

Realtek Semiconductor Corp. 2023 Annual Shareholders' Meeting Minutes

Time: 9:00 a.m., June 6, 2023 (Tuesday)

Place: No.1, Industry East 2nd Road, HsinChu Science Park Life Hub, Bach Conference Room

The Number of Shares of Attendance: Attending shareholders and proxy represented 460,234,191 shares (including 366,106,778 shares which attended through electronic voting) accounting for 89.73% of 512,863,641 shares, the Company's total outstanding shares.

Directors Present:

Chiu, Sun-Chien, Chern, Kuo-Jong, Yen, Kuang-Yu, Huang, Yung-Fang, Ni, Shu-Ching, Chen, Fu-Yen

Chairman: Chiu, Sun-Chien, Chairman

Recorder: Tsai, Shu- Hui

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order.

I. Chairman's Remarks: Omitted.

II. Report Items:

Report 1: Business report of 2022

Explanation: Please refer to Attachment 1 for the business report.

Report 2: Audit Committee's review report

Explanation: Please refer to Attachment 2 for the Audit Committee's review report.

Report 3: To report 2022 employees' compensation and directors' remuneration

Explanation:

1. According to Article 18 of the Articles of Incorporation of the Company, if gained profits within a fiscal year, the Company shall allocate at a maximum of 3% of the profits as directors' remuneration, and allocate no less than 1% of the profits as employees' compensation.
2. The Board of Directors resolved the distribution of 2022 employees' compensation and directors' remuneration as follows :

Unit: NT dollars		
Item	Amount	Profit Ratio
Employees' compensation	4,765,897,688	21.89%
Directors' remuneration	120,000,000	0.55%

Note: Employees' compensation and directors' remuneration amount are consistent with the 2022 annual estimated expenses.

3. The above employees' compensation and directors' remuneration are all paid in cash.

Report 4: To report 2022 cash dividends distribution from retained earnings

Explanation:

1. The Board of Directors resolved that the 2022 cash dividends distribution from retained earnings is NT\$ 13,334,454,666. According to the shares held by each shareholder in the shareholders' register on cash dividend record date, the cash dividends to common shareholders is NT\$26 per share.
2. Due to the changes of outstanding shares caused by the Company's subsequent events such as shares' buyback, transfer or cancellation of treasury stocks or others, the cash distribution per share might be affected. The Chairman is authorized by the Board of Directors to adjust the distribution.
3. The cash distribution to each shareholder is rounded down to one dollar (under one dollar is

- rounded down). The rounded down amounts are recognized as the Company's other income.
4. The Chairman is authorized by the Board of Directors to determine the cash dividend record date and payment date.

Report 5: To report cash distribution from capital surplus

Explanation:

1. The Board of Directors resolved that pursuant to the Article 241 of the Company Act, the cash distribution from the capital surplus in excess of par value is NT\$ 512,863,641. According to the shares held by each shareholder in the shareholders' register on cash distribution record date, the cash distribution to common shareholders is NT\$1 per share.
2. Due to the changes of outstanding shares caused by the Company's subsequent events such as shares' buyback, transfer or cancellation of treasury stocks or others, the cash distribution per share might be affected. The Chairman is authorized by the Board of Directors to adjust the distribution.
3. The cash distribution to each shareholder is rounded down to one dollar (under one dollar is rounded down). The rounded down amounts are recognized as the Company's other income.
4. The Chairman is authorized by the Board of Directors to determine the cash distribution record date and payment date.

Report 6: To report 2022 related party transactions

Explanation:

1. The actual transaction amount between the Company and its subsidiaries and the related party, GMI Technology Inc., in 2022 is NT\$16,520,851 thousand, and the general collection term is 30-60 days after monthly billings.
2. There is no significant difference in the transaction prices and collection terms for sales of goods available to non-related parties.

III. Ratification Items

Proposal 1

Subject: 2022 business report and financial statements. Approval is respectfully requested.

(Proposed by the Board of Directors)

Explanation: The 2022 annual financial statements have been audited by Pricewaterhouse Coopers' and the business report was approved by the Board of Directors. For the business report, independent auditors' report and financial statement, please refer to Attachment 1, Attachment 4 and Attachment 5.

Resolution: It was resolved that the above proposal be approved as proposed. The result is as follows:

Shares represented at the time of voting: 453,043,493

Voting Results		% of the total represented share present
Votes in favor: (including electronic voting	418,828,707 votes 331,893,192 votes)	92.44%
Votes against: (including electronic voting	566,157 votes 566,157 votes)	0.12%
Votes invalid:	0 vote	0.00%
Votes abstained: (including electronic voting	33,648,629 votes 33,647,429 votes)	7.42%

Proposal 2

Subject: Distribution of 2022 retained earnings. Approval is respectfully requested.

(Proposed by the Board of Directors)

Explanation: The distribution of 2022 retained earnings was approved by the Board of Directors.

Please refer to Attachment 3.

