Stock code: 4968

RichWave Technology Corporation

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2023 Annual Report

This Annual Report is available at:
Taiwan Stock Exchange Market Observation Post System http://mops.twse.com.tw
Company annual report website http://www.richwave.com.tw

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Notice to Readers:
The reader is advised that the annual report has been prepared originally in Chinese. The English version is directly translated from Chinese version.

I. Contact Information of Spokesperson and Deputy Spokesperson

Spokesperson: Wei-Kang Teng
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Acting Spokesperson: Ing-Chan Peng
Title: Director
Telephone: (02) 8751-1358
Email: ir@richwave.com.tw

II. Contact Information of Headquarters, Branches and Plants:

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Telephone: 82-70-7764-8833
Fax: 82-70-7764-8833

US Subsidiary: 2635 North 1st Street San Jose, CA 95134 USA
Telephone: 1-310-961-6006

III. Contact Information of Stock Transfer Agency:

Name: Stock Transfer Agency Unit of Taishin Securities Co., Limited
Address: B1, No. 96, Sec. 1, Jianguo N. Rd, Zhongshan District, Taipei City
Telephone: (02) 2504-8125
Website: http://www.taishinbank.com.tw

IV. Contact Information of the CPAs for the Latest Financial Statements

CPA Firm: Deloitte & Touche
Names: Su-Li Fang, CPA & Jian-Ming Zeng, CPA
Address: 6F, No. 2, Zhanye 1st Road, Hsinchu Science Park, Hsinchu City
Telephone: (03) 578-0899
Website: https://www.tssco.com.tw/stocktransfer

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry:

Not applicable

VI. Website: http://www.richwave.com.tw

Contents

Chapter I. Letter to Shareholders

I wish to thank the shareholders for your support in the past year. For years, RichWave has continuously launched new WiFi wireless communication IC products and focused on using its innovation, technologies, and unique market positioning to create products with market differentiation. We believe that RichWave will uphold its unique position in the market with a diverse range of wireless application.We remain confident for the future to come.

I. 2023 Business Report

(I) Consolidated Business Results

Unit: NT$ thousands ; %

Year / Item	2023	2022	Amount of increase (decrease)	%
Operating revenue	2,984,581	3,429,371	(444,790)	(13)
Gross operating profit	802,090	1,058,590	(256,500)	(24)
Net operating revenue	(297,479)	(17,205)	(280,274)	(1,629)
Net profit before tax	(278,131)	61,289	(339,420)	(554)
Net profit after tax	(222,289)	55,059	(277,348)	(504)
Comprehensive income	(223,375)	57,484	(280,859)	(489)

(II) Budget Implementation

The Company did not prepare a financial forecast for 2023 and therefore does not have budget achievement status for reporting.

(III) Analysis of Consolidated Financial Structure, Solvency, and Profitability

Unit:%

		2023	2022
Financial structure (%)	Liabilities to assets ratio	30.73	31.19
	Long-term working capital to real estate, plants and equipment ratio	1,133.31	1,414.60
Solvency (%)	Current ratio	290.51	400.68
	Quick ratio	222.52	271.82
Profitability (%)	Return on assets	(6.56)	1.75
	Return on equity	(9.72)	2.31
	Ratio of net profit before tax to paid-in capital	(30.75)	6.80
	Profit margin	(7.45)	1.61
	Earnings per share	(2.46)	0.62

(IV) Research and Development

Unit: NT$ thousands

	2023	2022
R&D expenses	653,715	602,470
Operating revenue	2,984,581	3,429,371
Proportion of R&D expenses in business revenue	21.9%	17.6%

II. Summary of 2024 Business Plan

(I) 2024 Business Strategy

RichWave will uphold sustainability in its business strategy and focus on core business operations. We shall abide by regulatory requirements and change our business targets with flexibility in accordance with changes in the environment. With an experienced management team, we shall continue to maintain profitability and growth of the Company in a business environment with rapid changes.

(II) Expected Sales Volume and Its Basis

In 2024, RichWave shall continue to expand channels and expand the market scale and market share. Based on the current information we have obtained regarding the conditions and production capacity of customers, we plan to sell 1,200 to 1,500 million units. Due to the rapid changes in the market and trade environment, we shall closely monitor the market conditions to determine subsequent sales strategies.

(III) Major Production & Sales Policies

The Company's production and sales strategy in 2024 will continue to focus on aggressive market development and expansion of customer base and application areas. With our core product design capabilities, we will continue to compete head-on with foreign companies with long-held market shares to create profits for both the Company and shareholders.

(IV) Future Development Strategy

In 2023, RichWave has successfully mass-produced WiFi 7 products. Looking forward to 2024, the mobile communication and wireless communication industries will continue to flourish. In addition to continuing to improve and improve WiFi 6E products, RichWave will also mass-produce WiFi 7 products. It is expected that with the increasingly complete Wifi 6 and 6E product lines and the support of the launch of WiFi 7 products, we can expect to continue to grow in the global WiFi RF IC market revenue.

(V) Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

(1) Impact from Exchange Rate Changes:

RichWave's sales revenue and procurement expenditures are mostly denominated in USD and we use foreign-currency assets to offset foreign-currency liabilities to achieve natural hedging. RichWave also closely monitors information on exchange rate changes and exchange rate developments in order to adjust foreign-currency assets and liabilities in accordance with developments in the global macroeconomic environment, exchange rates, and future capital demand. These measures are taken to evade exchange rate risks and reduce the impact of exchange rate changes on the Company's profit and loss.

(2) Risks Associated with Over-Concentration in Purchase or Sale and Response Measures:

RichWave's procurement is concentrated due to concerns in product quality and preferred purchasing price, though RichWave maintains at least two suppliers for its main materials avoid risks resulting from over-concentration in purchasing. In addition, the concentration of RichWave's sales is mainly due to the distributors' sales to customers in Taiwan and China. To mitigate the risks of over-concentration of sales, RichWave also actively develops customers with long-term cooperation and carefully selects customers of excellent financial background to lower the risks of over-concentration of sales.

(3) The Impacts of Changes of Important Domestic and Foreign Policies and Laws on the Company's Finances and Business, and the Countermeasures:

RichWave complies with all related domestic and foreign laws and regulations in day-to-day operations and continuously pays close attention to domestic and foreign policy development trends and changes in legislation to fully understand changes in the market environment. Therefore, the Company's finance and business have not been affected by major changes in government policies and laws at home and abroad in the most recent year.

(4) Overall Business Environment

RichWave continuously monitors technological changes and developments in the industry and quickly gains information on industry developments. RichWave continuously enhances its R&D capabilities, applies for patent protection for various innovative concepts and design developments, and actively expands future market applications to counter the impact of technological changes and industry changes on the Company.

Finally, RichWave's management team would like to thank the shareholders once again for the long-term support and we hope that they can continue to provide encouragement and information in the new year. RichWave will also continue to uphold our mission for maximizing profits for shareholders.

I would like to wish all our shareholders good fortune and health.

Chairman of the Board: Dye-Jyun Ma

President: Shih-Chi Wang

Chief Accounting Officer: Wei-Che Hsu

Chapter II. Company Profile

I. Date of incorporation

Jan. 7, 2004

II. Company History

Date	Company History
Jan. 2004	The Company was incorporated with an initial capital of NT$1,000,000.
Feb. 2004	Applied for renaming the Company to Lihui Technology Co., Ltd.
Mar. 2004	Cash capital increase of NT$199,000,000 to increase the paid-up capital to NT$200,000,000.
Jun. 2004	Relocated the Company to 3F, No. 1, Alley 20, Lane 407, Sec. 2, Tiding Blvd., Neihu District, Taipei City.
Jul. 2004	Launched the first CMOS Synthesizer + VCO single chip400-2500MHz in Taiwan.
Mar. 2005	Launched the first highly integrated CMOS 2.4GHz AV Transceiver in Taiwan.
May 2005	Launched the first SiGe WiFi 802.11 b/g power amplifier with successful mass production in Taiwan.
May 2005	Cash capital increase of NT$66,660,000 to increase the paid-up capital to NT$266,660,000.
Apr. 2006	Cash capital increase of NT$50,000,000 to increase the paid-up capital to NT$316,660,000.
Jul. 2006	Launched SiGe WiFi 802.11per-n power amplifier with successful mass production.
Nov. 2006	Launched WiFi 802.11b/g power amplifier module with successful mass production.
Jan. 2007	Launched the first RF LNA with successful mass production.
Jun. 2007	Launched WiFi power amplifier module with successful mass produc-tion.802.11a
Jul. 2007	Launched WiFi 802.11a/b/g dual-band power amplifier with successful mass production.
Aug. 2007	Launched the first highly integrated CMOS 2.4GHz/5.8GHz Dual band AV Transceiver.
Nov. 2007	Cash capital increase of NT$30,000,000 to increase the paid-up capital to NT$346,660,000.

Date	Company History
Mar. 2008	Launched WiFi 802.11n power amplifier with successful mass production.
Dec. 2008	Converted employee subscription warrants to shares totaling NT$6,750,000 to increase the paid-up capital to NT$353,410,000.
Apr. 2009	Launched the first RF Switch with successful mass production.
Apr. 2009	Launched Front-End Module (FEM)with successful mass production.
Jun. 2009	Launched the first Zero BOM FM single chip with successful mass production.
Jun. 2009	Converted employee subscription warrants to shares totaling NT$800,000 to increase the paid-up capital to NT$354,210,000.
Feb. 2010	Converted employee subscription warrants to shares totaling NT$10,920,000 to increase the paid-up capital to NT$365,130,000.
Mar. 2010	Launched WIMAX PA with successful mass production.
Jun. 2010	Launched the first Digital AV Transceiver and Processor with successful mass production.
Jun. 2010	Cash capital increase of NT$15,000,000 to increase the paid-up capital to NT$380,130,000.
Jun. 2010	Converted employee bonus and earnings to capital increase of NT$8,914,360 to increase the paid-up capital to NT$390,005,860.
Jul. 2010	Launched WiFi Front-End Module (FEM) for mobile.
Jul. 2010	Converted employee subscription warrants to shares totaling NT$2,700,000 to increase the paid-up capital to NT$392,705,860.
Aug. 2010	Received approval from the Financial Supervisory Commission for public issuance of the Company's stocks.
Oct. 2010	Officially registered as an emerging stock on the Gre Tai Securities Market.
Dec. 2010	Launched Femtocell PA with successful mass production.
Apr. 2011	Converted employee subscription warrants to shares totaling NT$10,050,000 to increase the paid-up capital to NT$402,755,860.
Jul. 2011	Launched Multi-Switch for Satellite with successful mass production.
Nov. 2011	Converted employee subscription warrants to shares totaling NT$780,000 to increase the paid-up capital to NT$403,535,860.
May. 2012	Converted employee subscription warrants to shares totaling NT$590,000 to increase the paid-up capital to NT$404,125,860.
Jun. 2012	Launched LTE and 3G Femto PA with successful mass production.

Date	Company History
Sep. 2012	Converted employee subscription warrants to shares totaling NT$720,000 to increase the paid-up capital to NT$404,845,860.
Nov. 2012	Launched 2.4GHz Wireless Car rearview System with successful mass production.
Feb. 2013	Launched 2x2 and 4x2 LNB SW with successful mass production.
Apr. 2013	Converted employee subscription warrants to shares totaling NT$4,800,000 to increase the paid-up capital to NT$409,645,860.
Jun. 2013	Launched 4-in-1 wireless surveillance and remote monitoring system through the Internet by handset, with successful mass production.
Jul. 2013	Launched WiFi 802.11ac 5GHz RF component, obtained certification for main chipset with successful mass production.
Aug. 2013	Converted employee subscription warrants to shares totaling NT$930,000 to increase the paid-up capital to NT$410,575,860.
Feb. 2014	Launched 2.4GHz SOI antenna switch products with better ESD protection with successful mass production.
Apr. 2014	Converted employee subscription warrants to shares totaling NT$8,720,000 to increase the paid-up capital to NT$419,295,860.
Aug. 2014	Converted employee subscription warrants to shares totaling NT$5,010,000 to increase the paid-up capital to NT$424,305,860.
Feb. 2015	Received the approval document for technology business from the Industrial Development Bureau, Ministry of Economic Affairs.
Mar. 2015	Converted employee subscription warrants to shares totaling NT$14,850,000 to increase the paid-up capital to NT$439,155,860.
Sep. 2015	Converted employee subscription warrants to shares totaling NT$820,000 to increase the paid-up capital to NT$439,975,860.
Nov. 2015	Cash capital increase of NT$59,000,000 to increase the paid-up capital to NT$498,975,860.
Nov. 2015	Taiwan Stock Exchange Corporation approved the Company's public listing on the Exchange.
May. 2016	Launched WiFi SW for AOA applications and obtained certification for main chipset with successful mass production.
Jul. 2016	Launched high-power 5GHz FEM for 802.11ac with successful mass production.
Aug. 2016	Converted earnings to capital increase of NT$49,897,580 to increase the paid-up capital to NT$548,873,440.
Oct. 2018	Converted earnings to capital increase of NT$54,887,340 to increase the paid-up capital to NT$603,760,780.

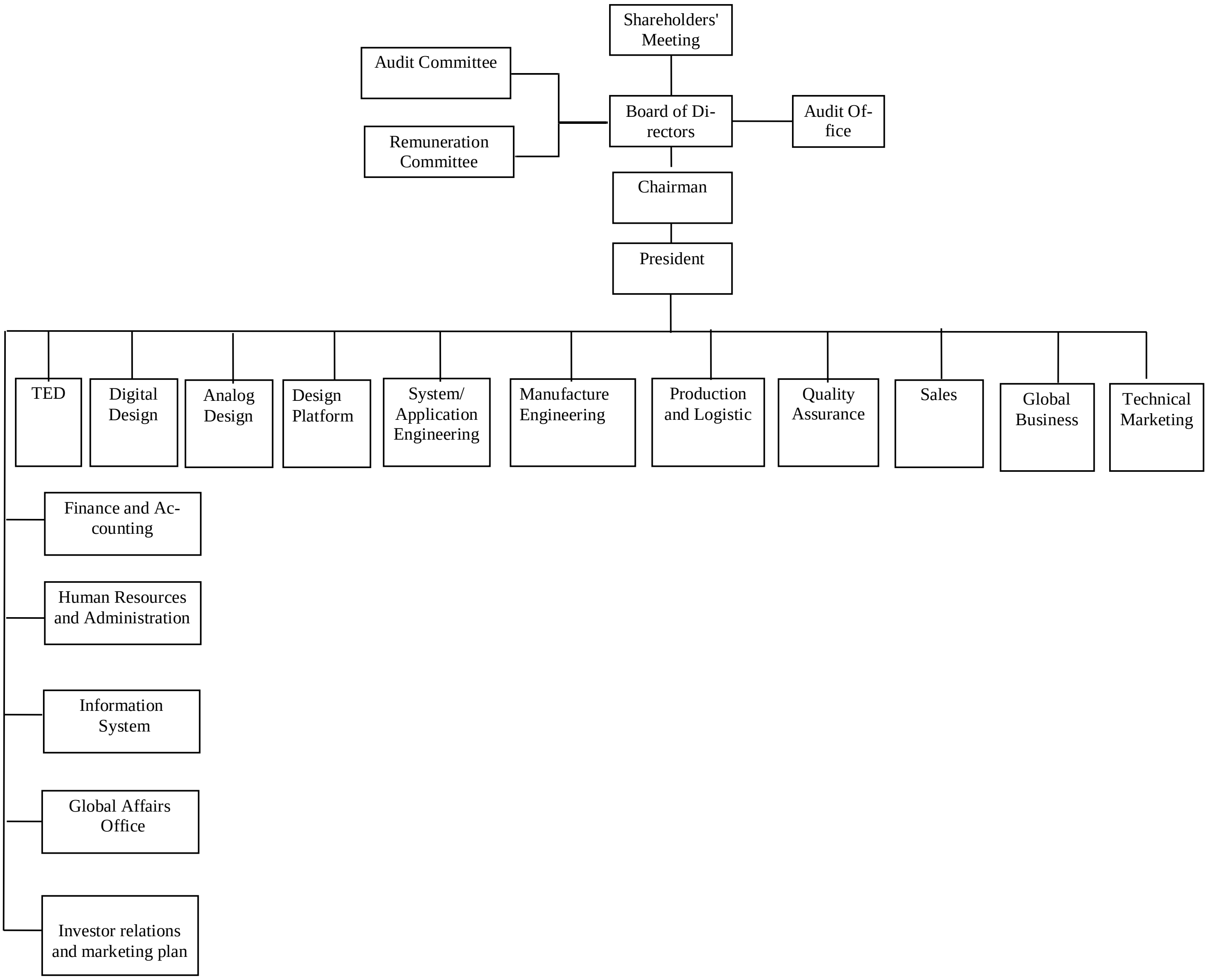
Date	Company History
Dec. 2018	Established the offshore investment company Minerva Technology Co. in Belize
Jan. 2019	Established the subsidiary Aegis Link Corp. in the United States.
Jun. 2019	Launched high-power 5GHz FEM for 802.11ax with successful mass production.
Aug. 2019	Converted employee subscription warrants to shares totaling NT$10,270,000 to increase the paid-up capital to NT$614,030,780.
Nov. 2019	Converted employee subscription warrants to shares totaling NT$4,750,000 to increase the paid-up capital to NT$618,780,780.
Mar. 2020	Converted employee subscription warrants to shares totaling NT$2,650,000 to increase the paid-up capital to NT$621,430,780.
Aug. 2020	Converted employee subscription warrants to shares totaling NT$10,490,000 to increase the paid-up capital to NT$631,920,780.
Apr. 2021	Established Subsidiary in Shen Zhen.
Oct. 2021	Converted earnings to capital increase of NT$252,768,280 to increase the paid-up capital to NT$884,689,060.
Jan. 2022	SAP/PLM system officially launched.
July 2022	First domestic unsecured convertible corporate bonds listed on the Taipei Exchange.
October 2022	Cash capital increase of NT$17,000,000, bringing paid-in capital to NT$901,689,060
August 2023	Converted employee subscription warrants to shares totaling NT$1,142,820 to increase the paid-up capital to NT$902,831,880.
November, 2023	Converted employee subscription warrants to shares totaling NT$1,721,560 to increase the paid-up capital to NT$904,553,440.

Chapter III. Corporate Governance Report

I. Organization

(I) Organization chart

Apr. 20, 2024



(II) Department Functions

Unit	Main business
Audit Office	Review and assess the Company's internal controls and provide recommendations for improvement to promote business efficiency and effective implementation of internal controls.
TED	Development of advanced technologies and development and design of new products.
Analog/Digital Design/Design Process	Development of advanced technologies and development and design of new products. Review, execution, and assessment of research plans.
System/Application Engineering	Hardware assembly integration and test software development in the new product development stage. Client-end system integration and application planning, design, and assessment of new products. Integration of the Company's internal products to propose designs that meet customer demand.
Manufacture Engineering	Operations of the manufacturing management system. Manufacturing and production technology improvements and construction management.
Production and Logistic	Production Plan Formulation. Supply Chain Management and Cost Control. Material and Logistics Management. Customer Service.
Quality Assurance	Planning, execution, and follow-up of internal quality auditing. Planning and setting up of quality system and quality assurance operation procedures. Management, printing, and updating of company regulations, storage and publication of standard operating procedures and quality records, and maintaining and assistance for the ISO/QS quality (environmental protection) system.
Sales	Develop product marketing strategy and market deployment.
Global Business	Development of overseas customers.
Technical Marketing	Product competitive analysis. Product planning. Product pre-promotion plan formulation.
Finance and Accounting	Responsible for fund management and allocation, transactions with financial institutions, cashier, and general shareholder services.

Unit	Main business
	Responsible for the establishment of an accounting system and execution of general accounting operations.
Human Resources and Administration	Oversee the administration of the Company's human resources, general affairs, and plant security. Establishment and execution of related management systems, planning and execution of training, and establishment and execution of performance evaluations.
Information system	Responsible for the Company's information system structure and information security.
Global Affairs Office	Responsible for the Company's legal and administrative affairs and review of the legality and compliance of company rules and regulations; formulation of frequently used contract templates; participation in the negotiation, drafting, review, signing, performance, arbitration, and litigation of administrative and commercial contracts, etc. Responsible for the establishment, continuous operations and supervision of the business and administrative plans of the Company's branches or representative offices across the world in accordance with local laws and regulations.
Investor relations and marketing plan	Brand image Market promotion Public relations and public announcements

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors:

shareholding information as of March 31, 2024; unit: shares, %

Title	National-ity/place of reg-istration	Name	Gender / Age	Date elected (appointed)	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman of the Board	Republic of China	Dye-Jyun Ma	Male/ 61-70 Years old	2022.05.26	3 years	2010.06.04	2,720,540	3.08%	2,804,747	3.09%	3,703,010	4.08%	–	–	PhD in Electrical Engineering, University of Maryland (United States) Professor and Dean, Department of Electrical Engineering, National Chung Hsing University Vice President, Richtek Technology Corp.	Chairman of the Company Director, Minerva Technology Co.(Belize) Director, Aegis Link Corp. (United States) Legal representative, Shenzhen YingHon Technology Corp.	President	Shih-Chi Wang	Spouse	Note 1
Director	Republic of China	Shih-Chi Wang	Female/ 61-70 Years old	2022.05.26	3 years	2004.03.18	3,606,757	4.08%	3,703,010	4.08%	2,804,747	3.09%	–	–	PhD in Electrical Engineering, University of Maryland (United States) Associate Professor, Department of Electrical Engineering, Feng Chia University Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation	President of the Company	Chairman of the Board	Dye-Jyun Ma	Spouse	Note 1
Director	Republic of China	Ching-Hua Wang	Male/ 71-75 Years old	2022.05.26	3 years	2016.05.27	–	–	50,000	0.06%	–	–	–	–	PhD in Electrical Engineering, University of Southern California (United States) Manager, GaAs Operation, Hughes Aircraft Co. (United States) Senior Manager, Intel Corporation (United States) President, Advanced Wireless Semiconductor Company	–	–	–	–	–
Director	Republic of China	Wei-Kang Teng	Male/ 61-70 Years old	2022.05.26	3 years	2005.06.15	587,409	0.66%	601,874	0.66%	127	0.00%	–	–	PhD in Electrical Engineering, National Taiwan University Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	Senior Vice President of R&D of the Company Chairman, Aegis Link Corp. (United States)	–	–	–	–
Director	Republic of China	Tzu-Hsiang Liu	Male/ 51-60 Years old	2022.05.26	3 years	2022.05.26	562,109	0.64%	576,210	0.64%	–	–			PhD in Electronics Engineering, National Chiao Tung University Section Chief, Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	Vice President of the Company	–	–	–	–

Title	Nationality/place of registration	Name	Gender / Age	Date elected (appointed)	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Independent Director	Republic of China	Chih-Hung Wen	Male/ 61-70 Years old	2022.05.26	3 years	2010.12.10	–	–	10,000	0.01%	–	–	–	–	PhD in Electrical Engineering, National Taiwan University Professor, Department of Electrical Engineering and Department of Communications Engineering, National Chung Hsing University Executive Committee Member, Academia-Industry Consortium for South Taiwan Science Park	adjunct professor, Department of Electrical Engineering, Tunghai University adjunct professor, Department of Semiconductor Engineering, National Kaohsiung University of Science and Technology Adjunct Member of the Review Committee, Communications Engineering Program, National Science and Technology Council	–	–	–	–
Independent Director	Republic of China	Chiang-Lin Chang	Male/ 61-70	2022.05.26	3 years	2016.05.27	–	–	–	–	–	–	–	–	BS in Electrical Engineering, National Chiao Tung University Vice President of Marketing of North-east Asia and Chief Technology Officer of Taiwan, Alcatel Executive Vice President, Unizyx Holding Corporation President, Mitrastar Technology Corporation	–	–	–	–	–
Independent Director	Republic of China	Chia-Ying Ma	Male/ 61-70	2022.05.26	3 years	2019.05.24	–	–	–	–	–	–	–	–	Professor, Department of Accounting, Soochow University Chief Research Development Officer, Soochow University Chief Secretary, Soochow University Chairperson, Department of Accounting, Soochow University Adjunct Professor, Department of Public Finance, National Chengchi University Adjunct Professor, Department of Computer Science and Information Engineering and Department of Accounting, National Chung Cheng University Adjunct Professor, College of Biological Science and Technology, National Chiao Tung University PhD in Business & Economics, Lehigh University (United States)	Full-time Professor, Department of Accounting, Soochow University Director (Legal Representative of Corporation), Union Insurance Company Independent Director, Medeon Biodesign Inc. Independent Director, Tsc Auto ID Technology Co., Ltd. Independent Director, Hiyes International Co., Ltd	–	–	–	–
Independent Director	Republic of China	Wen-Hsiang Lu	Male/ 61-70	2022.05.26	3 years	2022.05.26	–	–	–	–	–	–	–	–	Adviser and Director of Economic Section, Taipei Representative Office in the Republic of Singapore Deputy Director, Intellectual Property Office, Ministry of Economic Affairs Prosecutor, Taipei, Shilin and Hualien District Prosecutor Offices, Taiwan Judge, Civil and Criminal Court, Banqiao and Shilin District Courts, Taiwan Distinguished Professor, Peking University, University of Chinese Academy of Sciences, Nanjing Normal University	Managing Attorney, Lu Wen-Xiang Law Firm Arbitrator, Chinese Arbitration Association, Taipei Senior Advisor, Cornerstone Intellectual Property Foundation Adjunct Professor, Institute of Law, Soochow University Adjunct Professor, Institute of Intellectual Property Rights, Xiamen University	–	–	–	–

Title	Nationality/place of registration	Name	Gender / Age	Date elected (appointed)	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
																Independent Director, Aero win Technology Corporation				

Note 1: The Company's chairman and general manager are each other's spouses; the full new election during the 2022 shareholders meeting increased the number of independent directors to 4.

Note 2：The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

(II)List of Institutional Shareholders of Novatek's Major Institutional Shareholders

(III)List of Institutional Shareholders of Novatek's Major Institutional Shareholders

(IV)Disclosure of information as professional qualifications and independent status of directors and independent directors

Apr. 20, 2024

Qualification Name	Professional	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Dye-Jyun Ma	Possesses five or more years of business and work experience required for the Company's business. Vice President, Richtek Technology Corp. Not in contravention of Article 30 of the Company Act.	Chairman of the Company	0
Shih-Chi Wang	Possesses five or more years of business and work experience required for the Company's business. Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation Not in contravention of Article 30 of the Company Act.	President of the Company	0
Ching-Hua Wang	Possesses five or more years of business and work experience required for the Company's business. Manager, GaAs Operation, Hughes Aircraft Co. (United States) Senior Manager, Intel Corporation (United States) President, Advanced Wireless Semiconductor Company Not in contravention of Article 30 of the Company Act.	No positions at other companies; holds no shares in the company	0
Wei-Kang Teng	Possesses five or more years of business and work experience required for the	Senior Vice President of R&D of the Company	0

Qualification Name	Professional	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Company's business. Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation Not in contravention of Article 30 of the Company Act.		
Tzu-Hsiang Liu	Possesses five or more years of business and work experience required for the Company's business. Section Chief, Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Insti-tute Technical Assistant Manager, Taiwan Semiconductor Manufacturing Com-pany Manager, R&D Department, Ali Corpo-ration Not in contravention of Article 30 of the Company Act.	Vice President of the Company	0
Chih-Hung Wen	Possesses five or more years of business and work experience required for the Company's business. Currently adjunct professor, Department of Electrical Engineering, Tunghai University adjunct professor, Department of Semiconductor Engineering, National Kaohsiung University of Science and Technology Adjunct Member of the Review Committee, Communications Engineering Program, National Science and Technology Council Formerly professor, Department of Electrical Engineering, Tunghai University; professor, Department of Electrical Engineering, National Chung Cheng University; and adjunct member of the standing com-	（1）Not an employee of the Company or any of its affiliates. （2）Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary. （3）Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the	0

<table>
<tr><th>Qualification Name</th><th>Professional</th><th>Independent status</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director</th></tr>
<tr><td></td><td>mittee of the Academia-Industry Consortium for Southern Taiwan Science Park's Communications Promotion Committee.

Not in contravention of Article 30 of the Company Act.</td><td rowspan="4">top 10 in shareholdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
(6) Not a director, supervisor, or employee of a company with a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(7) Not a director (governor), supervisor or employee of other companies or institutions who is the same person or spouse as the chairperson, president or person holding an equivalent position of the Company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).</td><td></td></tr>
<tr><td>Chiang-Lin Chang</td><td>Possesses five or more years of business and work experience required for the Company's business.

Vice President of Marketing of Northeast Asia and Chief Technology Officer of Taiwan, Alcatel
Executive Vice President, Unizyx Holding Corporation
President, Mitrastar Technology Corporation

Not in contravention of Article 30 of the Company Act.</td><td>0</td></tr>
<tr><td>Chia-Ying Ma</td><td>Possesses five or more years of business 、accounting and work experience required for the Company's business.

Full-time Professor, Department of Accounting, Soochow University
Chief Secretary, Soochow University
Chairperson, Department of Accounting, Soochow University
Adjunct Professor, Department of Public Finance, National Chengchi University
Adjunct Professor, Department of Computer Science and Information Engineering and Department of Accounting, National Chung Cheng University
Adjunct Professor, College of Biological Science and Technology, National Chiao Tung University
PhD in Business & Economics, Lehigh University (United States)

Not in contravention of Article 30 of the Company Act.</td><td>3</td></tr>
<tr><td>Wen-Hsiang Lu</td><td>Has more than five years of work experience as the foregoing judge, prosecutor, attorney, and corporate operations, as well as a lecturer in relevant departments at</td><td>1</td></tr>
</table>

Qualification Name	Professional	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	public and private universities. Formerly consultant and head of Economic Section, Taipei Representative Office in Singapore; deputy chairman of the Intellectual Property Office, Ministry of Economic Affairs; prosecutor, Taiwan Taipei, Shilin, and Hualien district prosecutor's offices; judge, civil/criminal chambers, district courts of Taiwan Banqiao and Shilin; and specially appointed professor at Peking University, University of Chinese Academy of Sciences, Nanjing Normal University Not in contravention of Article 30 of the Company Act.	（8）Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). （9）Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. However, remuneration committee, M&A audit committee members, established in accordance with local securities regulations or mergers & acquisition regulations, are not included. （10）Does not have a marital relationship with, or a relative within the second degree of kinship with, any other Director of the Company. （11）None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. （12）Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	

(V)Board Diversity and Independence:

1. Board Diversity:

(1)Policy on diversification of board members:

In accordance with Chapter 3, Article 20 of this Company's "Rules of Corporate Governance Practice," requirements for strengthening the board's functions call for diversity to be considered when determining the board's composition. In view of Company's functioning, operating format, and development needs, the diversity policy drafted by this Company should include, but not be limited to, the standards in the following two major areas:

a. Basic requirements and values: Gender, age, nationality, and culture.

b. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

a. Ability to make sound business judgments.

b. Ability to perform accounting and financial analysis.

c. Ability to manage a business.

d. Ability to handle crisis management.

e. Industrial knowledge.

f. An international market perspective.

g. Leadership.

h. Decision-making ability.

Apart from determining "Rules of Corporate Governance Practice," the Company has also explicitly specified that a candidate nominations system will be adopted for the election of directors (including independent directors). When selecting directors (including independent directors), the Company shall not only consider directors' (including independent directors') professional backgrounds, but shall also take diversity as an important factor. The Company has 9 directors (including 4 independent directors), of whom 1 director is a woman, which accounts for 11%. Members' professional backgrounds span the fields of management, science and engineering, accounting, and finance, and the board includes tech industry managers and professors of science, engineering, and accounting. Board members have diverse backgrounds in industry-academic cooperation, academics, and knowledge, and are able to provide professional views from different perspectives, which has greatly benefited the Company's operating performance and management efficiency.

(2)Specific management goals and state of implementation:

1.Specific management goals of the board diversity policy

(1) The Company's board values the gender equality of its members, and board members must include at least one female director.

(2) The Company's board also values operating judgment, operating management ability, leadership ability, and decision-making ability, and at least 2/3 of board members shall possess relevant core abilities.

(3) In order to achieve the goal of supervision, independent directors shall account for at least 1/3 of all board members.

2.State of diversification of board members:

(1) The Company has 9 directors (including 4 independent directors), of whom 1 director is a woman, which accounts for 11%.

(2) Relevant core abilities possessed by the Company's board members:

Name	Nationality/place of registration	Gender	E m ployees	Age			Term			skills, and qualities							
				51~ 60 Years old	61~ 70 Years old	Over 71 Years old	Less than 3 years	3-9 years	More than9 years	Operational judgment capability	Accounting and financial analysis capabilities.	Operation and management capabilities.	Crisis management capability	ndustry knowledge.	International market outlook	Leadership ability	Decision-making ability
Dye-Jyun Ma	Republic of China	Male	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Shih-Chi Wang	Republic of China	Female	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Ching-Hua Wang	Republic of China	Male				✓				✓	✓	✓	✓	✓	✓	✓	✓
Wei-Kang Teng	Republic of China	Male	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Tzu-Hsiang Liu	Republic of China	Male	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Chih-Hung Wen	Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Chiang-Lin Chang	Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
Chia-Ying Ma	Republic of China	Male			✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
Wen-Hsiang Lu	Republic of China	Male			✓		✓			✓		✓	✓	✓	✓	✓	✓

(3) The Company has a total of 9 directors, of whom 4 are independent directors, and account for more than 1/3 of all directors; 1 independent director has served a term of over 9 years, 2 independent directors have served terms of over 3 years, and 1 independent director has served a term of less than 3 years; 1 director has an age of 51-60 years, 7 directors have ages of 61-70 years, and 1 director has an age of over 71 years.

(4) Of the directors, 44% have the status of employees.

2. Independence of the board of directors:

The Company's board of directors currently has 9 members, including 4 independent directors to ensure the board of directors' independence (accounting for 44%). Two of the directors are spouses. All independent directors comply with the regulations promulgated by the Securities and Futures Bureau, FSC. There is no relationship within the second degree of kinship between the directors, and there is no condition stipulated by Paragraphs 3 & 4, Article 26-3 of the Securities and Exchange Act.

