
USD:NTD	1,881,393	30.708	57,773,816
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	354,424	30.708	10,883,652
June 30, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 369,769	29.730	\$ 10,993,232
<u>Non-monetary items</u>			
USD:NTD	1,973,423	29.730	58,669,866
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	447,695	29.730	13,309,972

The exchange gains, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022, amounted to \$51,626, \$111,853, \$11,170, and \$181,757, respectively.

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

For the six-month period ended June 30, 2023			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 113,505	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	599,880
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(115,794)	-
For the six-month period ended June 30, 2022			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 109,932	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	586,699
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(133,100)	-

Price risk

- 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.
- The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due

to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$106,548 and \$157,066, 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 \$308,000 and \$290,143, 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

- i. The Group's interest rate risk arises from bank time deposits, time deposits with maturity over three months and long-term and short-term borrowings with variable rates. Borrowings with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the six-month periods ended June 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$33,920 and \$32,418, respectively. If the time deposits interest rate had increased/decreased by 0.25% with all other variables held constant, profit before tax for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$116,785 and \$129,093, respectively. The main factor is that increase or decrease in interest expense and interest income result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecast ability of semiconductor industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. As at June 30, 2023, December 31, 2022 and June 30, 2022, the provision matrix are as follows:

	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At June 30, 2023</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 15,037,487</u>	<u>\$ 405,251</u>	<u>\$ 36</u>	<u>\$ 15,442,774</u>
Loss allowance	<u>\$ 102,874</u>	<u>\$ 4,053</u>	<u>\$ 36</u>	<u>\$ 106,963</u>
	<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, 2022</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 12,034,050</u>	<u>\$ 43,893</u>	<u>\$ 37</u>	<u>\$ 12,077,980</u>
Loss allowance	<u>\$ 64,819</u>	<u>\$ 439</u>	<u>\$ 37</u>	<u>\$ 65,295</u>
	<u>Not past due</u>	<u>1~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At June 30, 2022</u>				
Expected loss rate	0%~1%	0%~1%	100%	
Total book value	<u>\$ 16,588,976</u>	<u>\$ 380,977</u>	<u>\$ 36</u>	<u>\$ 16,969,989</u>
Loss allowance	<u>\$ 107,050</u>	<u>\$ 3,810</u>	<u>\$ 36</u>	<u>\$ 110,896</u>

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

	2023
	Loss allowance for accounts receivable
At January 1	\$ 65,295
Provision for impairment loss	41,668
At June 30	<u>\$ 106,963</u>
	2022
	Loss allowance for accounts receivable
At January 1	\$ 98,710
Provision for impairment loss	12,186
At June 30	<u>\$ 110,896</u>

- x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	June 30, 2023			
		Lifetime		
		Significant increase in credit risk	Impairment of credit	
	12 months			Total
Financial assets at amortised cost				
Group 1	\$ 40,265,737	\$ -	\$ -	\$40,265,737
Group 2	3,441,614	-	-	3,441,614
	<u>\$ 43,707,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$43,707,351</u>
	December 31, 2022			
		Lifetime		
		Significant increase in credit risk	Impairment of credit	
	12 months			Total
Financial assets at amortised cost				
Group 1	\$ 41,681,744	\$ -	\$ -	\$41,681,744
Group 2	532,574	-	-	532,574
	<u>\$ 42,214,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$42,214,318</u>

	June 30, 2022			
		Lifetime		
		Significant	Impairment	
	12 months	increase in	of credit	Total
		credit risk		
Financial assets at amortised cost				
Group 1	\$ 59,222,204	\$ -	\$ -	\$ 59,222,204

Group 1: Time deposits with original maturity over three months deposited in financial institutions having good credit quality.