Resolution: It was resolved that the above proposal be approved as proposed. The result is as follows:

Shares represented at the time of voting: 453,043,493

Voting Results		% of the total represented share present
Votes in favor: (including electronic voting	423,011,332 votes 336,075,817 votes)	93.37%
Votes against: (including electronic voting	4,038 votes 4,038 votes)	0.00%
Votes invalid:	0 vote	0.00%
Votes abstained: (including electronic voting	30,028,123 votes 30,026,923 votes)	6.62%

IV. Extraordinary Motions: None.

V. Adjournment

Note: No questions from shareholders for all iteams at this shareholders' meeting

Business Report

1. 2022 Operating Results

After the semiconductor industry experienced a supply shortage in 2021, the end market demand weakened. In 2022 the supply chain faced inventory problems due to geopolitics, epidemics, inflation, and other major environmental factors. According to Gartner's estimate, global semiconductor industry revenue in 2022 was US\$601.7 billion, an increase of a mere 1.1% compared to 2021. Analog (19% year-over-year increase) and discrete (15% year-over-year increase) components were the main growth areas, neither of which were Realtek product areas.

Despite the many challenges, Realtek, working closely with upstream suppliers and downstream customers, took it upon ourselves, with the concerted effort of all employees, to deliver an annual revenue growth. Realtek Group's annual consolidated revenue in 2022 was NT\$111.79 billion, an increase of 6.0% from the previous year; gross operating profit was NT\$54.64 billion, up 2.7% from the previous year; net profit after tax was NT\$16.20 billion, a drop of 3.8% from the previous year, with earnings per share of NT\$31.62.

In addition to the solid operating results, Realtek has been consistently recognized in the industry for its technological innovation and execution. According to Taiwan Intellectual Property Office's 2022 Statistical Rankings for Patent Applications and Grants, Realtek ranked 7th with 332 invention applications. Our patent portfolio has also been recognized in international assessments, and Realtek was selected as one of the 'Top 100 Global Innovators' by Clarivate for the first time in 2022. Through continuous technological innovation, Realtek products frequently stand out in major competitions in the industry. At 2022 COMPUTEX Taipei, Realtek AI Super Resolution Fidelity Recovery IC (RTD2892NND) won the 'Golden Award' and 'Best Choice of the Year Award'; our Bluetooth Dual Mode AUDIO Watch Solution (RTL8763E) won the 'IC and Component Best Choice' Category Award. The 2.5 Gigabit Ethernet controller won the 31st Taiwan Excellence Award. Realtek's first Edge AI USB Camera Controller (RTS5863) was awarded a 2022 Innovation Product Award from Hsinchu Science Park Administration. These awards reflect Realtek's efforts and achievements in continuously breaking through technical bottlenecks and optimizing product design.

Sustainable development of the enterprise is the core belief behind Realtek's continuous improvement, with the goal of becoming a sustainable enterprise that meets the expectations of all stakeholders. We continue to pay attention to international initiatives related to corporate sustainability, define material issues, formulate short-, mid-, and long-term goals, and push through various sustainable projects by optimizing management mechanisms and effective performance evaluation. Material issues in 2022 include corporate governance and compliance, environmental sustainability and climate change response, information security, economic performance, innovative R&D and product due diligence, customer relationship management, talent attraction and development, and supplier sustainability management. In order to mitigate the climate change crisis caused by the greenhouse effect, and actively respond to the international Net Zero Initiative, Realtek has committed to achieving the major goal of net zero carbon emissions by 2050. It plans to meet the goal by reducing total carbon emissions through various energy-saving and carbon-reduction measures such as continuous development of low-carbon products, improvement of equipment energy efficiency, construction and certification of office buildings in accordance with green building standards, increased use of renewable energy, and implementation of MBO (Management by Objective) for supply chain carbon reduction.

2. 2023 Business Plan

Although the semiconductor industry is facing short-term headwinds and uncertainties, Realtek continues to optimize its product portfolio to meet the needs of various end markets,

provide customers with more competitive products, and achieve the long-term goal of uninterrupted growth and continuous profitability. Looking forward into 2023, each main Business Group of Communications Network, Connected Media, Computer Peripheral, Smart Interconnect and Multimedia will respectively launch a series of new products to drive technical specification upgrades in the mainstream markets, and expand niche market applications.

For wireless communication, Wi-Fi 6 controllers have replaced Wi-Fi 5 in the personal computer and router markets, and have become the mainstream specification. In 2023, the Wi-Fi 6 specification is expected to penetrate into new end markets, such as AR/VR, printers, and consumer electronics, thereby further boosting the revenue contribution of Wi-Fi 6 and Wi-Fi 6E. Meanwhile, Wi-Fi 7 is becoming a highly contested new-generation specification for Wi-Fi applications. Realtek plans to launch the first generation Wi-Fi 7 products in 2023, with PCs as the first target market for 2024 mass production by key OEM customers.

With respect to IoT applications, Realtek continues to actively cooperate with IoT-related organizations and standard-setting companies to release the first generation of products in step with major customers. Additional new products will be released in 2023 to facilitate a complete smart home environment. Regarding Bluetooth chips, Realtek's new-generation Bluetooth 5.2 BLE Audio solutions have successfully entered the low-latency gaming headset/smartwatch with Bluetooth calling function markets, thereby gradually expanding its applications in the Bluetooth audio market. The BTNIC and BLE SoC Bluetooth series products also continue to develop the remote controls and wearable market while actively expanding new application markets, aiming at Electronic Shelf Labels (ESL), industrial applications, medical, and automotive markets to provide cross-field and diverse solutions for various customers.

In Ethernet, Realtek's 2.5GbE products have become the standard specification for flagship motherboards. They have also expanded to mid-to-high-end PC models, and have penetrated into the accessory market for switches and network interface extensions. To meet the highly digitalized market demand in the post-pandemic era, in 2023 Realtek will launch a higher-speed 5GbE Ethernet solution to provide more flexible choices for customers in different market segments.