(VI) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units:

shareholding information as of March 31, 2024; unit: shares, %

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees arrangement		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Chairman of the Board	Taiwan	Dye-Jyun Ma	Male	2010.06.04	2,804,747	3.09%	3,703,010	4.08%	–	–	PhD in Electrical Engineering, University of Maryland (United States) Professor and Dean, Department of Electrical Engineering, National Chung Hsing University Vice President, Richtek Technology Corp.	Director, Minerva Technology Co. (Belize) Director, Aegis Link Corp. (United States) Legal representative, Shenzhen YingHon Technology Corp.	President	Shih-Chi Wang	Spouse	Note 3
President	Taiwan	Shih-Chi Wang	Female	2004.03.01	3,703,010	4.08%	2,804,747	3.09%	–	–	PhD in Electrical Engineering, University of Maryland (United States) Associate Professor, Department of Electrical Engineering, Feng Chia University Director, Electronic Technology Research and Development Department, Winbond Electronics Corporation Senior Project Manager, Taiwan Semiconductor Manufacturing Company Assistant Vice President, Ali Corporation	None	Chairman of the Board	Dye-Jyun Ma	Spouse	Note 3
Senior Executive Vice President of R&D	Taiwan	Wei-Kang Teng	Male	2004.03.01	601,874	0.66%	127	0.00%	–	–	PhD in Electrical Engineering, National Taiwan University Technical Assistant Manager, National Chung-Shan Institute of Science & Technology Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	Senior Vice President of R&D of the Company Chairman, Aegis Link Corp. (United States)	None	None	None	–
Vice President	Taiwan	Tzu-Hsiang Liu	Male	2004.03.01	562,210	0.64%	–	–	–	–	PhD in Electronics Engineering, National Chiao Tung University Section Chief, Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute Technical Assistant Manager, Taiwan Semiconductor Manufacturing Company Manager, R&D Department, Ali Corporation	None	None	None	None	–
Vice President	Taiwan	Chuan-Chen Chao	Female	2004.03.08	778,584	0.86%	–	–	–	–	PhD in Electronics Engineering, National Chiao Tung University Manager, Winbond Electronics Corp. Chief Engineer, Taiwan Semiconductor Manufacturing Company	None	None	None	None	–
Vice President of R&D	Taiwan	Hsiang-Feng Chi	Male	2015.11.09	162,631	0.18%	–	–	–	–	PhD in Electrical Engineering, University of California (United States) Senior Manager of Firmware Design, Synaptics Hong Kong Limited Director of DSP Design Department, Airoha Technology Corp. Director of Wireless Communication Design, ASMedia Technology Inc. Senior Manager/VLSI Design Structure Specialist, Afatech Assistant Professor, National Chiao Tung University IC Structure Specialist, GlobalspanVirata	None	None	None	None	–
Vice President of R&D	Taiwan	Chi-Fu Liang	Male	2020.06.01	–	–	–	–	–	–	PhD in Electrical Engineering, University of Maryland	None	None	None	None	–

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees arrangement		Experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
											Consultant, ASE Technology Holding Chief Communication Technology Officer, Jiangsu Pivotone Communication Technologies Incorporated FBAR Designer, Avago, San Jose, USA Technology Director, BenQ Corporation					
Vice President and Chief Financial Officer	Taiwan	Wei-Che Hsu	Male	2020.05.18	4,000	0.00%	–	–	–	–	Accounting Department, Feng Chia University Chief Financial Officer, Kayee-KY Financial Consultant, Sunplus Technology Co., Ltd. Deputy Director, Investment Administration Division, Giantplus Technology Co., Ltd. Deputy Manager, Underwriting Department, Grand Cathay Securities Corporation Auditor, Synmax Biochemical Co., Ltd.	None	None	None	None	–
Vice President of Sales Marketing	Taiwan	Chih-Chieh Huang	Male	2021.04.12	140	0.00%	–	–	–	–	Taipei University of Marine Technology / Department of Marine Engineering (Specialist) Director, Richwave Technology Corp. Technology and Marketing Manager, Richtek Technology Corp. Product Manager, Lanner Electronics Inc. Product Manager, DFI Inc.	None	None	None	None	–
Vice President	Taiwan	Hung-Shuo Chang	Male	2021.11.29	6,000	0.01%	–	–	–	–	Master's Degree from the Institute of Communication Engineering, Chiao Tung University President, Logos Electronics Inc. Vice President of Sales Marketing, Anax Technology Corp. Vice President of Operations and President of Taiwan Region, SmartIC Technology Co., Ltd. Vice President of Asia Pacific Marketing and President of Taiwan Region, Power Analog Microelectronics	None	None	None	None	–
Vice President of R&D	Taiwan	Zhi-Sheng,Chen	Male	2024.01.02	–	–	–	–	–	–	Graduate Degree, Institute of Communications Engineering, National Yang Ming Chiao Tung University Director/Senior Director, Richwave Technology Corp. Divisional Head/Senior Manager, Richwave Technology Corp. Manager, Walsin Technologies Corporation VP, Yuantonix Inc.	None	None	None	None	–
Senior Assistant Vice President	Taiwan	Mei-Hui Lin	Female	2008.10.16	12,831	0.01%	–	–	–	–	Department of English, Wenzao Ursuline University of Languages Manager, Siliconix Electronic Co., Ltd. Vice President, Hanlin (Taiwan) Electronics Co., Ltd. Vice President, Magnesensor Technology	None	None	None	None	–
Chief Auditor	Taiwan	Pei-Chen Ho	Female	2013.08.08	–	–	–	–	–	–	Department of Industrial Design, Chaoyang University of Technology ISO lead auditor Quality Assurance Engineer, Syntronix Corporation Chief Auditor, Yang Hwa Technology Corporation	None	None	None	None	–

Note 1: The shareholding information described above does not include retained decision-making trust shares.

Note 2: Management is defined the same as the interpretation provided in the Ministry of Finance letter Tai-Cai-Zheng-San-Zi No. 0920001301 and includes the president, vice president, assistant vice president, chief financial officer and chief accounting officer (or equivalent officers).

Note 3: The Company's chairman and President are each other's spouses; the full new election during the 2022 shareholders meeting increased the number of independent directors to 4.

III Remuneration Paid During the Most Recent Fiscal Year to Directors, Independent Directors, Supervisors, President, and Vice Presidents

(I) Remuneration to Directors and Independent Directors:

Remuneration information as of December 31, 2023; Unit: NT$ thousands

Title	Name	Directors' remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)				Relevant remuneration received by Directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income				Compensation paid to Directors from an investee company other than the Company's subsidiaries or parent company
		Base Compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)		Total		(A+B+C+D) as % of Net Income		Salary, bonuses, and allowances (E) (Note 1)		Severance pay and pension (F)		Employee compensation (G)				Total		(A+B+C+D+E+F+G) as % of Net Income		
																		The Company		All companies in the consolidated financial statements						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
Director	Dye-Jyun Ma Shih-Chi Wang Wei-Kang Teng Ching-Hua Wang Tzu-Hsiang Liu	–	–	–	–			84	84	84	84	(0.04%)	(0.04%)	14,541	14,541	432	432	–	–	–	–	15,057	15,057	(6.77%)	(6.77%)	None
Independent Director	Chih-Hung Wen Chiang-Lin Chang Chia-Ying Ma Wen-Hsiang Lu	–	–	–	–			164	164	164	164	(0.07%)	(0.07%)	–	–	–	–	–	–	–	–	164	164	(0.07%)	(0.07%)	None

1. Please describe the policy, system, standards and structure of the compensation of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: The remuneration paid by the Company to Directors (including Independent Directors) is determined in accordance with the regulations in the Articles of Incorporation and is capped at 1% of the annual profits. However, when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as compensation for Directors. Article 21 of the Articles of Incorporation also states that the amount of compensation received by directors shall be determined by the Board of Directors according to the contribution of the individual and extent of involvement in the Company's operations, taking into account the prevailing rates in the domestic and international industry. In addition to the Company's operating performance, future risks, development strategies, and industry trends, the Remuneration Committee also regularly reviews remuneration policies, systems, standards, and structures. The Company will review the remuneration distribution policy from time to time based on the overall environment and the Company's business strategies to ensure both sustainability and the interests of stakeholders.
2. Except as otherwise disclosed herein, the directors of the Company have not received other remunerations for providing services (in a non-employee capacity, such as an advisor) to any of the companies in the consolidated financial statements within the fiscal year: None.

Note1: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as employees concurrently (including President, Vice Presidents, managers, and employees) in the most recent fiscal year.

Range of remuneration

Range of remuneration paid to directors	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements H	The Company	All companies in the consolidated financial statements I
Less than NT$1,000,000	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng, Ching-Hua Wang, Tzu-Hsiang Liu,Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma Wen-Hsiang Lu	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng, Ching-Hua Wang, Tzu-Hsiang Liu,Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma Wen-Hsiang Lu	Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma Wen-Hsiang Lu	Ching-Hua Wang, Chih-Hung Wen, Chiang-Lin Chang, Chia-Ying Ma Wen-Hsiang Lu
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	—	—	Wei-Kang Teng ,Tzu-Hsiang Liu	Wei-Kang Teng,Tzu-Hsiang Liu
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	—	—	Dye-Jyun Ma, Shih-Chi Wang,	Dye-Jyun Ma, Shih-Chi Wang
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	—	—	—	—
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	—	—	—	—
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	—	—	—	—
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—	—	—
Higher than NT$100,000,000	—	—	—	—
Total	9 individuals	9 individuals	9 individuals	9 individuals

(II) Remuneration to supervisors

The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

(III) Remuneration to the President and Vice Presidents

Remuneration information as of December 31, 2023; Unit: NT$ thousands

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and special allowances (C)		Employees' compensation from profit sharing (D)				Ratio of total remuneration (A+B+C+D) to net income (%)				Compensation paid to Directors from an investee company other than the Company's subsidiaries or parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		Total		(A+B+C+D) as % of Net Income		
								Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
Chairman of the Board	Dye-Jyun Ma	28,687	28,687	1,080	1,080	9,187	9,187	–	–	–	–	38,954	38,954	(17.52%)	(17.52%)	–
President	Shih-Chi Wang															
Senior Executive Vice President of R&D	Wei-Kang Teng															
Vice President	Tzu-Hsiang Liu															
Vice President	Chuan-Chen Chao															
Vice President of R&D	Hsiang-Feng Chi															
Vice President of R&D	Chi-Fu Liang															
Vice President and Chief Financial Officer	Wei-Che Hsu															
Vice President of Sales Marketing	Chih-Chieh Huang															
Vice President	Hung-Shuo Chang															

Note1:Pursuant to Article 24 of the Articles of Incorporation, if the Company has a profit, it shall appropriate no less than 8% of the profits as employee bonuses. The Company's remuneration for its managers, in addition to referring to the Company's overall operating results and performance, is also based on each manager's position, contributions to the Company's operations, individual performance (including the practice of the Company's core values, and leadership and management capabilities, and status of achieving finance and comprehensive operations management-related indicators etc.) and also takes into account the Company's future risks and industry practices. Upon individual review and evaluation of the reasonableness of the overall remunerations, the Remuneration Committee will submit it to the Board of Directors for resolution. To maintain a balance between the Company's sustainable operations and risk management, the remuneration system, standard, and structure are also reviewed as needed based on actual operations and relevant laws and regulations.

Note2:The amount of employee remuneration in 2023 has been approved by the Board of Directors in a resolution. Since there were no profits in 2023, no remuneration will be distributed.

Note3:Vice President of R&D, Zhi-Sheng Chen, assumed office on January 2, 2024.

Range of remuneration

Range of remuneration paid to the President and Vice Presidents	Name of President and Vice Presidents	
	Total of (A+B+C+D)	
	The Company	All companies in the consolidated financial statements E
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Wei-Kang Teng, Tzu-Hsiang Liu, Chuan-Chen Chao, Hung-Shuo Chang	Wei-Kang Teng, Tzu-Hsiang Liu, Chuan-Chen Chao, Hung-Shuo Chang
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Dye-Jyun Ma, Shih-Chi Wang, ,Hsiang-Feng Chi, Wei-Che Hsu	Dye-Jyun Ma, Shih-Chi Wang, ,Hsiang-Feng Chi, Wei-Che Hsu
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Chi-Fu Liang, Chih-Chieh Huang	Chi-Fu Liang, Chih-Chieh Huang
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	—	—
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—
Higher than NT$100,000,000	—	—
Total	10 individuals	10 individuals

Name of managers to which employees' compensation is distributed and the status of distribution:

December 31, 2023; Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Manager	Chairman of the Board	Dye-Jyun Ma	—	—	—	—
	President	Shih-Chi Wang				
	Senior Executive Vice President of R&D	Wei-Kang Teng				
	Vice President	Tzu-Hsiang Liu				
	Vice President	Chuan-Chen Chao				
	Vice President of R&D	Hsiang-Feng Chi				
	Vice President of R&D	Chi-Fu Liang				
	Vice President and Chief Financial Officer	Wei-Che Hsu				
	Vice President of Sales Marketing	Chih-Chieh Huang				
	Vice President	Hung-Shuo Chang				
	Senior Assistant Vice President	Mei-Hui Lin				

Note1:The amount of employee remuneration in 2023 has been approved by the Board of Directors in a resolution. Since there were no profits in 2023, no remuneration will be distributed.

Note2：Vice President of R&D, Zhi-Sheng Chen, assumed office on January 2, 2024.

(IV) Individual Remuneration Paid to Each of the Top Five Management Personnel The following is not applicable to the Company, and hence disclosure of this information is not required.

1. A Company that have incurred accumulated losses in the individual financial reports over the past three fiscal years.
2. A company ranked within the lowest tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.

(V) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:

1. Remuneration paid to Directors, President and Vice Presidents are paid by the Company. No other remuneration was paid by its affiliated companies.
2. The total remuneration as a percentage of net income paid by the Company and by all consolidated entities for the most recent 2 fiscal years to each of the Company's Directors, Supervisors, President, and Vice Presidents:

Title	2023		2022	
	The total remuneration as a percentage of net income paid to each of the Company's Directors, Supervisors, President, and Vice Presidents (%)		The total remuneration as a percentage of net income paid to each of the Company's Directors, Supervisors, President, and Vice Presidents (%)	
	Parent company only	Consolidated	Parent company only	Consolidated
Directors	(6.84%)	(6.84%)	1.59%	1.59%
Supervisors (Note 1)	—	—	—	—
President and Vice Presidents	(17.52%)	(17.52%)	77.32%	77.32%

Note 1: The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

3. Remuneration policies, standards, and packages, procedure for determining remuneration to Directors, Supervisors, President and Vice Presidents, and linkage thereof to operating performance and future risk exposure:

   A:Directors: The compensation for Directors refers to compensation distributed from earnings in accordance with Article 24 and 25 of the Company's Articles of Incorporation. No more than 1% of the profits shall be distributed as compensation for Directors which shall be distributed based on their involvement in the Company's business activities and the value of their contribution. If the Company has any net profit in the final accounts, the amount shall first be used to make up for deficits, allocation for statutory reserve or special reserve, distribution of dividends for special shares, and distribution of employees' compensation. The Board of Directors shall then consider the environment in the industry and the Company's capital requirements and formulate a plan for the distribution of earnings including compensation to Directors, and obtain the approval of the shareholders' meeting before distribution.

   B.General Manager and Assistant General Manager: The remuneration of the general manager and assistant general manager includes salary, reward and employee bonus, and is based on the position held, the responsibilities assumed, performance evaluation and contribution to the Company. The evaluation indicators include the position held, management effectiveness and annual performance achievement rates, such as revenue, gross profit margin, net profit margin, Company’s sustainability development target achievement rates and important indicators (product market share, new customers, new products, introduction of new technologies, etc.) set by the responsible persons. The Company’s current year’s overall profit, future risk and development strategies are also taken into consideration in setting the remuneration.

   C.Remuneration policies, standards, and packages, procedure for determining remuneration to Directors, Supervisors, President and Vice Presidents, and business performance are established based on prevailing rates in the industry. They are recommended by the Remuneration Committee and presented to the Board of Directors for passage.

4. When distributing the above employee remuneration, the Company also assesses the global economy, international financial environment and changes in the industrial economy, and forecasts the Company’s future operational development, profitability and operational risk, so as to minimize the possibility of future risk, thereby attain a balance between the Company’s sustainable operations and risk control.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

5 meetings of the Board of Directors were held in the most recent year(2023.01.01~2023.12.31). The attendance of Directors was as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Note
Chairman	Dye-Jyun Ma	5	0	100 %	None
Director	Shih-Chi Wang	4	1	80 %	None
Director	Wei-Kang Teng	5	0	100%	None
Director	Ching-Hua Wang	5	0	100 %	None
Director	Tzu-Hsiang Liu	5	0	100 %	None
Independent Director	Chih-Hung Wen	5	0	100 %	None
Independent Director	Chiang-Lin Chang	5	0	100%	None
Independent Director	Chia-Ying Ma	5	0	100%	None
Independent Director	Wen-Hsiang Lu	5	0	100 %	None

Other matters:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:

(I) A rticle 14-3 of the Securities and Exchange Act: The provisions provided by Article 14-3 are inapplicable since the Company has already established an audit committee. For items listed in Article 14-5 of the Securities and Exchange Act, please refer to Audit Committee Operation Status on pages 35-36 of this annual report.

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above:None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: The Company's Directors recused themselves from proposals involving conflicts of interest.

Date Meeting Resolutions	Name	Agenda	Reason of recusals	Vote
2023/02/23	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng	1. The Company's 2022 employee and director remunera-	The managers of the Company	Did not participated

Date Meeting Resolutions	Name	Agenda	Reason of recusals	Vote
	Tzu-Hsiang Liu	tion distribution proposal. 2. The Company's 2022 manager dividend proposal.		
2023/04/27	Dye-Jyun Ma, Shih-Chi Wang, Wei-Kang Teng Tzu-Hsiang Liu	1.Proposal for the annual raise of managerial officers in 2023.	The managers of the Company	Did not participated

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (or peer) evaluation of the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	Jan. 1, 2023 to Dec. 31, 2023	Performance evaluation of the Board of Directors and functional committees.	The performance evaluation is conducted through internal questionnaires and includes the overall operations of Directors and functional committees, participation in board meetings, understanding of the company and awareness of responsibilities, continuing education, etc.	1. Board performance evaluation: (1) Level of participation in Company operations. (2) Improvement of the quality of board decisions. (3) Composition and structure of the Board of Directors. (4) Election and continuing education of the Directors. (5) Internal control The evaluation results were excellent. 2. Board member performance evaluation: (1) Familiarity with the goals and missions of the Company. (2) Awareness of the duties of a Director. (3) Level of participation in Company operations. (4) Management of internal relations and communication. (5) The Director's professionalism and continuing education. (6) Internal control. The evaluation results were excellent. 3. Performance evaluation of functional committees (1) Level of participation in Company operations. (2) Knowledge of the duties of the functional committee. (3) Improvement of the quality of the functional committee's decisions.

Frequency	Period	Scope	Method	Content
				(4) Functional committee composition and election of members. (5) Internal control. The evaluation results were excellent.

IV. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

(I) The Company has established the "Ethical Corporate Management Best Practice Operating Procedures and Code of Conduct" and uploaded it to the Market Observation Post System and Company's website for reference by stakeholders to implement ethical corporate management.

(II) The Company organizes continuing education of Directors each year to continue to provide them with access to new knowledge and maintain their core value, professional advantages, and skills.

(III) The Company has set up an investors' section on the Company website and uses the Internet to provide investors with information of interest to them.

(IV) The Company established the Audit Committee to replace supervisors on May 24, 2019 to strengthen the performance of the duties of the Board of Directors.

(II) Operation of the Audit Committee or Supervisors' involvement in the operation of the Board of Directors:

1. Operations of the Audit Committee:

The Audit Committee convened 5 meetings in the most recent year(2023.01.01~2023.12.31). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Chih-Hung Wen	5	0	100%	None
Independent Director	Chiang-Lin Chang	5	0	100%	None
Independent Director	Chia-Ying Ma	5	0	100%	None
Independent Director	Wen-Hsiang Lu	5	0	100%	None

Other matters:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date		Motion	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2023/02/23 The 4th meeting of the 2nd Committee	1	The Company’s 2022 annual business report and financial statement proposal.	Approved by all Independent Directors
	2	The Company’s 2022 earnings distribution proposal.	
	3	The Company’s "2022 Statement of Internal Control System" proposal.	
	4	The Company’s 2023 CPA appointment proposal.	
2023/04/27 The 5th meeting of the 2nd Committee	1	The Company’s 2023 1st quarter consolidated financial statement proposal.	
	2	The Company’s CPA independence assessment proposal.	
	3	Proposal for the Company's pre-approval of the general principles of non-assurance service policy.	
	4	Proposal for transfer of equity of AEGIS LINK CORP. (U.S.) and liquidation of Minerva Technology Corporation (Belize).	
2023/07/27 The 6th meeting of the 2nd Committee	1	The Company’s 2023 2nd quarter consolidated financial report proposal.	
	2	Proposal to amend certain operations in the Company's Internal Control System.	
2023/10/26 The 7th meeting of the 2nd Committee	1	The Company’s 2023 3rd quarter consolidated financial statement proposal.	
	2	Proposal to nullify the China Office.	
	3	Proposal to Formulate the "Rules Governing Financial and Business Matters Between this Company and its Affiliated Enterprises".	
2023/12/21 The 8th meeting of the 2nd Committee	1	The Company’s 2024 "Internal Audit Plan" proposal.	

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communication between independent directors, internal chief audit officer and CPAs (which should include the important matters, methods, and results regarding the Company's finance and operations) :

(I) The Company's internal audit unit sends the monthly "Audit Report" by mail to each Independent Director for review within the prescribed period. It also attends the quarterly meetings of the Audit Committee for the "Audit Progress Report", which includes explanations of audit operations, audit results, and follow-ups for improvement. If there are questions or instructions, Independent Directors can consult the audit supervisor in the meeting. and separate meetings are also held from time to time

(II) The Company's CPA reports the results of the review or audit of the Company's financial statements, internal control audits, the impact of amendments and announcements of auditing standards on the Company, and other legal requirements. The CPA also communicates with them on whether any adjustment of the financial statements or amendments of laws and regulations affect the presentation of the accounts.In addition, the internal audit unit also communicates with the independent directors separately as needed. The communications are fluent and unimpeded.

(III) The audit supervisor may engage in direct communication with the CPA and Independent Directors at any time and the communication channels remain open.

(IV) The internal audit supervisor regularly reports the implementation status of the audits to the Independent Director in the Audit Committee each quarter. The contents are summarized below:

Date	Report and communication contents	Results
2023/02/23	Report on the implementation status of internal audits for 2022 Q4.	Fully discussed and acknowledged.
2023/04/27	Report on the implementation status of internal audits for 2023 Q1.	Fully discussed and acknowledged.
2023/07/27	Report on the implementation status of internal audits for 2023 Q2.	Fully discussed and acknowledged.
2023/10/26	Report on the implementation status of internal audits for 2023 Q3.	Fully discussed and acknowledged.
2023/12/21	The Company's 2024 "Internal Audit Plan"	Fully discussed and acknowledged.

(V) The CPA shall report the audit of the financial report to Independent Director at least once every year and explain and discuss the contents and progress of the audit.

The communication is summarized below:

Date	Report and communication contents	Results
2023/02/23	Report on the results of the audit of the 2022 individual and consolidated financial statements and the audit of the internal control system.	Fully discussed and acknowledged.
2023/04/27	Audit report for the consolidated financial statements for 2023 Q1.	Fully discussed and acknowledged.
2023/07/27	Audit report for the consolidated financial statements for 2023 Q2.	Fully discussed and acknowledged.
2023/10/26	Audit report for the consolidated financial statements for 2023 Q3.	Fully discussed and acknowledged.

2. Participation of Supervisors in the operations of the Board of Directors: The Company established the Audit Committee to replace supervisors on May 24, 2019 in accordance with laws.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Board of Directors of the Company established the "Corporate Governance Best Practice Principles" on Feb. 8, 2017 in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and announced it on the Company's website (www.richwave.com.tw) under "Investors" - "Corporate Governance".	None
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure?	✓		(I) The Company has appointed a spokesperson, acting spokesperson, and other dedicated personnel. We also set up an investor email to process shareholders' recommendations, questions, disputes, and litigation.	None
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with regulations and maintains smooth communication channels with major shareholders.	None
(III) Does the Company establish and execute a risk management and firewall system within its affiliated companies?	✓		(III) The Company has established related mechanisms in the internal control system in accordance with regulations. Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are processed based on the principles of fairness and reasonableness	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(IV)Does the Company establish internal rules against insiders using undisclosed information to trade with?	✓		with established rules to clearly define pricing and payment terms and prevent non-arm's-length transactions. (IV) The Company has established the "Procedures for Handling Material Inside Information" to prevent insiders from engaging in insider trading by mistake and violate laws.	None
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members?	✓		(I)Board of Directors Member Diversity Policy and Objectives: The Board of Directors has formulated diversification policies, specific management objectives, and implementation status. Please refer to the description of "Chapter III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (V) Board Diversity and Independence" in this annual report.	None
(II) In addition to the legally-required Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees?		✓	(II) The Company has established the Remuneration Committee and the Audit Committee and appointed 3 Independent Directors to serve as committee members. We respect all constructive opinions of the committee members and we currently have no plans to establish other functional committees.	The Company has not established other functional committees.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company establish standards to measure the performance of the Board of Directors and implement such annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		(III) The company has established standards to measure the performance of the Board of Directors and evaluates the performance of the Board of Directors every year.	None
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Company assesses the independence and competence of the CPA it has engaged at least once each year in light of its rules of corporate governance practice and audit quality indicators (AQIs). Assessment items include confirming that the CPA and spouse or dependent relatives do not serve as the Company's directors or supervisors, managers, or other employees with a direct and significant impact on audit work, the engaged CPA has not borrowed money from the Company, and the same CPA has not performed attestation services for more than seven years; a statement attesting to the CPA's independence is obtained, and the results of assessment are submitted to the board.	None
IV. Does the Company establish a dedicated (or non-dedicated) corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors	✓		Upon resolution from the Board of Directors on February 23, 2023, Mr. Wei-Che Hsu, the VP of Finance and Accounting, has been appointed as the Governance Officer. The chief responsibilities of this role is to conduct matters related to organizing the Board meetings and shareholders' meetings, providing directors with information	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
and supervisors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes to company registration, and producing minutes of the Board meetings and shareholders' meetings)?			needed to perform their duties, and to assist the directors in legal compliance and more. Implementation status of corporate governance in 2023 is as follows: 1. Executed matters related to Board meetings and the shareholders' meeting in accordance with the law. 2. Prepared minutes to Board meetings and shareholders' meeting. 3. Assisted directors with assumption of office and continuing education. 4. Provided directors with information required to perform their duties. 5. Assisted directors with legal compliance. 6. Other matters stipulated by the Articles of Incorporation or contracts.	
V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has set up an email on the Company's website to maintain a smooth communication channel. We also assigned dedicated personnel to respond appropriately to important CSR issues of concern to shareholders, creditors, bondholders, employees, customers, the management, society, or government.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency to deal with shareholder affairs.	None
VII. Information disclosure				
(I) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status?	✓		(I) The Company has a website to disclose its financial, business and corporate governance information both in Chinese and English.	None
(II) Does the company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		(II) The Company has a website both in Chinese and English, and has designated the Investor Relations Department being responsible to fullfill a spokesman system in collecting and disclosing the relevant information according to regulations, and participate the Investor Conferences sponsored by other organizations on an irregular basis. The Company holds the Investor Conference on a quarterly basis, and will disclose its relevant information both on the Market Observation Post System and the Company's official website.	None
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	✓		(III) The Company has published and reported its annual financial report within two months after the end of a fiscal year, and has published and reported its financial reports for the first, second and third quarters ahead of schedule before the specified deadline.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	✓		In the governance framework of the Company's sustainable development, the President serves as the convener of the Sustainability Project Management Office, and the Global Affairs Office is the part-time unit, whose main responsibility is to handle matters related to the Company's sustainable development (ESG). There are seven working groups which include corporate governance, product research and development, customer care, supplier collaboration, environmental sustainability, employee care and social care. The members who are represented by talents with diverse background, expertise and experience, are selected from various departments, and they regularly report the sustainability achievements to the board of directors. . 1. The Company implements policies for employee rights and benefits in accordance with relevant laws and regulations. We also established the Employee Welfare Committee to provide various welfare measures. 2. The Company's department supervisors hold meetings from time to time to establish communication channels between the management and employees. The Management Department keeps track of employees' attendance status to provide timely assistance and care in case of emergencies. 3. The Company provides sufficient information on the Market Observation Post System in a timely manner. Investors can express their opinions by telephone, email, or other methods.	None

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			4. The Company operates with clear division of work functions in each department and the communication with stakeholders is assigned to related departments which upholds the principles of integrity and fairness to protect the rights of stakeholders 5. The Directors attend the required training programs from time to time to enhance their professional knowledge. 6. The Company engages in business activities in accordance with its internal control system. The Company also requires certian amount of the collateral from different customers to minimize the business risks borne by the Company. 7. The Company has established a certain level of trust with customers in all channels through long-term partnerships, and has therefore implemented sound customer policies. 8. Except for special circumstances, all Directors have attended all meetings of the Board of Directors and fully discussed and communicated with each other. We also record meeting proceedings in accordance with the "Rules of Procedure for Board of Directors Meetings". Where there is a motion in which a Director has a conflict of interest, the Director is required to recuse himself/herself in accordance with regulations. No Director has a conflict of interest with the finance and business operations of the Company.	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved: Description on how the results of the Corporate Governance Evaluation have been gradually improved from the previous year:				

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">(I) The Company has actively and voluntarily prepared Sustainability Report since 2022.
(II) The Company has publicly announced CPA-audited financial statements within two months after the end of the fiscal year in 2023, and convened the regular shareholders' meeting at the end of May 2023.
(III) The Audit Committee supervises the Company's financial, and all quarterly financial reports in 2023 have been approved by the Audit Committee, and submitted to the Board of Directors for discussion and resolution.
(IV) To continue to implement the Company's sustainable development goals, the Company has established a greenhouse gas inventory and verification schedule, and reports it to the Board of Directors for management on a quarterly basis.
(V) To reinforce information security management mechanisms, on top of establishing the Information Security Committee to regularly review cybersecurity, regular reports are also submitted to the Board of Directors.
(VI) The Rules Governing Financial and Business Matters Between this Company and its Affiliated Enterprises was approved and enacted in Q3 2023.
(VII) Implementations of Procedures for the Prevention of Insider Trading are disclosed on the Company's website.</td></tr>
</table>

(IV) Composition, Duties and Operation of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members:

Identity	Name / Conditions	Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serveing as the Remuneration Committee member
Convenor and independent director	Chiang-Lin Chang	See "Disclosure of information as professional qualifications and independent status of directors and independent directors" on page 18~21		0
Independent director	Chih-Hung Wen			0
Independent director	Chia-Ying Ma			3
Independent director	Wen-Hsiang Lu			1

2. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office: May 25, 2022 to May 24, 2025. Four meetings (A) of the Remuneration Committee were convened in the most recent fiscal year (2023) and the qualifications and attendance of the members are as follows:

Title	Name	Number of actual attendance (B)	Number of attendance by proxy	Attendance rate (%) [B/A] (Note)	Remarks
Convener/ chair	Chiang-Lin Chang	3	0	100%	None
Committee Member	Chih-Hung Wen	3	0	100%	None
Committee Member	Chia-Ying Ma	3	0	100%	None
Committee Member	Wen-Hsiang Lu	3	0	100%	None

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation of the remuneration committee, the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II. If there were resolutions of the remuneration committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

III. Discussions and results of resolutions of the Remuneration Committee and the Company's response to the opinions of the members:

Date	Agenda	Resolution Result	Handling of Remuneration Committee's Resolutions by the Company
2023/02/23	1. Proposal for the distribution of the remuneration to employees and Directors for 2022. 2. Passed the 2022 managerial officer bonus distribution proposal.	Agreed and Passed by All Members of the Committee	None
2023/04/27	Passed the proposal for the annual raise of managerial officers in 2023.	Agreed and Passed by All Members of the Committee	None
2023/12/21	Passed the 2023 Company's manager promotion and annual salary adjustment proposal.	Agreed and Passed by All Members of the Committee	None

(V) The deviations and reasons for the Company's Governance Implementation Status vs the Best Practice Principles of Sustainable Development required for listed companies byTaiwan Stock Exchange (TWSE) and Taipei Exchange (TPEx)

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
I. Has the Company established an exclusively (or concurrently) dedicated unit to be in charge of the governance structure for sustainable development initiatives? Has the board of directors appoint executive-level positions to handle relevant matters, and to report the status of the handling to the board of directors?	✓		1. In the governance framework of the Company's sustainable development, the President serves as the convener of the Sustainability Project Management Office, and the Global Affairs Office is the part-time unit. The head of this unit is responsible for matters related to corporate sustainable development (ESG). In view of the need for division of work in the corporate sustainability work, the Sustainability Project Management Office sets up seven working groups, which include corporate governance, customer care, supplier collaboration, environmental sustainability, employee care, social care and product research and development. The members who are represented by talents with diverse background, expertise and experience, are selected from various departments, and they regularly report the sustainability achievements to the board of directors. On December 21, 2023 the implementation status of the Company's sustainability project was reported to the board of directors and was approved by the directors. 2. In 2023, the various working groups complied with the work goals and plans for 2022 in keeping with the corporate sustainability policy, systems, and management strategies approved by the board. The general manager led various relevant	None

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>departmental managers in jointly cooperation with the implementation of sustainability plans, and in participating in the various programs and activities drafted by the sustainability task force. The Office will continue to review implementation progress toward short-term, mid-term, and long-term sustainability goals.</td><td></td></tr>
<tr><td>II. Has the Company conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations in accordance with the materiality principle, and establish the relevant risk management policy or strategy?</td><td>✓</td><td></td><td>1. Risk assessment boundaries chiefly encompass the Company, but will be expanded to encompass subsidiaries.
2. Assessments of risks in environmental, social, and corporate governance issues relevant to the Company's business activities, and determination of risk management policies and strategies:
<table><tr><th>Major issues</th><th>Evaluation content</th><th>Risk Management Policy or Strategy</th></tr><tr><td>Environment</td><td>Climate change response</td><td>1. The Company is committed to the development and design of radio frequency front-end chip (RFIC), and provides customers with the best design services. It also takes into account the sustainable trend and develops innovative products that are in line with energy conservation and carbon reduction.</td></tr></table></td><td>None</td></tr>
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<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>
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<tr><td></td><td></td><td>2. Continuously evaluate the purchase of renewable energy, expect to launch a renewable energy consumption plan within five years and increase the percentage of renewable energy consumption every year.