Group 2: Standard Poor's, Fitch's, or Moody's rating of A-level.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2023	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 9,818,100	\$ -	\$ -
Accounts payable (including related parties)	9,864,903	-	-
Other payables (including related parties)	39,797,909	-	-
Lease liabilities	144,033	333,206	1,650,287
Long-term borrowings	-	1,866,658	-
Guarantee deposits	-	-	542
Other financial liabilities	8,247,292	-	-

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 13,737,994	\$ -	\$ -
Accounts payable (including related parties)	10,496,375	-	-
Other payables (including related parties)	27,774,896	-	-
Lease liabilities	120,508	307,758	1,305,338
Long-term borrowings	-	1,728,470	-
Guarantee deposits	-	-	556
Other financial liabilities	8,932,366	-	-

Non-derivative financial liabilities:

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

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10).

- C. The related information of financial and non-financial instruments measured at fair value by

level on the basis of the nature, characteristics and risks of the assets is as follows:

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

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,012,483	\$ -	\$ -	\$ 1,012,483
Hybrid instrument	-	-	53,000	53,000
Financial assets at fair value through other comprehensive income				
Equity securities	773,747	-	2,306,257	3,080,004
Total	<u>\$ 1,786,230</u>	<u>\$ -</u>	<u>\$ 2,359,257</u>	<u>\$ 4,145,487</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,868,432	\$ -	\$ -	\$ 1,868,432
Hybrid instrument	-	-	53,000	53,000
Financial assets at fair value through other comprehensive income				
Equity securities	747,198	-	2,352,561	3,099,759
Total	<u>\$ 2,615,630</u>	<u>\$ -</u>	<u>\$ 2,405,561</u>	<u>\$ 5,021,191</u>
June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,570,655	\$ -	\$ -	\$ 1,570,655
Financial assets at fair value through other comprehensive income				
Equity securities	635,238	-	2,266,188	2,901,426
Total	<u>\$ 2,205,893</u>	<u>\$ -</u>	<u>\$ 2,266,188</u>	<u>\$ 4,472,081</u>

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

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs.

D. For the six-month periods ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2023 and 2022:

	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 2,405,561	\$ 2,820,372
Losses recognized in other comprehensive loss	(117,000)	(554,184)
Acquisition during the period	70,696	-
At June 30	<u>\$ 2,359,257</u>	<u>\$ 2,266,188</u>

F. For the six-month periods ended June 30, 2023 and 2022, 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:

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 120,694	Market comparable companies	Price to book ratio multiple	3.91	The higher the multiple, the higher the fair value
"	74,461	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,111,332	Net asset value	Not applicable	-	Not applicable
Hybrid instrument					
Convertible notes	53,000	Binomial Model	Not applicable	-	Not applicable
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 118,812	Market comparable companies	Price to book ratio multiple	3.18	The higher the multiple, the higher the fair value
"	40,408	Net asset value	Not applicable	-	Not applicable
Private equity fund investment	2,193,341	Net asset value	Not applicable	-	Not applicable
Hybrid instrument					
Convertible notes	53,000	Binomial Model	Not applicable	-	Not applicable

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

As at June 30, 2023, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the consolidated financial statements. The accounting policy of operating segments is the same as that described in Note 4.

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

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

(4) Reconciliation for segment profit (loss)

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

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES																	
Loans to others																	
For the six-month period ended June 30, 2023																	
Expressed in thousands of NTD (Except as otherwise indicated)																	
No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six- month period ended June 30, 2023 (Note 3)	Balance at June 30, 2023	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	\$ 100,000	\$ 100,000	\$ 71,000	1.80	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 3,791,192	\$ 15,164,768	None
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	Other receivables-related parties	Y	62,270	62,270	-	-	Short-term financing	-	Operations	-	None	-	3,791,192	15,164,768	None
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	Other receivables-related parties	Y	300,000	300,000	-	-	Short-term financing	-	Operations	-	None	-	3,791,192	15,164,768	None
0	Realtek Semiconductor Corporation	Blueocean Inc.	Other receivables-related parties	Y	3,113,500	3,113,500	1,245,400	5.63	Short-term financing	-	Operations	-	None	-	3,791,192	15,164,768	None
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	Other receivables-related parties	Y	3,113,500	3,113,500	3,066,798	5.63	Short-term financing	-	Operations	-	None	-	3,791,192	15,164,768	None
0	Realtek Semiconductor Corporation	Amber Universal Inc.	Other receivables-related parties	Y	3,113,500	3,113,500	-	-	Short-term financing	-	Operations	-	None	-	3,791,192	15,164,768	None
1	Leading Enterprises Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	1,868,100	1,868,100	744,127	5.63	Short-term financing	-	Operations	-	None	-	15,164,768	15,164,768	None
2	Amber Universal Inc.	Blueocean Inc.	Other receivables-related parties	Y	1,556,750	1,556,750	-	-	Short-term financing	-	Operations	-	None	-	15,164,768	15,164,768	None
2	Amber Universal Inc.	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3,113,500	3,113,500	716,105	5.63	Short-term financing	-	Operations	-	None	-	15,164,768	15,164,768	None
3	Cortina Access, Inc.	Leading Enterprises Limited	Other receivables-related parties	Y	934,050	934,050	809,510	4.50	Short-term financing	-	Operations	-	None	-	15,164,768	15,164,768	None