For Ethernet switches, Realtek's Layer 3 managed switch products benefited from the substantial increase in demand for network communication equipment, and have been adopted by key customers. At the same time, PSE (Power Sourcing Equipment) products have also successfully entered the supply chain of major customers. With the gradual increase in Wi-Fi 6 penetration and the infrastructure upgrade of telecom operators in various countries in the past few years, Realtek's 5-port Gb Ethernet switch and PON product lines have achieved success. It is expected that 2.5 Gb Ethernet switches will gradually replace existing Gb Ethernet switches in 2023. The future goal is to strengthen the depth and breadth of the product portfolio to provide complete and competitive solutions in all areas of the market.

Automotive Ethernet has become the backbone of the automotive in-vehicle network, and Realtek has become one of the primary suppliers of automotive Ethernet. In order to support the needs of future intelligent networked vehicles, Realtek is investing resources to develop a new generation of physical layer chips that support the new 2.5GBASE-T1 standard, and to incorporating data security protection and support for high bandwidth interfaces into our product planning. It is expected that business revenue and market share will grow steadily.

As for Computer Peripheral and Smart Interconnect products, after the supply problems of relevant components gradually subsided in the first half of 2022, high inventory became a major challenge in the second half of the year due to a sharp fall in end market demand under an adverse overall environment. In the face of a market downturn, Realtek continued to improve and develop new generations of products in anticipation of a market rebound. Building on the AI Audio noise cancellation algorithm that has been well received by the market over the past two years, Realtek's new generation of products comprehensively improve the user experience of PCs,

conference devices, and live broadcast devices while extending the application field from meetings to content creators. At the same time, in response to possible future PC audio interface specification changes, Realtek continues to actively participate in specification definition, and plans a complete product portfolio so that customers can switch specifications smoothly.

In terms of image signal processing ICs, Realtek, driven by the trend to high resolution, high image quality, and intelligence, has launched the world's first and only USB camera solution that integrates edge computing, and has strategically cooperated with major PC makers to deliver an HPD (Human Presence Detection) solution that supports 5MP with an expected launch date in the first half of 2023. As PC applications are concerned more and more about low power consumption and security, Realtek developed a highly integrated, low power embedded system controller chip with a high-end MCU and more memory than competitors, using an advanced manufacturing process with a built-in full hardware encryption engine. It meets the need for power saving and security at the same time. With the increasing popularity of the USB Type-C specification, this solution can provide customers with more comprehensive and better power control and data transmission solutions.

In terms of multimedia products, to meet the high-quality requirements of high-end 4K/8K TVs, Realtek has developed an AI super-resolution fidelity recovery single chip, which uses a neural network to identify image scenes and objects, dynamically and instantly removes innate noise in the picture, suppresses distortion, and enhances original low-resolution images to 4K/8K high-resolution images. This innovative technology won the 2022 COMPUTEX Taipei 'Golden Award' and 'Best Choice of the Year Award'. Following the trend to network streaming media, and responding to changes in consumers' viewing habits that demand higher content quality, Realtek has developed a new generation of set-top box solutions that integrate High Dynamic Range, 3D audio, and a new generation of coding technology. These solutions, complete with a cost-competitive, low-power software-hardware reference design, can assist customers in developing high-performance set-top boxes.

In the LCD monitor field, Realtek continues to lead the industry in delivering various high-speed interface specifications, enabling high resolution, high dynamic range, high frame rate, wide color gamut, and true color reproduction, thereby providing customers with the widest product choice.

3. Strategy for Future Development and Impact by Competitive, Regulatory, and Macro Conditions

Semiconductor markets in the short term are facing challenges such as end market demand and inventory adjustment, impacted by geopolitics, pandemics, and inflation. Nevertheless, with the continuing advancement in Internet, artificial intelligence, and automotive applications, there are ample opportunities and room for growth in the medium and long term. Realtek actively practices sustainable corporate development, strengthens corporate governance, enhances product core technology competitiveness, builds a sustainable supply chain, and deepens mutual trust and partnership with customers to grow with them hand in hand, thereby continuously heightening shareholder value.

We want to thank all shareholders for your ceaseless care and support. We also wish you health and success in the future.

Chairman: Chiu, Sun-Chien

President: Yen, Kuang-Yu

Controller: Chang, Jr-Neng

Audit Committee's review report

The Company's 2022 business report, financial statements and distribution of retained earnings have been prepared by the Board of Directors. The financial statements also have been audited by Pricewaterhouse Coopers' with the opinion that they present fairly the Company's financial position, operating performance, and cash flows. The Audit Committee has reviewed the business report, financial statements, and distribution of retained earnings, and found no irregularities. We hereby according to Securities and Exchange Act and Company Act submit this report.

To 2023 Annual Shareholders' Meeting.

Realtek Semiconductor Corp.