3. Continuously plan for the replacement of old equipment and purchase energy-saving facilities to improve energy efficiency.</td></tr>
<tr><td rowspan="2">Society</td><td>Product and customer relations: Customer health and safety, marketing, and labeling</td><td>Improve hazardous substance management and comply with RoHS and WEEE compliance regulations through supply chain management</td></tr>
<tr><td>Innovation Management</td><td>In order to strengthen the Company’s innovation capability and product competitiveness, and to protect the Company’s advanced technological achievements, the Company develops patents that need to be achieved each year and the number of certifications to obtain, and then encourage employees in all R&D units to achieve the goals.</td></tr>
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<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Major issues</th><th>Evaluation content</th><th>Risk Management Policy or Strategy</th></tr>
<tr><td rowspan="2">Society</td><td>Customer relationship management</td><td>Conduct regular customer satisfaction surveys, rolling amendments of relevant issues, and maintain good customer relationships.</td></tr>
<tr><td>Customer privacy</td><td>Protect security of customers’ private data through implementation of information security management.</td></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Ethical Corporate Management</td><td>● The Board of Directors has established the "Ethical Corporate Management Operating Procedures and Code of Conduct" and promotes the promotion and implementation of ethical corporate management.
● Education and training courses are provided to enhance employees’ awareness of legal compliance in order to ensure that Company employees are cognizant of standards and maintain the order of competition.</td></tr>
<tr><td>Risk management</td><td>It has established a cross-unit business continuity planning (BCP) team. With the aim of preventing potential major risk incidents from harming the Company, the BCP team conducts rigorous risk assessments, formulates response strategies, arranges emergency response measures, conducts irregular</td></tr>
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<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th>The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>drills, and continues to improve with respect to the major risks that the Company may encounter.</td></tr>
<tr><td></td><td>Supplier management</td><td>Implement supply chain management procedures and require suppliers to comply with regulations:
● International quality certifications, such as ISO 9001/ISO 14001/ ISO 45001/QC 080000/IATF 16949/safety standard certification
● Complete Hazardous Substance-Free (HSF) declaration, and provide material hazardous substances test reports, safety data sheets (SDS), and HSF compliance declarations
● Complete conflict minerals reporting templates (CMRT/EMRT)
● Provide quality and reliability reports</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company established proper environment management systems based on the characteristics of their industries?</td><td>✓</td><td></td><td>The Company has long been concerned about environmental protection, strives to ensure that corporate operations are in harmony with the environment, and has introduced electronics products offering excellent performance and incorporating green thinking. Because of this, while implementing environmental management policies and adequately controlling the environmental impact of the Company's operations, we are also actively promoting supply chain environmental management, and supervising</td><td>None</td></tr>
</table>

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			and guiding our supply chain partners in fulfilling their environmental sustainability responsibilities, while jointly creating a green value chain for semiconductors. The Company has passed ISO 9001:2015 certification, and has received Sony's GP (Green Partner) and Samsung's Eco-Partner certification. At the end of 2023, Richwave Technology passed ISO 14001:2015 environmental management systems renewal evaluation and ISO 14064-1:2018 greenhouse gas inventory and certification, and in 2024, the TCFD project is expected to be implemented. By establishing a complete environmental management mechanism, it aims to reduce environmental resource and energy consumption during operations, and move towards the Company's sustainable management improvement goals and meet the expectations of customers and the public in green operations.	
(II) Has the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		As a member of the IC R&D and design industry, the Company's energy consumption chiefly relies on externally purchased power, and we have no high energy consumption heating equipment or production processes. In order to implement effective energy management and monitor our energy consumption, we regularly compile power use statistics, which provide a basis for continued improvement.	None

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			In 2023, the Company purchased 3,569.3 GJ of electric power, a 5% reduction compared to the previous year, mainly due to the implementation of the Company's energy-saving policies and various energy-saving measures, and energy saving incentive activities. In 2023, the energy use intensity (EUI) was 189.4 kWh/m2, a 5% decrease compared to the previous year, which shows a favorable result from Richwave Technology's past energy-saving measures. In the future, it will continue to conduct more energy usage plans to improve usage efficiency and realize green sustainability.	
(III) Has the Company assessed the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures?	✓		Based on the "Business Continuity Management (BCP)" model, the Company follows the recommendations of the Climate-Related Financial Disclosure (TCFD) in identifying climate-related risks and opportunities and building a climate risks and opportunities identification and management process, and proposes response actions for major risks. In order to adapt to the rapid changes in global climate policies and reduce environmental impact, the Company has planned adaptation response measures for major climate risks and opportunities, and set management indicators and goals to guide the Company in the continuous climate transformation. The specific measures are as follows:	None

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><th colspan="2">Major climate risks and opportunities</th><th>Adaptation and response actions</th></tr>
<tr><td>Climate risks</td><td>Mandatory regulations on products and services</td><td>
● Continuously increase and maintain various ISO international inspections and certifications to enhance customer expectations and corporate image.
➢ In 2023, Richwave Technology enrolled 70 people in the training for the implementation of ISO 14064-1 system.
● Confirmation of hazardous substances when selecting raw materials during the product development stage in compliance with international environmental regulations.
● Continue to implement energy-saving related projects and measures, and expect to introduce the use of renewable energy in 2024, with the goal of reaching 3% of the parent company's total electricity consumption by 2030.
● Comply and follow the regulatory requirements, appoint dedicated personnel to constantly pay attention to various domestic and foreign regulatory requirements and trend changes. Continue to invest research and development resources to develop energy-saving products.
</td></tr>
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Promotion item	Implementation Status					The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description			
			Climate opportunities	Develop new markets	● Develop new products that can reduce product energy consumption Adjust design specification to reduce electric current value. In 2021, the pulse mode motion sensor current of the original design specification of 10GHz ultra-wideband microwave radar (UWB) built-in signal processing sensor was 150mA. In 2022, the output specification was 110mA, and in 2023, it further dropped to 5mA, a reduction of 95.5%. This product possesses an energy-saving effect, and is widely used in products such as smart homes, smart lighting, surveillance systems, car camcorders, etc. ● Expand product multifaceted applications: Expand the applications of 5.8 GHz and 10 GHz frequency band radar sensor, such as in smart lighting, electronic locks and security systems, and other smart home appliances; Continue to research and develop millimeter wave radar and develop products for multi-faceted applications. ● Develop new customers and actively promote radar sensors to home appliance customers.	
				Development of	● Continue to develop nonlinear power amplifiers: Allocate research and development resources and cooperate with main Wi-	

<table>
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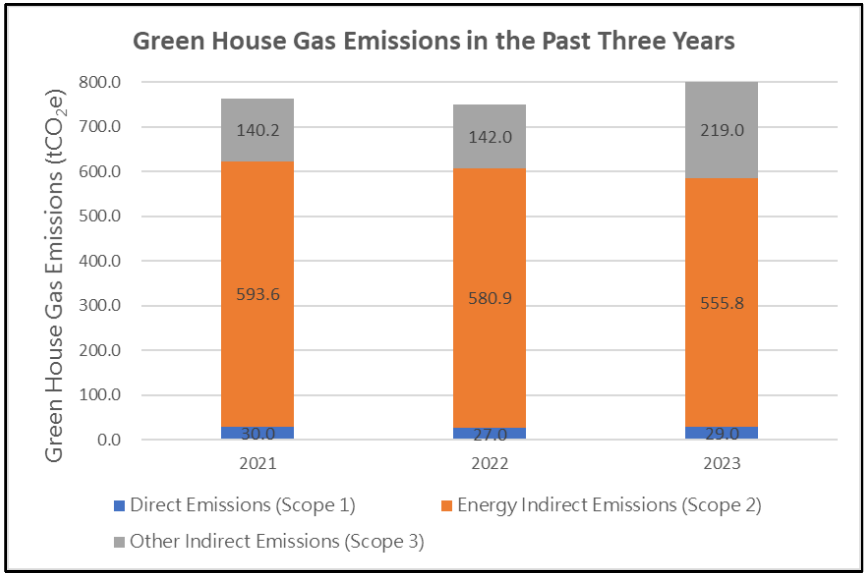
<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>low-carbon products and new services</td><td>Fi chipset manufacturers and measurement instrument suppliers to develop and optimize product energy efficiency to ensure that its performance meets expectations.
● Improve power consumption of flagship products: Continue to develop low-power, high-efficiency product portfolios to meet or even exceed the requirements of domestic and foreign manufacturers to increase market share.</td></tr></table></td><td></td></tr>
<tr><td>(IV) Has the Company compiled statistics on greenhouse gas emissions, volume of water consumption and total weight of waste in the past two years, and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes?</td><td>✓</td><td></td><td>1. Environmental Management Policies
(1) Compliance with international laws and regulations, maintenance of environmental protection
Continued attention to changes in domestic and foreign environmental protection policies, laws, and regulations, ensuring that the Company's operations are in full compliance with legal and regulatory requirements; Introduction of green products complying with international environmental protection laws, regulations, and development trends, and satisfying customers' environmental protection requirements.

(2) Realizing environmental management and recycling of resources
Implementation of ISO 9001: 2015、ISO 14001：2015、ISO 14064-1： 2018 management systems, full-scale realization of environmental management;</td><td>None</td></tr>
</table>

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			electronic waste is all turned over to a qualified disposal vendor for reuse of resources, achieving the economic benefits of circular resource use. (3) Encouraging all employees to participate, continuing to adopt improvements Continued efforts to instill environmental protection concepts in all employees through education and awareness, and response to relevant activities by the government and environmental protection groups; Regular review of environmental performance, and investigation and improvement of deficiencies. 2. Scope of data coverage: The Company 3. Statistical data for most recent year: (1) GHG emissions: A. GHG emissions for the most recent three years	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			 Note: 1. GHG emissions were calculated from inventories using the operational control right method; in view of the Company's operating characteristics, only externally purchased power was included in inventories. 2. GHG emissions in Category 2 were calculated as activity data * electricity carbon emission factor announced for the year by the Bureau	

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			of Energy. The 0.495 kg CO2e/kWh electricity carbon emission factor announced by the Bureau of Energy for 2022 was used in calculations. B. Management policy and state of attainment: Management policy and state of attainment: In 2023, the Company's Scope 2 GHG emissions was 555.8 tCO2e, mainly due to implementation of diverse energy-saving solutions and rewards policies. Through cross-unit collaboration between the laboratories, server room, product warehouse and the Environmental Safety and Administration Department, a total of 4 energy-saving products and 6 improvement measures were executed in 2023. In order to reduce GHG emissions from operating processes, the Company actively promotes various power saving solutions, achieving a Scope 2 carbon reduction of 25.6251 tCO2e in 2023. Starting in 2023, plans for energy conservation and GHG emissions reduction during the next five years have taken a 3% reduction as the management policy target. C. Scope 3 emission categories include Category 3 and Category 4, and the emission activities include downstream product transportation, employee commuting, raw material mining, manufacturing and processing, and disposal of solid and liquid waste; Since the beginning of 2022, upstream	

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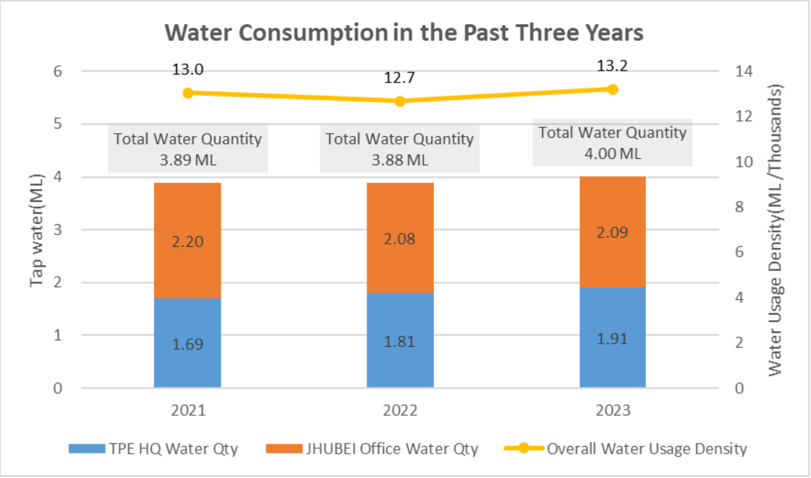
	Yes	No	Description	
			product transportation has been added. D. If the GHG emissions in 2023 are different from third-party inspection results, the correction will be stated in the following year's sustainability report. (2) Water usage: A. Water resource use during the most recent three years  	

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<tr><th>Yes</th><th>No</th><th>Description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>B. Management policy and state of attainment:
Richwave Technology's operating locations are used tap water as their water source. Water is chiefly used for office housekeeping, and no water is obtained from areas where there is water stress. In 2023, our tap water intake reached 40,000 liters, a 3.1% increase compared to the previous year, and the average water consumption per person increased by 4.1%. We will continue to rely on water resource management to boost our water use efficiency and ensure that water resources are used in the most effective manner.

(3) Waste:

A. Waste generation during the most recent three years
<table><tr><th>Waste type</th><th>Action taken</th><th>2021</th><th>2022</th><th>2023</th></tr><tr><td>General industrial waste</td><td>Incineration (kg)</td><td>29,179.2</td><td>20,346.8</td><td>11,937.7</td></tr><tr><td>Hazardous industrial waste</td><td>Reuse of resources (kg)</td><td>624.3</td><td>208.7</td><td>529.0</td></tr><tr><td colspan="2">Total (kg)</td><td>29,803.5</td><td>20,555.4</td><td>12,466.7</td></tr></table></td><td></td></tr>
</table>

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
			B. Management policy and state of attainment: The Company's operating locations have no production processes, and housekeeping trash from offices constitutes the largest portion of wastes. In addition, electronic waste constituting product samples left over from the Company's laboratory testing and QA work is generated at intervals; this waste includes hazardous waste in the form of electronic scrap and defective products. The dedicated waste management unit established by the Company bears responsibility for management of hazardous waste reporting and clearance. The Company's goal is to achieve comprehensive knowledge of waste logistics flow, and ensure that waste disposal processes comply with the government's environmental policies and environmental protection laws and regulations. The Company generated 12,466.7 kg of waste in 2023, mainly contributed by general industrial waste, which accounted for 95.8% of total waste; the remaining portion consisted of hazardous industrial waste, which accounted for 4.2% of total waste. Compared with 2022, the Company's waste emission decreased by 39.35% in 2023.	

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	Yes	No	Description	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?		✓	Out of the conviction that Richwave Technology regards its employees as its most important asset, it provides meaningful work content, a safe and healthy working environment, high-quality salary and benefits, and encourages employees to balance work and life, including having a family, making friends, and developing personal interests. Apart from requiring equal employment opportunity and prohibiting discrimination, the Employee Code of Conduct drafted by Richwave Technology also requires employees to jointly maintain a healthy and safe working environment. In the future, we will continue to follow the "United Nations: Guiding Principles on Business and Human Rights" and the "Code of Conduct- Responsible Business Alliance, RBA" to further implement the Company's human rights policy.	None
(II) Does the Company establish and implement reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		The Company has determined and implemented reasonable employee welfare measures, which include the provision of (1) insurance benefits: In addition to providing basic Labor Insurance and Health Insurance, the Company also has planned group comprehensive insurance for each employee, thereby covering life insurance, major illness insurance, accidental injury insurance, medical insurance, and cancer insurance, and the premiums are borne by the Company. (2) The Company's Workplace Mothers Health Protection Plan drafted in accordance with the Occupational Safety and Health Act has set forth and implemented necessary health and safety measures. The Workplace Mothers Health Protection Plan is ensuring the good health of pregnant, post-partum, and nursing female employees. The Company has (3) retirement	None

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	Yes	No	Description	
			measures for formally hired employees. A labor retirement reserve supervisory committee has been established in accordance with the Labor Standards Act, and a certain percentage of total salaries is allocated every month to a retirement reserve fund. (4) Incentives and subsidies include three major holiday bonuses, birthday bonuses, marriage, childbirth and funeral allowances, travel subsidies, and various other bonuses. Regular employees are entitled to the benefits, and other bonuses are issued according to the Company's operating conditions. (5) Specially-contracted on-site health service nurses and and doctors are made available to employees. (6) The Company provides employee health checks every year to realize its concern and care for the health of employees. (7) Non-weekday overtime meal expense and transportation subsidies.	
(III) Does the Company provide a safe and healthy work environment, and does it organize safe and healthy training for its employees on a regular basis?	✓		1. Measures to provide employees with a healthy and safe working environment: Richwave Technology's operating locations chiefly consisted of offices. To ensure that employees can work in a safe occupational environment, working environment protection measures conducted on an annual basis include (1) implementation of public area fire safety inspections, (2) monitoring of the working environment, (3) implementation of employee health checkups, (4) health and safety education and training for new employees, (5) fire safety and CPR awareness, (6) a health information bulletin board, and an (7) entry control system. 2. Implementation and acquisition of relevant certifications in 2023	None

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	Yes	No	Description	
			(1) Fire safety inspections are performed in public places: Fire safety inspections were completed in accordance with legal standards during May. (2) Monitoring of working environment: Our Taipei and Hsinchu locations completed monitoring in accordance with legal standards in January and July respectively. (3) Holding employee health checkups: Taipei and Hsinchu locations completed checkups in November and December. (4) Safety and health education and training for new employees and entry control system: Completed training 32 person times /192 hours. (5) Fire safety and CPR awareness: Completed in May and October by Taiyuen Hi-Tech Industrial Park. (6) Health information bulletin board: Posted on the Company's internal website and employees' quarterly. 3. State the number of occupational disasters, number of employees and the ratio to the total number of employees in the current year, and the related improvement measures. In 2023, there were no major occupational disasters but one incident of general occupational injury, involving a total of 1 employee, which is 0.33 of the total number of employees. In addition to strengthening the safety education on walking along the stairways and advocating the use of guardrail, improvement	

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	Yes	No	Description	
			measures also include implementing health management cases until no abnormality is found during subsequent follow-up. 4. State the number of fire cases, number of deaths and casualties in the current year, the ratio of deaths and casualties to the total number of employees, and the related improvement measures in response to fires. There were no fire incidents in the current year.	
(IV) Does the Company establish effective career development and training plans for its employees?	✓		The Company has continued to provide a comprehensive training framework, which includes new employee training, management function training, professional function training, and general knowledge classes. A diverse range of learning and development opportunities are provided for each stage of employees' careers, which also allows persons at each stage of their development to meet the expectations of the Company, the environment, and employees. In 2023, Richwave Technology held various types of professional and general knowledge courses, including technical courses such as Devices/Semiconductor Physics of MOS, HBT and Diode courses, Power Management IC Design courses, TLT for Silicon-Based Integrated Power Amplifiers, Class-J PA Operation, High Performance Talent Management, 2019 Operations Continuity Management System TCFD climate related financial disclosure, Seven Original Points of a Spine, etc. Also, ongoing professional courses such as Lectures of power amplifier design, Theories/Practices of Machine Learning and DNN, Basic	None

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	Yes	No	Description	
			Knowledge of Patents, etc. are held by internal lecturers. The Company attaches great importance and spares no effort in the training of its employees, and 2,089 people attended the trainings, with a total of 3,241.5 training hours. In 2023, a total of 32 people attained new employee training, with a total training hours of 384 hours.	
(V) Does the Company follow relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services, and establish related consumer protection policies and grievance procedures?	✓		The Company places heavy emphasis on customer satisfaction, and has continuously sought improvement in product quality in order to satisfy customers' needs. With regard to implementation, we rely on our global customer support system to perform multifaceted systematic communications. We look at things from our customers' perspective, and actively resolve customers' problems. We cooperate closely with our R&D team to ensure the thoroughgoing transmission of customers' needs and development of diversified products meeting customer needs. This is how we have established our market image and brand value, while achieving a high level of customer satisfaction and stickiness. We esteem every customer's valuable opinions, and have drafted "Customer Complaint Management Procedures" to facilitate the efficient handling of customer complaints, while also actively reviewing the possible causes of problems and preventing problems from recurring; After first classifying and filing customers' comments and suggestions, we produce "customer complaint notices" to ensure that relevant information can be used effectively in our response and control actions. We then seek to clarify issues, collect relevant data, assist relevant departments to perform improvement in response, and confirm with the customer that they	None

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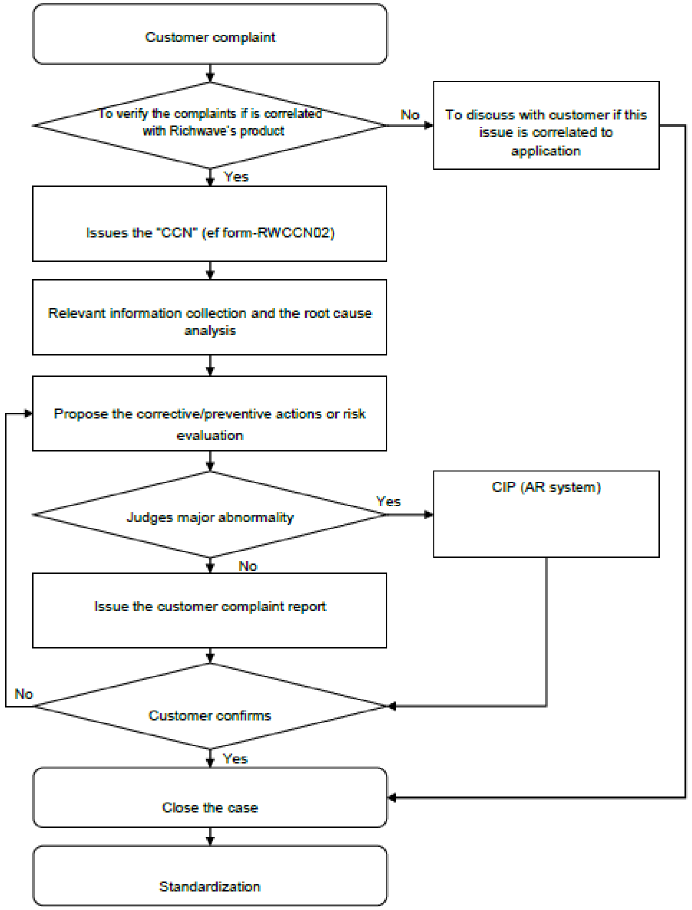
	Yes	No	Description	
			are satisfied with our improvement plan before closing each case. In addition, we have also drafted "Customer Return Operating Standards" to facilitate the handling of customer returns, which are closely connected with customer satisfaction. We seek to ensure that customers have an excellent product return experience, and thereby maintain a high level of satisfaction with the Company's services. Customer complaint handling procedures are as follows:	

				
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection,	✓		1. The Company has established comprehensive supplier management procedures, which include new supplier screening and detailed checking of suppliers' fulfillment of their corporate social responsibilities; Apart from reviewing suppliers' engineering capabilities, we also require that they provide their international quality certificates, and confirm that they do not use hazardous substances or conflict minerals before they may become registered suppliers of Richwave Technology. In	None

Promotion item	Implementation Status			The Deviations and Reasons against the Best Practice Principles of Sustainable Development for listed companies of TWSE and TPEx
	Yes	No	Description	
occupational safety and health, and labor rights and request them to report on their implementation?			2023, four new vendors passed the foregoing ESG risk assessment and were registered as new suppliers, with a coverage rate of 100%. As of the end of 2023, 24 suppliers had passed the foregoing ESG risk assessment and become registered suppliers. 2. The Company regularly assesses existing suppliers and conducts occasional supplier audits as needed.	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information based on universal international reporting standards or guidelines? Does the company obtain assurance or certification of the aforesaid reports from a third-party accreditation	✓		1. Information disclosure in the Company's sustainability reports is compiled on the basis of the core options in the GRI Standards issued by the Global Reporting Initiative (GRI). Data and information in the sustainability report is derived from the Company's investigations and statistical analysis of management data concerning each department's daily operations; the basis for calculations also includes local laws and regulations, generally-accepted international indicators, industry standards, and industry practice. 2. Assurance from a third-party verification unit has been obtained for the 2022 Sustainable Report (Please refer to Appendix Pages73~74 of 2022 Sustainability Report for details) https://www.richwave.com.tw/zh/page.aspx?Id=47	None

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	Yes	No	Description	
institution?			3. The Company plans to issue a corporate sustainability report in July 2024, which will chiefly disclose data and content for 2023 (from January 1, 2023 to December 31, 2023).	

VI. If the Company has established sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from the Principles:

Although we have not yet determined rules of sustainable development practice, the Company has already implemented the principles of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and has drafted and is implementing relevant standards.

The Company plans to actively and autonomously issue its 2022 corporate sustainability report in July 2023.

VII. Other important information to facilitate better understanding of the Company's sustainable development practices:

The Company has established a special area for corporate sustainability, which disclose the Company's corporate sustainable responsibility policies, specific initiatives and achievements. Please refer to the Company's official website https://www.richwave.com.tw/zh/page.aspx?Id=24

(VI) Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation status of climate-related information

Item	Implementation Status
1. Clearly state the supervision and governance of climate-related risks and opportunities by the board and management.	Item 1: Richwave Technology adopts the Business Continuity Planning (BCP) management model, and sets up a cross-unit Business Continuity Planning (BCP) Management Office to serve as the leading unit for the Company in managing climate-related risks and opportunities, responsible for establishing and implementing strategies and actions of climate risks management, and promoting regular risks and opportunities identification once every year; The highest guiding and supervisory unit of the Business Continuity Planning (BCP) Management Office is the board of directors, while the President is the convener, and the members are representatives from each business unit. The Climate Change Risk Response Team is set up under the Business Continuity Planning (BCP) Management Office, and it consists of the Incident Investigation Team, the Supply Chain Team, the Support Team, and the Tactical Team. The Global Affairs Office is responsible for the policies and planning and promoting them, and it supervises the execution through communication and coordination between the different teams and departments. To achieve effective risk assessment and management, the Business Continuity Management (BCP) Management Office, upon completing the risk identification, setting of management goals, and promoting the response measures, will submit the implementation results to the board of directors for supervision and guidance.
2. Clearly state how the identified climate risks and opportunities will influence the company's services, strategies, and finances (short-term, mid-term, long-term).	In Item 2 Based on the “Business Continuity Management (BCP)” model, Richwave Technology follows the recommendations of Climate-Related Financial Disclosure (TCFD) in identifying climate-related risks and opportunities identification and building a climate risks and opportunities identification and management process, and propose response actions for major risks. In 2023, based on the departments’ operating status, we evaluate the Company’s industry characteristics and trends, explore key elements

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<table>
<tr><th colspan="3">Climate risks and opportunities</th><th>Description of risks/opportunities</th><th>Impact Period</th></tr>
<tr><td rowspan="2">Transition risks</td><td rowspan="2">Policies, laws, and regulations</td><td>Total amount/carbon tax/carbon fee control</td><td>Today, carbon pricing mechanism is gradually becoming more popular. Foreign countries are successively imposing related mechanisms such as carbon tax, carbon fee, etc. (For example, with the imposing of carbon tax in the “Carbon Border Adjustment Mechanism” (CBAM), it will increase the Company’s cost in purchasing hardware raw materials). In addition, with the release of the relevant laws and regulations on greenhouse gas emissions and carbon rights trading in Taiwan, the Company will need to implement the corresponding measures in accordance with the requirements of the Financial Supervisory Commission in the future, and this may increase the Company’s operating cost.</td><td>Mid-term (3 - 10 years)</td></tr>
<tr><td>Mandatory regulations on products and services</td><td>The products and services provided by the Company need to comply with the relevant environmental or climate laws and regulations such as U.S. Toxic Substances Control Act (TSCA), European Union’s Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), Taiwan’s Climate Change Response Act, etc., of</td><td>Mid-term (3 - 10 years)</td></tr>
</table></td></tr>
</table>

Item	Implementation Status				
				the sales area and the product and services. To comply with the relevant laws and regulations, the Company needs to incur additional management and operating cost. Violations may result in fines and affect sales, and may even impact the Company's goodwill.	
		Technology	The cost of transiting to low-carbon technologies	To meet the customers' demand for low-carbon products, the Company needs to increase research and development manpower and product cost to upgrade the specifications of main products. Example: Invest in the research and development of non-linear power amplifier products to meet the 25~30% energy-saving efficiency demand of the market.	Mid-term (3 - 10 years)
		Markets	Customer behavior changes	Respond to customers' concern about energy-saving, carbon-reduction and use of renewable energy. In response to the trend, customers from Europe, the United States and Japan are gradually demanding for products' energy efficiency, resulting in Richwave Technology having to invest in new technologies to develop products that meet customer requirements, which leads to the increase in the Company's research and development cost.	Mid-term (3 - 10 years)
			Increase in raw materials cost	In response to climate change and sustainability considerations, raw materials and energy resources required by enterprises may face supply shortage or rising prices. For example, carbon fee mechanism impacts electricity fees or the increase in green electricity usage results in price increase, or raw materials are affected by the extreme climate	Short-term (1 - 3 years)

Item	Implementation Status				
				which cause shipping delay and impact logistics costs, etc. These additional costs will lead to cost increase for the Company and OEM production.	
	Physical risks	Acute	Climate events caused by extreme climate (including flood, typhoon)	Flood, drought or typhoon due to extreme climate may lead to direct or indirect operational disruption or financial loss, example: Company employees are unable to travel to work resulting in downtime loss, disasters such as damage to OEM operating machines and flooding of the plant resulting in disruption to production lines, inability to transport imported raw materials due to typhoons or floods resulting in delivery disruption or increase in transportation cost, etc.	Short-term (1 - 3 years)
		Chronic	Average temperature rise	Sustained high temperatures may lead to increase in electricity consumption, which may lead to increase in operating costs and carbon emissions. For example, in order to maintain the operating efficiency of the production line, the engine room has to be operated within a specific temperature range, or lowering the temperature of the office air conditioner or increasing its hours of usage may result in an increase in electricity bills, thereby increasing operating expenses.	Short-term (1 - 3 years)
	Opportunities	Markets	Develop new markets	In response to the market's demand for energy-saving and green energy for smart home, smart lighting, security and other products, Richwave Technology has developed and continued to cultivate the radar sensor market, expanding the scope of radar sensor applications for product sales man-	Mid-term (3 - 10 years)

Item	Implementation Status				
				ufacturers and terminal products, in order to enhance the Company's market share and revenue.	
		Products and services	Development of low-carbon products and new services	The world’s Wi-Fi businesses and number of customers continue to increase, and energy-saving regulations and requirements around the world are also increasing. European customers, in particular, have requested for more stringent requirements in terms of electricity consumption for Wi-Fi RF front-end products, and this has driven RF front-end manufacturers to re-develop energy-saving products to meet market demand. Richwave Technology continues to provide diverse green products, giving it the opportunity to increase competitiveness and expand market share.	Mid-term (3 - 10 years)
			Change in consumer preferences	As consumers' awareness of environmental protection increases, consumers in general are paying more attention to environmentally friendly products. The demand for carbon reduction in the supply chain of major customers and their expectations for sustainable operations of their suppliers are also significantly increasing. In response to the expectations of customers and consumers, Richwave Technology actively develops various energy-efficient products and takes inventory of the Company's greenhouse gases, which helps increase the Company's market share and maintain long-term competitiveness.	Mid-term (3 - 10 years)

Item	Implementation Status				
		Resource efficiency	Energy-saving production and transportation	Reduce energy/resources usage and increase the recycling and reuse rate, reduce operating costs. The Company continues to operate the ISO 14001 environmental management system and actively implements annual energy-saving and carbon reduction plans to reduce the carbon footprint and energy costs during its operation processes, including carbon reduction in its own operations and logistics. In addition, the Company is actively considering introducing renewable energy to reduce the Company's overall carbon emissions.	Mid-term (3 - 10 years)
		Supply chain resilience management	Supply chain resilience management	By cooperating with suppliers in the BCP management project, Richwave Technology has established procedures and response measures to cater for emergency situations, enabling the supply chain to make prompt responses in times of various types of emergency situations, minimizing the impact of disruptions on the business. Through related management mechanisms, it can effectively increase the supply chain’s reliability and operating capacity, thereby increasing market competitiveness and supply chain resilience.	Mid-term (3 - 10 years)
3. Clearly state the impact of extreme climate events and transition activities on the company's finances.	Item 3： With the continual development of climate change regulations such as the EU energy labeling and eco-design related bills, and Taiwan's "Climate Change Response Act" and "Sustainable Development Guidemap for TWSE- and TPEx-Listed Companies” at home and abroad, and to respond to customer				

Item	Implementation Status
	expectations and maintain corporate image, we have launched corresponding plans and assessed potential financial impact items as follows: ● Increase and maintain various ISO international inspection certifications to avoid violating regulations. Take RoHS as an example, if the content of harmful substances in electronic and electrical equipment exceeds the standard, it may result in a fine of 400,000 to 4 million Euros (approximately NT$14 million to NT$140 million), which will seriously affect goodwill and may lead to the inability to operate. ● In response to domestic and foreign regulatory restrictions, the Company is prompted to continue to implement energy-saving and carbon reduction measures, which increases the Company's related improvement costs. ● Various strategies and policies for the net-zero plan, such as keeping abreast of domestic and foreign laws and regulations and implementation of various energy-saving and carbon reduction projects require allocating relevant manpower and putting in man hours, resulting in increase in manpower cost. In 2023, a total of NT$780,000 was invested on related response measures.
4. Clearly state how climate risk identification, assessment, and management processes are integrated with the company's overall risk management system.	Item 4： Richwave Technology has established a complete business continuity plan (BCP) model. Through the relevant risk identification process, it comprehensively evaluates the potential risk faced by the Company in various aspects such as policies, laws and regulations, technologies, etc., and proposes corresponding responses for major risks. Our climate risk management is based on the Company's BCP model. After each business unit of the Company identifies important climate risk opportunities, the Climate Change Risk Response Team then establishes corresponding response strategies and measures for major risk and opportunity issues, and manages through the Company's BCP risk organizational structure. Through the above mechanism, Richwave Technology has gradually integrated

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td>climate risk management into the Company's general risk management mechanism. By managing climate issues on a regular basis, it ensures that climate risks can be effectively supervised and responded to.</td></tr>
<tr><td>5. If situational analysis is used to assess resilience toward climate change risks, please explain the situations, parameters, assumptions, and analytical factors that are used, and their chief financial impacts.</td><td>In Item 5
Richwave Technology has not implemented specific situational analysis to assess climate change risk in its current corporate operations.</td></tr>
<tr><td>6. If there is a transition plan for responding to the management of climate-related risks, please explain the plan's content, and the indicators and targets used to identify and manage physical risks and transition risks.</td><td>In Item 6
In order to adapt to the rapid changes in global climate policies and reduce environmental impact, Richwave Technology has planned adaptation and response actions for major climate risks and opportunities, and has set management indicators and goals to guide the Company in the ongoing climate transition. The specific measures are as follows:
<table>
<tr><th colspan="2">Major climate risks and opportunities</th><th>Adaptation response measures</th></tr>
<tr><td>Climate risks</td><td>Mandatory regulations on products and services</td><td>● Continuously increase and maintain various ISO international inspections and certifications to enhance customer expectations and corporate image.
➢ In 2023, Richwave Technology enrolled 70 people in the training for the implementation of ISO 14064-1 system.
● Confirmation of hazardous substances when selecting raw materials during the product development stage in compliance with international environmental regulations.
● Continue to implement energy-saving related projects and</td></tr>
</table></td></tr>
</table>

Item	Implementation Status		
			measures, and expect to introduce the use of renewable energy in 2024, with the goal of reaching 3% of the parent company's total electricity consumption by 2030. ● Comply and follow the regulatory requirements, appoint dedicated personnel to constantly pay attention to various domestic and foreign regulatory requirements and trend changes. Continue to invest research and development resources to develop energy-saving products.
	Climate opportunities	Develop new markets	● Develop new products that can reduce product energy consumption Adjust design specification to reduce electric current value. In 2021, the pulse mode motion sensor current of the original design specification of 10GHz ultra-wideband microwave radar (UWB) built-in signal processing sensor was 150mA. In 2022, the output specification was 110mA, and in 2023, it further dropped to 5mA, a reduction of 95.5%. This product possesses an energy-saving effect, and is widely used in products such as smart homes, smart lighting, surveillance systems, car camcorders, etc. ● Expand product multifaceted applications: Expand the applications of 5.8 GHz and 10 GHz frequency band radar sensor, such as in smart lighting, electronic locks and security systems, and other smart home appliances; Continue to develop millimeter wave radar and develop products for multi-faceted applications. ● Develop new customers and actively promote radar sensors to home appliance customers.
		Development of low-carbon products and new services	● Continue to develop nonlinear power amplifiers: Allocate research and development resources and cooperate with main Wi-Fi chipset manufacturers and measurement instrument suppliers to develop and optimize product energy efficiency to ensure that

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td><table><tr><td></td><td></td><td>its performance meets expectations.
● Improve power consumption of flagship products: Continue to develop low-power, high-efficiency product portfolios to meet or even exceed the requirements of domestic and foreign manufacturers to increase market share.</td></tr></table></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, please explain the basis for pricing.</td><td>In Item 7
Richwave Technology has not implemented internal carbon pricing at present. Richwave Technology will continue to track carbon-related market prices and social cost information as a reference for subsequent formulation.</td></tr>
<tr><td>8. If climate-related targets have been established, please explain information including the actions that are covered, GHG emission categories, the planning process, and annual degree of attainment, etc.; If carbon offsets or renewable energy certificates (RECs) are used to reach relevant targets, please explain the source and quantity of carbon reduction in offsets or quantity of renewable energy certificates (RECs).</td><td>In Item 8
Richwave Technology belongs to the IC research and development industry, and its significant emission source is externally purchased electricity. In view of this, we have set the following climate targets:
(1) Set a reduction target of 3% in electricity consumption, GHG reduction and waste management within five years, and conduct regular performance tracking and target adjustments to ensure compliance with the requirements of environmental changes and risk management.
(2) Plan to gradually increase the proportion of renewable energy usage, participate in the renewable energy trading market, and establish renewable energy usage strategies within the next 5 years, to achieve the long-term environmental sustainability goals. We estimate that the renewable energy usage target will reach 3% by 2030, and the cumulative use of renewable energy will reach 18,000 kWh by 2025.</td></tr>
</table>

Item	Implementation Status
	(3) Actively drive the supply chain in obtaining ISO international certification, such as in carbon emissions, energy management, etc., facilitate suppliers and Richwave Technology to move towards environmental sustainability together, and ensure that the overall green development of the supply chain complies with international standards.
9. GHG inventory and assurance status and reduction goals, strategies and specific action plans (Filing in 1-1 and 1-2)	In Item 9 Please refer to 1-1 and 1-2 below.

1-1 GHG inventories and assurance status in the past two years

1-1-1 GHG inventory

State the GHG emission (tons CO2e), intensity (tons CO2e/NT$1m)) and scope of the data in the past two years.

Company's basic information: Companies with capital of less than NT$5 billion

In accordance with listed/OTC-traded company sustainable development roadmap regulations, at least the following must be disclosed: Voluntary disclosure

GHG inventory standard: ISO 14064-1：2018

Scope of data coverage: Parent company only

GHG emissions (tons CO2e)	2022	2023	Notes
Direct emissions (Scope 1)	26.9953	29.0359	Category 1
Indirect emissions from energy (Scope 2)	580.9381	555.7964	Category 2
Other indirect emissions (Scope 3):	141.9830	218.9705	Category 3 + Category 4
Intensity (tons CO2e/NT$1m)	0.1773	0.1960	Scope 1 + 2

Note 1: Among the total GHG emissions in 2022 disclosed by the Company, Scope 1 and Scope 2 totaled 607.9334 tons of CO2e (accounting for 81% of the total emissions), and the assurance organization adopted ISO 14064-1: The 2018 assurance standard, assurance opinion are reasonable assurances.