Table 1

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Loans to others

For the six-month period ended June 30, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

No (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2023	Balance at June 30, 2023	Actual amount drawn down	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
					(Note 3)	(Note 4)	Item						Value				
4	Realtek Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	Y	\$ 3, 113, 500	\$ 3, 113, 500	2, 166, 996	5. 63	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 15, 164, 768	\$ 15, 164, 768	None
4	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	Other receivables-related parties	Y	62, 270	62, 270	-	-	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
4	Realtek Singapore Private Limited	Realsil Microelectronics (Suzhou) Co.,LTD	Other receivables-related parties	Y	934, 050	934, 050	-	-	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
4	Realtek Singapore Private Limited	Bluocean Inc.	Other receivables-related parties	Y	3, 113, 500	3, 113, 500	560, 430	5. 63	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
4	Realtek Singapore Private Limited	Amber Universal Inc.	Other receivables-related parties	Y	3, 113, 500	3, 113, 500	2, 540, 616	5. 63	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
4	Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Other receivables-related parties	Y	3, 113, 500	3, 113, 500	-	-	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
5	Realsil Microelectronics (Suzhou) Co.,LTD	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	342, 991	342, 991	147, 272	4. 35	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
5	Realsil Microelectronics (Suzhou) Co.,LTD	RayMX Microelectronics Corp.	Other receivables-related parties	Y	342, 991	342, 991	-	-	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
6	Cortina Network Systems (Shanghai) Co., Ltd.	Suzhou Pankore Integrated Circuit Technology Co. Ltd	Other receivables-related parties	Y	128, 622	128, 622	-	-	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
7	Realtek Investment Singapore Private Limited	Leading Enterprises Limited	Other receivables-related parties	N	3, 113, 500	3, 113, 500	2, 991, 762	5. 63	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	None
7	Realtek Investment Singapore Private Limited	Realtek Singapore Private Limited	Other receivables-related parties	N	3, 113, 500	3, 113, 500	1, 587, 885	5. 63	Short-term financing	-	Operations	-	None	-	15, 164, 768	15, 164, 768	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 six-month period ended June 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limited on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ amount as at June 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2023 (Note 5)	Actual amont 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	\$ 18,955,960	\$ 3,791,192	\$ 3,791,192	\$ -	\$ -	10%	\$ 18,955,960	Y	N	N	
0	Realtek Semiconductor Corporation	Leading Enterprises Limited	2	18,955,960	7,582,384	7,582,384	-	-	20%	18,955,960	Y	N	N	
0	Realtek Semiconductor Corporation	Realsil Microelectronics (Suzhou) Co.,LTD	2	18,955,960	1,137,358	1,137,358	-	-	3%	18,955,960	Y	N	Y	
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	2	18,955,960	1,137,358	1,137,358	10,543	-	3%	18,955,960	Y	N	Y	
0	Realtek Semiconductor Corporation	AICONNX Technology Corp.	2	18,955,960	758,238	758,238	-	-	2%	18,955,960	Y	N	N	
1	Leading Enterprises Limited	Realsil Microelectronics (Suzhou) Co.,LTD	2	18,955,960	622,700	622,700	-	-	1%	18,955,960	N	N	Y	
2	Realsil Microelectronics (Suzhou) Co.,LTD	RayMX Microelectronics Corp.	2	18,955,960	622,700	622,700	-	-	1%	18,955,960	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 at the reporting period.