Chairman of the Audit Committee: Chen, Fu-Yen

February 24, 2023

Realtek Semiconductor Corporation
Distribution of retained earnings
2022

Unit: NT dollars

Item	Amount
2022 Net Income after taxes	16,204,052,051
Minus: Appropriated for Legal reserve	(1,620,405,205)
Plus: Reversal for Special Reserve	1,776,089,421
2022 Earnings Available for Distribution	16,359,736,267
Plus: Previous Year's Unappropriated Earnings	12,650,774,148
Cumulative Earnings Available for Distribution for 2022	29,010,510,415
Items for Distribution:	
Dividends to Shareholders (distributed in cash)	(13,334,454,666)
Unappropriated Retained Earnings	15,676,055,749

According to No. 871941343 official letter issued by Ministry of Finance on April 30, 1998, distribution of retained earnings shall be used in specific identification method. The first priority of distribution of retained earnings is 2022 profit, then the following sequence adopted in last-in first-out method are the previous year's part before 2022 if insufficiency based on the principles of the Company's profit distribution.

Chairman: Chiu, Sun-Chien

President: Yen, Kuang-Yu

Controller: Chang, Jr-Neng

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000267

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Realtek Semiconductor Corporation and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(13) of the consolidated financial statements for inventory evaluation policies, Note 5(2)

for uncertainty of accounting estimates and assumptions of inventory evaluation and Note 6(6) for the details of inventories.

The Group is primarily engaged in researching, developing, manufacturing, selling of various integrated circuits and related application software. Inventories are stated at the lower of cost and net realizable value. Due to the balances of inventories are significant to the financial statements and the rapid technological changes in the industry, there is a higher risk of decline in market value and obsolescence of inventories. Thus, we considered the evaluation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of accounting policies on the provision of allowance for inventory valuation losses and assessed the reasonableness.
2. Validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified dates of movements with supporting documents and ensured the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries and investments accounted for under equity method were based solely on the reports of other auditors. Total assets (including investments accounted for under equity method amounting to NT\$170,671 thousand and NT\$191,377 thousand) of those companies amounted to NT\$845,913 thousand and NT\$1,220,840 thousand, constituting 0.74% and 1.21% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and total operating revenues both NT\$0 thousand, both constituting 0% of the consolidated total operating revenues for the years then ended. Furthermore, according to the reports of other auditors, comprehensive losses of those investments accounted for under equity method amounted to NT\$20,723 thousand and NT\$12,113 thousand, constituting (0.10%) and (0.07%) of comprehensive incomes for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Realtek Semiconductor Corporation as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi

Cheng, Ya-Huei

For and on behalf PricewaterhouseCoopers, Taiwan

February 24, 2023

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 13,754,035	12	\$ 7,197,351	7
1110	Financial assets at fair value through profit or loss - current	6(2)	1,563,287	1	1,952,647	2
1136	Financial assets at amortised cost - current	6(4)	41,595,837	37	43,740,876	43
1170	Accounts receivable, net	6(5)	9,418,440	8	12,796,821	13
1180	Accounts receivable, net - related parties	6(5) and 7	2,594,245	2	3,192,184	3
1200	Other receivables		488,769	-	156,928	-
130X	Inventories, net	6(6)	25,552,543	23	16,548,712	16
1410	Prepayments		524,525	1	659,883	1
11XX	Total current assets		95,491,681	84	86,245,402	85
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	358,145	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	3,099,759	3	3,644,878	4
1535	Financial assets at amortised cost - non-current	6(4) and 8	618,481	1	80,101	
1550	Investments accounted for under equity method	6(7)	170,671	-	191,377	-
1600	Property, plant and equipment	6(8)	7,556,636	7	6,302,938	6
1755	Right-of-use assets	6(9)	1,537,328	1	1,587,910	2
1760	Investment property	6(10)	38,416	-	41,641	-
1780	Intangible assets	6(11)	2,413,195	2	2,231,694	2
1840	Deferred income tax assets	6(28)	132,978	-	171,321	-
1900	Other non-current assets		2,283,237	2	734,651	1
15XX	Total non-current assets		18,208,846	16	14,986,511	15
1XXX	Total assets		\$ 113,700,527	100	\$ 101,231,913	100

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 13,737,994	12	\$ 13,342,100	13
2130	Contract liabilities - current	6(21)	117,752	-	211,100	-
2150	Notes payable		-	-	3,276	-
2170	Accounts payable		10,340,079	9	11,105,568	11
2180	Accounts payable - related parties	7	156,296	-	334,413	-
2200	Other payables	6(13)	27,684,495	25	24,645,141	24
2220	Other payables - related parties	7	90,401	-	101,253	-
2230	Current income tax liabilities		1,379,985	1	1,458,340	2
2280	Lease liabilities - current		78,446	-	80,315	-
2300	Other current liabilities	6(21)	8,959,279	8	7,539,417	8
21XX	Total current liabilities		62,544,727	55	58,820,923	58
Non-current liabilities						
2540	Long-term borrowings	6(14)	1,713,316	2	1,002,799	1
2550	Provisions - non-current	6(16)	1,287,710	1	989,475	1
2570	Deferred income tax liabilities	6(28)	62,725	-	103,512	-
2580	Lease liabilities - non-current		1,223,185	1	1,252,390	2
2600	Other non-current liabilities	6(15)	105,914	-	110,490	-
25XX	Total non-current liabilities		4,392,850	4	3,458,666	4
2XXX	Total liabilities		66,937,577	59	62,279,589	62
Equity						
	Share capital	6(17)				
3110	Common shares		5,128,636	5	5,106,849	5
	Capital surplus	6(18)				
3200	Capital surplus		1,045,147	1	1,101,079	1
	Retained earnings	6(19)				
3310	Legal reserve		7,262,359	6	5,577,083	5
3320	Special reserve		1,776,089	2	1,556,049	2
3350	Undistributed earnings		28,854,826	25	27,377,681	27
	Other equity	6(20)				
3400	Other equity interest		2,686,175	2	(1,776,090)	(2)
31XX	Equity attributable to holders of the parent company		46,753,232	41	38,942,651	38
36XX	Non-controlling interest		9,718	-	9,673	-
3XXX	Total equity		46,762,950	41	38,952,324	38
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		\$ 113,700,527	100	\$ 101,231,913	100