Note 2: 2022 GHG emissions are based on the third-party inspection results on October 27, 2023. Scope 2 emissions have been revised from 597.1313 tCO2e to 580.9381 tCO2e, while that of Scope 3 revised from 142.9742 tCO2e to 141.9830 tCO2e.

Note 3: The Company's 2023 complete assurance information shall be disclosed in the Sustainability Report and the Company’s website (https://www.richwave.com.tw/zh/page.aspx?Id=5).

1-1-2 ..GHG assurance information

State the assurance status for the last two years till the publication date of the Annual Report, including the assurance scope, assurance body, assurance standards and assurance opinion.

Inventory year	Assurance scope	Assurance organization	Assurance standards	Assurance opinion
2022	Parent company only	AFNOR	ISO 14064-1：2018	Unqualified opinion
2023	Parent company only	AFNOR	ISO 14064-1：2018	The complete assurance information will be disclosed in the Sustainability Report

Note 1: The Company's 2023 complete assurance information shall be disclose in the Sustainability Report and the Company’s website (https://www.richwave.com.tw/zh/page.aspx?Id=5)

1-2 GHG reduction targets, strategies and specific action plans

State the GHG reduction base year and its data, reduction targets, strategies and specific action plans and the achievement status of the reduction targets

The Company’s GHG emissions reduction uses 2021 as the base year, and the target is to reduce GHG emission by 3% within 5 years (2026). The total GHG emission in 2023 was 803.8 tCO_2e, an increase compared with 2022, and an increase of 5.2% compared with the base year. In spite of the upward trend in the overall GHG emission, the emission from the scope of its own operations (Scope 1 + Scope 2) shows a downward trend. In 2023, Scope 2 GHG emission was 555.8 tCO_2e, a decrease of 4.3% from 2022. The increase in total GHG emission is mainly due to the other indirect GHG emission (Scope 3). In 2023, Richwave Technology’s Scope 3 GHG emission was 219 tCO_2e, a 54.2% increase

State the GHG reduction base year and its data, reduction targets, strategies and specific action plans and the achievement status of the reduction targets
compared with 2022. The main reason for the increase was the addition of statistical range to more accurately reflect the actual GHG emissions status. We will continue to use climate change indicators such as electricity consumption, water consumption, waste volume, GHG emissions and renewable energy usage in establishing emission reduction related action plans, and continue to review the achievement status of the targets.

(VII) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the board of directors and management work proactively to implement their commitment to those management policies?	✓		(I) The Company's Board of Directors has passed and established the "Ethical Corporate Management Operating Procedures and Code of Conduct". The President's Office is responsible for promoting and executing ethical corporate management and is obligated to report matters to the Board of Directors whenever necessary.	None
(I) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) The Company has established the "Ethical Corporate Management Operating Procedures and Code of Conduct". The Company regularly reviews potential risks of unethical conduct and uses the "Ethical Corporate Management Operating Procedures and Code of Conduct" to govern such risks and enhance education and training. The Company also established a whistleblower mailbox to improve the Company's ethical corporate management performance.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company establish policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implement the policies, and review the aforementioned policies on a regular basis?	✓		(III) The Company establishes annual audit plans for audit units to implement audits in accordance with the plan. In the event of special conditions, the Company arranges special audits and reviews and amends related systems.	None
II. Fulfillment of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company carefully reviews all customers and contractors but has not enacted comprehensive ethics-related clauses in the business contracts.	None
(II) Does the Company establish a unit under the Board of Directors that specializes in promoting ethical corporate management and report the implementation of the ethical corporate management policies and prevention programs against unethical conduct to the Board on a regular basis (at least once every year)?	✓		(II) The Company's ethical management awareness and implementation matters are concurrently handled by the Audit Office, which is responsible for drafting and supervising implementation of ethical management policies and prevention measures, and regularly reports the state of implementation to the board of directors. The most recent such report was submitted on December 22, 2022	None
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) In case of conflicts of interest, the Company's employees can report to department supervisors or report directly to the President's Office.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	✓		(IV) The Company establishes annual audit plans for audit units to implement audits in accordance with the plan. In the event of special conditions, the Company arranges special audits.	None
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(V) The Company regularly hold educational trainings on ethical corporate management including external training for management personnel and internal training for employees.	None
III. Operation of the Whistle-blowing System				
(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		(I) The Company has established a reward/whistle-blowing system and assigned the audit supervisor to process reports.	None
(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) The Company has implemented an audit system and procedures for many years. The Company takes follow-up measures and related confidentiality mechanisms after the investigation.	None
(III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓		(III) The Company provides absolute protection for whistleblowers against improper treatment due to their whistleblowing.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
IV. Enhanced Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company has disclosed the "Ethical Corporate Management Operating Procedures and Code of Conduct" on MOPS and the Company's website (www.richwave.com.tw) under "Investors" - "Corporate Governance".	None
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: The Company carefully evaluates all customers and contractors but has not enacted comprehensive contracts. Other matters are implemented in accordance with the Best Practice Principles.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management: None.				

(VIII) If the Company has adopted corporate governance best practice principles or related bylaws, the inquiry method shall be disclosed:

The Company has formulated Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and investors may look up relevant rules on corporate governance on the "Corporate Governance" webpage under the "Investor" section of the Company's website.

(IX) Other Important Information Regarding Corporate Governance: None.

(X) Status of Internal Control System:

1. Statement of Internal Control System:

RichWave Technology Corporation
Statement of Internal Control System

Date: Feb. 29, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

I. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on Feb., 29, 2024, and out of the 9 Directors in attendance, none objected to it and all consented to the content expressed in this statement.

RichWave Technology Corporation

Chairman of the Board: Dye-Jyun Ma (signature and seal)

President: Shih-Chi Wang (signature and seal)

2. The CPA's review report on the Internal Control System: None.

(XI) Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the Annual Report: None.

(XII) Major resolutions of shareholders' meeting and board meetings during the most recent fiscal year up to the date of publication of the Annual Report:

1. Major resolutions of the 2023 general shareholders' meeting and implementation:

Date	Major resolutions and implementation	
2023/05/25	1	Adoption of the 2022 Business Report and Financial Statements.
	Implementation status:	Resolution passed.
	2	Adoption of the 2022 Earnings Distribution Proposal.
	Implementation status:	Passed by resolution to retain the 2022 earnings, and no dividends will be distributed to shareholders.
	3	1. Amendments to the Company's Rules of Procedure for Shareholders' Meetings.
	Implementation status:	A resolution has been passed and announced on the Market Observation Post System and the Company website.

2. Important resolutions of the board of directors for 2023 and as of April 20, 2024:

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
6th Session of 7th Meeting on February 23, 2023	1	The Company's 2022 employee and director remuneration distribution proposal.	—	Implemented According to the Resolution Results
	2	The Company's 2022 annual business report and financial statement proposal.	—	
	3	The Company's 2022 earnings distribution proposal.	—	
	4	The Company's "2022 Internal Control Statement" proposal.	—	

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
	5	Proposal to amend some articles of the Company’s “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”.	—	
	6	The Company’s 2023 CPA appointment proposal.	—	
	7	Passed the proposal to establish a first corporate governance manager.	—	
	8	The Company’s 2022 manager dividend proposal.	—	
	9	Proposal on matters related to convening the Company’s 2023 regular shareholders’ meeting	—	
	Independent director opinions: none.			
	Handling of Independent Directors’ Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			
7th Session of 7th Meeting on April 27, 2023	1	The Company’s 2023 1st quarter financial statement proposal.	—	Implemented According to the Resolution Results
	2	Passed the proposal to evaluate the independence of the CPAs.	—	
	3	Passed revisions to certain articles of the Company’s Articles of Incorporation.	—	
	4	Passed the proposal to amend certain articles of the Company's Rules of Procedure for Shareholders' Meetings.	—	
	5	Passed the proposal to amend certain articles of the Company's Risk Management Policy and Procedures.	—	
	6	Passed the proposal for the Company's pre-approval of the general principles of non-assurance service policy.	—	
	7	Passed the transfer of equity of AEGIS LINK CORP. (U.S.) and liquidation of Minerva Technology Corporation (Belize).	—	
	8	Passed the proposal for the annual raise of managerial officers in 2023.	—	
	Independent director opinions: none.			
	Handling of Independent Directors’ Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			

<table>
<tr><th>Date</th><th colspan="2">Important Resolutions</th><th>Objections or Reservations of Independent Directors</th><th>Implementation Status</th></tr>
<tr><td rowspan="6">8the Session of 7th Meeting on July 27, 2023</td><td>1</td><td>The Company’s 2023 2nd quarter financial report proposal.</td><td>—</td><td rowspan="3">Implemented According to the Resolution Results</td></tr>
<tr><td>2</td><td>Passed the new share issuance date for the share conversion of Company's first domestic unsecured convertible corporate bonds.</td><td>—</td></tr>
<tr><td>3</td><td>Passed the proposal to amend certain articles of the Company's Internal Control System.</td><td>—</td></tr>
<tr><td colspan="4">Independent director opinions: none.</td></tr>
<tr><td colspan="4">Handling of Independent Directors’ Opinions by the Company: none.</td></tr>
<tr><td colspan="4">Resolution Result： passed by all of the attending directors.</td></tr>
<tr><td rowspan="7">9rd Session of 7th Meeting on October 26, 2023</td><td>1</td><td>The Company’s 2023 3rd quarter financial statement proposal.</td><td>—</td><td rowspan="4">Implemented According to the Resolution Results</td></tr>
<tr><td>2</td><td>Passed the new share issuance date for the share conversion of Company's first domestic unsecured convertible corporate bonds.</td><td>—</td></tr>
<tr><td>3</td><td>Passed the proposal to nullify the China Office.</td><td>—</td></tr>
<tr><td>4</td><td>Approved the formulation of the "Rules Governing Financial and Business Matters Between this Company and its Affiliated Enterprises".</td><td>—</td></tr>
<tr><td colspan="4">Independent director opinions: none.</td></tr>
<tr><td colspan="4">Handling of Independent Directors’ Opinions by the Company: none.</td></tr>
<tr><td colspan="4">Resolution Result： passed by all of the attending directors.</td></tr>
<tr><td rowspan="5">10th Session of 7th Meeting on December 21, 2023</td><td>1</td><td>The Company’s 2024 “Internal Audit Plan” proposal.</td><td rowspan="2">—</td><td rowspan="2">Implemented According to the Resolution Results</td></tr>
<tr><td>2</td><td>Passed the 2023 Company’s manager promotion and annual salary adjustment proposal.</td></tr>
<tr><td colspan="4">Independent director opinions: none.</td></tr>
<tr><td colspan="4">Handling of Independent Directors’ Opinions by the Company: none.</td></tr>
<tr><td colspan="4">Resolution Result： passed by all of the attending directors.</td></tr>
<tr><td rowspan="4">11th Session of 7th Meeting on February 29, 2024</td><td>1</td><td>The Company’s 2023 employee and director remuneration distribution proposal.</td><td>—</td><td rowspan="4">Implemented According to the Resolution Results</td></tr>
<tr><td>2</td><td>The Company’s 2023 annual business report and financial statement proposal.</td><td>—</td></tr>
<tr><td>3</td><td>The Company’s 2023 earnings distribution proposal.</td><td>—</td></tr>
<tr><td>4</td><td>The Company’s “2023 Internal Control Statement” proposal.</td><td>—</td></tr>
</table>

Date	Important Resolutions		Objections or Reservations of Independent Directors	Implementation Status
	5	Passed the proposal to amend certain articles of the Company's Audit Committee Charter.	—	
	6	Passed the proposal to amend certain articles of the Company's Rules of Procedure for Shareholders' Meetings.	—	
	7	The Company’s 2024 CPA appointment proposal.	—	
	8	Proposal on matters related to convening the Company’s 2024 regular shareholders’ meeting	—	
	Independent director opinions: none.			
	Handling of Independent Directors’ Opinions by the Company: none.			
	Resolution Result： passed by all of the attending directors.			

(XIII) Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the Annual Report, where said dissenting opinion has been recorded or prepared as a written declaration: None.

(XIV) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, or research and development officer during the most recent fiscal year and up to the date of publication of the Annual Report: None.

V. Certified Public Accountant (CPA) Fee Information

(I) Certified Public Accountant (CPA) Fee Information

CPA firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte, Taiwan	Su-Li Fang	2023/01/01-2023/12/31	3,250	320	3,570	None
	Jian-Ming Zeng	2023/01/01-2023/12/31				

Note: Non-audit fees include the review and certification of the salaries of non-management personnel, and tax advisory servicesand .

1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: No such occurrences.

(II) Evaluation of the independence of CPAs: The Company evaluates the independence of CPAs on the following dimensions every year and reports the evaluation results to the Board of Directors.

The 2023 evaluation results met criteria for independence and the evaluation items were as follows:

1. The CPA does not have significant financial interest in the Company.
2. The CPA avoids any inappropriate relationship with the Company.
3. The CPA shall ensure that his/her assistants are honest, fair and independent.
4. The CPA does not and had not served as the Company's director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years.
5. During the audit period, the CPA, his/her spouses, and dependents did not serve as directors, supervisors or managerial officers of the Company and did not assume positions that may directly and significantly affect the audit during the audit period. If a close relative of the CPA within the fourth degree of kinship serves as a director, supervisor, or managerial officer of the Company or positions that may directly and

significantly affect the audit during the audit period, the breach of independence must be reduced to an acceptable level.The CPA did not receive gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from the Company or directors, supervisors, or managerial officers of the Company.

6. The CPA may not permit others to practice under his/her name.
7. The CPA may not engage in lending and borrowing of money with the Company except for regular transactions in the finance industry.
8. The CPA may not concurrently engage in other businesses that may lead to loss of independence.
9. The CPA may not collect any commission related to his/her service.
10. The CPA may not hold shares in the Company.
11. The CPA may not hold any concurrent regular position in the Company nor receive any fixed salary.
12. The CPA may not engage in joint investments or benefit sharing with the Company.
13. The CPA may not participate in the decision-making process of the Company in a management capacity.

VI. Information on Replacement of CPAs

The Company has changed the CPAs in the past two years and in the subsequent period:

(I) Regarding the former CPAs:

<table>
<tr><td>Date of Replacement</td><td colspan="3">From the financial statements on Q1, 2022 (approved by the Board of Directors on February 24, 2022</td></tr>
<tr><td>Reason for Replacement and Explanation</td><td colspan="3">In accordance with requirements for rotations of CPAs in related regulations.</td></tr>
<tr><td rowspan="3">Statement on whether the authorizing party or the CPA terminated or declined the engagement</td><td>Counterparty
Situation</td><td>CPA</td><td>The Authorizing Party</td></tr>
<tr><td>Voluntarily terminated the engagement</td><td>N/A</td><td>N/A</td></tr>
<tr><td>CPA declined to accept (continue) the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>The opinion and reason for issuing an audit report expressing other than an unqualified opinion during the 2 most recent years</td><td colspan="3">N/A</td></tr>
<tr><td rowspan="2">Different opinions from the issuer</td><td>None</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>None</td><td colspan="2">Disclosure of financial statements</td></tr>
</table>

Date of Replacement	From the financial statements on Q1, 2022 (approved by the Board of Directors on February 24, 2022	
	None	Scope or procedure of auditing
	None	Others
Other Disclosures (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	None	

(II) Regarding the succeeding CPAs:

CPA Firm	Deloitte, Taiwan
Name of CPAs	Jian-Ming ,Zeng, CPA & Su-Li Fang CPA
Date of Engagement	From the financial statements on Q1, 2022 (approved by the Board of Directors on February 24, 2022
Subjects discussed and the consultation results with the newly engaged CPAs regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report prior to the formal engagement	None
Written views from the successor CPAs regarding the matters on which they did not agree with the former CPAs	None

(III) The former CPA's response for Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: Not applicable.

VII. Company Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) Transfers of shares and pledged shares by directors, supervisors, managers and major shareholders:

Unit: shares

Title	Name	2023		2024 up to March. 29	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman of the Board	Dye-Jyun Ma	0	0	0	0
Director/President	Shih-Chi Wang	0	0	0	0
Director/ Senior Executive Vice President of R&D	Wei-Kang Teng	0	0	0	0
Director/ Director	Ching-Hua Wang	0	0	0	0
Senior Vice President	Tzu-Hsiang Liu	0	0	0	0
Independent Director	Chih-Hung Wen	0	0	0	0
Independent Director	Chiang-Lin Chang	0	0	0	0
Independent Director	Chia-Ying Ma	0	0	0	0
Independent Director	Wen-Hsiang Lu	0	0	0	0
Senior Vice President	Chuan-Chen Chao	0	0	0	0
Vice President of R&D	Hsiang-Feng Chi	0	0	0	0
Vice President of R&D	Chi-Fu Liang	0	0	0	0
Finance and Accounting Manager	Wei-Che Hsu	0	0	(4,000)	0
Vice President of Sales Marketing	Chih-Chieh Huang	0	0	0	0
Vice President	Hung-Shuo Chang	0	0	0	0
Vice President of R&D	Zhi-Sheng,Chen	(Note)	(Note)	0	0
Senior Assistant Vice President	Mei-Hui Lin	0	0	0	0

Note: Vice President of R&D, Zhi-Sheng Chen, assumed office on January 2, 2024.

(II) Information regarding equity transfer: None.

(III) Information regarding pledging of shares: None.

IX. Information on the Relationship among the Top Ten Shareholders Who are Identified as Related Parties, Spouse or Relative within Second-Degree of Kinship

Shareholding information as of March. 31, 2024; unit: shares

Name	Personal shareholding		Spouse & minor shareholding		Shares held under nominee accounts		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relation	
Shih-Chi Wang	3,703,010	4.08%	2,804,747	3.09%	—	—	Dye-Jyun Ma	Spouse	—
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. under the custody of HSBC Bank (Taiwan) Limited - Securities Trading	3,082,000	3.40%	—	—	—	—			—
Dye-Jyun Ma	2,804,747	3.09%	3,703,010	4.08%	—	—	Shih-Chi Wang	Spouse	—
Morgan Stanley Securities Co., Ltd. investment account under the custody of HSBC Bank (Taiwan) Limited	2,327,118	2.57%	—	—	—	—	None	None	—
UBS Europe SE investment account under the custody of Citi Commercial Bank (Taiwan)	1,649,898	1.82%	—	—	—	—	None	None	—
JP Morgan Securities investment account under the custody of the Taipei branch of JP Morgan Chase Bank	1,593,316	1.76%	—	—	—	—	None	None	—
Tu Shui-cheng	1,591,000	1.75%	—	—	—	—	None	None	—
Mizuho Securities Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch	1,361,057	1.50%	—	—	—	—	None	None	—
Vanguard General International Stock Index Fund, one of a series of Vanguard Star Funds under the custody of the Taipei branch of JP Morgan Chase Bank	1,130,337	1.25%	—	—	—	—	None	None	—
Japan Securities Finance Co., Ltd. investment account under the custody of the Taipei branch of JP Morgan Chase Bank	816,134	0.91%	—	—	—	—	None	None	—

Name	Personal shareholding		Spouse & minor shareholding		Shares held under nominee accounts		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relation	
Morgan Stanley Securities Co., Ltd. investment account under the custody of HSBC Bank (Taiwan) Limited	778,584	0.86%	—	—	—	—	None	None	—

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Not applicable

Chapter IV. Capital Overview

I. Capital and Shares

(I) Sources of capital:

March. 31, 2024; Unit: shares; NT$

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
2004.01	10	100,000	1,000,000	100,000	1,000,000	Initial capital: NT$1,000,000.	-	Jian-Fu-Shang No. 09300030410 dated Jan. 7, 2004
2004.03	10	40,000,000	400,000,000	20,000,000	200,000,000	Cash capital increase: NT$199,000,000	-	Jian-Fu-Shang No. 09307004900 dated Mar. 12, 204
2005.05	10	40,000,000	400,000,000	26,666,000	266,660,000	Cash capital increase: NT$66,660,000	-	Jian-Fu-Shang No. 09409199510 dated May 26, 2005
2006.03	10	40,000,000	400,000,000	31,666,000	316,660,000	Cash capital increase: NT$50,000,000	-	Jian-Fu-Shang No. 09575767410 dated Apr. 20, 2006
2007.11	10	40,000,000	400,000,000	34,666,000	346,660,000	Cash capital increase: NT$30,000,000	-	Fu-Chan-Ye-Shang No. 09692669010 dated Nov. 30, 2007
2009.03	10	40,000,000	400,000,000	35,341,000	353,410,000	Employees' exercise of share subscription warrants: NT$6,750,000	-	Fu-Chan-Ye-Shang No. 09882283610 dated Mar. 17, 2009
2009.08	10	40,000,000	400,000,000	35,421,000	354,210,000	Employees' exercise of share subscription warrants: NT$800,000	-	Fu-Chan-Ye-Shang No. 09886292310 dated Aug. 6, 2009
2010.02	10	40,000,000	400,000,000	36,513,000	365,130,000	Employees' exercise of share subscription warrants: NT$10,920,000	-	Fu-Chan-Ye-Shang No. 09980422910 dated Feb. 12, 2010
2010.06	10	100,000,000	1,000,000,000	38,013,000	380,130,000	Cash capital increase: NT$15,000,000	-	Fu-Chan-Ye-Shang No. 09985153020 dated Jul. 8, 2010
2010.06	10	100,000,000	1,000,000,000	38,904,436	389,044,360	Capitalization of earnings: NT$8,914,360	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2010.06	10	100,000,000	1,000,000,000	39,000,586	390,005,860	Employee bonus converted to capital increase: NT$961,500	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2010.07	10	100,000,000	1,000,000,000	39,270,586	392,705,860	Employees' exercise of share subscription warrants: NT$2,700,000	-	Fu-Chan-Ye-Shang No. 09985986910 dated Jul. 28, 2010
2011.04	10	100,000,000	1,000,000,000	40,275,586	402,755,860	Employees' exercise of share sub-	-	Fu-Chan-Ye-Shang No. 10082496410 dated Apr. 26, 2011

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
						scription warrants: NT$10,050,000		
2011.11	10	100,000,000	1,000,000,000	40,353,586	403,535,860	Employees' exercise of share subscription warrants: NT$780,000	-	Fu-Chan-Ye-Shang No. 10088581810 dated Nov. 4, 2011
2012.05	10	100,000,000	1,000,000,000	40,412,586	404,125,860	Employees' exercise of share subscription warrants: NT$590,000	-	Fu-Chan-Ye-Shang No. 10183087510 dated May 7, 2012
2012.09	10	100,000,000	1,000,000,000	40,484,586	404,845,860	Employees' exercise of share subscription warrants: NT$720,000	-	Fu-Chan-Ye-Shang No. 10187747900 dated Sep. 25, 2012
2013.04	10	100,000,000	1,000,000,000	40,964,586	409,645,860	Employees' exercise of share subscription warrants: NT$4,800,000	-	Fu-Chan-Ye-Shang No. 10283031510 dated Apr. 23, 2013
2013.08	10	100,000,000	1,000,000,000	41,057,586	410,575,860	Employees' exercise of share subscription warrants: NT$930,000	-	Fu-Chan-Ye-Shang No. 10287288800 dated Aug. 28, 2013
2014.04	10	100,000,000	1,000,000,000	41,929,586	419,295,860	Employees' exercise of share subscription warrants: NT$8,720,000	-	Fu-Chan-Ye-Shang No. 10382317110 dated Apr. 2, 2014
2014.08	10	100,000,000	1,000,000,000	42,430,586	424,305,860	Employees' exercise of share subscription warrants: NT$5,010,000	-	Fu-Chan-Ye-Shang No. 10387457500 dated Aug. 29, 2014
2015.03	10	100,000,000	1,000,000,000	43,915,586	439,155,860	Employees' exercise of share subscription warrants: NT$14,850,000	-	Fu-Chan-Ye-Shang No. 10481552210 dated Mar. 13, 2014
2015.09	10	100,000,000	1,000,000,000	43,997,586	439,975,860	Employees' exercise of share subscription warrants: NT$820,000	-	Fu-Chan-Ye-Shang No. 10487420710 dated Sep. 4, 2015
2015.11	10	100,000,000	1,000,000,000	49,897,586	498,975,860	Cash capital increase: NT$59,000,000	-	Fu-Chan-Ye-Shang No. 10490807000 dated Dec. 7, 2015
2016.08	10	100,000,000	1,000,000,000	54,887,344	548,873,440	Capitalization of earnings: NT$49,897,580	-	Fu-Chan-Ye-Shang No. 10590600400 dated Jul. 27, 2016
2018.10	10	100,000,000	1,000,000,000	60,376,078	603,760,780	Capitalization of earnings: NT$54,887,340	-	Jing Shou-Shang No. 10701125770 dated Oct. 08, 2018

Month/year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
2019.08	10	100,000,000	1,000,000,000	61,403,078	614,030,780	Employees' exercise of share subscription warrants: NT$10,270,000	-	Jing Shou-Shang No. 10801117260 dated Aug. 21, 2019
2019.11	10	100,000,000	1,000,000,000	61,878,078	618,780,780	Employees' exercise of share subscription warrants: NT$ 4,750,000	-	Jing Shou-Shang No. 10801159610 dated Nov. 13, 2019
2020.03	10	100,000,000	1,000,000,000	62,143,078	621,430,780	Employees' exercise of share subscription warrants: NT$2,650,000	-	Jing Shou-Shang No. 10901040480 dated Mar. 30, 2020 Jing Shou-Shang No. 10901081180 dated May 27, 2020
2020.08	10	100,000,000	1,000,000,000	63,192,078	631,920,780	Employees' exercise of share subscription warrants: NT$10,490,000	-	Jing Shou-Shang No. 10901155330 dated Aug. 24, 2020
2021.08	10	200,000,000	2,000,000,000	63,192,078	631,920,780	Change Quota Amoun	-	Shou-Shang No. 11001153440 dated Aug. 24, 2021
2021.10	10	200,000,000	2,000,000,000	88,468,906	884,689,060	Capitalization of earnings: NT$252,768,280	-	Jing Shou-Shang No. 11001188320 dated Oct. 19, 2021
2022.10	10	200,000,000	2,000,000,000	90,168,906	901,689,060	Cash capital increase: NT$17,000,000	-	Jing Shou-Shang No. 11101187680 dated Oct. 20, 2022
2023.08	10	200,000,000	2,000,000,000	90,283,188	902,831,880	Conversion of corporate bonds NT$1,142,820	-	Jing Shou-Shang No. 11230154140 dated Aug. 15, 2023
2023.11	10	200,000,000	2,000,000,000	90,455,344	904,553,440	Conversion of corporate bonds NT$1,172,560	-	Jing Shou-Shang No. 11230218570 dated Dec. 27, 2023

March 31 2024; unit: shares

Shareholding Category	Authorized capital		
	Issued shares	Unissued shares	Total
Ordinary shares	90,675,124 shares	109,324,876 shares	200,000,000 shares

(II) Shareholder structure

Shareholding information as of March. 31, 2024; unit: shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutional shareholders	Individuals	Foreign institutions & natural persons	Total
Number of shareholders	2	15	207	39,178	123	39,525
Shareholding (shares)	442,000	1,610,948	1,268,442	63,799,635	23,554,099	90,675,124
Percentage (%)	0.49%	1.78%	1.40%	70.36%	25.97%	100.00%

(III) Shareholding distribution status:

1. Ordinary shares:

Shareholding information as of March. 31, 2024

Shareholding classification	Number of shareholders	Shareholding (shares)	Percentage (%)
1-999	24,455	1,595,987	1.76%
1,000-5,000	13,070	23,723,467	26.16%
5,001-10,000	1,180	8,744,329	9.64%
10,001-15,000	303	3,788,090	4.18%
15,001-20,000	133	2,409,687	2.66%
20,001-30,000	144	3,589,927	3.96%
30,001-40,000	63	2,249,785	2.48%
40,001-50,000	37	1,710,176	1.89%
50,001-100,000	62	4,324,004	4.77%
100,001-200,000	38	5,197,814	5.73%
200,001-400,000	16	4,293,845	4.74%
400,001-600,000	7	3,502,028	3.86%
600,001-800,000	5	3,604,979	3.98%
800,001-1,000,000	3	2,698,523	2.98%
More than 1,000,001	9	19,242,483	21.21%
Total	39,525	90,675,124	100.00%

2. Preferred shares: Not applicable.

(IV) List of major shareholders:

Names, shares and percentage of shareholding of top ten shareholders with more than 5% of equity:

March 31, 2024; Unit: shares

Shareholding / Name of major shareholder	Shareholding (shares)	Percentage (%)
Shih-Chi Wang	3,703,010	4.08%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. under the custody of HSBC Bank (Taiwan) Limited - Securities Trading	3,082,000	3.40%
Dye-Jyun Ma	2,804,747	3.09%
Morgan Stanley Securities Co., Ltd. investment account under the custody of HSBC Bank (Taiwan) Limited	2,327,118	2.57%
UBS Europe SE investment account under the custody of Citi Commercial Bank (Taiwan)	1,649,898	1.82%
JP Morgan Securities investment account under the custody of the Taipei branch of JP Morgan Chase Bank	1,593,316	1.76%
Tu Shui-cheng	1,591,000	1.75%
Mizuho Securities Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch	1,361,057	1.50%
Vanguard General International Stock Index Fund, one of a series of Vanguard Star Funds under the custody of the Taipei branch of JP Morgan Chase Bank	1,130,337	1.25%
Japan Securities Finance Co., Ltd. investment account under the custody of the Taipei branch of JP Morgan Chase Bank	978,000	1.08%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Unit: thousand shares; NT$

Item / Year			2022	2023	As of March 31, 2024
Market price per share (Note 1)	Highest		276.00	198.5	248.0
	Lowest		88.20	111.5	158.5
	Average		162.42	162.29	208.22
Net worth per share (Note 2)	Before distribution		26.31	24.32	–
	After distribution		26.31	24.32	–
Earnings per share	Weighted average shares		88,981	90,247	–
	Earnings per share	Before adjustment	0.62	(2.46)	–
		After adjustment	0.62	(2.46)	–

Item		Year	2022	2023	As of March 31, 2024
Dividends per share	Cash dividends		0	0(Note3)	—
	Stock dividends	Before adjustment	0	0(Note3)	—
		After adjustment	0	0(Note3)	—
	Accumulated undistributed dividends (Note 4)		0	0	0
Return on investment	Price/earnings ratio (Note 5)		261.98	—	—
	Price/dividend ratio (Note 6)		—	—	—
	Cash dividend yield rate (Note 7)		—	—	—

*If retained earnings or capital surplus is used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: Specify the highest market value and the lowest market value of the ordinary shares for each year, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Apply the quantity of shares already issued at the end of the year and specify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: The distribution of earnings for 2023 has been approved by the Board of Directors and will be determined in a resolution of the shareholders' meeting.

Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: Price/earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the current fiscal year.

Note 8: 2022 and 2023 are individual financial reports audited by CAP.

Note 9: As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

(VI) Company's dividend policy and implementation thereof

1. Dividend policy established in the Articles of Incorporation:

The Company shall use the earnings for year, if any, to pay taxes first and offset accumulated losses. Next, it shall allocate 10% of the remaining balance as legal surplus reserve. However, no additional legal surplus reserve shall be appropriated once it reaches the Company's paid-in capital. Special reserve shall then be appropriated or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall draft the proposal for appropriation of earnings based on the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders.

The board of directors passed a resolution in accordance with the above article. Considering that the industry to which Richwave belongs is in the growth stage and to align with the company's finance business development goals and plan, dividends will be distributed annually from the current year's after-tax earnings. The dividend distribution ratio shall not be less than ten percent (10%) of the current year's after-tax earnings, but dividends may be withheld if the distribution amount is less than ten percent (10%) of the paid-up capital.

2. The proposed dividend distribution of shareholders' meeting this year:

The company's dividend policy adopts the principle of stability and balance, and considers factors such as profit status, financial structure and future development of the company, and plans not to distribute dividends.

Any expected material changes in the dividend policy: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

The Company did not disclose its 2023 financial forecast and this item is therefore not applicable.

(VIII) Compensation of employees and directors

1. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation

The Company shall appropriate no less than 8% of current year profit as employee compensation by cash or shares upon approval of the Board of Directors. Employee compensation may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 1% of the above profit as Directors' compensation upon approval of the Board of Directors. The allocation of employees' and Directors' compensation shall be reported to the shareholders' meeting.

However, when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as compensation for employees and Directors.

2. The accounting in the case of deviation from the basis for stating employees bonus and remuneration to directors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

The Company calculates the distributable compensation for employees and directors in accordance with the Company Act and the Articles of Incorporation and Ji-Mi No. 052 Interpretation (2007) of the Accounting Research and Development Foundation's (ARDF). The Company prepares estimates in the interim and annual financial statements, and includes the employees' and directors' compensation as an appropriate accounting items under operating expenses based on the nature of the employees' and directors' remuneration. If there is a discrepancy between the amount for distribution approved at the shareholders' meeting and the amount estimated in financial statements, it is considered as a change of estimate and is listed as profit or loss for the current period.

3. Information about allocation of bonus resolved by the Directors' Meeting:

(1) Compensation for employees and Directors shall be distributed in the form of cash or shares. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

On February 29, 2024, the company's board of directors resolved to pay employee remuneration and director remuneration in cash, please refer to the table below:

Unit: NT$

Distribution item	Distribution amount approved by the Board of Directors (A)	Estimated amount recognized as annual expenses (B)	Difference (A) - (B)	Cause	Implementation status
Employee compensation	0	0	—	None	None
Director compensation	0	0	—	None	None

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the individual financial reports for the current period and total employee compensation: N/A. Upon resolution from the Board of Directors meeting on February 29, 2024, as no profit was made in 2023, no remuneration to employees and directors shall be distributed..

4. The actual distribution of employee, director, and supervisor compensation from earnings of the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:

The distribution plan proposed and passed in the board meeting and shareholders' meeting in 2023 was the same as actual conditions. The resolution and distribution conditions are as follows:

Unit: NT$

Board meeting resolution date		2023.02.23	
Item	Amount Recognized in Financial Statements	Actual Distribution	Differences
Employee compensation	8,081,796	8,081,796	Nonr
Director compensation	673,483	673,483	None

(IX) Share repurchases: None.

II.Issuance of corporate bonds:

April 20, 2024

Type of corporate bonds	First domestic unsecured convertible corporate bonds
Date of issuance (processing)	July 29, 2022
Par value	NT$100,000 per 1,000 shares
Place of issuance and listing	Taipei Exchange
Issue price	Issued at 104.98% of the par value
Total	The total amount of issuance is NT$300 million
Interest rate	0% coupon rate
Maturity	3 years; maturity date: July 29, 2025
Guarantor	None
Trustee	Taishin International Bank Co., Ltd.
Underwriter	Taishin Securities Co., Ltd.
Verification by legal counsel	Lawyer Peng, I-Cheng of Handsome Attorneys-at-Law
CPAs	CPAs Tseng, Chien-Ming and Fang, Su-Li of Deloitte, Taiwan
Repayment method	1. Term to maturity: 3 years 2. Repayment method: Except where the bondholder converts the bonds into the Company’s ordinary shares according to Article 10 of these measures or exercises their right to sell the bonds according to Article 19 of these measures, or the Company redeems the bonds in advance according to Article 18 of these measures, or the Company cancels the bonds that it bought back from the OTC market, the Company will repay the convertible corporate bonds in full by cash at par value within ten business days from the day after the maturity date. If the aforementioned date falls on a day when the

Type of corporate bonds		First domestic unsecured convertible corporate bonds
		Taipei securities market is closed, repayment will be postponed to the next business day.
Outstanding principal		NT$300 million
Redemption or early repayment clauses		See the Company’s rules for issuing and converting bonds
Restrictive clauses		See the Company’s rules for issuing and converting bonds
Name of credit rating institute, date of the rating, and credit rating result on the corporate bonds		None
Attachment of other rights and obligations	The amount converted (exchanged or subscribed) to ordinary shares, global depositary receipts, or other securities up to the publication date of this annual report	From the issuance date to March 31, 2024, bondholders have applied to convert to a total of 506,218 ordinary shares of the Company.
	Issuance and conversion (exchange or subscription) rules	Please see the bond issuance information in the bond rating section of the Market Observation Post System (MOPS)
The possible dilution conditions and influence on shareholders' interests caused by the issuance and conversion, exchange, or subscription rules		The number of shares in circulation up to Friday, March 31, 2023, was 90,675,124. If all bondholders of the convertible corporate bonds request conversion at the current conversion price of NT$136.5, then 1,691,575 shares must be issued. The number of shares accounts for 1.87% of the total outstanding shares and should have no material impact on shareholder equity.
Name of custodian institution of exchanged items		None

III. Preferred Shares

None.