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

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

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at June 30, 2023				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	\$ 52, 482	1. 63%	\$ 52, 482	
Realtek Semiconductor Corporation	Nuheara Ltd - Convertible notes	Other related parties	Financial assets at fair value through profit or loss	-	53, 000	-	53, 000	
Realtek Semiconductor Corporation	Nuheara Ltd - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	25, 998, 211	95, 839	13. 19%	96, 839	
Realtek Semiconductor Corporation	GT Booster Corp.	Other related parties	Financial assets at fair value through other comprehensive income	63, 158	20, 431	8. 00%	20, 431	
Realtek Semiconductor Corporation	Golden Smart Home Technology Corp.- Common stock	None	Financial assets at fair value through other comprehensive income	1, 700, 000	10, 892	2. 75%	10, 892	
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	102, 960	5. 28%	102, 960	
Realsun Investment Co., Ltd.	Shieh-Yong Investment Co., Ltd. - Common stock	None	Financial assets at fair value through other comprehensive income	65, 013, 874	598, 964	3. 03%	598, 964	
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	102, 960	5. 28%	102, 960	
Leading Enterprises Limited	Fortemedias Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	8, 873, 301	101, 783	6. 61%	101, 783	
Leading Enterprises Limited	Starix Technology, Inc.-Preferred stock	None	Financial assets at fair value through other comprehensive income	5, 000, 000	18, 681	-	18, 681	
Leading Enterprises Limited	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	9, 000, 000	991, 584	12. 49%	991, 584	
Leading Enterprises Limited	Apple Inc. - Corporate bond	None	Financial assets at amortized cost	-	1, 805, 133	-	1, 805, 133	
Leading Enterprises Limited	Qualcomm Inc. - Corporate bond	None	Financial assets at amortized cost	-	508, 469	-	508, 469	
Leading Enterprises Limited	Microsoft Corp. - Corporate bond	None	Financial assets at amortized cost	-	262, 458	-	262, 458	
Amber Universal Inc.	Octtasia Investment Holding Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	4, 726, 836	520, 784	6. 56%	520, 784	
Hung-wei Venture Capital Co., Ltd.	United Microelectronics Corporation - Common stock	None	Financial assets at fair value through other comprehensive income	336, 346	16, 313	-	16, 313	
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	93, 384	2. 89%	93, 384	
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	333, 110	1. 02%	333, 110	
Hung-wei Venture Capital Co., Ltd.	Unimicron Technology Corp.	None	Financial assets at fair value through other comprehensive income	239, 578	42, 166	0. 02%	42, 166	
Hung-wei Venture Capital Co., Ltd.	Embestor Technology Inc. - Common stock	Other related parties	Financial assets at fair value through other comprehensive income	2, 800, 000	43, 138	10. 77%	43, 138	
Blueocean Inc.	CyWeeMotion Group Limited	None	Financial assets at fair value through other comprehensive income	8, 422, 256	-	7. 01%	-	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer(Note 2)	General ledger account	As at June 30, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Blueocean Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	419,163	\$ 64,340	2.02%	\$ 64,340	
Blueocean Inc.	Apple Inc. - Corporate bond	None	Financial assets at amortized cost	-	865,554	-	865,554	
Talent Eagle Enterprise Inc.	Eargo, Inc. - Common stock	None	Financial assets at fair value through other comprehensive income	104,625	16,059	0.50%	16,059	
Realsil Microelectronics (Suzhou) Co.,LTD	Cuam Money Fund	None	Financial assets at fair value through profit or loss	20,263,604	86,878	-	86,878	
Realsil Microelectronics (Suzhou) Co.,LTD	Guang-Fa Demand Policy Loan Fund	None	Financial assets at fair value through profit or loss	5,078,998	21,776	-	21,776	
Realsil Microelectronics (Suzhou) Co.,LTD	Jian-Xin Monetary Fund	None	Financial assets at fair value through profit or loss	45,377,392	194,550	-	194,550	
Realsil Microelectronics (Suzhou) Co.,LTD	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	5,011,696	21,487	-	21,487	
Realsil Microelectronics (Suzhou) Co.,LTD	BOC Monetary Fund	None	Financial assets at fair value through profit or loss	20,023,679	85,849		85,849	
Realsil Microelectronics (Suzhou) Co.,LTD	Pu-Yin Monetary Fund	None	Financial assets at fair value through profit or loss	15,028,840	64,434	-	64,434	
Realtek Semiconductor (Shen Zhen) Corp.	Ri-Ri-Xin Fund	None	Financial assets at fair value through profit or loss	42,075,804	180,395	-	180,395	
Realtek Semiconductor (Shen Zhen) Corp.	Jhao-Jhao-Jin Fund	None	Financial assets at fair value through profit or loss	22,038,974	94,490	-	94,490	
Cortina Network Systems (Shanghai) Co. Ltd.	Step by step Gold Fund	None	Financial assets at fair value through profit or loss	16,100,000	69,027	-	69,027	
Cortina Network Systems (Shanghai) Co. Ltd.	Cuam Money Fund	None	Financial assets at fair value through profit or loss	6,092,684	26,122	-	26,122	
Cortina Network Systems (Shanghai) Co. Ltd.	JIA SHI Monetary Fund	None	Financial assets at fair value through profit or loss	5,040,167	21,609	-	21,609	