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7		\$ 111,789,791	100	\$ 105,504,286	100
5000 Operating costs	6(6) and 7		(57,154,955)	(51)	(52,315,883)	(49)
5950 Gross profit			<u>54,634,836</u>	<u>49</u>	<u>53,188,403</u>	<u>51</u>
Operating expenses	6(26)(27) and 7					
6100 Selling expenses			(4,724,569)	(4)	(4,477,084)	(4)
6200 General and administrative expenses			(4,138,151)	(4)	(3,433,308)	(3)
6300 Research and development expenses			(30,081,533)	(27)	(27,949,765)	(27)
6450 Expected credit gains (losses)	12(2)		<u>33,415</u>	<u>-</u>	<u>(3,350)</u>	<u>-</u>
6000 Total operating expenses			(38,910,838)	(35)	(35,863,507)	(34)
6900 Operating income			<u>15,723,998</u>	<u>14</u>	<u>17,324,896</u>	<u>17</u>
Non-operating income and expenses						
7100 Interest income	6(22)		950,676	1	326,399	-
7010 Other income	6(23)		388,919	-	213,427	-
7020 Other gains and losses	6(24)		96,732	-	(171,247)	-
7050 Finance costs	6(25)		(217,743)	-	(106,640)	-
7060 Share of loss of associates and joint ventures accounted for under equity method	6(7)		<u>(20,723)</u>	<u>-</u>	<u>(12,113)</u>	<u>-</u>
7000 Total non-operating income and expenses			<u>1,197,861</u>	<u>1</u>	<u>249,826</u>	<u>-</u>
7900 Profit before income tax, net			<u>16,921,859</u>	<u>15</u>	<u>17,574,722</u>	<u>17</u>
7950 Income tax expense	6(28)		(717,715)	(1)	(721,911)	(1)
8200 Net income for the year			<u>\$ 16,204,144</u>	<u>14</u>	<u>\$ 16,852,811</u>	<u>16</u>
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) income from investments in equity instruments measured at fair value through other comprehensive income	6(3)		(\$ 988,964)	(1)	\$ 995,872	1
Components of other comprehensive income (losses) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			<u>5,451,229</u>	<u>5</u>	<u>(1,215,913)</u>	<u>(1)</u>
8300 Other comprehensive income(losses), net			<u>\$ 4,462,265</u>	<u>4</u>	<u>(\$ 220,041)</u>	<u>-</u>
8500 Total comprehensive income for the year			<u>\$ 20,666,409</u>	<u>18</u>	<u>\$ 16,632,770</u>	<u>16</u>
Net income attributable to:						
8610 Equity holders of the parent company			\$ 16,204,052	14	\$ 16,852,759	16
8620 Non-controlling interest			<u>92</u>	<u>-</u>	<u>52</u>	<u>-</u>
Net income for the year			<u>\$ 16,204,144</u>	<u>14</u>	<u>\$ 16,852,811</u>	<u>16</u>
Comprehensive income attributable to:						
8710 Equity holders of the parent company			\$ 20,666,317	18	\$ 16,632,718	16
8720 Non-controlling interest			<u>92</u>	<u>-</u>	<u>52</u>	<u>-</u>
Total comprehensive income for the year			<u>\$ 20,666,409</u>	<u>18</u>	<u>\$ 16,632,770</u>	<u>16</u>
Earnings per share (in dollars)						
9750 Basic earnings per share	6(29)		<u>\$ 31.62</u>		<u>\$ 33.00</u>	
9850 Diluted earnings per share	6(29)		<u>\$ 30.48</u>		<u>\$ 32.38</u>	

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent company											

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 16,921,859	\$ 17,574,722
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	1,176,920	998,212
Amortization	6(11)(26)	1,627,409	1,302,659
Expected credit (gains) losses	12(2)	(33,415)	3,350
Interest expense	6(25)	217,743	106,640
Interest income	6(22)	(950,676)	(326,399)
Dividend income	6(23)	(60,741)	(43,713)
Losses(gains) on financial assets at fair value through profit or loss	6(2)(24)	180,983	(114,364)
Share of loss of associates and joint ventures accounted for under equity method	6(7)	20,723	12,113
(Gains)losses on disposal of property, plant and equipment	6(24)	(1,132)	196
Loss on disposal of investments	6(24)	-	145
Gains arising from lease modifications	6(24)	(24)	(236)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		220,475	(757,626)
Accounts receivable, net		3,404,506	(1,959,432)
Accounts receivable, net - related parties		605,229	(379,855)
Other receivables		(139,755)	(5,057)
Inventories		(9,003,831)	(7,925,735)
Prepayments		135,358	(132,809)
Changes in operating liabilities			
Contract liabilities - current		(93,348)	(125,154)
Notes payable		(3,276)	(25,377)
Accounts payable		(765,489)	485,514
Accounts payable - related parties		(178,117)	(5,819)
Other payables		4,350,517	9,458,090
Other payables - related parties		(10,851)	6,445
Other current liabilities		1,419,864	137,929
Provisions - non-current		185,080	-
Accrued pension obligations		(4,277)	(4,610)