IV. Global Depositary Receipts (GDR)

None.

V. Employee Stock Options

(I) Employee stock options:

1. Status of outstanding employee stock options and impact on shareholders' equity:

Shareholding information as of Apr. 20, 2024

Type of employee stock options	The fourth time (period) Employee stock options
Announced effective date	2020.12.01 1,000 Unit
Issuance date	2021.11.29
Issues distributed	300
Units available for issuance	0
Ratio of issued subscriptions on the total number of shares issued	0.34%
Warrant exercise period	5 years
Exercise method	Issuance of new shares
Duration and ratio of restricted shares (%)	50% after two years 75% after three years 100% after four years
Number of shares exercised (thousand shares)	0
Monetary values of share subscriptions exercised (NT$ thousand)	0
Number of shares not yet executed (thousand shares)	300
Subscription price per share for individuals with share options	272.9
Units unexercised to total outstanding shares (%)	0.33%
Impact on shareholders' equity	The Company attracts and retains the professional talents required by the Company, and enhances the Company's coherence and sense of belonging among employees, jointly creating the interests of the company and shareholders, and has a positive impact on shareholders' equity.

2. Names of managerial officers receiving employee stock options and names of top ten employees receiving employee stock options, their exercise and subscription:

Apr. 20, 2024

	Title	Name	Stock subscriptions obtained (thousand shares)	Ratio of share subscriptions received on the total shares outstanding (%)	Exercised				Unexercised			
					Share subscriptions (thousand shares)	Subscription price (NT$)	Monetary values of share subscriptions (NT$ thousand)	Ratio of share subscriptions on the total shares outstanding (%)	Share subscriptions (thousand shares)	Subscription price (NT$)	Monetary values of share subscriptions (NT$ thousand)	Ratio of share subscriptions on the total shares outstanding (%)
Manager	Chairman of the Board	Dye-Jyun Ma	250	0.28	–	–	–	–	–	–	–	–
	President	Shih-Chi Wang										
	Senior Executive Vice President	Wei-Kang Teng										
	Vice President	Hsiang-Feng Chi										
	Vice President	Tzu-Hsiang Liu										
	Vice President	Chuan-Chen Chao										
	Finance and Accounting Manager	Wei-Che Hsu										
	Vice President of Sales Marketing	Chih-Chieh Huang										
	Vice President	Hung-Shuo Chang										
	Senior Assistant Vice President	Mei-Hui Lin										
Employees	Senior Manager	Yu-Ling Chiu	50	0.06	–	–	–	–	–	–	–	–
	Senior Manager	Guei-Meu Dau										
	Manager	Shu-Fang Chin										

(II) Restricted employee shares

1. Status of outstanding employee stock options that have not fully met the vesting conditions and the impact on shareholders' equity: Not applicable.
2. The names of the managers and top ten employees who obtained the new restricted employees' right shares, and the acquisition status: Not applicable.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

None.

VII. Implementation of the Company's Capital Allocation Plans

(I) Analysis of utilization plan for funds from the current cash capital increase, merger, or the transfer of newly-issued shares of another company's equity, or the issuance of corporate bonds:

1. Project content:

   Cash capital increase through the issuance of new shares and issuance of first domestic unsecured convertible corporate bonds in 2022.

2. Source of funds:

   (1) Cash capital increase through the issuance of 1,700,000 new shares, with a par value of NT$10 per share; each share will have an issue price of NT$105, and the amount of money raised will be NT$178,500,000. Jin-Guan-Zheng-Fa-Zi No. 1110347626 dated July 6, 2022 filed and become effective.

   (2) Issuance of 3,000 first domestic unsecured convertible corporate bonds, with a par value of NT$100,000 per bond. The bonds will be issued on the basis of par value, and total issued par value will be NT$300,000,000; the bonds will have a circulation period of 3 years and a coupon rate of 0%. The bonds will be publicly underwritten by auction, and the issue will be to 104.98% of the face value. The actual amount of funds raised will be NT$314,951,000. Because the actual amount of funds raised will be greater than the total issuance, the increased funds will be used to boost operating funds. Jin-Guan-Zheng-Fa-Zi No. 11103476261 dated July 6, 2022 filed and become effective.

3. Overview of issuance plan and expected possible benefits:

Unit: Thousand NTD

Plan items	Planned completion date	Total funds needed	Scheduled funds utilization timetable	
			2022 Q3	2022 Q4
Repayment of bank loans	2022, Q3	430,000	430,000	—
Increase in operating funds	2022, Q4	63,451	—	63,451
Total		493,451	430,000	63,451

   (1) To repay bank loans will ensure that borrowing does not cause interest expenses from increasing and eroding profits, while enhancing the Company's ability to allocate funds and helping maintain its competitiveness

   (2) To increase operating funds will lessen dependence on bank loans, increase funds utilization flexibility, reduce financial risk, and be benefit to the Company's overall operational development and competitiveness.

4. Implementation status: Issuance of the first domestic unsecured convertible corporate bonds was completed in July 2022, and cash capital increase was completed in September 2022. The actual utilization of funds was fully completed according to plans, with no changes in the plan, and the benefits can already be seen.

Chapter V. Operational Highlights

I. Business Activities

(I) Business scope:

1. Primary business activities:

CC01050 Data Storage Media Units Manufacturing

CC01070 Telecommunication Equipment and Apparatus Manufacturing

CC01080 Electronic Parts and Components Manufacturing

E605010 Computing Equipment Installation Construction

F118010 Information Software Wholesaler

E701010 Communication Engineering Services

F119010 Electronic Material Wholesaler

IZ99990 Other Industry and Commerce Services Not Elsewhere Classified (Integrated Circuit Testing Services)

F218010 Retail Sale of Computer Software

F219010 Retail Sale of Electronic Materials

ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval

F401010 International trade

F601010 Intellectual Property

I301010 Software Design Services

I301020 Data Processing Services

I301030 Digital Information Supply Services

I501010 Product Design Services

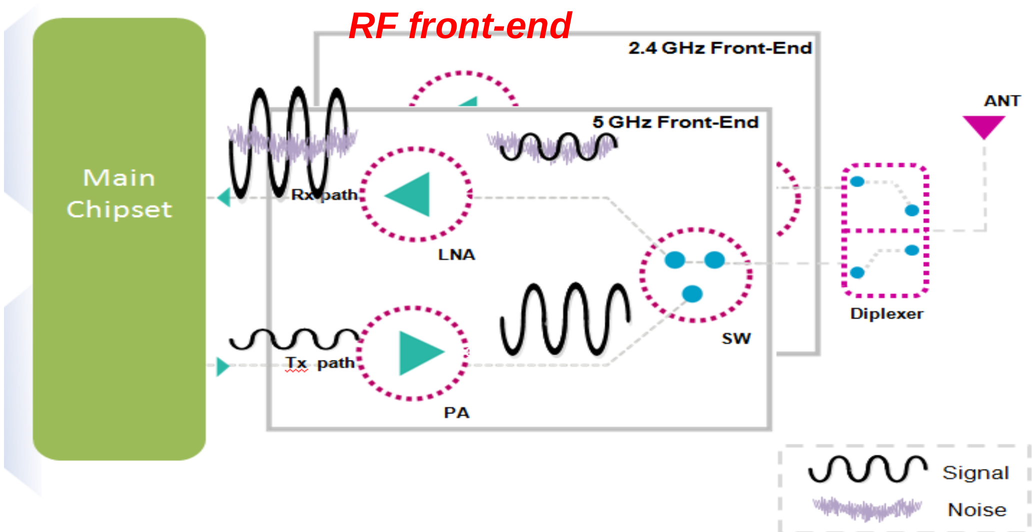
2. Percentage of revenue:

Unit: NT$ thousands; %

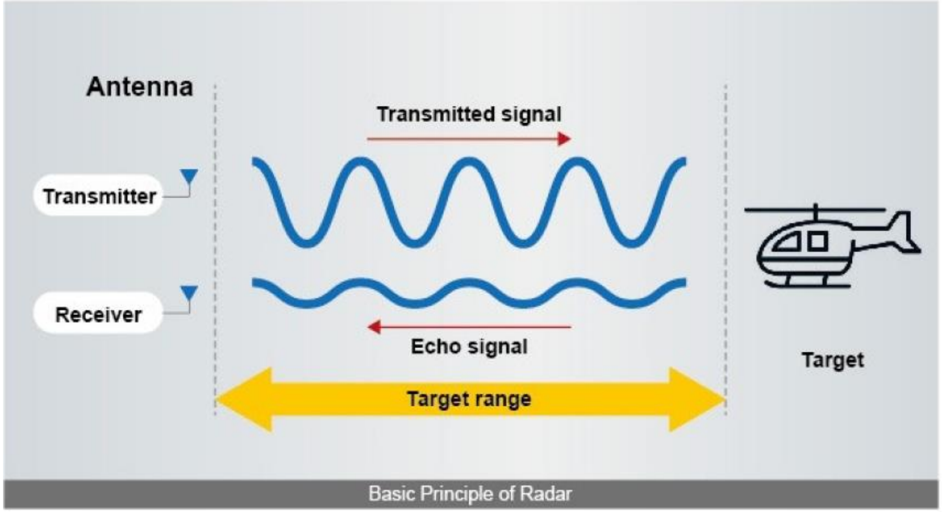
Main product categories	2022		2023	
	Amount	Percentage	Amount	Percentage
Wi-Fi	3,276,955	95.56	2,783,540	93.26
Others	152,416	4.44	201,041	6.74
Total	3,429,371	100.00	2,984,581	100.00

Note: Consolidated financial statement certified by the CPA.

3. Current products and services:



Radar Sensor



The Company's current products and services mainly include:

A. R&D and sales of RFIC front-end modules (FEMs) for Wi-Fi connectivity solutions including power amplifiers, low noise amplifiers, switches, and integrated FEMs.
   - Power Amplifier (PA) - The main function of a PA is to amplify signals processed by the baseband processor so that the signal can be transmitted.
   - Low Noise Amplifier (LNA) - The main function of an LNA is to amplify the received signal and lower the noise figure in the signal, so that the signal can be used for back-end system.
   - Switch (SW) - The main function of an SW is to control the connection or disconnection of the signal transmission path by charge accumulation or extrusion in the electronic channel driven by the voltage.
   - Front-end module (FEM) - An FEM is a combination of any PA, LNA, or SW.

B. Research and development and sales of RF IC and System on chip (SoC) for 2.4GHz wireless audio and video transmission, including 2.4GHz RF transceiver and audio and video compression/decompression SoC.

C. Research and development and sales of front-end RF IC used in 4G LTE / 5G NR, including power amplifiers, low noise amplifiers and antenna switches.

D. IOT
   - Switches and RF FEM used in BT/Zigbee/NB-IoT.

- Research and development and sales of front-end RF IC used in Bluetooth application, wearable device and GPS related applications, including front-end integration module and GNSS module.

E. Passive components

- SAW filter and LTCC filter and Diplexer suitable for 3G/4G LTE frequency bands.
- SAW filter and LTCC Diplexer suitable for 2.4GHz/5GHz Wi-Fi frequency band.
- BAW (bulk acoustic wave) filter suitable for 2.4GHz/5GHz Wi-Fi frequency band.
- BAW filter suitable for 6GHz Wi-Fi band.
- 5/6G broadband low loss and high suppression BAW filter of AP router in Wifi7 application.

F. Research and development and sales of 5.8GHz/ 10GHz/ 60GHz microwave/ mmWave radar sensor RF front-end chip and system on chip (SoC), including provision of DSP algorithm firmware and software IP for detection and identification applications.

4. New products under development:

The new products we plan to develop in the future based on market demand include five main categories:

A. RFIC front-end radio frequency chips related to linear WIFI 7 FEM high-power applications

B. RFIC front-end editorial chips related to non-linear WIFI 7 FEM low-power applications

C. RFIC chips that support IoT Sub-1GHz applications1G

D. RF antenna switch modules, low-noise amplifiers and front-end integrated RF chips used in automotive applications; products comply with AEC-Q100 regulations

E. Antenna switches for cable modems

F. SAW and BAW filter chip series

G. UWB and millimeter wave radar sensor series

H. Microwave and millimeter wave UWB radar sensors and system chips

(II) Industry overview:

1. Current state and development of the industry:

In recent years, the continuous growth in the demand for wireless products, optoelectronics, and other high-frequency applications has become one of the key driving factors for the growth in the global radio frequency integrated circuit (RF IC) market. The increased IoT usage across the globe has also boosted the demand for RF IC, and the demand for wireless products, including Wi-Fi, GPS, and Bluetooth, will also continue to drive the growth in the global RF IC market.

In 2023, as the world economy was affected by factors including high inflation and the Russo-Ukrainian war, consumption of the terminal electronic product market was also weakened. According to research by international research and IT consulting firm Gartner, the global semiconductor market sales in 2023 would be US$533 billion, representing a 11.1% decline from 2022. However, inventory issues were gradually solved as we neared 2024, and the booming development of AI-dedicated chips also hints that the market will gradually recover and achieve positive growth in 2024.

RF IC chips widely used in wireless-related communication fields. It is the general name for all chips that process high-frequency electromagnetic waves. Its main function is to provide various wavelength carriers (radio waves, sound waves, electromagnetic waves, etc.) for data transmission and data reception. Therefore, RF ICs are widely used in various fields, ranging from low-frequency AM, FM, SW (shortwave) broadcasts, digital television (DVB), and higher-frequency wireless communication applications such as GPS, mobile phones, wireless networks (WLAN), and Bluetooth systems, to ultra-high frequency-receiving systems such as 10GHz satellites. RF ICs can be mainly classified as front-end radio frequency chips (including power amplifiers, low noise amplifiers, antenna switches and front-end integrated radio frequency chips) and radio frequency transceivers based on functionality. However, as the entry barrier for radio frequency technology is extremely high, currently, the major front-end RF IC suppliers include: Skyworks, Qorvo, and Richwave etc。

The development of 5G technology has provided greater market opportunities for the front-end RF industry. The scale of the mobile phone RF front-end and WiFi market is expected to reach USD $21.6 billion in 2026, reaching a compound annual growth rate (CAGR) of 14%, as shown in Image 1 below。

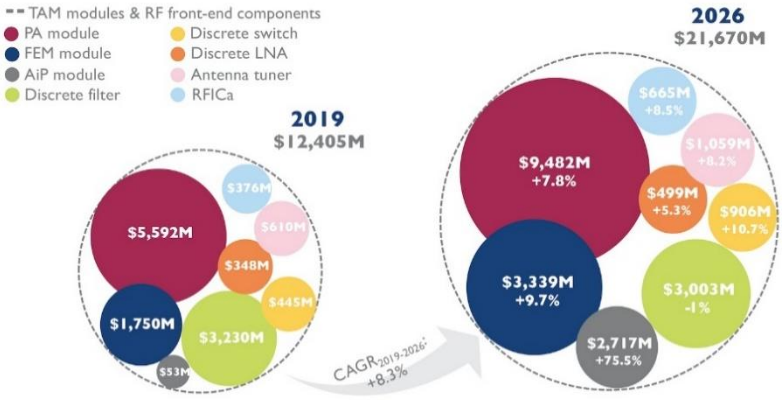


Figure 1,RF front-end market growth trend (by type)
(Source：Yole)

Radio frequency design technology is a key technology for network communication applications, and its main applications include Wi-Fi, smartphone and the Internet of Things market. As the demand for remote and unmanned terminal scenarios such as smart homes, logistics and manufacturing doubled, network and communication technologies are iteratively updated. According to the studies of TrendForce, Wi-Fi 6 (802.11ax) is the mainstream in the current market specification; In order to meet the needs of the Metaverse, AR/VR and other envisioned communication advances, numerous firms have set their sights on the faster and more stable Wi-Fi 7 (802.11be).

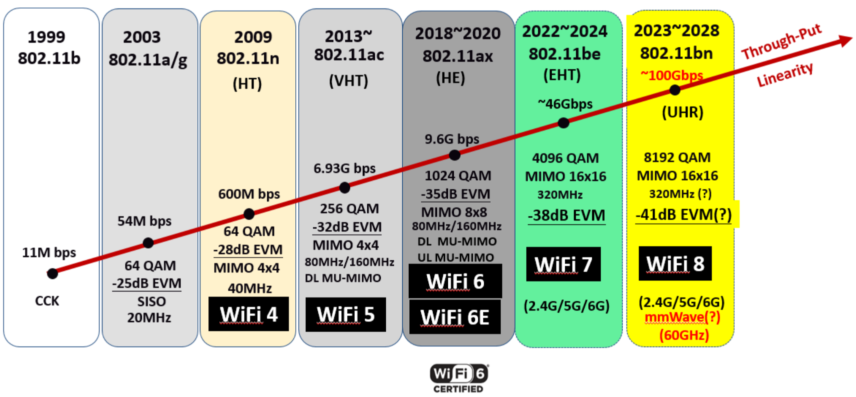


Figure 2: Wi-Fi Evolution, organized by the Company.

With regard to the Wi-Fi market, as Wi-Fi functions encompass even more convenient wireless Internet and wireless living experiences, the penetration of electronic devices with Wi-Fi functions has steadily increased. Looking ahead to the future, the main growth areas of the integrated Wi-Fi market include smart handheld devices, auto applications, family entertainment, game applications, and smart family applications. A report from the market research institute IDC has pointed out that the total shipment volume for WiFi products reached approximately 3.81 billion units in 2023. Most of the product specification used Wi-Fi 6, accounting for 2.1 billion units, or

55% of the WiFi market. It is expected that WiFi 6, Wi-Fi 6E, and Wi-Fi 7 shipments will grow the fastest in 2024. Wi-Fi 6 and Wi-Fi 6E shipment volume is expected to reach 2.96 billion units,representing a 16% growth rate over the previous year. Additionally, Wi-Fi 7 shipment volume is also expected to reach 230 million units.

Wi-Fi7 is the latest WiFi standard, it is also known as IEEE 802.11be "Extremely High Throughput (EHT)". The maximum channel bandwith is 320MHz, which is approximately twice the bandwith of Wi-Fi 6. The theoretical maximum transmission rate of Wi-Fi 7 is as high as 46 Gbit/second, or approximately 5 times faster than Wi-Fi 6/6E and significantly exceeds the 5G transmission rate. Hence, it can achieve even lower latency, better power efficiency, reduced interference, and higher capacity density, thereby allowing it to cope with the increasing connection needs while ensuring more efficient spectrum usage. The Wi-Fi Alliance announced in January 2024 that it will start certifying Wi-Fi 7 devices. It is estimated that more than 200 million Wi-Fi 7 devices will enter the market this year. Smartphones, PCs, tablets and wireless access points (APs) will become the earliest adopters of Wi-Fi 7. And as new iterations of Wi-Fi specifications emerge, the number of RF elements carried by Wi-Fi equipment will also increase, which will allow improved signal transmission rate and coverage of greater bandwidth.

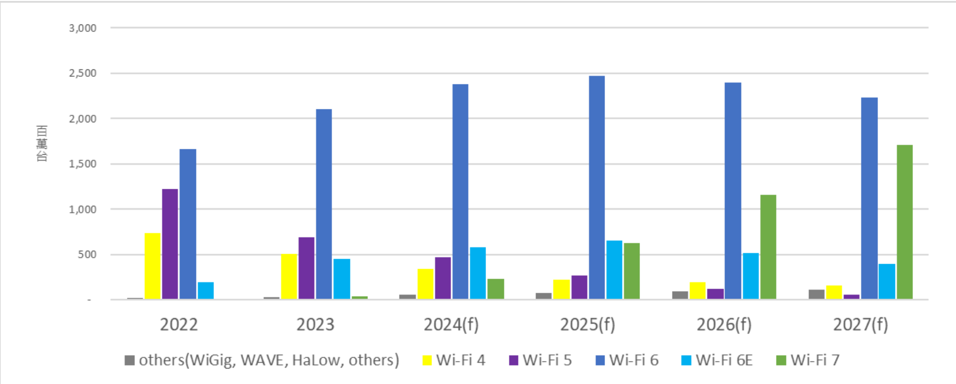


Figure 3: Global WiFi support equipment shipment forecast (classified by technical standards)

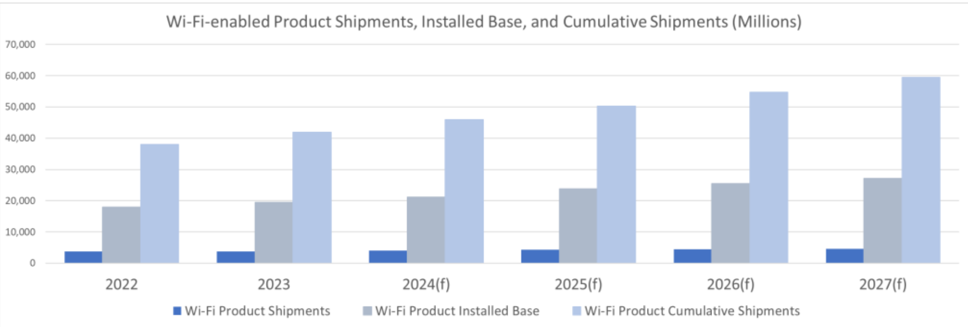


Figure 4: IDC 2022~2027 WiFi product shipment forecast

In terms of smartphones, a report from market research institute IDC pointed out that, due to effects from the overall economy and increased inventory in 2023, the shipment volume in smartphone market showed an annual decrease of 3.2% to reach 1.17 billion units. This is the lowest annual sales seen in a decade. Nevertheless, the global smartphone market shipments reached 326.1 million units in Q4 2023, reaching an annual increase of 8.5%, higher than the expected growth rate of 7.3%. This indicates that the smartphone market has stabilized since the second half of the year, and is expected to recover in 2024.

As the mobile communications market made the transition from 4G to 5G, the multi-mode multi-frequency characteristics of 5G smartphone have made RF ICs vital smartphone components. Based on statistics from Mobile Experts LLC and TriQuint, the value of front-end RF ICs may double or even triple, and data from major RF component manufacturer Skyworks also supports this view. The increasingly comprehensive communication coverage of 5G networks deployed by operators in various countries, coupled with the basic demand for high-speed data roaming, has driven the booming development of the 5G device market and will further accelerate the growth trend of front-end RF ICs.

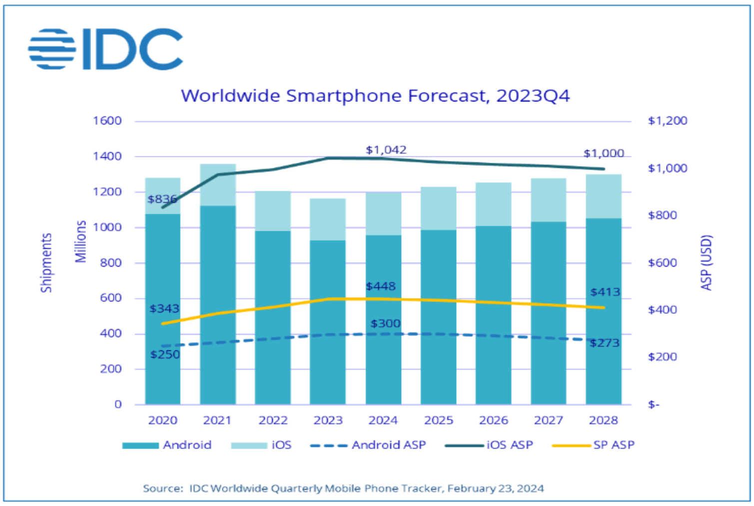


Figure 5: IDC 2023~2028 smartphone shipment forecast

In 2023, Richwave shipped 140 million of its front-end RF chip products, which are used in Wi-Fi RF ICs (average shipment volume was approximately 11.7 million chips per month). As the market's Wi-Fi 6 demand increases and multi-mode multi-frequency smartphones causes demand for front-end RF chips used in RF ICs to rise, this trend will continue to boost demand for Richwave's front-end RF chip products and the Company's sales revenue.

2. The relationship between the upstream, midstream and downstream sections of the industry:

The RFIC supply chain consists mainly of the upstream semiconductor plants and IC design companies, midstream IC manufacturers, and downstream IC packaging and testing plants. Whereas most semiconductor plants in Europe and Americas have adopted the IDM model, Taiwan's semiconductor industry has adopted a division of labor system. Major RFIC plants such as Skyworks and Qorvo have their own IC production capacity. As process cost continues to rise in recent years, major semiconductor plants in Europe and Americas have given up investments in new and gradually released production, packaging, and testing purchase orders to companies in Taiwan, creating a curious case of both competition and cooperation between them and professional IC manufacturers in Taiwan. Main companies that specialize in RFIC FEMs include Skyworks, Qorvo, RichWave manufacturers can be divided into two major categories. Silicon wafer manufacturers include Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation, and Renesas. Compound semiconductors (gallium arsenide) manufacturers include WIN Semiconductors, Advanced Wireless Semiconductor Company Qorvo,, Skyworks, and Anadigics. RFIC packaging plants include Lingsen Precision Industries, Ltd., ASE Group, JCET, Carsem, Nanotech Semiconductor, and Amkor. RFIC testing plants include ASE Group, King Yuan Electronics, UTAC (Taiwan), Giga Solution, and Sigurd.

RFIC industry chain

RF design company	RF manufacturing company	RF packaging company	RF testing company
Skyworks Qorvo RichWave NXP etc.	Silicon chip manufacturers include Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation; Gallium arsenide chip manufacturers include WIN Semiconductors, Advanced Wireless Semiconductor Company, Qorvo and Skyworks.	Lingsen Precision Industries, Ltd., ASE Group, JCET, Carsem Sigurd etc.	ASE Group, King Yuan Electronics, UTAC (Taiwan), Giga Solution Sigurd etc.

3. Product development trends:

A. RF front-end component:

a. A mobile phone or wireless network platform equipped with one or more RF devices is referred to as an RF terminal device. RF market development is positively correlated to mobile phone and wireless network market trends.
b. Diversity antennas are used to improve the reception of wireless terminal devices. However, a single signal antenna is still used for certain terminal devices. With the adoption of MIMO technology, the future RFIC antenna switch market is expected to achieve rapid growth along with the development of 5G/WiFi devices.
c. As the market share of 5G mobile phones increases, the multi-band multi-mode framework will become the basic structure of smart phones, and the demand for multi-band power amplifiers will continue to grow.
d. With the increasing pressure of price competition in wireless terminal products, RF chips are gradually developed into integrated frequency modules so as to reduce costs and to facilitate in manufacturing processes. In terms of RF manufacturing processes, currently the mainstream RF process technology in the global market is still dominated by the relatively high-cost gallium arsenide (GaAs), which accounts for about 80% of the market. However, the process flow is gradually shifting to CMOS/SOI to reduce costs, which accounts for approximately 20% of the market.

B. R&D and sales of front-end RF ICs used in 3G/4G LTE femtocells, including power amplifiers and antenna switches.

The trend of mobile phone radio frequency modularization is obvious. The module market space and growth are better than those of radio frequency discrete devices. RF product forms can be divided into RF discrete device switches and module products integrated by various discrete devices. Discrete devices include RF power amplifiers (PA), filter, RF switches (Switch), low noise amplifiers (LNA), RF antenna tuning switches (Tuner), etc. In the early days of 3G and 4G, where there were not many frequency bands that mobile phones needed to cover, RF front-ends generally used discrete solutions. In the 4G multi-band and multi-mode era, mobile phones require many radio frequency devices to meet the support needs of global frequency bands, and the radio frequency front-end has become more complex. The usage of RF front-end devices in smart phones has increased significantly, but the space of mobile phone motherboards is limited. Hence, the trend of RF front-end modularization, integration, and miniaturization has become obvious, and discrete solutions have naturally evolved into modular solutions.

C. IOT

The low-power Bluetooth microcontroller chip integrates the BLE radio frequency transceiver, memory, CPU and related peripherals into one chip to form a microcontroller with Bluetooth transmitting and transmitting radio signals function. Richwave Technology's low-power Bluetooth chip is an IoT chip used in areas such as smart homes, wearable devices, wireless charging, etc.

D. Passive filter (SAW/BAW)

Filters are the largest market segment in the RF front-end industry and will nearly triple from 2017 to 2023. This growth will mainly come from the significant penetration of high-quality BAW filters (ultra-high frequency range). Another example is the filters for coexistence of Wi-Fi and diversity antennas.

In simple terms, a filter is to filter and eliminate specific frequencies, or frequencies other than specific frequencies, to obtain a signal of a specific frequency, or to obtain the signal left after eliminating a specific frequency.

In the current mainstream technology, there are two types of filters, SAW and BAW, and each has its own areas of expertise. SAW filters are mainly used in industries such as televisions, mobile phones, GPS positioning, satellite communications, etc. However, SAW filters have their shortcomings as radio frequency components. Firstly, the frequency selection performance of high frequencies is poor, and secondly, they are easily affected by temperature. Therefore, the current development of filters in the WiFi field has gradually geared towards BAW.

Entering the 5G era, the number of base station antenna channels has increased significantly, gradually upgrading from the existing 4 and 8 channels of 4G to 16, 32, 64, and 128 channels. Since each channel requires a complete set of radio frequency components to receive and transmit uplink and downlink signals, and corresponding filters are used to select and process signal frequencies, the demand for filters will increase significantly.

E. Microwave/UWB and millimeter wave wireless sensing chip

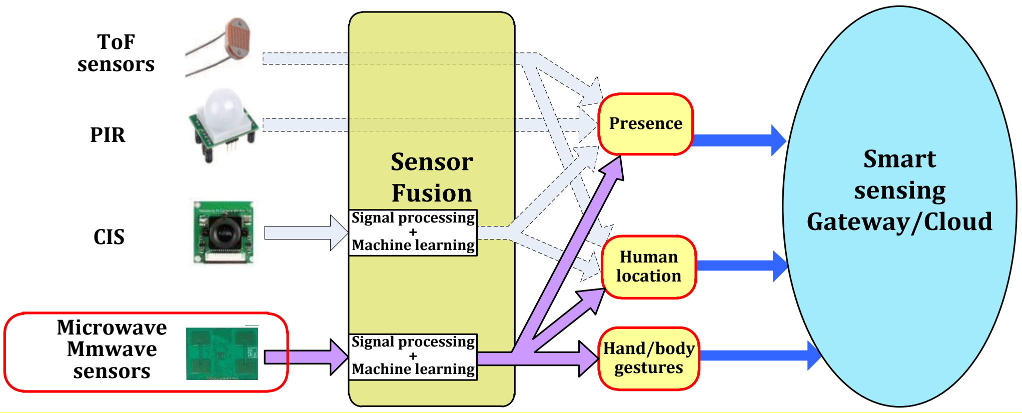
Use of wireless sensor network technology combining wireless networks and transducers to to realize IoT (Internet of Things), home automation, and industrial automation applications. In addition, we have expanded our sensing technology into environmental and human sensing, and provide practical applications in the areas of public safety warnings, health detection, energy conservation control, and vehicular sensing for AI and big data systems, accelerating the adoption of intelligent environmental and personal sensor systems in real-life applications.

Due to demographic aging, limited long-term care center resources, and seniors' own wishes, the percentage of seniors living alone has grown steadily. As a result, remote residential care applications have gradually come into favor, but conventional video monitoring methods are being rejected because of personal privacy worries. In addition, there has been a growing need for contactless health sensing applications for sleeping individuals. There is therefore an urgent need for new sensing technology, and the integration of emergency assistance and medical intelligent systems are expected to play an extremely important role in people's lives.

In the area of vehicular sensing and detection applications, conventional ultrasound backup blind spot sensing systems suffer detection distance and cost optimization restrictions. As a result, there is been a new trend toward backup imaging and microwave sensing applications, which are considered to be an especially advantageous means of protecting pedestrian safety when large vehicles are backing up. In recent years, vehicular sensing functions have become very prevalent. As an example, since there has been a rising number of cases of young children dying when locked in cars, future vehicular in-cabinet sensing systems will be required to have passenger presence detection and physiological system detection functions.

At the COP27 climate change conference held in late 2022, the participating countries drafted strict energy conservation in carbon dioxide emissions reduction targets and timetables. Apart from restricting CO2 emissions from factories and motor vehicles, the conference also issued special rules for the energy conservation performance of household appliances. In Europe and North America, HVAC (heating,ventilation,and air conditioning) systems are the largest residential uses of electricity and gas. A trend toward intelligent energy-conserving household appliances is an inevitable trend, and these appliances will rely on sensing of people's presence, locations, and activities to control and conserve their electrical and gas consumption. This will be the first step in the future development of intelligent energy-saving household appliances. Looking further ahead, sensing information will be used in predictive AI energy conservation management systems, which will provide necessary functions for a new generation of green buildings.

Advanced sensing technology is a key element of intelligent sensor networks and intelligent system, but single-function sensing methods cannot provide reliable sensing information. Conventionally, Passive InfraRed Sensors (PIR) detection taking advantage of human body heat, have provided a simple motion detection functions. However, with global warming, high-temperature weather has become the norm, and ambient heat will cause infrared sensors to give erroneous readings. In these circumstances, another commonly-used transducer type, CMOS Image Sensors (CIS) can provide highly economical sensing functions. At a time when people are placing increasing value on their personal privacy, and the use of imaging technology to obtain precision information often runs up against physical obstacles, new and innovative forms of sensing technology are urgently needed. They can provide more diverse sensing data to intelligent systems, and sensor fusion can be employed to provide a wealth of data, thereby achieving even more precise judgments.



Sensor fusion for smart sensing gateway/cloud.

Richwave has been engaging in R&D of high-frequency antennas, microwave sensing chips, and algorithms for many years. As a result, we have achieved a firm grasp of such important key elements as RF technology, microwave antennas, mixed-signal design, digital signal processing, environmental/human/physiological signal detection algorithms, multi-dimensional spatial sensing technology, machine learning, and programmable processor cores. The several types of front-end radar sensor chips, radar system chips (radar SOC), and antenna modules that we have introduced in recent years are being used by some of the world's best-known manufacturers. We are keenly aware that intelligent microwave sensing will continue to provide a basis for cutting-edge industrial technology, which is one of the most promising future markets. We also plan to perform more innovative technology R&D in the area of environmental sensing, and hope to provide even more varied and precise spatial sensing data (including distance, direction, speed, size, micro Doppler, and physiological signals, etc.) to back-end intelligent information system integrations, which will enable the realization of various artificial intelligence and big data applications.

On top of striving to develop radar sensor chips, Richwave is also collaborating with renowned brand customers around the world to continuously develop new application scenarios and corresponding signal identification algorithms, for example: human presence detection, one-dimensional and two-dimensional location detection, and contactless breath and pulse detection, etc. In addition, in remote residential care for seniors, we are also developing contactless hand/body gesture recognition and machine learning technologies and more, through using multi-input-multi-output antennas to increase identification correctness.

Richwave's radar sensors are chiefly used for detection of environmental and human location (distance and angular orientation), hand/body gestures, and subtle movements (including breathing and pulse), etc. These applications require higher detection precision and a larger wireless scanning bandwidth. Furthermore, because use situations (especially indoor detection applications) only permit small sensing modules and antennas, posing more rigorous requirement on sensitivity. In addition, the design of radar sensor chips is also highly complex. Because of this, RF circuit structure and signal processing chips require unique and innovative designs. After a number of years and experience in these areas, our R&D has achieved outstanding results and have gradually launched certain radar sensors and system chip products to the market.

4. Product competition:

RichWave's RF chip product development focuses on both RF front-end components and RF transceivers. We design and manufacture key components for various communication systems (Wi-Fi/mobile phone/handheld device/small base station) with germanium silicon, gallium arsenide substrates, and CMOS/SOI as the main RF front-end components. We created strategic alliances with domestic and international manufacturers of communication system baseband and RF transceiver chips to provide comprehensive solutions. We also work closely with downstream system manufacturers to quickly produce products that meet market demand.

In terms of RF transceivers, RichWave designs and produces frequency hopping wireless communication chips based on 0.18um/0.13um RFCMOS components and independently developed the building blocks necessary for RF transceivers. RichWave transceiver technologies include RF base band, MAC, and system on a chip. We offer customized design services for systems in the niche non-standard market and we quickly and effectively provide customers with comprehensive solutions that meet market requirements from RF, base band, and MAC to system integration.