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

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

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

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

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

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

For the six-month period ended June 30, 2023

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)	(\$ 2,750,547)	6%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	\$ 1,252,959	8%	
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	(Sales)	(2,571,490)	6%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	1,037,897	7%	
RayMX Microelectronics Corp.	G.M.I Technology Inc.	Other related parties	(Sales)	(111,230)	0%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	53,353	0%	
Realtek Semiconductor Corporation	Greatek Electronics Inc.	Other related parties	Purchase	330,976	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(242,577)	4%	
Realtek Singapore Private Limited	Greatek Electronics Inc.	Other related parties	Purchase	184,707	1%	Approximately the same with third party transactions	Approximately the same with third party transactions	Approximately the same with third party transactions	(126,643)	2%	

Table 4

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2023	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	\$ 1,252,959	4.78	\$ -	-	\$ 497,771	\$ 12,656
Realtek Singapore Private Limited	G.M.I Technology Inc.	Other related parties	1,037,897	4.09	-	-	428,819	-

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		
					Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Realtek Semiconductor Corporation	RayMX Microelectronics Corp.	1	Other receivables	\$ 50,654	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.05%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Technical service fees	88,629	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.19%
0	Realtek Semiconductor Corporation	Realtek Korea Inc.	1	Other payables	32,464	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.03%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Technical service fees	316,272	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.69%
0	Realtek Semiconductor Corporation	Ubilinx Technology Inc.	1	Other payables	322,214	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.29%
1	Realtek Singapore Private Limited	Realsil Microelectronics (Suzhou) Co.,LTD	3	Technical service fees	1,335,564	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	2.91%
1	Realtek Singapore Private Limited	Realsil Microelectronics (Suzhou) Co.,LTD	3	Prepaid account	887,348	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.79%
1	Realtek Singapore Private Limited	Realtek Semiconductor(Shen Zhen) Corp.	3	Technical service fees	284,228	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.62%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Technical service fees	136,512	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.30%
1	Realtek Singapore Private Limited	Cortina Access, Inc.	3	Other payables	20,275	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.02%
1	Realtek Singapore Private Limited	Cortina Network Systems (Shanghai) Co. Ltd.	3	Technical service fees	81,119	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 Network Systems (Shanghai) Co. Ltd.	3	Other payables	41,534	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	3	Technical service fees	75,375	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	14,322	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	36,275	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.08%
1	Realtek Singapore Private Limited	Realtek Viet Nam Co., Inc.	3	Technical service fees	16,600	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.04%
1	Realtek Singapore Private Limited	RayMX Microelectronics Corp.	3	Other receivables	50,654	No similar transaction can be compared with. Transaction prices and terms are determined in accordance with mutual agreement.	0.05%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