(Continued)

REALTEK SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
Cash inflow generated from operations		\$ 19,221,734	\$ 18,279,829
Interest received		758,590	475,959
Dividends received		60,741	43,713
Interest paid	(	214,712)	(103,261)
Income tax paid	(	768,184)	(344,311)
Net cash flows from operating activities		<u>19,058,169</u>	<u>18,351,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss - non-current	(	370,244)	-
Acquisition of financial assets at fair value through other comprehensive income	(	228,910)	(85,922)
Acquisition of financial assets at amortised cost	(	92,296,234)	(62,836,686)
Proceeds from disposal of financial assets at amortised cost		98,487,508	53,308,799
Acquisition of investments accounted for under equity method		-	(45,000)
Proceeds from disposal of investments accounted for under equity method		-	110
Acquisition of property, plant and equipment	6(30)	(2,680,469)	(2,510,168)
Proceeds from disposal of property, plant and equipment		1,353	200
Acquisition of intangible assets	6(30)	(1,959,501)	(1,178,805)
Increase in refundable deposits	(	1,457,055)	(684,728)
Increase in other non-current assets	(	91,531)	(604)
Net cash flows used in investing activities		<u>(595,083)</u>	<u>(14,032,804)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(31)	167,983,101	155,016,591
Decrease in short-term borrowings	6(31)	(167,587,207)	(153,131,181)
Increase in long-term borrowings	6(31)	711,110	1,017,360
Repayment of principal portion of lease liabilities	6(31)	(97,150)	(90,779)
(Decrease)increase in guarantee deposits	(	892)	(197)
Cash from capital surplus and cash dividends	(	13,847,318)	(7,149,589)
Cash dividends returned		244	215
Net cash flows used in financing activities		<u>(12,838,112)</u>	<u>(4,337,186)</u>
Effect of exchange rate		<u>931,710</u>	<u>(80,948)</u>
Net increase (decrease) in cash and cash equivalents		<u>6,556,684</u>	<u>(99,009)</u>
Cash and cash equivalents at beginning of year		<u>7,197,351</u>	<u>7,296,360</u>
Cash and cash equivalents at end of year		<u>\$ 13,754,035</u>	<u>\$ 7,197,351</u>

Attachment 5: Independent Auditors' Report and 2022 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22003333

To the Board of Directors and Shareholders of Realtek Semiconductor Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Realtek Semiconductor Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(11) of the parent company only financial statements for inventory valuation policies, Note 5(2) for uncertainty of accounting estimates and assumptions of inventory valuation and Note 6(3) for the details of inventories.

The Company is primarily engaged in researching, developing, manufacturing, selling of various integrated circuits and related application software. Inventories are stated at the lower of cost and net realizable value. Due to the balances of inventories are significant to the financial statements and the rapid technological changes in the industry, there is a higher risk of decline in market value and obsolescence of inventories. Thus, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of accounting policies on the provision for inventory valuation losses and assessed the reasonableness.
2. Validated the accuracy of inventory aging report, as well as sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified dates of movements with supporting documents and ensured the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realizable value for inventories through validating respective supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under equity method. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other auditors. Investments accounted for under equity method amounted to NT\$424,493 thousand and NT\$763,850 thousand, constituting 0.42% and 0.83% of total assets as at December 31, 2022 and 2021, respectively. Comprehensive (losses) income amounted to (NT\$266,649) thousand and NT\$236,416 thousand, constituting (1.29)% and 1.42% of total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2023

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,538,812	3	\$ 2,874,335	3
1110	Financial assets at fair value through profit or loss - current		57,533	-	129,129	-
1170	Accounts receivable, net	6(2)	5,364,402	5	7,908,657	9
1180	Accounts receivable, net - related parties	6(2) and 7	1,096,212	1	1,809,669	2
1200	Other receivables		2,861	-	8,161	-
1210	Other receivables - related parties	7	6,910,735	7	7,534,133	8
130X	Inventories, net	6(3)	12,024,974	12	11,800,895	13
1410	Prepayments		366,842	-	486,118	-
11XX	Total current assets		28,362,371	28	32,551,097	35
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current		53,000	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current		61,455	-	-	-
1535	Financial assets at fair value - non-current	8	81,197	-	75,858	-
1550	Investments accounted for under equity method	6(4)	59,161,713	59	48,827,097	53
1600	Property, plant and equipment	6(5)	7,133,169	7	5,891,478	7
1755	Right-of-use assets	6(6)	1,331,689	1	1,357,716	2
1780	Intangible assets	6(7)	2,353,616	3	2,143,811	2
1840	Deferred income tax assets		132,969	-	171,321	-
1900	Other non-current assets		2,262,850	2	719,802	1
15XX	Total non-current assets		72,571,658	72	59,187,083	65
1XXX	Total assets		\$ 100,934,029	100	\$ 91,738,180	100

(Continued)