A. Power amplifier (PA)

The power amplifier is an important RF front-end component used for wireless WiFi, mobile phone communication, and related wireless applications. It has evolved from the early GaAs transistor separation component module to the current MMIC PA SOC. In terms of technical trends, Pas must have competitive advantages in digital control, precision power detection, low power consumption, and prices. Therefore, silicon substrate with high integration potential have gradually gained ground in the market. Although GaAs offers high frequency performance, it cannot match silicon in terms of the cost of materials and the yield rate in mass production. Therefore, RichWave has focused on silicon germanium in PA products since the Company was founded. Although silicon germanium technologies have higher entry barriers in RF applications, RichWave's silicon germanium technology has made it one of the few advanced RF front-end PA developers with capacity for both silicon germanium and gallium arsenide production in the international market.

In addition to continuing to maintain competitive advantages based on the characteristics of these two materials, the Company will continue to develop processes with superior price competitiveness and higher integration (e.g., CMOS PAs).

B. Low-noise amplifier (LNA)

The low-noise amplifier is one of the key components for RF front-end Wi-Fi receivers. RichWave's LNAs developed with silicon germanium technologies are cheaper and product development can be integrated with external compatible components. We use MMIC SOC to provide customers with the most competitive solutions on the market. In response to continuous demand for compact multi-band multi-mode products, RichWave's LNAs are mass-produced for the Wi-Fi market and we also launched GPS LNAs with CMOS technology to provide customers with better choices.

C. Switch (SW)

The switch is a key component for RF front-end antennas. RichWave's Wi-Fi antenna switch offers special electrical attributes such as low loss and high linearity. The current antenna products are produced with pHEMT process technology. With advancements in silicon technologies and system integration, RichWave will also develop SOI switches.

D. LTE SW

Richwave Technology provides a complete line of switch products in wireless connection application markets such as wireless routers, consumer computers, mobile phones, and the Internet of Things. Richwave Technology uses a combination of GaAs/SOI CMOS processes to optimize the switch loss and isolation, providing customers with the most cost-effective solutions.

Richwave Technology is the only supplier to use the SOI CMOS process in the WiFi switch market.

E. Front-end module (FEM)

The FEM is usually a RF front-end module with a substrate as the vessel and integrates components with different functions on the same chip. Although the technology entry barrier is low and market access can be rapid, the high cost and poor yield rate in production make it difficult to attain long-term market share in a market characterized by price competition. RichWave's RF chip design for front-end module products focuses on zero compatibility, zero substrate, and zero RBOM technologies which offers plug-and-use functions without calibration and significantly reduces the cost to increase competitive advantages.

RichWave is a main RF front-end component supplier in the wireless WiFi market and has attained more than 30% of the market share for the Hz and Hz SPDT and SP3T switches. RichWave is also committed to developing SOI switches with high static protection and the current SOI switches is set to become the mainstream component in the Wi-Fi market.2.4G and 5.8G

RichWave's RF products such as PA, LNA, SW, and FEM incorporate different types of process technologies including GaAs, SiGe, SOI, CMOS, and IPD. We can adopt different process technologies in response to rapid changes in the market to offer products with the highest performance-cost ratio for the market.

RichWave also continues to provide compatible model numbers for main materials used on the market and provide alternative materials where necessary to maximize our customers' market competitiveness. We also actively work with main chip manufacturers to develop materials for next-generation products. We also provide prompt technical services to help customers win higher market shares and generate profits. The main competitors of RichWave's RF front-end components and strength/weakness analysis are provided below.

The competitiveness comparison and SWOT of RichWave and foreign companies in Wi-Fi RF front-end components is as follows:

F. BAW filters

A BAW filter is a type of digital bandpass RF filter that converts electrical energy into sound wave form. BAW RF filter is widely used in applications with frequency range of up to 6 GHz. BAW filters have the advantages of small size, low cost, insensitivity to temperature, and low insertion loss, and hence they are rapidly becoming popular in high-end industries, military markets and consumer wireless applications. The increasing adoption of BAW technology in LTE, 4G, 5G and Wi-Fi technologies and the increasing requirements for small size and high performance of microwave devices in wireless communication systems are expected to drive the continued growth of the market.

G. Microwave and millimeter wave UWB radar sensors and system chips

Richwave's product line of radar sensors and system chips is fairly comprehensive, covering frequency bands such as 5.8GHz, 8/10GHz and 60GHz. The 5.8GHz radar sensor product line, which focuses on lighting control, surpasses competing products in terms of chip size, power efficiency, sensing distance and stability, and has already entered mass production by major module manufacturers.

In addition to the high-speed ultra-wideband (UWB) front-end frequency modulated continuous wave (FMCW), the 8/10GHz radar system chips are also integrated with a digital signal processor (DSP) and algorithm software and firmware suite, thereby enabling customers to make various applications. Our strong team also supports customers to smoothly deploy these chips into product design, production verification, and mass production.

In the 60GHz millimeter-wave radar sensor product line, Richwave draws on past experiences to develop power-efficient millimeter-wave radar front-end ICs, which are coordinated with the high-gain Antenna in Package (AiP) successfully developed by our excellent antenna design team to achieve excellent results. On top of starting to deliver samples in this year, we will also continue to invest in the development of miniaturized millimeter wave radar front-end ICs and highly integrated millimeter wave system chips, as well as complete software and firmware packages for various algorithms to provide customers with high-quality, cost-effective total solutions.

Competitiveness comparison of RichWave in Wi-Fi RF front-end components

Company	WiFi SW	WiFi PA	WiFi LNA	WiFi FEM
RichWave (RichWave)	Provides switches with high ESD performance for SOI processes	Provides PA with cost advantages for SiGe processes	Provides LNA with cost advantages for SOI processes	Offers GaAs with cost advantages for SiGe/SOI processes
Skyworks	Mainly offers GaAs processes with poor ESD performance	Mainly offers GaAs processes with higher cost	Mainly offers GaAs processes with higher cost	Mainly offers GaAs/pHEMT processes with higher cost

Company	WiFi SW	WiFi PA	WiFi LNA	WiFi FEM
Qorvo	None	None	None	Mainly offers GaAs/pHEMT processes with higher cost

Richwave's industry competitor in radar sensors

Manufacturer	5.8 GHz Millimeter wave radar sensors	10 GHz Millimeter wave radar sensors (System chips)
Richwave	1. Provides a variety of patented antenna designs with better range of detection for different application scenarios 2. Provides short-range power-efficient reference designs with good anti-interference and low error rate	1. Total solution for digital signal processor 2. Well-rounded algorithm software and firmware support 3. Wide range of applications, capable of detecting distance, direction, presence, gestures, and physiological signals
AirTouch	Single-antenna design It is difficult for customers to adjust design parameters	Currently there are only two functions: motion detection and presence detection

(III) Overview of technology and R&D:

1. R&D expenditures:

Unit: NT$ thousands; %

Item	2022	2023
R&D Expenses (A)	602,470	653,715
Net operating revenue (B)	3,429,371	2,984,581
(A)/(B)	17.6%	21.9%

Note: Consolidated financial statement certified by the CPA.

2. Technologies and products successfully developed in the past year:

Year	R&D results
2021	1. WiFi 6 2.4GHz/5GHz dual-FEM lunched to WiFi Mobile market
	2. WiFi 6 2.4GHz/5GHz FEM with directional coupler lunched to WiFi AP Router market
	3. WiFi 6E 6GHz RF FEM lunched to WiFi AP Router market
	4. IoT/BLE and IoT/Zigbee RF FEM design win in Europe carrier brand customer
	5. WiFi 6E High power SPDT switch design win in Enterprise brand customer
	6.WiFi6E for mobile phones enters mass production.
2022	1.WiFi 7 2.4GHz RF FEM lunched to AP Router market
	2.WiFi 7 5GHz RF FEM lunched to AP Router market
	3.WiFi 7 6GHz RF FEM lunched to AP Router market
	4.High isolation DPDT passed AVL qualification on WiFi 7 mobile platform of brand third party
	5.WiFi 2.4G/5G Diplexer lunched to AP Router market
	6.WiFi 2.4G/6G Diplexer lunched to AP Router market
	7.L1/L5 GPS SAW diplexer filter lunched to IoT/GPS market
	8.2.4G PA for NB-Iot, LoRa application
	9.Antenna SPDT/DPDT Switch lunched to AP Router market
	10.5G LTE SPDT Switch design in Module market
	11.Wifi High Power SPDT/SP3T Switch lunched to AP Router market
	12.GPS LNA design win in IOT/Module market
	13.2.4G/5G BAW filter lunched to AP Router market
	14.2.4G Bluetooth FEM lunched to IOT/BT market
2023	1. WiFI 6E 5~7GHz RF FEM lunched to AP Router Market
	2. WiFi 7 2.4GHz non-linear RF FEM lunched to AP Router market
	3. WiFi 7 5GHz non-linear RF FEM lunched to AP Router market
	4. WiFi 7 6GHz non-linear RF FEM lunched to AP Router market
	5. WIFI SW lunched to automotive market
	6. WIFI FEM lunched to automotive market
	7. 75ohm RF SW lunched to Cable modem application
	8. 2.4G High Q BAW filter for AP Router market
	9. 5G BAW filter low loss and high attenuation for AP Router market
	10. 6G BAW filter low loss and high attenuation for AP Router market
	11. L1/L5 GPS SAW filter for IOT/GPS market
	12. GPS LNA+SAW module for GNSS market
	13. 2.4G Bluetooth FEM with low current solution for BT market
	14. SRS Switch DPDT/DP3T/DP4T for Mobile market

Year	R&D results
	15. CW radar motion detector for smart lighting
	16. CW radar motion detector for smart lighting
	17. 2T2R mmWave AiP radar sensor for in-cabin sensing & smart home
	18. Algorithm software and firmware suite including human presence, distance, direction, speed, one-dimensional gestures, and physiological signals, etc.
	19. 1T2R single band radar SoC for AoA/2D sensing
	20. 1T2R dual-band (8/10GHz) low-power high performance radar SoC (Three patents granted and two patents pending)

(IV) Long and Short-Term Business Development Plans:

(1) Short-term development plan:

A. Research and development strategy

a. Follow information, communication, and consumer electronic product market development trends and develop wireless products to meet customer demands and expand the market share in market application products.

b. Make good use of technical knowledge accumulated by the Company to create technical differentiation, maintain our existing products, develop cost reduction methods, and develop other product lines for the market. Improve product quality and enhance the competitiveness of products.

B. Production and sales strategy

a. Use Taiwan's unique vertical division of labor and manufacturing capabilities to provide customized and flexible operations. Work with domestic wafer plants and packaging and testing plants to maintain close OEM services, ensure access to production capacity and timely delivery of products, and meet customer and market demand.

b. Develop cooperation and build trust with customers, provide rapid and trustworthy technical services, and use distributors and agents to penetrate all parts of the market to improve profits and the market share of the product.

C. Business and financial planning strategies

Attach importance to employee welfare policies and implement a bonus and merit-based reward system to boost employee morale and increase their motivation.

(2) Long-term development plans:

A. Research and development strategy

a. Respond to market application demand and provide a comprehensive range of products. Expand the breadth and depth of the product lines and use more advanced technologies to develop high-end products to diversify products and satisfy customers' market demand.

b. Seek technical exchanges with domestic and foreign academic institutions and leverage the long-term strategic partnership with system companies to create the Company's unique technical brand.

c. Create long-term partnerships with main chip manufacturers to facilitate early development, reference designs for platform deployment, and expand market share.

B. Production and sales strategy

a. Continue to maintain long-term partnerships with upstream foundry, packaging, and testing companies and become their strategic partners for joint development of processes with special niches, reduce production cost, and develop high-quality and competitive products.

b. Grasp key technologies and optimize product applications for more advanced and precise product integration and development. Become a world-class leader in the industry.

C. Business and financial planning strategies

a. Expand internationalization ideals and cultivate business management capabilities for international companies. Actively cultivate international talents to become a world-class company.

b. Use a diverse range of wealth management tools in the capital market to strengthen the Company's financial structure based on long-term business growth. Use comprehensive and diverse fundraising channels to create the most suitable fund demand portfolio to support the Company's operations and development.

II. Market, Production and Sales

(I) Market analysis:

1. Areas for the sales (supply) of main products (services):

Unit: NT$ thousands; %

Sales region		2022		2023	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic sales		1,692,598	49.36	1,597,072	53.51
Export sales	China	1,336,767	38.98	973,232	32.61
	Asia	233,541	6.81	205,607	6.89
	Others	166,465	4.85	208,670	6.99
Total		3,429,371	100.00	2,984,581	100.00

2. Market share:

In the past, the domestic semiconductors industry lacked RFIC design talents. The shortage was particularly severe in the power amplifier sector. Domestic IC design companies are relatively weaker in RFIC products as the market is dominated by a handful of American and Japanese companies. RichWave shipped an average of more than 70 million RFIC FEMs each month in 2023 and shipped more than 85 billion units in 2023. According to the TRI report, the compound annual growth rate of the global Wi-Fi market will be approximately20%. A certain percentage of the demand will be Wi-Fi products with low power consumption requirements. The power amplifier product, switch, or other RF front-end components have been built into the main chip. Devices connected to external RF front-end components generally require 4-6 components due to the system design, main chip platform, and installation cost. . As Wi-Fi has been widely adopted for consumer products, the system design specifications change rapidly. There has been no market research reports and the calculation of the market share is based on the information collected by RichWave's internal marketing department from system companies. We estimate that RichWave's Wi-Fi product shipments in 2021 will account for approximately 16% ~20% of the global market share. As Taiwan's RFIC industry technologies matured in recent years, the Company has used the close technical cooperation between the technical teams, customers, and suppliers to develop and design RFIC products that meet the demands of domestic system companies for integration and price competitiveness. We will gradually increase the global market share of domestic RFIC.

3. Future market supply, demand and growth:

More than 80% of the world's WiFi products are provided by system manufacturers in mainland China and Taiwan, making it one of the most successful industries in Greater China. Due to the high design difficulty of RF parts such as PA, LNA, and SW, the features must be adjusted according to client needs after integration into modules. Domestically, only Richwave uses the advanced material SiGe process to design PA and the SOI process to design SW. Our technical capability has reached an economic scale, our output has continued to increase steadily, and we firmly occupy a spot in the fiercely competitive international market. As the use of WiFi has become increasingly popular for wireless communication products such as smartphones, the introduction of new wireless communication products continued to accelerate, and the performance efficiency continued to improve; the demands for RF products such as radiofrequency front-end modules (FEM) and antenna switches (SW) will continue to soar. At present, no publicly listed company supplies PA and antenna switch products in Taiwan, and our Company's products can gradually change the market that was originally 100% monopolized by foreign manufacturers.

Although WiFi has matured, the technology is still evolving to provide innovation for multimedia wireless transmission applications and handheld devices. According to an In-Stat research report, WiFi has spread in various fields such as fixed consumer electronic products (i.e., smart TV, game consoles), portable consumer electronic products (i.e., smart cameras, pads), computer peripherals (i.e., printers), notebook computers, smartphones, and the medical industry. In particular, smartphone are the fastest growing and biggest carriers of Wi-Fi electronic products. As smartphone applications continue to develop into new domains (such as smart family and smart health applications), developers' efforts will stimulate even greater demand and growth.

According to a forecast from the research organization TRI, the Wi-fi Certified 6 (IEEE 802.11ax standard) certification plan announced by the Wi-Fi Alliance on September 16, 2019 calls for evolution from Wi-Fi 802.11b to 802.11ax (Wi-fi 6) over the course of 20 years, which has attracted considerable attention from the market and promises to stimulate increased revenue in relevant industry chains. Furthermore, Wi-Fi 6E's extra bandwidth will provide greater capacity, while also maintaining forward compatibility. Because of this, the transition to Wi-Fi 6/6E is expected to get fully underway in 2022. The development of new generation Wi-Fi 7 began in May 2019. No formal version of Wi-Fi 7 has as yet been released; preliminary specifications were confirmed in May 2021, and the Wi-Fi Alliance will now integrate the technical proposals of all Alliance members. It is expected that a formal version will be confirmed at some time between November 2023 and May 2024, after which products making practical application of the specification will be introduced to the market. According to a forecast from the market survey organization IDC, the global Wi-Fi product market will have a compound annual growth rate (CAGR) of 23.6% between 2022 and 2028, which will stimulate steady growth in overall demand for RF IC RF chips.

Smallcell, also known as femtocell or access point base station, plays an important role in Fixed-mobile Convergence (FMC). A mobile communication network comprises many small wireless units (cells), namely base stations. Depending on their location or application, each base station may have different coverage, system capacity, and output power. According to their coverage (or output power), they are classified into macrocells, microcells, picocells, and femtocells. Micro and ultra-micro base stations are mainly aimed at dense mobile phone usage areas such as stations or shopping malls to increase network capacity. Femtocell covers a smaller area. It is mainly used to make up for areas that other base stations cannot cover or increase data transmission rates and is usually used in residential or small commercial environments. The base stations under Microcell are collectively referred to as Smallcell.

With the advancement of Wi-Fi technologies, the WiFi as a Service (WaaS) market has also emerged. WaaS is based on the market demand for using Wi-Fi wireless network communication technology to provide user-side services, including the infrastructure of Wi-Fi hardware and the services provided for deploying Wi-Fi fields according to different business needs. Vertical field applications extended according to different business needs, such as education, retail, tourism and hotel industries, healthcare, transportation and logistics, IT and telecommunications, manufacturing, financial services and insurance, government and public sectors, etc. are types of application services of wireless networks. At present, as the application fields in North America and Europe have benefited from the mature technology of WaaS, the global WaaS market will show a more stable growth trend in the future.

4. Competitive niches:

A. Outstanding R&D and technology capabilities:

As the first professional RFIC design company in Taiwan to utalize SiGe process and launch PA mass production, RichWave has gained advantages over competition with global GaAs manufacturers with cost-effective and high-performance RFIC front-end modules. The Company has focused on RFIC since its establishment. High-quality human resource has been the foundation of development. With rich R&D talents, we have accumulated significant levels of technology and experience. Our R&D team provides global IC design industry with rich IC design resources. Also, it lies at the heart of our competitiveness and growth. In addition, the broad applications and longer product life cycle of wireless communication products serve beneficail for future development.

B. Management of foundry source and long-term partnership:

Foundries' process, yield, capacity, delivery, and price are all contributing factors for our competitiveness and sales sucess. Long-term cooperation with assembly and testing partners are also indispensable. the Company has maintained long-term partnership with suppliers to ensure stability in quatlity and supply.

C. Maintain close partnerships with customers:

The Company's marketing and sales team provides customers with comprehensive product development services. We offer better prices and can better meet the current market demands in terms of quality, yield, delivery, and after-sales services. We also maintain good relations with our customers to help them shorten their product development time. We strive to grow together with customers and maintain long-term relations. The marketing channels and strong customer relationships we established help enpower the Company's future operations and development.

5. Favorable and unfavorable factors for future development and strategies:

(1) Favorable factors:

a. Room for growth in the RFIC industry

RFIC applications will become increasingly widespread due to the continuous advancement of information technology, increased penetration of portable devices such as mobile phones, Wi-Fi, and digital video/audio products and contents, launch of low-cost computers, development of the Internet, and advancement in semiconductor process miniaturization technologies. They will invariably increase the overall market demand in the RFIC industry and create potential for future growth.

b. Wireless communication industry standards are not easily changed after different forms of certification are implemented

Due to the differences between various wireless communication industry standards and R&D technologies encompassing software and hardware sectors, small businesses with flexibility may benefit from market niches if they can rapidly respond in individual markets and avoid price wars waged for standard products. In addition, the design and development of RFIC products often requires extensive experience and accumulation of fault detection technologies. The system companies also require longer certification time and suppliers are not easily changed after they are certified. Therefore, domestic companies cannot replace the Company as suppliers within a short period of time. The Company's technical team has accumulated multiple years of experience in R&D in related sectors. It can thus shorten the learning curve and create entry barriers.

(2) Unfavorable factors and response strategies:

a. Rising cost of professional RFIC personnel and shortage of R&D personnel in Taiwan

The rapid development of the IC industry has increased the relative cost of professional manpower. In addition, the long duration of RFIC design professionals and the long-term focus on digital technologies as opposed to analog technologies in Taiwan means that domestic colleges, universities, and graduate institute only train a limited number of professional RFIC designers each year. Changes in market products have accelerated and talent cultivation cannot meet demand.

Response strategies:

The Company recruits talent on campus and organizes training to increase employee welfare, strengthen employees' sense of cohesion, reduce turnover, and enhance the development skills of R&D talents. We also develop more advanced process databases to improve the Company's core competitiveness and win more opportunities for working with customers.

b. High reliance on foundries

Due to the vertical division of labor and integration in the semiconductor industry, the upstream and downstream industries can be roughly divided into IC design, foundry services, cutting and packaging plants, and testing plants. They are closely interconnected.

Response strategies:

We maintain good interactions with downstream foundries to ensure the production capacity of foundry services and actively develop other foundry services to reduce risks.

c. Competition with domestic and foreign companies

The main global RFIC suppliers can be categorize into main chips and RFIC supplier. The former mainly provides RF, base baseband IC, and software solutions. Players include Qualcomm, Broadcom, Infineon, Marvell, MTK, Spreadtrum Communications, HiSilicon, and Realtek. The latter provides RFIC and players are Skyworks, Qorvo, and Avago.

Leading RFIC companies such as Skyworks, Qorvo, and Avago have gained significant market shares in the mobile phone industry with only power amplifiers. They have also captured at least 60% of the global mobile phone PA market. However, whether such IDM companies can withstand fluctuations in price and technology in the overall wireless communication industry has become questionable.

Under current price competition, RFIC plants must face the challenge of maintaining their market share in the ever-growing mid to low-tier smart phone market. CMOS design that offers cost-effective solutions has become the choice for semiconductor industry. The energy-saving design with optimized multiple bands and multiple modes has also become a key in the next phase of development in the RFIC market.

Response strategies:

(a) Strengthen the Company's product R&D capabilities and reduce the time required to launch new products.

(b) Stabilize the quality of supply and control the production capacity to strengthen the confidence of customers.

(c) Strengthen cooperation with domestic and foreign system manufacturers to develop new products.

(d) Make concrete contributions to improve production yield and reduce the cost of production and sales.

(e) Strengthen marketing management and create a global marketing network and after-sales service system to enhance customer loyalty.

(f) Improve the performance-cost ratio of RFIC products, reduce power consumption, and expand into RFIC applications beyond mobile phones such as WLAN and GPS. Develop multiple highly integrated wireless communication RFIC solutions and provide comprehensive RF sub-system solutions.

(II) Important Applications and Manufacturing Processes of Major Products:

1. Important applications of major products:

RF front-end component	Name	Basic functions
PA	Power amplifier	The RF front-end component used for the transmitting path that amplifies the high-frequency signals sent by the RF transceiver for transmission via the antenna. It must have high linearity, high efficiency, digital controls, power inspection, and a small footprint to meet broadband and high-speed demands of the wireless communication system.
LNA	Low-noise amplifier	The RF front-end component used for the receiving path that amplifies the weak signals received by the antenna amid high levels of background noise and transmits the signal to the subsequent RF transceiver for frequency reduction and base band coordination. Noise Figure (NF) is

RF front-end component	Name	Basic functions
		an important trait.
SW	Switch	The switch is the RF front-end component that is closest to the antenna. It functions by switching between the connection or disconnection of the transmission or reception paths of the antenna based on the control signal to attain the time-division multiplexing function for regular system transmission and reception.
FEM	Front-end module BT/Zigbee/LoRa module	The FEM integrates active and passive RF front-end components for RF transmission and reception paths to form an SOC RF front-end module. Its composition may include active components such as the PA, LNA, and switch, and other passive components such as filters and couplers. Different system applications often include different combination requirements. Therefore, the RF front-end module often requires customized design.
IOT	GPS module	The receiving path is a front-end RF component, which filters out noises other than L1 and then amplifies the weak signal received by the antenna under high-noise background noise.
Passive components	GPS L1+L5 Dual frequency device	The receiving path filters out noises other than L1/L5, and can support dual-frequency L1 band & L5 band.
BAW	2.4G BAW 5G BAW 6G BAW	The front-end RF component of the receiving path and transmitting path filters noise through a high-quality filer (BAW Filter) to reduce interference between frequency bands. The low noise and high interference suppression characteristics effectively improve the linearity and power of the system.
5.8GHz radar sensor	Motion Detector / Proximity Sensor	Human motion detection or proximity sensing
10GHz FMCW Radar SoC	Proximity Sensor Human Presence Detector AoA/2D Radar Sensor Multiple Object Tracker	● Human motion detection or proximity sensing ● Human presence and distance detection ● Human two-dimensional position (distance and direction) detection ● Multi-target position detection Breathing and heart rate detection
60GHz mmWave Radar	2T2R mmWave Radar	● In-cabin Sensing ● Smart home application Smart Appliances

2. Manufacturing process:

Market survey → IC design → Mask production → Wafer fabrication → Wafer probing → Packaging/testing

(III) Supply Status of Main Materials:

Main material	Main supplier	Supply status
Wafer	Supplier A	Good
Wafer	Supplier B	Good
Wafer	Supplier C	Good

(IV) Names of suppliers who accounted for more than 10% of the purchases of the Company in the past two years, and the ratio to total purchases:

Unit: NT$ thousands; %

	2022				2023			
Item	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases of the year (%)	Relationship with the issuer
1	Supplier A	567,180	58%	—	Supplier A	520,695	55%	—
2	Supplier B	204,728	21%	—	Supplier B	252,603	27%	—
3	Supplier C	120,316	12%	—	Supplier C	75,491	8%	—
4	Others	85,670	9%	—	Others	93,846	10%	—
	Net purchases	977,894	100%		Net purchases	942,635	100%	

Note1: Condolidated financial reports audited by CPA

Note2: As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

Reasons for the change: The Company selects professional wafer foundries based on manufacturing process capabilities, production capacity, and price and there were no changes in major suppliers in the past two years.

(V) Names of customers who accounted for more than 10% of the sales in the past two years, and sales as a percentage of total sales:

Unit: NT$ thousands; %

	2022				2023			
Item	Name	Amount	Percentage of net sales of the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales of the year (%)	Relationship with the issuer
1	Customer A	1,943,246	57%	—	Customer A	1,777,280	60%	—
2	Customer B	456,367	13%	—	Customer B	137,233	5%	—
3	Others	1,029,758	30%	—	Others	1,070,068	35%	—
	Net sales	3,429,371	100%		Net sales	2,984,581	100%	

Note1: Condolidated financial reports audited by CPA

Note2: As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

(VI) Output volume and value for the past two years:

Unit: thousand units; NT$ thousands

Year / Output quantity and value / Main product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Wi-Fi products	—	858,019	2,272,347	—	1,299,433	3,368,917
Other products	—	125,982	124,005	—	41,233	42,708
Total	—	984,001	2,396,352	—	1,340,666	3,411,625

Note: Condolidated financial reports audited by CPA

(VII) Sales volume and value for the past two years:

Unit: thousand units; NT$ thousands

Year / Sales volume/ value / Main product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Wi-Fi	471,869	1,655,357	414,508	1,621,597	444,048	1,576,064	407,301	1,207,476
Others	15,501	37,241	121,630	115,176	10,805	21,008	161,710	180,033
Total	487,370	1,692,598	536,138	1,736,773	454,853	1,597,072	569,011	1,387,509

Note: Condolidated financial reports audited by CPA

III. Information on employees

Number of employees in the past two years as of Apr. 20, 2024

Year		2022	2023	As of Apr. 20, 2024
Number of employees (person)	Manufacture and Production	0	0	0
	RD	189	194	197
	Saless and administration	117	109	109
	Total	306	303	306
Average age (year)		40.9	41.2	41.1
Average years of service (years)		4.7	5.6	5.5
Distribution of academic qualifications (%)	Dotoral	5%	5%	5%
	master	50%	51%	51%
	bachelor	39%	43%	43%
	high school	6%	1%	1%
	below high school	0%	0%	0%

IV. Environmental Protection Expenditure

Total losses (including damage awards) and fines for environmental pollution in the two most recent fiscal years, and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.

V. Labor Relations

(I) Employee welfare measures, continuing education, training, retirement system and implementation status:

1. Employee welfare measures:

The Company funds the Employee Welfare Fund in accordance with related regulations and we organized the Employees' Welfare Committee to plan, oversee and implement employees' benefits. Employees enjoy gift coupons (allowances) for the three traditional holidays and the year-end bonus. The Company also provides marriage, funeral, hospitalization, and childbirth subsidies to take care of employees' lives. In addition to providing employees with labor and health insurance in accordance with the Labor Standards Act and related regulations, the Company also provides employees with group medical insurance, cancer insurance, and accident insurance to provide employees with better coverage.

2. Employees continuing education and training: The Company organizes internal and external training based on work requirements.

3. Retirement system and its implementation status:

The Company has established retirement regulations for official employees and has established the Labor Pension Supervisory Committee in accordance with the Labor Standards Act. The Company makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. Contributions are made to the Labor Pension Supervisory Committee and are deposited into separate accounts in the Bank of

Taiwan.

The appropriation system is adopted starting from the implementation of the Labor Pension Act on July 1, 2005. After the implementation of the appropriation system, employees may choose to adopt regulations on pension specified in the "Labor Standards Act" or use the pension system of the Enforcement Rules of the Labor Standards Act and retain the number of years of service prior to the implementation of the Enforcement Rules. For employees eligible for the pension system, the Company shall set aside no less than 6% of their wages to their personal labor pension account each month in accordance with the Labor Pension Act.

(II) Employer-employee agreements and protection of employees' rights and interests:

1. Negotiations between employer and employees:

The Company follows all labor laws and related regulations in all matters. Both employees and the employer follow rules stipulated in the work contract, work regulations and various management regulations. The Company has enjoyed harmonious relations between employees and the employer since its founding and there have been no major employee-employer disputes or losses.

2. Protection of employees' rights and interests:

The Company has established comprehensive regulations governing the rights, obligations and benefits of employees to safeguard employee rights and interests.

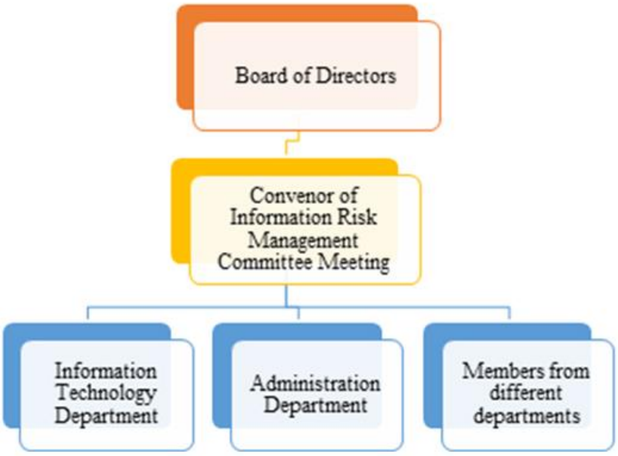
(III) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason:

The Company has enjoyed harmonious relations between employees and the employer since its founding and there have been no major labor-management disputes or losses. We shall continue to enhance communication between the two parties to achieve company prosperity and safeguard employees' welfare with the aim of reducing the occurrence of employee-employer disputes with through peaceful and reasonable means.

VI. Information Community Security Management

(I) Describe the information community security risk management framework, the information community security policy, the specific management plan, and the resources invested in information community security management.

1. Information Community Security Risks Management Framework:



2. Information Community Security Policy:

Richwave has established the “Information Security Risk Management Policy and Procedures,” which was approved by the board of directors on December 23, 2021 to ensure that the information services provided by the Company can be used stably and that the confidentiality, integrity, and availability of information assets related to employees, suppliers, and customers can be effectively protected. This policy governs the cycle count of the Company’s information assets, information security promotion, corporate confidentiality, information equipment maintenance and backup, personal computer security system maintenance, and information security incident notification to ensure the sustainable operation of the Company’s information businesses.

The Company has established information security management procedure documents to ensure the security and accuracy of electronic data of various systems and to achieve the policy objective of continuous normal operation of the Company’s business. This policy covers all the company’s system data and information equipment. It expressly regulates the Company’s information security control operations (including access control, file management, and anti-virus measures), data processing operations, information equipment management and maintenance operations, form filling operations, and form retention periods. The goal is to ensure that the Company’s system can be effectively controlled at different levels; important data can be properly secured, reviewed, and audited; and the information system can be fully protected and backed up. Moreover, the Company has regularly established data backup systems to conduct disaster recovery drills and construct an effective information security protection environment according to the information security system to ensure the sustainable operation of the enterprise.

3. The specific management plan and the resources invested in information community security:

Operation Item	Operation Content
Information Equipment Management	● We have established a regular annual cycle count of information assets, conduct risk management based on information security risk assessment, and implement various control measures.
Information Security Promotion and Implementation	● The Company regularly performs information security promotions and conducts information security education and training at least once a year, and new employees are required to sign information non-disclosure agreements. ● All employees shall comply with legal regulations and information security policy requirements, and management shall supervise the implementation of the information security compliance system to strengthen employees' awareness of information security and legal concepts.
Software Management	● Anti-virus software should be installed on personal computers and virus code updates should be checked regularly, and the use of unauthorized software should be prohibited.
Password Protection	● The accounts, passwords and authorizations of employees should be kept and used with due diligence and changed regularly.
Information Security Incident Management	● We have established standard procedures for responding to and notifying information security incidents, so that information security incidents can be handled immediately to prevent the expansion of damage.
Supplier Information Security Control	● All employees of the Company, outsourced vendors, and their partner vendors shall sign a non-disclosure declaration to ensure that those who use the Company's information to provide information services or perform related information business have the responsibility and obligation to protect the Company's information assets acquired or used by them from unauthorized access, unauthorized alteration, destruction, or improper disclosure.
Data Backup	● Critical information systems or equipment shall have appropriate backup or monitoring mechanisms in place which shall be regularly rehearsed at least once a year to maintain their applicability.

(II) List the losses, possible impacts, and countermeasures due to major information community security incidents in the most recent year and as of the publication

date for this annual report. If it cannot be reasonably estimated, state why it cannot be reasonably estimated.

In 2023 and as of the publication date for this annual report, no major information security incident has occurred or led to major losses.

VII. Important Contracts

Nature of contract	Counterparty	Term	Major contents	Restrictions
Lease	Fubon Life Insurance Co., Ltd.	2021.05.01-2024.05.31	Lease of Neihu office	None
Lease	Jung Pei Technology Co., Ltd.	2020.08.01-2023.07.31	Lease of Hsinchu office	None
Lease	Chia Feng Investment Co., Ltd.	2023.04.01-2028.03.31	Lease of Hsinchu office	None
Lease	Tai Yuan Investment Co., Ltd.	2023.04.01-2028.03.31	Lease of Hsinchu office	None
Lease	Santa Teresa Village, LLC	2021.05.01-2024.04.30	Lease of United States office	None
Wafer foundry	Advanced Wireless Semiconductor Company	2009.03.02~ Till one party terminates the agreement	Wafer Foundry Agreement	None
Outsourced processing	Sigurd Microelectronics Corporation	2011.05.03 Till one party terminates the agreement with 2-month notice	Integrated Circuit Processing and Packaging Agreement	None
Outsourced processing	Lingsen Precision Industries, Ltd.	2010.01.04~ Till one party terminates the agreement	Integrated Circuit Processing and Packaging Agreement	None
Outsourced processing	Advanced Semiconductor Engineering, Inc.	2010.05.26~ Till one party terminates the agreement	Integrated Circuit Processing and Packaging Agreement	None

Chapter VI. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Condensed balance sheets for the past five fiscal years:

1. Condensed balance sheet - consolidated:

Unit: NT$ thousands

Item \ Year		Financial data for the past five fiscal years (Note1)				
		2019	2020	2021	2022	2023
Current assets		2,168,060	3,425,735	2,811,097	3,092,539	2,695,247
Property, plant, and equipment		109,112	128,771	192,678	189,182	198,407
Intangible assets		20,241	18,551	24,934	14,876	49,047
Other assets		85,880	88,151	274,456	151,397	233,633
Total assets		2,383,293	3,661,208	3,303,165	3,447,994	3,176,334
Current liabilities	Before distribution	996,007	1,455,059	872,290	771,831	927,758
	After distribution	1,116,192	1,707,827	562,649	771,831	927,758
Non-current liabilities		18,685	20,863	33,011	303,513	48,377
Total liabilities	Before distribution	1,014,692	1,475,922	905,301	1,075,344	976,135
	After distribution	1,134,877	1,728,690	595,660	1,075,344	976,135
Equity attributable to parent company shareholders		1,368,601	2,185,285	2,397,864	2,372,650	2,200,199
Share capital		619,511	631,921	884,689	901,689	904,554
Capital reserve		355,743	415,180	416,354	626,298	674,357
Retained earnings	Before distribution	393,749	1,139,285	1,098,194	844,350	621,998
	After distribution	273,564	633,749	788,553	844,350	621,998
Other equity		(402)	(1,100)	(1,373)	313	(710)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,368,601	2,185,286	2,397,864	2,372,650	2,200,199
	After distribution	1,248,416	1,932,518	2,088,223	2,372,650	2,200,199

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: The 2023 earnings distribution proposal has not yet been passed in the shareholders' meeting.