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

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

Note 4: Only transactions above NTS10 million are disclosed. Transactions of related parties are not further disclosed here.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at June 30, 2023					
Investor	Investee	Location	Main business activities	Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023	Footnote
Realtek Semiconductor Corporation	Amber Universal Inc.	British Virgin Islands	Investment holdings	\$ 1,787,590	\$ 4,833,896	41,432	100%	\$ 644,196	\$ 33,643	\$ 33,643	Subsidiary
Realtek Semiconductor Corporation	Realtek Singapore Private Limited	Singapore	ICs manufacturing, design, research, development, sales, and marketing	4,417,592	4,357,007	116,059,638	100%	52,165,700	4,617,503	4,618,333	Subsidiary
Realtek Semiconductor Corporation	Realtek Investment Singapore Private Limited	Singapore	Investment holdings	6,227,000	6,141,600	200,000,000	100%	7,140,931	116,655	116,655	Subsidiary
Realtek Semiconductor Corporation	Realsun Investments Co., Ltd.	Taiwan	Investment holdings	280,000	280,000	28,000,000	100%	749,835	(1,752)	(1,752)	Subsidiary
Realtek Semiconductor Corporation	Hung-wei Venture Capital Co., Ltd.	Taiwan	Investment holdings	250,000	250,000	25,000,000	100%	481,206	4,969	4,969	Subsidiary
Realtek Semiconductor Corporation	Realking Investments Co., Ltd.	Taiwan	Investment holdings	293,930	293,930	29,392,985	100%	261,869	(9,539)	(9,539)	Subsidiary
Realtek Semiconductor Corporation	Realsun Technology Corporatioin	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	5,000	5,000	500,000	100%	4,986	(46)	(46)	Subsidiary
Realtek Semiconductor Corporation	Bobitag Inc.	Taiwan	Manufacturing and installation of computer equipment and wholesasle, retail and related services of electronic materials and information/software	19,189	19,189	1,918,910	67%	19,365	142	95	Subsidiary
Realtek Semiconductor Corporation	AICONNX Technology Corporation	Taiwan	ICs manufacturing, design, research, development, sales, and marketing	20,000	20,000	2,000,000	100%	(11,271)	(3,802)	(3,087)	Subsidiary
Realtek Semiconductor Corporation	Wise Elite Global Limited	British Virgin Islands	Investment holdings	31,135	-	1,000	100%	31,450	311	311	Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount	Shares held as at June 30, 2023						
										Investment income (loss)	
Investor	Investee	Location	Main business activities	Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023	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	-	-	\$ -	(\$ 158,506)	(\$ 10,588)	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%	125,935	(26,410)	(9,873)	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%	5,647	(15,947)	(1,595)	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%	12,988	(15,947)	(3,668)	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%	6,775	(15,947)	(1,914)	Investments accounted for under equity method
Leading Enterprises Limited	Realtek Semiconductor (Japan) Corp.	Japan	Information collection and technical support	4,299	4,627	400	100%	9,775	8,372	8,372	Sub-Subsidiary
Amber Universal Inc.	Realtek Semiconductor (Hong Kong) Limited	Hong Kong	Information services and technical support	5,960	5,901	-	100%	1,127	(6)	(6)	Sub-Subsidiary
Realtek Singapore Private Limited	Empsonic Enterprises Inc.	Mauritius	Investment holdings	879,564	867,501	2,825,000	100%	1,916,010	(165,263)	(165,263)	Sub-Subsidiary
Realtek Singapore Private Limited	Cortina Access Inc.	U.S.A	R&D and technical support	1,271,740	1,254,299	16,892	100%	959,562	25,196	25,196	Sub-Subsidiary