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 13,737,994	14	\$ 13,342,100	15
2130	Contract liabilities - current	6(16)	52,282	-	84,259	-
2150	Notes payable		-	-	3,276	-
2170	Accounts payable		4,411,608	5	7,349,443	8
2180	Accounts payable - related parties	7	90,102	-	236,973	-
2200	Other payables	6(9)	25,604,066	25	22,905,637	25
2220	Other payables - related parties	7	232,531	-	63,954	-
2230	Current income tax liabilities		1,374,807	1	1,443,630	2
2280	Lease liabilities - current		27,166	-	26,419	-
2300	Other current liabilities	6(16)	5,701,663	6	5,044,464	5
21XX	Total current liabilities		51,232,219	51	50,500,155	55
Non-current liabilities						
2540	Long-term borrowings	6(10)	1,713,316	2	1,002,799	1
2570	Deferred income tax liabilities		62,725	-	103,512	-
2580	Lease liabilities - non-current		1,067,060	1	1,078,976	2
2600	Other non-current liabilities	6(11)	105,477	-	110,087	-
25XX	Total non-current liabilities		2,948,578	3	2,295,374	3
2XXX	Total liabilities		54,180,797	54	52,795,529	58
Equity						
	Share capital	6(12)				
3110	Common shares		5,128,636	5	5,106,849	5
	Capital surplus	6(13)				
3200	Capital surplus		1,045,147	1	1,101,079	1
	Retained earnings	6(14)				
3310	Legal reserve		7,262,359	7	5,577,083	6
3320	Special reserve		1,776,089	2	1,556,049	2
3350	Undistributed earnings		28,854,826	29	27,377,681	30
	Other equity	6(15)				
3400	Other equity interest		2,686,175	2	(1,776,090)	(2)
3XXX	Total equity		46,753,232	46	38,942,651	42
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	Total liabilities and equity		\$ 100,934,029	100	\$ 91,738,180	100

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Year ended December 31			
Items	Notes	2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16) and 7	\$ 67,491,952	100	\$ 68,352,652	100
5000 Operating costs	6(3) and 7	(35,701,718)	(53)	(35,369,895)	(52)
5900 Gross profit		31,790,234	47	32,982,757	48
5910 Unrealized profit from sales		(168)	-	-	-
5920 Realized profit from sales		1,427	-	-	-
5950 Net operating margin		31,791,493	47	32,982,757	48
Operating expenses	7				
6100 Selling expenses		(2,979,097)	(4)	(2,968,243)	(4)
6200 General and administrative expenses		(2,880,970)	(4)	(2,808,054)	(4)
6300 Research and development expenses		(24,745,357)	(37)	(23,003,371)	(34)
6450 Expected credit gains (losses)	12(2)	33,415	-	(3,350)	-
6000 Total operating expenses		(30,572,009)	(45)	(28,783,018)	(42)
6900 Operating income		1,219,484	2	4,199,739	6
Non-operating income and expenses					
7100 Interest income	7	227,202	-	27,803	-
7010 Other income	7	227,189	-	66,543	-
7020 Other gains and losses		203,097	-	(205,702)	(1)
7050 Finance costs		(201,454)	-	(94,875)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(4)	15,206,534	23	13,564,251	20
7000 Total non-operating income and expenses		15,662,568	23	13,358,020	19
7900 Profit before income tax, net		16,882,052	25	17,557,759	25
7950 Income tax expense		(678,000)	(1)	(705,000)	(1)
8200 Net income for the year		\$ 16,204,052	24	\$ 16,852,759	24
Other comprehensive income, net	6(15)				
Components of other comprehensive income (losses) that will not be reclassified to profit or loss					
8316 Unrealised income from investments in equity instruments measured at fair value through other comprehensive income		\$ 26,419	-	\$ -	-
8330 Share of other comprehensive (losses) income of associates and joint ventures accounted for under equity method		(1,015,383)	(1)	995,872	2
8310 Total other comprehensive (losses) income that will not be reclassified to profit or loss		(988,964)	(1)	995,872	2
Components of other comprehensive (losses) income that will be reclassified to profit or loss					
8380 Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method		5,451,229	8	(1,215,913)	(2)
8300 Other comprehensive income (losses), net		\$ 4,462,265	7	(\$ 220,041)	-
8500 Total comprehensive income for the year		\$ 20,666,317	31	\$ 16,632,718	24
Earnings Per Share (in dollars)					
9750 Basic earnings per share		\$ 31.62		\$ 33.00	
Diluted earnings per share (in dollars)					
9850 Diluted earnings per share		\$ 30.48		\$ 32.38	