Note3：As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

2. Condensed balance sheet - parent company only:

Unit: NT$ thousands

Item		Financial data for the past five fiscal years (Note 1) 2019	2020	2021	2022	2023
Current assets		2,153,766	3,412,241	2,783,431	3,027,318	2,643,143
Property, plant, and equipment		109,112	128,771	190,251	184,910	188,663
Intangible assets		20,241	18,551	24,934	14,876	48,996
Other assets		100,174	101,645	302,602	216,026	299,220
Total assets		2,383,293	3,661,208	3,301,218	3,443,130	3,180,022
Current liabilities	Before distribution	996,007	1,455,059	872,960	767,699	931,588
	After distribution	1,116,192	1,707,827	563,319	767,699	931,588
Non-current liabilities		18,685	20,863	30,394	302,781	48,235
Total liabilities	Before distribution	1,014,692	1,475,922	903,354	1,070,480	979,823
	After distribution	1,134,877	1,728,690	593,713	1,070,480	979,823
Equity attributable to parent company shareholders		1,368,601	2,185,286	2,397,864	2,372,650	2,200,199
Share capital		619,511	631,921	884,689	901,689	904,554
Capital reserve		355,743	415,180	416,354	626,298	674,357
Retained earnings	Before distribution	393,749	1,139,285	1,098,194	844,350	621,998
	After distribution	273,564	633,749	788,553	844,350	621,998
Other equity		(402)	(1,100)	(1,373)	313	(710)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,368,601	2,185,286	2,397,864	2,372,650	2,200,199
	After distribution	1,248,416	1,932,518	2,088,223	2,372,650	2,200,199

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: The 2023 earnings distribution proposal has not yet been passed in the shareholders' meeting.

Note3：As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

(II) Statement of comprehensive income for the past five fiscal years.

1. Condensed statement of comprehensive income - consolidated:

Unit: NT$ thousands

Item \ Year	Financial data for the past five fiscal years(Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,749,555	5,350,200	5,316,267	3,429,371	2,984,581
Gross operating profit	984,678	1,898,267	1,546,032	1,058,590	802,090
Operating profit or loss	243,234	1,007,952	533,608	(17,205)	(297,479)
Non-operating income and expenses	511	9,155	(6,702)	78,494	19,348
Pre-tax profit	243,745	1,017,107	526,906	61,289	(278,131)
Continuing operations Current period net profit	243,745	1,017,107	526,906	61,289	(278,131)
Loss from discontinued operations	0	0	0	0	0
Net income (loss) of this period	190,737	866,216	465,517	55,059	(222,289)
Other comprehensive income of the period (net income after-tax)	(782)	(1,193)	(1,345)	2,425	(1,086)
Total comprehensive income of the period	189,955	865,023	464,172	57,484	(223,375)
Net profit attributable to parent company shareholders	190,737	866,216	464,517	55,059	(222,289)
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributed to the owners of the parent company	189,955	865,023	464,172	57,484	(223,375)
Total comprehensive income attributed to non-controlling equity	0	0	0	0	0
Earnings per share	3.13	9.87 (Note2)	5.26	0.62	(2.46)

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: The 2023 earnings distribution proposal has not yet been passed in the shareholders' meeting.

Note3：As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

2. Condensed statement of comprehensive income - parent company only:

Unit: NT$ thousands

Year / Item	Financial data for the past five fiscal years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,749,555	5,350,200	5,316,267	3,429,200	2,984,581
Gross operating profit	984,678	1,898,267	1,546,032	1,058,535	802,090
Operating profit or loss	245,516	1,008,041	537,934	(18,693)	(299,724)
Non-operating income and expenses	(1,771)	9,066	(11,028)	79,979	21,511
Pre-tax profit	243,745	1,017,107	526,906	61,286	(278,213)
Continuing operations Current period net profit	243,745	1,017,107	526,906	61,286	(278,213)
Loss from discontinued operations	0	0	0	0	0
Net income (loss) of this period	190,737	866,216	465,517	55,059	(222,289)
Other comprehensive income of the period (net income after-tax)	(782)	(1,193)	(1,345)	2,425	(1,086)
Total comprehensive income of the period	189,955	865,023	464,172	57,484	(223,375)
Net profit attributable to parent company shareholders	190,737	866,216	465,517	55,059	(222,289)
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributed to the owners of the parent company	189,955	865,023	464,172	57,484	(223,375)
Total comprehensive income attributed to non-controlling equity	0	0	0	0	0
Earnings per share	3.13	9.87(Note2)	5.26	0.62	(2.46)

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: The 2023 earnings distribution proposal has not yet been passed in the shareholders' meeting.

Note3：As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

(III) The names of CPA conducting financial audits in the past five fiscal years and their audit opinions:

Year	CPA Firm	CPA	Audit Opinions
2019	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion
2020	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion
2021	Deloitte, Taiwan	Tung-Hui Yeh, Cheng-Chih Lin	Unqualified opinion
2022	Deloitte, Taiwan	Jian-Ming Zeng, Su-Li Fang,	Unqualified opinion
2023	Deloitte, Taiwan	Su-Li Fang, Jian-Ming Zeng,	Unqualified opinion

Note: Reason for the replacement of CPAs in the past five fiscal years: Internal rotation of the CPA firm.

II. Financial Analyses for the Past Five Fiscal Years

1. Financial analysis - consolidated:

Descriptions	Year	Financial Analyses for the Past Five Fiscal Years(Note1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio	42.58	40.31	27.41	31.19	30.73
	Long-term working capital to real estate, plants and equipment ratio	1,271.43	1,713.23	1,261.63	1,414.60	1,133.31
Solvency (%)	Current ratio	217.68	235.44	322.27	400.68	290.51
	Quick ratio	156.57	149.19	160.90	271.82	223.59
	Times interest earned	17,891.61	99,621.23	43,826.64	1,354.12	(4,340.15)
Operating ability	Accounts receivable turnover rate (times)	4.13	5.31	5.30	3.81	2.76
	Average cash collection days	88.38	68.74	68.87	95.80	132.24
	Inventory turnover rate (times)	3.32	3.67	2.84	2.06	3.02
	Accounts payable turnover rate (times)	3.53	4.28	6.24	7.55	62.3
	Average days required for sales	109.94	99.46	128.52	177.18	120.86
	Property, plant, and equipment turnover ratio (times)	28.22	44.98	33.08	17.96	15.40
	Aggregate total asset turnover rate (times)	1.29	1.77	1.53	1.02	0.90
Profitability	Return on assets (%)	8.99	28.69	13.40	1.75	(6.56)
	Return on equity (%)	15.00	48.75	20.31	2.31	(9.72)
	Ratio of net profit before tax to paid-in capital (%)	39.34	160.95	59.56	6.80	(30.75)
	Net profit margin (%)	6.94	16.19	8.76	1.61	(7.45)
	Earnings per share (NT$)	3.13	9.87(Note2)	5.26	0.62	(2.46)
Cash flow	Cash flow ratio (%)	23.03	19.61	18.50	48.22	8.94
	Cash flow adequacy ratio (%)	86.96	57.87	40.71	56.42	47.43
	Cash reinvestment ratio (%)	9.57	7.23	(3.61)	2.19	3.31
Leverage	Operating leverage	2.66	1.53	2.07	(37.00)	(1.33)
	Financial leverage	1.01	1.00	1.00	0.78	0.98

Analysis of causes for changes in various financial ratios in the 2 most recent years (for changes exceeding 20%):

1. Financial structure: Chiefly attributable to the issuance of convertible bonds in 2022. The base date for bondholders to sell back the Company bonds has been set on two years after the issuance (July 29, 2024), so it has been recognized as current liabilities, and the amount of long-term liabilities has decreased from the previous year accordingly.
2. Solvency: Chiefly attributable to the reduced net profit after tax during the year.
3. Operating capabilities: Chiefly attributable to the reduced net profit after tax during the year.
4. Profitability: Chiefly attributable to the reduced net profit after tax during the year.
5. Cash flows: Chiefly attributable to the reduced net profit after tax during the year.
6. Decrease in degree of operating leverage: Chiefly attributable to the reduction in net operating revenue during the year.

Note 1: Audited and attested by the CPA.

Note 2: Earnings per share after retrospective adjustment

Note3: As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA.

The calculation formula for the items of analysis is stated below:

1. Financial structure
   (1) Liabilities to asset ratio = total liabilities/total assets.
   (2) Long-term working capital to property, plants and equipment ratio = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenditures)/current liabilities.
   (3) Interest protection multiples = income before income tax and interest expenditure / interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable(including notes receivables from operating activities and accounts receivable) turnover rate = net sales／average balance of accounts receivable(including notes receivables from operating activities and accounts receivable) in various terms.
   (2) Average cash collection days = 365／Accounts receivable turnover rate.
   (3) Inventory turnover rate = Sales costs／Average amount of inventory.
   (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = sales costs／average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
   (5) Average days required for sales＝365／Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (income attributable to owners of parent company – dividends on preferred stock) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / (capital expenditures + inventory additions + cash dividends) for the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

2. Financial analysis - parent company only:

Descriptions	Year	2019	2020	2021	2022	2023
		Financial Analyses for the Past Five Fiscal Years (Note 1)				
Financial structure (%)	Liabilities to assets ratio	42.58	40.31	27.36	31.09	30.81
	Long-term working capital to real estate, plants and equipment ratio	1,271.43	1,713.23	1,276.34	1,446.88	1,191.77
Solvency (%)	Current ratio	216.24	234.51	318.85	394.34	283.72
	Quick ratio	155.14	145.27	157.98	265.23	217.45
	Times interest earned	17,891.61	99,621.23	45,444.75	1,388.06	(4,398.19)
Operating ability	Accounts receivable turnover rate (times)	4.13	5.31	5.30	3.81	2.76
	Average cash collection days	88.38	68.74	68.87	95.80	132.25
	Inventory turnover rate (times)	3.32	3.67	2.84	2.06	3.02
	Accounts payable turnover rate (times)	3.53	4.28	6.24	7.55	5.86
	Average days required for sales	109.94	99.45	128.52	177.18	120.86
	Property, plant, and equipment turnover ratio (times)	28.22	44.98	33.33	18.28	15.98
	Aggregate total asset turnover rate (times)	1.29	1.77	1.53	1.02	0.90
Profitability	Return on assets (%)	8.99	28.69	13.40	1.75	(6.56)
	Return on equity (%)	15.00	48.75	20.31	2.31	(9.72)
	Ratio of net profit before tax to paid-in capital (%)	39.34	160.95	59.56	6.80	(30.76)
	Net profit margin (%)	6.94	16.19	8.76	1.61	(7.45)
	Earnings per share (NT$)	3.13	9.87 (Note 2)	5.26	0.62	(2.46)
Cash flow	Cash flow ratio (%)	23.29	19.66	19.88	47.41	6.93
	Cash flow adequacy ratio (%)	87.21	58.06	41.42	56.84	47.26
	Cash reinvestment ratio (%)	9.66	7.22	(3.08)	1.86	2.50
Leverage	Operating leverage	2.65	1.53	2.07	(31.41)	(1.12)
	Financial leverage	1.01	1.00	1.00	0.80	0.98

Analysis of causes for changes in various financial ratios in the 2 most recent years (for changes exceeding 20%):

1. Solvency: Mainly due to the decrease net profit after tax of the current year.
2. Operating ability: Mainly due to the decrease in net profit after tax of the current year.
3. Profitability: Mainly due to an decrease in net profit after tax of the current year.
4. Cash flow: Mainly due to the decrease in net profit after tax of the current year, and destocking on 2022 year..
5. Decrease in operating leverage: The decrease was caused by the revenue.

Note 1: The Company's financial information for the past five fiscal years were audited and certified by the CPA.

Note 2: Earnings per share after retrospective adjustment.

Note3:As of the publication date of the annual report, the financial report for the first quarter of 2024 has not been reviewed by CPA...

The calculation formula for the items of analysis is stated below:

1. Financial structure
   (1) Liabilities to asset ratio = total liabilities/total assets.
   (2) Long-term working capital to property, plants and equipment ratio = (total equity + non-current liabilities)/net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenditures)/current liabilities.
   (3) Interest protection multiples = income before income tax and interest expenditure / interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable(including notes receivables from operating activities and accounts receivable) turnover rate = net sales／average balance of accounts receivable(including notes receivables from operating activities and accounts receivable) in various terms.
   (2) Average cash collection days = 365／Accounts receivable turnover rate.
   (3) Inventory turnover rate = Sales costs／Average amount of inventory.
   (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = sales costs／average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.
   (5) Average days required for sales＝365／Inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (income attributable to owners of parent company – dividends on preferred stock) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / (capital expenditures + inventory additions + cash dividends) for the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

III. Supervisors' Committee Report for the Most Recent Fiscal Year's Financial Statement

Audit Committee's Review Report

The Company's Board of Directors prepared the 2023 Business Report, financial statements, and earnings distribution table. The financial statements were audited by Jian-Ming Zeng, CPA, and Su-Li Fang, CPA, of Deloitte, Taiwan and they have prepared an Audit Report. The Audit Report was reviewed by the Audit Committee who found them to be compliant with regulations. The Audit Report is therefore provided in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for your review.

To

2024 General Shareholders' Meeting of RichWave Technology Corporation

RichWave Technology Corporation

Chairman of the Audit Committee: Chia-Ying Ma

February 29, 2024

IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report

Richwave Technology Corp. And Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Richwave Technology Corp. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Richwave Technology Corp. did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

RICHWAVE TECHONOLOGY CORP.

By

Ma-Dye-Jyun
Chairman

February 29, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Richwave Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Richwave Technology Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue Recognition</u>

According to auditing standards in the Republic of China, there is an inherent risk of fraud in revenue recognition. Management may be under pressure to achieve their targets and attempt to inflate sales figures. The main source of revenue for Richwave Technology Corp. is sales of WIFI products. The net revenue for the year ended December 31, 2023 was $2,984,581 thousand. For the accounting policies on revenue recognition, please refer to Notes 4 (l), 21 and 34 of the consolidated financial statements.

Affected by the decline in market demand for the year ended December 31, 2023, Richwave Technology Corp.'s overall net revenue decreased by 13% compared with the year ended December 31, 2022. Therefore, the sales revenue generated by specific sales clients who had not experienced a significant decline in sales or whose sales growth this year are considered potential fraud. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2023.

In response to the aforementioned key audit matter, we understood the Group's internal controls on the approval of sales orders and its delivery procedures, tested the operating effectiveness of these controls, selected samples and tested the validity of occurrence of the sales transactions, checked for discrepancies between the counterparties of the sales transactions and the parties paying off the receivables, as well as for abnormalities in the payments received after the reporting period.

Other Matter

We have also audited the parent company only financial statement of Richwave Technology Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Su-Li Fang and Jian-Ming Zeng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	$ 918,082	29	$ 1,015,303	30
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	809	-	-	-
Accounts receivable, net (Notes 9, 21 and 28)	1,114,690	35	1,046,374	30
Other receivables (Notes 9 and 28)	38,787	1	36,337	1
Current tax assets (Note 23)	1,968	-	-	-
Inventories (Note 10)	519,061	17	927,493	27
Prepayments (Note 15)	100,319	3	56,718	2
Other current assets (Note 15)	1,531	-	10,314	-
Total current assets	2,695,247	85	3,092,539	90
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 8, 28 and 30)	9,900	-	12,900	-
Property, plant and equipment (Note 12)	198,407	6	189,182	6
Right-of-use assets (Notes 13)	61,830	2	28,250	1
Other intangible assets (Note 14)	49,047	2	14,876	-
Deferred tax assets (Note 23)	146,311	5	94,744	3
Prepaid equipment	6,097	-	6,690	-
Refundable deposits (Note 28)	7,383	-	7,248	-
Net defined benefit assets - non-current (Note 19)	2,112	-	1,565	-
Total non-current assets	481,087	15	355,455	10
TOTAL	$ 3,176,334	100	$ 3,447,994	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable (Notes 17 and 28)	$ 356,681	11	$ 388,724	11
Accrued compensation of employees and remuneration of directors (Note 22)	-	-	6,061	-
Other payables (Notes 18 and 28)	135,655	4	149,809	4
Current tax liabilities (Note 23)	-	-	11,476	-
Lease liabilities - current (Notes 13 and 28)	21,399	1	22,828	1
Current portion of bonds payable (Notes 16 and 28)	253,528	8	-	-
Refund liabilities - current (Notes 18 and 21)	145,488	5	185,465	6
Other current liabilities (Notes 18 and 21)	15,007	-	7,468	-
Total current liabilities	927,758	29	771,831	22
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 28)	-	-	480	-
Bonds payable (Notes 16 and 28)	-	-	286,293	9
Deferred tax liabilities (Note 23)	6,159	-	9,391	-
Lease liabilities - non-current (Notes 13 and 28)	40,615	2	5,747	-
Guarantee deposits (Note 28)	1,603	-	1,602	-
Total non-current liabilities	48,377	2	303,513	9
Total liabilities	976,135	31	1,075,344	31
EQUITY (Notes 20 and 25)				
Share capital				
Ordinary shares	904,554	28	901,689	26
Capital surplus	674,357	21	626,298	18
Retained earnings				
Legal reserve	212,694	7	207,114	6
Special reserve	-	-	1,373	-
Unappropriated earnings	409,304	13	635,863	19
Total retained earnings	621,998	20	844,350	25
Other equity	(710)	-	313	-
Total equity	2,200,199	69	2,372,650	69
TOTAL	$ 3,176,334	100	$ 3,447,994	100

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share, in New Taiwan Dollars)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Note 21)	$ 2,984,581	100	$ 3,429,371	100
OPERATING COSTS (Notes 10 and 22)	2,182,491	73	2,370,781	69
GROSS PROFIT	802,090	27	1,058,590	31
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing expenses	217,879	7	217,837	6
General and administrative expenses	232,651	8	243,362	7
Research and development expenses	653,715	22	602,470	18
Expected credit loss (gain) (Note 9)	(4,676)	-	12,126	-
Total operating expenses	1,099,569	37	1,075,795	31
PROFIT (LOSS) FROM OPERATIONS	(297,479)	(10)	(17,205)	-
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	20,825	1	10,627	-
Other income	1,469	-	1,013	-
Other gains and losses	3,318	-	71,741	2
Finance costs	(6,264)	-	(4,887)	-
Total non-operating income and expenses	19,348	1	78,494	2
PROFIT (LOSS) BEFORE INCOME TAX	(278,131)	(9)	61,289	2
INCOME TAX EXPENSE (BENEFIT) (Note 23)	(55,842)	(2)	6,230	-
NET PROFIT (LOSS) FOR THE YEAR	(222,289)	(7)	55,059	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(78)	-	924	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	15	-	(185)	-

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share, in New Taiwan Dollars)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	$ (1,023)	-	$ 1,686	-
Other comprehensive income (loss) for the year, net of income tax	(1,086)	-	2,425	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (223,375)	(7)	$ 57,484	2
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	$ (2.46)		$ 0.62	
Diluted	$ (2.46)		$ 0.62	

(Concluded)

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital			Retained Earnings			Other Equity			
	Number of Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Total Equity
BALANCE AT JANUARY 1, 2022	88,469	$ 884,689	$ 416,354	$ 160,670	$ 1,101	$ 936,423	$ (14)	$ (1,359)	$ (1,373)	$ 2,397,864
Appropriation of 2021 earnings										
Legal reserve	-	-	-	46,444	-	(46,444)	-	-	-	-
Special reserve	-	-	-	-	272	(272)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(309,642)	-	-	-	(309,642)
Due to recognition of equity component of convertible bonds issued	-	-	28,500	-	-	-	-	-	-	28,500
Net profit for the year ended December 31, 2022	-	-	-	-	-	55,059	-	-	-	55,059
Other comprehensive gain for the year ended December 31, 2022 , net of income tax	-	-	-	-	-	739	-	1,686	1,686	2,425
Share-based payment expenses recognized	-	-	22,569	-	-	-	-	-	-	22,569
Issue of shares	1,700	17,000	158,875	-	-	-	-	-	-	175,875
BALANCE AT DECEMBER 31, 2022	90,169	901,689	626,298	207,114	1,373	635,863	(14)	327	313	2,372,650
Appropriation of 2022 earnings										
Legal reserve	-	-	-	5,580	-	(5,580)	-	-	-	-
Special reserve	-	-	-	-	(1,373)	1,373	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	-	(222,289)	-	-	-	(222,289)
Other comprehensive loss for the year ended December 31, 2023 , net of income tax	-	-	-	-	-	(63)	-	(1,023)	(1,023)	(1,086)
Share-based payment expenses recognized	-	-	13,352	-	-	-	-	-	-	13,352
Convertible bonds converted to ordinary shares	286	2,865	34,707	-	-	-	-	-	-	37,572
BALANCE AT DECEMBER 31, 2023	90,455	$ 904,554	$ 674,357	$ 212,694	$ -	$ 409,304	$ (14)	$ (696)	$ (710)	$ 2,200,199

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before income tax for the year	$ (278,131)	$ 61,289
Adjustments for:		
Depreciation expense	113,212	104,331
Amortization expense	32,110	30,458
Expected credit loss (reversed)	(4,676)	12,126
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,404)	780
Finance costs	6,264	4,887
Interest income	(20,825)	(10,627)
Share-based payment expenses recognized	13,352	22,569
Loss on disposal of property, plant and equipment	10	218
Gain on disposal of subsidiary	(466)	-
(Reversal of) Write-down of inventories	(12,951)	50,144
Net loss (gain) on foreign currency exchange	16,470	(50,719)
Profit from lease modification	-	(627)
Changes in operating assets and liabilities:		
Accounts receivable	(85,707)	(308,157)
Other receivables	(1,651)	(25,393)
Inventories	421,383	395,823
Net defined benefit assets	(625)	(603)
Prepayments	(43,601)	(29,132)
Other current assets	8,783	(3,787)
Refund liabilities	(39,977)	13,847
Accounts payable	(29,480)	152,819
Other payables	(16,910)	2,764
Accrued compensation of employees and remuneration of directors	(6,061)	(46,050)
Other current liabilities	768	779
Contract liabilities	6,771	(4,011)
Cash generated from operations	76,658	373,728
Interest received	20,026	9,194
Interest paid	(1,342)	(2,912)
Income tax paid	(12,386)	(7,826)
Net cash generated from operating activities	82,956	372,184

(Continued)

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ -	$ (9,900)
Proceeds from disposal of financial assets at amortized cost	3,000	107,000
Purchase of property, plant and equipment	(97,536)	(65,956)
Proceeds from disposal of property, plant and equipment	254	14
Increase in refundable deposits	(2,321)	-
Decrease in refundable deposits	2,186	5,538
Purchase of other intangible assets	(57,686)	(30,963)
Net cash from (used) in investing activities	(152,103)	5,733
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,060,000
Decrease in short-term borrowings	-	(1,260,000)
Proceeds from issuing convertible bonds	-	312,341
Decrease in guarantee deposits	-	(3,647)
Repayment of the principal portion of lease liabilities	(30,457)	(30,657)
Cash dividends paid	-	(309,642)
Proceeds from issuing shares	-	175,875
Net cash used in financing activities	(30,457)	(55,730)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,383	51,776
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,221)	373,963
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,015,303	641,340
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 918,082	$ 1,015,303

(Concluded)

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

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Richwave Technology Corp. (the “Company”) was incorporated in the Republic of China (ROC) in January 2004. The Company is mainly engaged in the design and sale of integrated circuits (ICs) for wireless communication products. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2015.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

Richwave Technology Corp. and its subsidiaries are collectively referred to as the “Group” hereinafter.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 29, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the consolidated financial statements in Chinese shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for and asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period,

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to rescheduled payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized to issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11, Table 2 and Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company's foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed by the Group at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents accounts receivable at amortized cost are measured at amortized cost, other receivables and refundable deposits, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of the financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.
On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized

in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

The sale of goods is recognized as revenue when the goods are delivered to the customers' specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Group as lessee

Except for short-term leases and low-value asset leases which are recognized as expenses on a straight-line basis over the lease terms, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

p. Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options. The grant date of issued ordinary shares for cash which are reserved for employees is the pricing date.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personal training expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations and volatility in foreign currency markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 846	$ 611
Demand deposits	292,923	661,142
Cash equivalents		
Time deposits with original maturities of 3 months or less	624,313	353,550
	$ 918,082	$1,015,303

The market rate intervals of cash and time deposits with original maturities of 3 months or less in the bank at the end of the year were as follows:

	December 31	
	2023	2022
Bank balance	0.01%~1.45%	0.01%-1.05%
Time deposits with original maturities of 3 months or less	1.25%~5.75%	0.95%-5.02%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 16)	$ 809	$ -
Financial liabilities at FVTPL - non-current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 16)	$ -	$ 480

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Non-current		
Time deposits with original maturities of more than 1 year	$ -	$ 3,000
Pledged Certificate of deposit (b)	9,900	9,900
	$ 9,900	$ 12,900

a. The ranges of interest rates for time deposits were approximately 1.40% and 0.76%-1.025% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Accounts receivable (Note 21)		
At amortized cost		
Gross carrying amount	$ 1,122,214	$ 1,058,574
Less: Allowance for impairment loss	(7,524)	(12,200)
	$ 1,114,690	$ 1,046,374
Other receivables		
Income tax refund receivable	$ 12,094	$ 4,976
Others	26,693	31,361
	$ 38,787	$ 36,337

The average credit period on sales of goods was 30 to 90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Individual Identification	Total
Expected credit loss rate	0.01%	1.20%	6.96%	8.49%	11.16%	-	100%	
Gross carrying amount	$ 1,068,112	$ 17,992	$ 13,968	$ 13,533	$ 3,944	$ -	$ 4,665	$ 1,122,214
Loss allowance (Lifetime ECLs)	(83)	(216)	(972)	(1,148)	(440)	-	(4,665)	(7,524)
Amortized cost	$ 1,068,029	$ 17,776	$ 12,996	$ 12,385	$ 3,504	$ -	$ -	$ 1,114,690

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Individual Identification	Total
Expected credit loss rate	0.04%	1.93%	6.53%	6.89%	9.42%	-	100%	
Gross carrying amount	$ 873,168	$ 111,099	$ 25,348	$ 27,769	$ 16,577	$ -	$ 4,613	$ 1,058,574
Loss allowance (Lifetime ECLs)	(318)	(2,140)	(1,654)	(1,914)	(1,561)	-	(4,613)	(12,200)
Amortized cost	$ 872,850	$ 108,959	$ 23,694	$ 25,855	$ 15,016	$ -	$ -	$ 1,046,374

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 12,200	$ 79
Add: Net remeasurement of loss allowance	-	12,126
Less: Net remeasurement of loss allowance	(4,676)	-
Less: Amounts written off	-	(5)
Balance at December 31	$ 7,524	$ 12,200

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 180,894	$ 259,605
Work in progress	209,725	267,130
Raw materials	128,442	400,758
	$ 519,061	$ 927,493

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 2,191,218	$ 2,320,733
Inventory write-downs (reversed)	(12,951)	50,144
Loss on disposal of inventories	5,513	-
Revenue from sale of scraps	(1,289)	(96)
	$ 2,182,491	$ 2,370,781

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2023	2022	Remark
Richwave Technology Corp.	Minerva Technology Co.	Investment	-	100	1, 3, 4
Richwave Technology Corp.	Yinghon Technology Co.	Development, manu-facturing and sales of ICs	100	100	2, 4
Richwave Technology Corp.	AEGIS LINK CORP.	Selling and marking	100	-	1, 4
Minerva Technology Co.	AEGIS LINK CORP.	Selling and marking	-	100	1, 4

Remark:

1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand. Minerva Technology Co. reinvested in and established AEGIS LINK CORP. in USA with USD500 thousand in January 2019. In May 2023, the Company acquired 100% of the shares of AEGIS LINK CORP. at USD 395 thousand from Minerva Technology Co. For details of the investment refer to Table 2.

2) In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD 1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. On February 24, 2022, the board of directors approved a capital increase of USD 1,000 thousand to Yinghon Technology Co. Investment Commission, MOEA approved the capital increase on April 14, 2022, and the Company completed the capital increase in June 2022. Information on investments in mainland China please refer to Table 3.

3) Minerva Technology Co. completed its liquidation process in August 15, 2023.

4) Minerva Technology Co., Yinghon Technology Co. and AEGIS LINK CORP. were recognized based on audited financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	Computer Equipment	Other Equipment	Total
Cost				
Balance at January 1, 2023	$ 183,240	$ 25,940	$ 157,494	$ 366,674
Additions	33,640	7,715	48,765	90,120
Disposals	(412)	-	(464)	(876)
Transfers from prepayments	-	-	2,324	2,324
Effects of foreign currency exchange differences	-	(42)	(164)	(206)
Balance at December 31, 2023	$ 216,468	$ 33,613	$ 207,955	$ 458,036
Accumulated depreciation				
Balance at January 1, 2023	$ 80,281	$ 12,754	$ 84,457	$ 177,492
Depreciation expense	32,430	6,554	43,803	82,787
Disposals	(148)	-	(464)	(612)
Effects of foreign currency exchange differences	-	(7)	(31)	(38)
Balance at December 31, 2023	$ 112,563	$ 19,301	$ 127,765	$ 259,629
Carrying amount at December 31, 2023	$ 103,905	$ 14,312	$ 80,190	$ 198,407
Cost				
Balance at January 1, 2022	$ 163,742	$ 19,929	$ 113,721	$ 297,392
Additions	13,181	6,039	44,538	63,758
Transfers from prepayments	-	(29)	(1,129)	(1,158)
Disposals	6,317	-	336	6,653
Effects of foreign currency exchange differences	-	1	28	29
Balance at December 31, 2022	$ 183,240	$ 25,940	$ 157,494	$ 366,674
Accumulated depreciation				
Balance at January 1, 2022	$ 51,759	$ 6,947	$ 46,008	$ 104,714
Depreciation expense	28,522	5,837	39,347	73,706
Disposals	-	(29)	(897)	(926)
Effects of foreign currency exchange differences	-	(1)	(1)	(2)
Balance at December 31, 2022	$ 80,281	$ 12,754	$ 84,457	$ 177,492
Carrying amount at December 31, 2022	$ 102,959	$ 13,186	$ 73,037	$ 189,182

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Testing equipment	1-6 years
Computer equipment	3-4 years
Other equipment	3 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Buildings	$ 61,830	$ 28,250

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 63,998	$ 5,690
Depreciation charge for right-of-use assets		
Buildings	$ 30,425	$ 30,625
Income from the subleasing of right-of-use assets (presented in other income)	$ (933)	$ (842)

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 21,399	$ 22,828
Non-current	$ 40,615	$ 5,747

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	**2022**
Buildings	1.50%	1.50%

c. Material leasing activities and terms

The Group leases buildings for the use of plants, offices and parking spaces with lease terms of 1 to 3 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 6,447	$ 7,016
Total cash outflow for leases	$ (37,424)	$ (38,182)

The Group's leases of certain parking spaces, offices and staff dormitories qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER INTANGIBLE ASSETS

	Computer Software	Specialized Techniques	Trademarks	Total
Cost				
Balance at January 1, 2023	$ 42,838	$ 3,500	$ -	$ 46,338
Additions	66,225	-	57	66,282
Disposals	(55,499)	-	-	(55,499)
Effects of foreign currency exchange differences	-	-	(1)	(1)
Balance at December 31, 2023	$ 53,564	$ 3,500	$ 56	$ 57,120
Accumulated amortization				
Balance at January 1, 2023	$ 30,264	$ 1,198	$ -	$ 31,462
Additions	31,754	351	5	32,110
Disposals	(55,499)	-	-	(55,499)
Balance at December 31, 2023	$ 6,519	$ 1,549	$ 5	$ 8,073
Carrying amount at December 31, 2023	$ 47,045	$ 1,951	$ 51	$ 49,047
Cost				
Balance at January 1, 2022	$ 37,593	$ 3,000	$ -	$ 40,593
Additions	19,900	500	-	20,400
Disposals	(14,655)	-	-	(14,655)
Balance at December 31, 2022	$ 42,838	$ 3,500	$ -	$ 46,338

(Continued)

	Computer Software	Specialized Techniques	Trademarks	Total
Accumulated amortization				
Balance at January 1, 2022	$ 14,808	$ 851	$ -	$ 15,659
Additions	30,111	347	-	30,458
Disposals	(14,655)	-	-	(14,655)
Balance at December 31, 2022	$ 30,264	$ 1,198	$ -	$ 31,462
Carrying amount at December 31, 2022	$ 12,574	$ 2,302	$ -	$ 14,876

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-6 years
Specialized techniques	10 years
Trademarks	10 years

15. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments		
Prepayment for purchases	$ 88,986	$ 32,417
Prepaid expenses	11,333	24,301
	$ 100,319	$ 56,718
Other current assets		
Temporary payments	$ 1,531	$ 10,314

16. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic convertible bonds	$ 260,900	$ 300,000
Less: Discount on bonds payable	(7,372)	(13,707)
	253,528	286,293
Less: Current portion	(253,528)	-
	$ -	$ 286,293

At July 29, 2022, the Company issued 3 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $300,000 thousand. The issue price was based on 104.98% of the face value.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $136.5. Conversion may occur at any time between October 30, 2022 and July 29, 2025.

If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount. If the amount outstanding of bonds is less than 10% of the principal amount, the Company may also redeem the outstanding bonds at their principal amount.

Bondholders have the option to notify the Company of their request for bond redemption within 30 days prior to the second anniversary of the issuance date, and the Company should redeem the bonds at face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.81% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $2,610 thousand)	$ 312,341
Redeemable and puttable option component	300
Equity component (less transaction costs allocated to the equity component of $221 thousand)	(28,500)
Liability component at the date of issue (less transaction costs allocated to the liability component of $2,389 thousand)	284,141
Interest charged at an effective interest rate of 1.81%	7,074
Convertible bonds converted into ordinary shares	(37,687)
Liability component at December 31, 2023	$ 253,528

As of December 31, 2023, the convertible bonds with a face value of $39,100 thousand were converted into $2,865 thousand of ordinary shares. In addition, due to the exercise of the bond conversion right, the capital surplus - share option decreased by $3,715 thousand, and the discount of bonds payable decreased by $1,413 thousand, and financial assets at fair value through profit or loss - current decreased by $115 thousand, and the net conversion amount exceeded the par value of the ordinary shares was transferred to capital surplus - conversion of bonds amounted to $38,422 thousand.