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount	Shares held as at June 30, 2023						
										Investment income (loss)	
									Net profit (loss) of the investee for the six-month period ended June 30, 2023	recognised by the Company for the six- month period ended June 30, 2023	Footnote
Investor	Investee	Location	Main business activities	Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Realtek Singapore Private Limited	Cortina Systems Taiwan Limited	Taiwan	R&D and technical support	\$ 62,270	\$ 61,416	21,130,000	100%	\$ 80,336	\$ 7,120	\$ 7,120	Sub-Subsidiary
Realtek Singapore Private Limited	Realtek Viet Nam Co., Ltd.	Vietnam	R&D and technical support	124,540	122,832	4,000,000	100%	87,893	1,375	1,375	Sub-Subsidiary
Realtek Singapore Private Limited	Leading Enterprises Limited	British Virgin Islands	Investment holdings	15,378,511	15,167,602	34,630	100%	14,718,701	325,282	325,282	Sub-Subsidiary
Realtek Singapore Private Limited	Bluocean Inc.	Cayman Islands	Investment holdings	3,426,407	3,379,415	110,050,000	100%	3,549,093	79,219	79,219	Sub-Subsidiary
Realtek Singapore Private Limited	Talent Eagle Enterprise Inc.	Cayman Islands	Investment holdings	3,552,504	3,503,783	114,100,000	100%	2,455,795	64,895	64,895	Sub-Subsidiary
Talent Eagle Enterprise Inc.	Ubilinx Technology Inc.	U.S.A	R&D and technical support	1,868,100	1,842,480	60,000,000	100%	319,951	19,876	19,876	Sub-Subsidiary
Bluocean Inc.	Realtek Semiconductor (Malaysia) Sdn.Bhd.	Malaysia	R&D and technical support	69,633	72,519	10,450,000	100%	66,176	1,531	1,531	Sub-Subsidiary
Bluocean Inc.	Realtek Korea Inc.	Korea	R&D and technical support	47,257	48,177	200,000	100%	57,464	5,665	5,665	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, 2023 to June 30, 2023, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the six-month period ended June 30, 2023

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 at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six- month period ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as at June 30, 2023	Net income of investee for the six-month period ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six- month period ended June 30, 2023 (Note2)		Book value of investment in Mainland China as at June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as at June 30, 2023		Footnote
					Remitted to Mainland China	Remitted back to Taiwan									
Cortina Network Systems (Shanghai) Co., Ltd.	R&D and technical support	\$ 112,086	2	\$ 112,086	\$ -	\$ -	\$ 112,086	\$ 4,352	100%	\$ 4,352		\$ 111,054	\$ -		
Realsil Microelectronics (Suzhou) Co.,LTD	R&D and technical support	871,780	2	871,780	-	-	871,780	(166,216)	100%	(166,126)		1,911,467	-		
Realtek Semiconductor (Shen Zhen) Corp.	R&D and technical support	155,675	2	155,675	-	-	155,675	(5,953)	100%	(5,953)		296,827	-		
RayMX Microelectronics Corp.	ICs manufacturing, design, research, development, sales, and marketing	112,544	2	112,544	-	-	112,544	(108,129)	100%	(108,129)		266,666	-		
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	ICs manufacturing, design, research, development, sales, and marketing	42,874	2	42,874	-	-	42,874	(5,224)	100%	(5,224)	(142,925)	-			

Company name	Accumulated amount of remittance from Taiwan to Mainland China as at June 30, 2023	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.	\$ 112,086	\$ 112,086	\$ 22,747,152
Realsil Microelectronics (Suzhou) Co..LTD	871,780	871,780	
Realtek Semiconductor (Shan Zhen) Corp.	155,675	155,675	
RayMX Microelectronics Corp.	112,544	112,544	
Suzhou Pankore Integrated Circuit Technology Co. Ltd.	42,874	42,874	

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

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

Note 2: In the Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023 column pertained to obtaining the company’s self-contained financial statements.

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, 2023 to June 30, 2023, others were re-translated at the exchange rate prevailing at the end of the financial reporting period.