Realtek Semiconductor Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other equity interest		Total equity
		Common shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealised income from financial assets measured at fair value through other comprehensive income	
<u>2021</u>									
Balance at January 1, 2021		\$ 5,106,849	\$ 2,122,008	\$ 5,577,083	\$ 217,036	\$ 17,992,154	(\$ 2,940,958)	\$ 1,384,909	\$ 29,459,081
Net income for the year		-	-	-	-	16,852,759	-	-	16,852,759
Other comprehensive income (loss)	6(15)	-	-	-	-	-	(1,215,913)	995,872	(220,041)
Total comprehensive income (loss)		-	-	-	-	16,852,759	(1,215,913)	995,872	16,632,718
Distribution of 2020 earnings									
Special reserve	6(14)	-	-	-	1,339,013	(1,339,013)	-	-	-
Cash dividends	6(14)	-	-	-	-	(6,128,219)	-	-	(6,128,219)
Cash from capital surplus	6(13)	-	(1,021,370)	-	-	-	-	-	(1,021,370)
Changes in equity of associates accounted for under equity method	6(13)	-	226	-	-	-	-	-	226
Cash dividends returned	6(13)	-	215	-	-	-	-	-	215
Balance at December 31, 2021		<u>\$ 5,106,849</u>	<u>\$ 1,101,079</u>	<u>\$ 5,577,083</u>	<u>\$ 1,556,049</u>	<u>\$ 27,377,681</u>	<u>(\$ 4,156,871)</u>	<u>\$ 2,380,781</u>	<u>\$ 38,942,651</u>
<u>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
Net income for the year		-	-	-	-	16,204,052	-	-	16,204,052
Other comprehensive income (loss)	6(15)	-	-	-	-	-	5,451,229	(988,964)	4,462,265
Total comprehensive income (loss)		-	-	-	-	16,204,052	5,451,229	(988,964)	20,666,317
Distribution of 2021 earnings									
Legal reserve	6(14)	-	-	1,685,276	-	(1,685,276)	-	-	-
Special reserve	6(14)	-	-	-	220,040	(220,040)	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,821,591)	-	-	(12,821,591)
Employees' compensation transferred to common shares	6(12)(13)	21,787	969,551	-	-	-	-	-	991,338
Cash from capital surplus	6(13)	-	(1,025,727)	-	-	-	-	-	(1,025,727)
Cash dividends returned	6(13)	-	244	-	-	-	-	-	244
Balance at December 31, 2022		<u>\$ 5,128,636</u>	<u>\$ 1,045,147</u>	<u>\$ 7,262,359</u>	<u>\$ 1,776,089</u>	<u>\$ 28,854,826</u>	<u>\$ 1,294,358</u>	<u>\$ 1,391,817</u>	<u>\$ 46,753,232</u>

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 16,882,052	\$ 17,557,759
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation		976,697	833,678
Amortization		1,589,992	1,272,531
Expected credit (gains) losses	12(2)	(33,415)	3,350
Interest expense		201,454	94,875
Interest income		(227,202)	(27,803)
Dividend income		(1,278)	(1,434)
Losses(gains) on financial assets at fair value through profit or loss		71,596	(47,244)
Share of gain of associates and joint ventures accounted for under equity method	6(4)	(15,206,534)	(13,564,251)
Gain on disposal of property, plant and equipment		(1,002)	(200)
Losses on disposal of investments		-	145
Impairment loss		3,031	-
Gains arising from lease modifications		(24)	(236)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	42,475
Accounts receivable, net		2,570,380	(324,856)
Accounts receivable, net - related parties		720,747	1,160
Other receivables		5,391	(4,354)
Other receivables, - related parties		(13,074)	(16,956)
Inventories		(224,079)	(5,771,338)
Prepayments		119,276	(109,607)
Changes in operating liabilities			
Contract liabilities - current		(31,977)	(78,821)
Notes payable		(3,276)	-
Accounts payable		(2,937,835)	(259,649)
Accounts payable - related parties		(146,871)	(16,718)
Other payables		4,010,659	8,980,596
Other payables - related parties		168,577	3,170
Other current liabilities		657,199	(195,584)
Accrued pension obligations		(4,484)	(4,606)

(Continued)

REALTEK SEMICONDUCTOR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021
Cash inflow generated from operations		\$ 9,146,000	\$ 8,366,082
Interest received		227,111	27,824
Dividends received		6,235,211	5,670,493
Interest paid	(	198,423)	(91,496)
Income taxes paid	(	748,966)	(325,663)
Net cash flows from operating activities		<u>14,660,933</u>	<u>13,647,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss	(	53,000)	-
Acquisition of financial assets at fair value through other comprehensive income	(	35,037)	-
Acquisition of financial assets at amortised cost	(	10,125)	(627)
Proceeds from disposal of financial assets at amortised cost		4,786	62
Increase in other receivables, - related parties	(	11,788,573)	(10,323,895)
Decrease in other receivables, - related parties		15,495,845	3,500,242
Acquisition of investments accounted for under equity method		-	(20,000)
Proceeds from disposal of investments accounted for under equity method		-	110
Acquisition of property, plant and equipment	(	2,349,017)	(2,425,189)
Proceeds from disposal of property, plant and equipment		4,064	200
Acquisition of intangible assets	(	1,953,420)	(1,167,374)
Increase in refundable deposits	(	1,452,037)	(684,997)
Increase in other non-current assets	(	91,011)	-
Net cash flows used in investing activities	(	<u>2,227,525)</u>	<u>(11,121,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		161,350,173	155,016,591
Decrease in short-term borrowings	(	160,954,279)	(153,131,181)
Increase in long-term borrowings		711,110	1,017,360
Repayment of principal portion of lease liabilities	(	28,142)	(35,293)
(Decrease) increase in guarantee deposits	(	719)	12
Cash from capital surplus and cash dividends	(	13,847,318)	(7,149,589)
Cash dividends returned		244	215
Net cash flows used in financing activities	(	<u>12,768,931)</u>	<u>(4,281,885)</u>
Net decrease in cash and cash equivalents	(	335,523)	(1,756,113)
Cash and cash equivalents at beginning of year		2,874,335	4,630,448
Cash and cash equivalents at end of year		<u>\$ 2,538,812</u>	<u>\$ 2,874,335</u>