17. ACCOUNTS PAYABLE

	December 31	
	2023	**2022**
Accounts payable		
Generated from operating activities	$ 356,681	$ 388,724

The average credit period was 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Other payables		
Payables for salaries and bonuses	$ 70,072	$ 78,517
Payables for research and design fee	14,572	8,343
Payables for insurance premium	12,067	11,833
Payables for annual leave	9,380	9,127
Payables for software usage fee	8,631	35
Payables for freight cost	4,507	5,107
Payables for purchases of equipment	1,749	7,312
Payables for testing fee	673	8,069
Others	14,004	21,466
	$ 135,655	$ 149,809
Refund liabilities (Note 21)	$ 145,488	$ 185,465
Other liabilities		
Contract liabilities (Note 21)	$ 7,810	$ 1,039
Receipts under custody	7,197	6,415
Temporary receipts	-	14
	$ 15,007	$ 7,468

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Apart from Yinghon Technology Co., the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31 2023	December 31 2022
Present value of defined benefit obligation	$ 16,035	$ 15,616
Fair value of plan assets	(18,147)	(17,181)
Net defined benefit assets	$ (2,112)	$ (1,565)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2022	$ 15,269	$ (15,307)	$ (38)
Net interest expense (income)	95	(98)	(3)
Recognized in profit or loss	95	(98)	(3)
Remeasurement			
Return on plan assets	-	(1,176)	(1,176)
Actuarial loss - changes in demographic assumptions	15	-	15
Actuarial gain - changes in financial assumptions	(367)	-	(367)
Actuarial loss - experience adjustments	604	-	604
Recognized in other comprehensive income	252	(1,176)	(924)
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2022	15,616	(17,181)	(1,565)
Net interest expense (income)	215	(240)	(25)
Recognized in profit or loss	215	(240)	(25)
Remeasurement			
Return on plan assets	-	(126)	(126)
Actuarial loss - changes in financial assumptions	313	-	313
Actuarial gain - experience adjustments	(109)	-	(109)
Recognized in other comprehensive income	204	(126)	78
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2023	$ 16,035	$ (18,147)	$ (2,112)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
General and administrative expenses	$ (2)	$ (1)
Research and development expenses	(23)	(2)
	$ (25)	$ (3)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated

management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate(s)	1.125%	1.375%
Expected rate(s) of salary increase	3.50%	3.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (313)	$ (331)
0.25% decrease	$ 323	$ 342
Expected rate(s) of salary increase		
0.25% increase	$ 310	$ 329
0.25% decrease	$ (302)	$ (320)

The above sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 600	$ 600
Average duration of the defined benefit obligation	7.9 years	8.6 years

20. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands of shares)	200,000	200,000
Shares authorized	$2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands of shares)	90,455	90,169
Shares issued and fully paid	$ 904,554	$ 901,689

A holder of ordinary shares issued with par value of $10 is entitled to vote and to receive dividends.

The authorized shares include 10,000 thousand shares reserved for the exercise of employee share options.

On April 28, 2022, the Company's board of directors resolved to issue 1,700 thousand ordinary shares with a par value of $10, for a consideration of $105 per share which were fully paid. On July 6, 2022, the above transaction was approved by the FSC, and the subscription base date was September 12, 2022. The Company has completed the alteration registration.

The change in the Company's share capital for the year ended December 31, 2023 was mainly due to the conversion of unsecured domestic convertible bonds into ordinary shares. Bondholders converted the Company's ordinary shares of $2,865 thousand (286 thousand shares). On July 27 and October 26, 2023, the Company's board of directors resolved to set July 28 and October 31, 2023 as the subscription base date, and the Company has completed the alteration registration on August 15 and November 27, 2023, respectively.

b. Capital surplus

	December 31	
	2023	2022
Maybe used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 497,045	$ 497,045
Issuance of ordinary shares (exercised or expired employee share options)	85,484	85,484
Conversion of bonds	38,422	-
May not be used for any purpose		
Employee share options	28,621	15,269
Share options	24,785	28,500
	$ 674,357	$ 626,298

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation ("Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 23(g) for the policies on the distribution of compensation of employees and remuneration of directors.

The Company's Articles also stipulate a balanced and stable dividends policy whereby share and cash dividends are distributed based on the Company's profitability, financial structure and future development plans. Dividends may be distributed in form of cash or shares taking into consideration future profitability and funding needs, out of which the total cash dividends paid in any given year shall be at least 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on May 25, 2023 and May 26, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 5,580	$ 46,444
Special reserve (Reversal of special reserve)	$ (1,373)	$ 272
Cash dividends	$ -	$ 309,642
Cash dividends per share (NT$)	$ -	$ 3.50

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 29, 2024, were as follows:

	For the Year Ended December 31, 2023
Special reserve	$ 710

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ 1,373	$ 1,101
Appropriations in respect of		
Debits to other equity items	-	272
Reversals:		
Reversal of the debits to other equity items	(1,373)	-
Balance at December 31	$ -	$ 1,373

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 327	$ (1,359)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(557)	1,686
Reclassification adjustments		
Disposal of foreign operations	(466)	-
Balance at December 31	$ (696)	$ 327

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	$ (14)	$ (14)

21. REVENUE

a. Contract revenue from customers

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	$ 2,984,581	$ 3,429,371

b. Contract information

As wireless communication products are innovative and the prices are highly volatile, the discount is estimated at the most likely amount based on the range of discounts given in the past. Based on conventional business practices, the Group accepts the return of goods with full refunds, and estimates the discount rate based on most likely amount from past experience, and recognizes the refund liabilities accordingly.

c. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	$ 1,114,690	$ 1,046,374	$ 752,673
Contract liabilities (Note 18)			
Sale of goods	$ 7,810	$ 1,039	$ 5,050

Revenue in the current year that was recognized from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 1,039	$ 4,786

d. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Type of goods or services		
WIFI products	$2,783,540	$3,276,955
Others	201,041	152,416
	$2,984,581	$3,429,371

22. NET PROFIT (LOSS)

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$20,745	$10,585
Deposit interest	80	42
	$20,825	$10,627

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	$ 933	$ 842
Government Grant	-	126
Others	536	45
	$ 1,469	$ 1,013

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	$ 1,474	$ 72,428
Fair value changes of financial assets and liabilities designated as at FVTPL	1,404	(780)
Gain on disposal of subsidiaries	466	-
Loss on disposal of property, plant and equipment	(10)	(218)
Profit from lease modification	-	627
Others	(16)	(316)
	$ 3,318	$ 71,741

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on convertible bonds	$ 4,922	$ 2,152
Interest on bank loans	822	2,226
Interest on lease liabilities	520	509
	$ 6,264	$ 4,887

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ -	$ 499
Selling and marketing expenses	9,847	10,546
General and administrative expenses	21,803	21,152
Research and development expenses	81,562	72,134
	$ 113,212	$ 104,331
An analysis of amortization by function		
Selling and marketing expenses	$ 235	$ 258
General and administrative expenses	5,502	3,230
Research and development expenses	26,373	26,970
	$ 32,110	$ 30,458

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	$ 19,939	$ 18,728
Defined benefit plans	(25)	(3)
	19,914	18,725
Share-based payments		
Equity-settled	13,352	22,569
Other employee benefits	559,598	521,553
Total employee benefits expense	$592,864	$562,847
An analysis of employee benefits expense by function		
Selling and marketing expenses	$108,773	$ 96,129
General and administrative expenses	132,463	149,477
Research and development expenses	351,628	317,241
	$592,864	$562,847

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates no less than 8% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The Company did not estimate compensation of employees and remuneration of directors for the year ended December 31, 2023, because the Company suffered a net loss before income tax for the period. The compensation of employees and remuneration of directors for the year ended December 31, 2022 are as follows:

Accrual rate

	For the Year Ended December 31 2022
Compensation of employees	8%
Remuneration of directors	1%

Amount

	For the Year Ended December 31 2022	
	Cash	Shares
Compensation of employees	$ 5,388	$ -
Remuneration of directors	673	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company held board of directors' meetings on February 28, 2023, and the amount of the compensation of employees approved in the board of directors' meeting was differ from the amounts recognized in the consolidated financial statements for the year ended December 31, 2022. The differences were adjusted to profit and loss for the year ended December 31, 2023.

	For the Year Ended December 31, 2022
Amounts approved in the board of directors' meeting	$ 8,082
Amounts recognized in the annual consolidated financial statements	$ 5,388

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 53,482	$ 153,211
Foreign exchange losses	(52,008)	(80,783)
Net gain on foreign currency exchange	$ 1,474	$ 72,428

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 82	$ 9,361
Income tax on unappropriated earnings	-	2,904
Adjustments for prior year	(1,140)	(3,766)
Deferred tax		
In respect of the current year	(54,784)	(2,269)
Income tax expense (benefit) recognized in profit or loss	$ (55,842)	$ 6,230

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2023	2022
(Loss) Profit before tax	$ (278,131)	$ 61,289
Income tax (benefit) expense calculated at the statutory rate	$ (55,561)	$ 12,260
Nondeductible expense in determining taxable income	859	(98)
Income tax on unappropriated earnings	-	2,904
Unrecognized deductible temporary differences	-	185
Investment tax credits	-	(5,255)
Adjustments for prior year' tax	(1,140)	(3,766)
Income tax (benefit) expense recognized in profit or loss	$ (55,842)	$ 6,230

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 15	$ (185)

c. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax assets		
Tax refund receivable	$ 1,968	$ -
Current tax liabilities		
Income tax payable	$ -	$ 11,476

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ -	$ 63,060	$ -	$ 63,060
Refund liabilities	37,093	(7,995)	-	29,098
Defined benefit plans	1,757	-	15	1,772
Payable for annual leave	1,825	51	-	1,876
Loss on investments accounted for using the equity method	790	(494)	-	296
Allowance for impairment loss	324	(324)	-	-
Unrealized write-downs of inventories	52,799	(2,590)	-	50,209
Others	156	(156)	-	-
	$ 94,744	$ 51,552	$ 15	$ 146,311
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ 9,391	$ (3,357)	$ -	$ 6,034
Others	-	125	-	125
	$ 9,391	(3,232)	$ -	$ 6,159

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Refund liabilities	$ 34,322	$ 2,771	$ -	$ 37,093
Defined benefit plans	1,942	-	(185)	1,757
Payable for annual leave	1,472	353	-	1,825
Loss on investments accounted for using the equity method	1,383	(593)	-	790
Allowance for impairment loss	47	277	-	324
Unrealized foreign exchange loss	1,055	(1,055)	-	-
Unrealized write-downs of inventories	42,770	10,029	-	52,799
Others	278	(122)	-	156
	$ 83,269	$ 11,660	$ (185)	$ 94,744
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ -	$ 9,391	$ -	$ 9,391

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 315,299	2033

f. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities.

24. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	$ (2.46)	$ 0.62
Diluted (loss) earnings per share	$ (2.46)	$ 0.62

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
(Loss) Earnings used in the computation of basic and diluted (loss) earnings per share	$ (222,289)	$ 55,059

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	90,247	88,981
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	79
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	90,247	89,060

Since the Group may settle compensation of employees in cash or shares, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Since the exercise price of the convertible bonds and options issued by the Company exceeded the average market price of the shares during the years ended December 31, 2023 and 2022, they are anti-dilutive and excluded from the computation of diluted earnings per share.

25. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

The Company issued 300 units of employee share options on November 29, 2021. On the grant date, each option entities the holder with the right to subscribe for one thousand ordinary share of the Company at the exercise price of NT$279 per share. The options are granted to the employees of the Company and its subsidiaries that meet certain criteria. The expected lifetime of the options is 4 years. The options are exercisable by the qualified employees at 50% after the second year from the grant date, and another two tranches of 25% exercisable after third and fourth years from the grant date. The vesting period will end on November 29, 2026.

Information on outstanding employee share options is as follows:

	For the Year Ended December 31			
	2023		2022	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (NT$)
Balance at January 1	300	$ 272.9	300	$ 279
Balance at December 31	300	272.9	300	272.9
Options exercisable, end of the year	-		-	
Weighted - average fair value of options granted (NT$)	$ 122.02		$ 122.02	

As of the balance sheet date, information about employee share options outstanding was as follows:

	For the Year Ended December 31	
	2023	2022
Range of exercise price (NT$)	$ 272.9	$ 272.9
Weighted average remaining contractual life (in years)	2.25	3.25

The options granted by the Company are priced using the Black-Scholes pricing model and the related inputs to the model are as follows:

	November 29, 2021
Grant-date share price	NT$279
Expected volatility	59.55%、57.55% and 56.53%
Risk-free interest rate	0.40%、0.41% and 0.42%
Expected dividend yield rate	-
Expected life	3.5 years、4 years and 4.5 years

Compensation costs recognized were $13,352 thousand and $14,095 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Issued ordinary shares for cash which are reserved for employees

On April 28, 2022, the Company’s board of directors resolved to issue 1,700 thousand ordinary shares for cash, and reserved 15% shares for employees under Company Act. The 255 thousand shares were granted on July 19, 2022.

The options granted by the Company are priced using the Black-Scholes pricing model and the related inputs to the model are as follows:

	July 19, 2022
Grant-date share price	NT$136.5
Exercise price	NT$105
Fair value of options	NT$33.23
Expected volatility	61.79%
Risk-free interest rate	0.7%
Expected life	0.13 years

Compensation costs recognized were $8,474 thousand for the year ended December 31, 2022.

26. DISPOSAL OF SUBSIDIARIES

The Company completed the liquidation of Minerva Technology Co. on August 15, 2023.

a. Gain on liquidation of subsidiaries

	Minerva Technology Co.
Consideration received	$ -
Reclassification of other comprehensive income in respect of subsidiaries	
Exchange differences on translation of the financial statements of foreign operations	466
Gain on disposals	$ 466

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

The key management personnel of the Group review the capital structure on regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2023

	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 253,528	$ -	$ 254,117	$ -	$ 254,117

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 286,293	$ -	$ 287,400	$ -	$ 287,400

The fair values of the financial assets and financial liabilities included in the Level 2 category above have been determined in accordance with the binary tree pricing model for convertible bonds.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative	$ -	$ 809	$ -	$ 809

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative	$ -	$ 480	$ -	$ 480

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - redeemable and puttable option of convertible bonds	Binary tree pricing model for convertible bonds. Track the evolution of key underlying variables of options in discrete time through a binary tree over multiple time steps between evaluation date and maturity date. Each node of the tree represents a possible price at a particular point in time.

c. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
FVTPL		
Held for trading	$ 809	$ -
Financial assets at amortized cost (1)	2,088,842	2,118,162
Financial liabilities		
FVTPL		
Held for trading	-	480
Amortized cost (2)	668,015	738,784

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable, other payables, bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included accounts receivable, accounts payable and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Group did not use derivative financial instruments to minimize the effect of these risks, but it uses natural hedging from operations and borrowings denominated in foreign currencies to mitigate the impact of foreign currency risk.

The corporate treasury function reports monthly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency risk (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 56% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 74% of costs is denominated in currencies other than the functional currency of the entity in the Group.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 2% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rale used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the year for a 2% change in foreign currency rates. A positive (negative) number below indicates an increase in pre-tax profit associated with New Taiwan dollar strengthening (weakening) 2% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or (loss)	$ 15,938	$ 21,762

This was mainly attributable to the exposure on outstanding accounts receivable, cash and cash equivalents and accounts payable denominated in USD that were not hedged at the end of the year.

The Group's sensitivity to foreign currency decreased during the current year mainly due to decrease in the accounts receivable denominated in USD.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 634,213	$ 366,450
Financial liabilities	315,542	314,868
Cash flow interest rate risk		
Financial assets	292,923	661,142

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $732 thousand and $1,653 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of dealing only with reputable parties and, where necessary, obtains appropriate guarantees to mitigate the risk of financial losses resulting from the default of payment. The Group assesses the creditability of the key customers based on financial information available and mutual transaction records. The Group continuously monitors the credit risk and credit rating of the counterparties, distributes the total transaction amount to customers with sound credit ratings, and controls the credit risk by ensuring that each counterparty's credit limit is reviewed and approved by the risk management committee.

The Group assesses the financial position of customers with outstanding accounts receivable balances regularly and requests for collateral if necessary.

The Group's concentration of credit risk is mainly related to the top five largest customers, which represents 75% and 89% of total accounts receivable as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. Refer to (b) below for the amount of unsecured short-term bank loan facilities of the Group as of December 31, 2023 and 2022:

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, financial liabilities with a repayment on demand clause are included in the earliest time band regardless of the probability of the creditors choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 220,812	$ 175,918	$ 277,054	$ 1,603
Lease liabilities	-	8,111	13,777	41,312
	$ 220,812	$ 184,029	$ 290,831	$ 42,915

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 21,888	$ 41,312

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 253,951	$ 175,855	$ 21,083	$ 301,602
Lease liabilities	-	7,631	15,459	5,744
	$ 253,951	$ 183,486	$ 36,542	$ 307,346

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 23,090	$ 5,744

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities		
Amount used	$ -	$ -
Amount unused	680,000	680,000
	$ 680,000	$ 680,000

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 42,373	$ 55,948
Post-employment benefits	1,188	1,188
	$ 43,561	$ 57,136

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for customs import goods tax and performance guarantee:

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost)	$ 9,900	$ 9,900

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2023 and 2022 were as follows:

a. Significant commitments

Under a sales agreement, the Group shall pay royalties at a certain percentage of net sales of certain products. Royalty expenses amounted to $2,529 thousand and $1,349 thousand for the years ended December 31, 2023 and 2022, respectively.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 33,770	30.705	$ 1,036,896
Financial liabilities			
Monetary items			
USD	7,816	30.705	239,990

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 49,557	30.71	$ 1,521,895
Financial liabilities			
Monetary items			
USD	14,126	30.71	433,809

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2023		For the Year Ended December 31,2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Gains
USD	30.705	$ 29,827	30.71	$ 46,827

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures): None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Note 7

10) Intercompany relationships and significant intercompany transactions: Table 1

b. Information on investees: Table 2

c. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 3

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 1

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

      c) The amount of property transactions and the amount of the resultant gains or losses

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

      e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

      f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

34. SEGMENT INFORMATION

The Group is considered a single operating segment. Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is currently engaged in the design and sale of the wireless communication products, and its operating segment’s profit or loss, assets and liabilities were measured on the same basis as the consolidated financial statements, please refer to accompanying consolidated financial statements. However, the Group’s other overall information is disclosed as follows:

a. Main products analysis of the Group, please refer to Note 21.

b. Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets are detailed below:

	External Revenue For the Year Ended December 31		Non-Current Assets December 31	
	2023	2022	2023	2022
Taiwan	$ 1,597,072	$ 1,692,598	$ 300,638	$ 228,626
China	973,232	1,336,767	14,743	10,372
Korea	205,607	233,541	-	-
Others	208,670	166,465	-	-
	$ 2,984,581	$ 3,429,371	$ 315,381	$ 238,998

Non-current assets exclude deferred tax assets, net defined benefit assets, refundable deposits and financial assets at amortized cost.

c. Information about major customers (represents more than 10% of revenue)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A (Note 1)	$ 1,777,280	60	$ 1,943,246	57
Customer B (Note 1)	NA（Note 2）	-	456,367	13

Note 1: Revenue from WIFI products.

Note 2: Revenue accounting for less than 10% of the Group's revenue.

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Richwave Technology Corp.	Yinghon Technology Co.	1	Other accounts payable	$ 13,660	Based on regular terms	-
			1	Operating expenses	81,871	Based on regular terms	3%

Note 1: Companies are numbers as follows:

1. “0” for the Company.
2. Subsidiaries are numbered from Arabic”1” onward.

Note 2：Related party transactions are divided into three categories as below:

1. The Company to the subsidiary.
2. The subsidiary to the Company.
3. Between subsidiaries.

Note 3：The amount was eliminated upon the consolidation.

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Loss of the Investee	Share of Loss	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Richwave Technology Corp.	Minerva Technology Co.	Belize	Investment	$ -	$ 16,940 (USD 550 thousand)	-	-	$ -	$ (31)	$ (31)	The Group's subsidiary (Note)
Richwave Technology Corp.	AEGIS LINK CORP.	USA	Selling and marketing	12,161 (USD 395 thousand)	-	-	100	12,065	(133)	(84)	The Group's subsidiary
Minerva Technology Co.	AEGIS LINK CORP.	USA	Selling and marketing	-	15,428 (USD 500 thousand)	-	-	-	(133)	(49)	The Group's subsidiary

Note: Minerva Technology Co. completed its liquidation process in August 15, 2023.

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Yinghon Technology Co. (Note)	Development, manufacturing and sales of ICs	$ 57,410 (US$ 2,000 thousand)	Direct Investment	$ 57,410 (US$ 2,000 thousand)	$ -	$ -	$ 57,410 (US$ 2,000 thousand)	$ 2,580	100%	$ 2,580	$ 58,470	$ -	The Group's subsidiary

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 57,410 (US$ 2,000 thousand)	$ 57,410 (US$ 2,000 thousand)	$1,320,119

Note: Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021.

V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report

Richwave Technology Corp.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Richwave Technology Corp.

Opinion

We have audited the accompanying parent company only financial statements of Richwave Technology Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. 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, and we do not provide a separate opinion on these matters. The key audit matter of the Company's parent company only financial statements is described as follows:

Revenue Recognition

According to auditing standards in the Republic of China, there is an inherent risk of fraud in revenue recognition. Management may be under pressure to achieve their targets and attempt to inflate sales figures. The main source of revenue for Richwave Technology Corp. is sales of WIFI products. The net revenue for the year ended December 31, 2023 was $2,984,581 thousand. For the accounting policies on revenue recognition, please refer to Notes 4 (l) and 21 of the parent company only financial statements.

Affected by the decline in market demand for the year ended December 31, 2023, Richwave Technology Corp.'s overall net revenue decreased by 13% compared with the year ended December 31, 2022. Therefore, the sales-revenue generated by specific sales clients who have not experienced a significant decline in sales or whose sales growth this year are considered potential fraud. Therefore, revenue recognition has been identified as a key audit matter for the year ended December 31, 2023.

In response to the aforementioned key audit matter, we understood the Company's internal controls on the approval of sales orders and its delivery procedures, tested the operating effectiveness of these controls, selected samples and tested the validity of occurrence of the sales transactions, checked for discrepancies between the counterparties of the sales transactions and the parties paying off the receivables, as well as for abnormalities in the payments received after the reporting period.

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.

Auditors' 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 auditors' 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 auditing standards generally accepted in 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 auditors' 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 auditors' 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 and appropriate audit evidence regarding the parent company only financial information of 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 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Su-Li Fang and Jian-Ming Zeng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 29, 2024

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	$ 871,880	28	$ 964,150	28
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	809	-	-	-
Accounts receivable, net (Notes 9, 21 and 28)	1,114,690	35	1,045,751	30
Other receivables (Notes 9 and 28)	36,422	1	26,301	1
Current tax assets (Note 23)	1,968	-	-	-
Inventories (Note 10)	519,030	16	927,462	27
Prepayments (Note 15)	96,813	3	53,340	2
Other current assets (Note 15)	1,531	-	10,314	-
Total current assets	2,643,143	83	3,027,318	88
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 8, 28 and 30)	9,900	-	12,900	-
Investments accounted for using the equity method (Note 11)	70,535	2	70,729	2
Property, plant and equipment (Note 12)	188,663	6	184,910	5
Right-of-use assets (Notes 13)	56,882	2	22,150	1
Other intangible assets (Note 14)	48,996	2	14,876	1
Deferred tax assets (Note 23)	146,311	5	94,744	3
Prepaid equipment	6,097	-	6,690	-
Refundable deposits (Note 28)	7,383	-	7,248	-
Net defined benefit assets - non-current (Note 19)	2,112	-	1,565	-
Total non-current assets	536,879	17	415,812	12
TOTAL	$ 3,180,022	100	$ 3,443,130	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable (Notes 17 and 28)	$ 356,681	11	$ 388,724	11
Accrued compensation of employees and remuneration of directors (Note 22)	-	-	6,061	-
Other payables (Notes 18 and 28)	130,654	4	138,522	4
Other payables from related parties (Notes 28 and 29)	13,660	-	12,563	-
Current tax liabilities (Note 23)	-	-	11,476	-
Lease liabilities - current (Notes 13 and 28)	16,570	1	17,420	1
Current portion of bonds payable (Notes 16 and 28)	253,528	8	-	-
Refund liabilities - current (Notes 18 and 21)	145,488	5	185,465	6
Other current liabilities (Notes 18 and 21)	15,007	-	7,468	-
Total current liabilities	931,588	29	767,699	22
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 28)	-	-	480	-
Bonds payable (Notes 16 and 28)	-	-	286,293	9
Deferred tax liabilities (Note 23)	6,159	-	9,391	-
Lease liabilities - non-current (Notes 13 and 28)	40,473	2	5,015	-
Guarantee deposits (Note 28)	1,603	-	1,602	-
Total non-current liabilities	48,235	2	302,781	9
Total liabilities	979,823	31	1,070,480	31
EQUITY (Notes 20 and 25)				
Share capital				
Ordinary shares	904,554	28	901,689	26
Capital surplus	674,357	21	626,298	18
Retained earnings				
Legal reserve	212,694	7	207,114	6
Special reserve	-	-	1,373	-
Unappropriated earnings	409,304	13	635,863	19
Total retained earnings	621,998	20	844,350	25
Other equity	(710)	-	313	-
Total equity	2,200,199	69	2,372,650	69
TOTAL	$ 3,180,022	100	$ 3,443,130	100

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share, in New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 21 and 29)	$ 2,984,581	100	$ 3,429,200	100
OPERATING COSTS (Notes 10 and 22)	2,182,491	73	2,370,665	69
GROSS PROFIT	802,090	27	1,058,535	31
OPERATING EXPENSES (Notes 19, 22 and 29)				
Selling and marketing expenses	154,259	5	170,053	5
General and administrative expenses	298,516	10	292,579	8
Research and development expenses	653,715	22	602,470	18
Expected credit loss (gain) (Note 9)	(4,676)	-	12,126	-
Total operating expenses	1,101,814	37	1,077,228	31
LOSS FROM OPERATIONS	(299,724)	(10)	(18,693)	-
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	20,762	1	10,599	-
Other income	1,465	-	938	-
Other gains and losses	3,004	-	70,235	2
Finance costs	(6,185)	-	(4,758)	-
Share of profit or loss of subsidiaries	2,465	-	2,965	-
Total non-operating income and expenses	21,511	1	79,979	2
PROFIT (LOSS) BEFORE INCOME TAX	(278,213)	(9)	61,286	2
INCOME TAX EXPENSE (BENEFIT) (Note 23)	(55,924)	2	6,227	-
NET PROFIT (LOSS) FOR THE YEAR	(222,289)	(7)	55,059	2

(Continued)

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share, in New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ (78)	-	$ 924	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	15	-	(185)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	(1,023)	-	1,686	-
Other comprehensive income (loss) for the year, net of income tax	(1,086)	-	2,425	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (223,375)	(7)	$ 57,484	2
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	$ (2.46)		$ 0.62	
Diluted	$ (2.46)		$ 0.62	

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Share Capital			Retained Earnings			Other Equity			
	Number of Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Total Equity
BALANCE AT JANUARY 1, 2022	88,469	$ 884,689	$ 416,354	$ 160,670	$ 1,101	$ 936,423	$ (14)	$ (1,359)	$ (1,373)	$ 2,397,864
Appropriation of 2021 earnings										
Legal reserve	-	-	-	46,444	-	(46,444)	-	-	-	-
Special reserve	-	-	-	-	272	(272)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(309,642)	-	-	-	(309,642)
Due to recognition of equity component of convertible bonds issued	-	-	28,500	-	-	-	-	-	-	28,500
Net profit for the year ended December 31, 2022	-	-	-	-	-	55,059	-	-	-	55,059
Other comprehensive gain for the year ended December 31, 2022 , net of income tax	-	-	-	-	-	739	-	1,686	1,686	2,425
Share-based payment expenses recognized	-	-	22,569	-	-	-	-	-	-	22,569
Issue of shares	1,700	17,000	158,875	-	-	-	-	-	-	175,875
BALANCE AT DECEMBER 31, 2022	90,169	901,689	626,298	207,114	1,373	635,863	(14)	327	313	2,372,650
Appropriation of 2022 earnings										
Legal reserve	-	-	-	5,580	-	(5,580)	-	-	-	-
Special reserve	-	-	-	-	(1,373)	1,373	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	-	(222,289)	-	-	-	(222,289)
Other comprehensive loss for the year ended December 31, 2023 , net of income tax	-	-	-	-	-	(63)	-	(1,023)	(1,023)	(1,086)
Share-based payment expenses recognized	-	-	13,352	-	-	-	-	-	-	13,352
Convertible bonds converted to ordinary shares	286	2,865	34,707	-	-	-	-	-	-	37,572
BALANCE AT DECEMBER 31, 2023	90,455	$ 904,554	$ 674,357	$ 212,694	$ -	$ 409,304	$ (14)	$ (696)	$ (710)	$ 2,200,199

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before income tax for the year	$ (278,213)	$ 61,286
Adjustments for:		
Depreciation expense	103,921	96,236
Amortization expense	32,105	30,458
Expected credit loss (reversed)	(4,676)	12,126
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,404)	780
Finance costs	6,185	4,758
Interest income	(20,762)	(10,599)
Share-based payment expenses recognized	13,352	22,569
Loss on disposal of property, plant and equipment	10	218
Gain on disposal of subsidiary	(466)	-
Share of profit of subsidiaries	(2,465)	(2,965)
(Reversal of) Write-down of inventories	(12,951)	50,144
Net loss (gain) on foreign currency exchange	16,781	(52,225)
Profit from lease modification	-	(627)
Changes in operating assets and liabilities:		
Accounts receivable	(86,330)	(307,534)
Other receivables	(9,322)	(16,991)
Inventories	421,383	395,854
Net defined benefit assets	(625)	(603)
Prepayments	(43,473)	(28,989)
Other current assets	8,783	(3,787)
Refund liabilities	(39,977)	13,847
Accounts payable	(29,480)	152,819
Other payables	(10,624)	(6,365)
Other payables from related parties	1,294	4,307
Accrued compensation of employees and remuneration of directors	(6,061)	(46,050)
Other current liabilities	768	779
Contract liabilities	6,771	(4,011)
Cash generated from operations	64,524	365,435
Interest received	19,963	9,166
Interest paid	(1,263)	(2,783)
Income tax paid	(12,304)	(7,823)
Net cash generated from operating activities	70,920	363,995

(Continued)

RICHWAVE TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ -	$ (9,900)
Proceeds from disposal of financial assets at amortized cost	3,000	107,000
Acquisition of investments accounted for using equity method	(12,142)	(29,570)
Net cash inflow on disposal of subsidiary	14,244	-
Purchase of property, plant and equipment	(90,192)	(63,777)
Proceeds from disposal of property, plant and equipment	254	14
Increase in refundable deposits	(2,321)	-
Decrease in refundable deposits	2,186	5,538
Purchase of other intangible assets	(57,629)	(30,963)
Net cash used in investing activities	(142,600)	(21,658)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,060,000
Decrease in short-term borrowings	-	(1,260,000)
Proceeds from issuing convertible bonds	-	312,341
Decrease in guarantee deposits	-	(3,647)
Repayment of the principal portion of lease liabilities	(22,852)	(23,242)
Cash dividends paid	-	(309,642)
Proceeds from issuing shares	-	175,875
Net cash used in financing activities	(22,852)	(48,315)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,262	51,585
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92,270)	345,607
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	964,150	618,543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 871,880	$ 964,150

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Richwave Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in January 2004. The Company is mainly engaged in the design and sale of integrated circuits (ICs) for wireless communication products. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2015.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on February 29, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language parent company only financial statements shall prevail.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for and asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period,

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to rescheduled payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized to issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company's foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed by the Company at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other accounts receivable and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by reduction in their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amount of the financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

The sale of goods is recognized as revenue when the goods are delivered to the customer's specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Company as lessee

Except for short-term leases and low-value asset leases which are recognized as expenses on a straight-line basis over the lease terms, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

p. Share-based payment arrangements (employee share options)

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the pricing date.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personal training expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations and volatility in foreign currency markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 845	$ 611
Demand deposits	246,722	609,989
Cash equivalents		
Time deposits with original maturities of 3 months or less	624,313	353,550
	$ 871,880	$ 964,150

The market rate intervals of cash and time deposits with original maturities of 3 months or less in the bank at the end of the year were as follows:

	December 31	
	2023	2022
Bank deposits	0.01%~1.45%	0.01%~1.05%
Time deposits with original maturities of 3 months or less	1.25%~5.75%	0.95%~5.02%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 16)	$ 809	$ -
Financial liabilities at FVTPL - non-current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 16)	$ -	$ 480

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Non-current		
Time deposits with original maturities of more than 1 year	$ -	$ 3,000
Pledged Certificate of deposit (b)	9,900	9,900
	$ 9,900	$ 12,900

a. The ranges of interest rates for time deposits were approximately 1.40% and 0.76%~1.025% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Accounts receivable (Note 21)		
At amortized cost		
Gross carrying amount	$1,122,214	$1,057,951
Less: Allowance for impairment loss	(7,524)	(12,200)
	$1,114,690	$1,045,751
Other receivables		
Income tax refund receivable	$ 12,094	$ 4,965
Others	24,328	21,336
	$ 36,422	$ 26,301

The average credit period on sales of goods was 30 to 90 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Individual Identification	Total
Expected credit loss rate	0.01%	1.20%	6.96%	8.49%	11.16%	-	100%	
Gross carrying amount	$ 1,068,112	$ 17,992	$ 13,968	$ 13,533	$ 3,944	$ -	$ 4,665	$ 1,122,214
Loss allowance (Lifetime ECLs)	(83)	(216)	(972)	(1,148)	(440)	-	(4,665)	(7,524)
Amortized cost	$ 1,068,029	$ 17,776	$ 12,996	$ 12,385	$ 3,504	$ -	$ -	$ 1,114,690

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Individual Identification	Total
Expected credit loss rate	0.04%	1.93%	6.53%	6.89%	9.42%	-	100%	
Gross carrying amount	$ 872,545	$ 111,099	$ 25,348	$ 27,769	$ 16,577	$ -	$ 4,613	$ 1,057,951
Loss allowance (Lifetime ECLs)	(318)	(2,140)	(1,654)	(1,914)	(1,561)	-	(4,613)	(12,200)
Amortized cost	$ 872,227	$ 108,959	$ 23,694	$ 25,855	$ 15,016	$ -	$ -	$ 1,045,751

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 12,200	$ 79
Add: Net remeasurement of loss allowance	-	12,126
Less: Net remeasurement of loss allowance	(4,676)	-
Less: Amounts written off	-	(5)
Balance at December 31	$ 7,524	$ 12,200

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 180,863	$ 259,574
Work in progress	209,725	267,130
Raw materials	128,442	400,758
	$ 519,030	$ 927,462

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 2,191,218	$ 2,320,617
Inventory write-downs (reversed)	(12,951)	50,144
Loss on disposal of inventories	5,513	-
Revenue from sale of scraps	(1,289)	(96)
	$ 2,182,491	$ 2,370,665

Inventory write-downs were reversed as a result of the selling of inventories that had been written down.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiary		
Yinghon Technology Co.	$ 58,470	$ 56,976
AEGIS LINK CORP.	12,065	-
Minerva Technology Co.	-	13,753
	$ 70,535	$ 70,729

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of subsidiary	**2023**	**2022**
Yinghon Technology Co.	100	100
AEGIS LINK CORP.	100	-
Minerva Technology Co.	-	100

Remark:

1) In December 2018, the Company established Minerva Technology Co. in Belize with an investment of USD550 thousand. Minerva Technology Co. reinvested and established AEGIS LINK CORP. in USA with USD500 thousand in January 2019. In May 2023, the Company acquired 100% of the shares of AEGIS LINK CORP. at USD 395 thousand from Minerva Technology Co. For details of the investment refer to Table 1.

2) In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD 1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021. On February 24, 2022, the board of directors approved a capital increase of USD 1,000 thousand to Yinghon Technology Co. Investment Commission, MOEA approved the capital increase on April 14, 2022, and the Company completed the capital increase in June 2022. Information on investments in mainland China please refer to Table 2.

3) Minerva Technology Co. completed its liquidation process in August 15, 2023.

4) Yinghon Technology Co., AEGIS LINK CORP. and Minerva Technology Co. were recognized based on audited financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	Computer Equipment	Other Equipment	Total
Cost				
Balance at January 1, 2023	$ 183,240	$ 25,089	$ 153,389	$ 361,718
Additions	33,640	6,039	43,097	82,776
Disposals	(412)	-	(464)	(876)
Transfers from prepayments	-	-	2,324	2,324
Balance at December 31, 2023	$ 216,468	$ 31,128	$ 198,346	$ 445,942
Accumulated depreciation				
Balance at January 1, 2023	$ 80,281	$ 12,576	$ 83,951	$ 176,808
Depreciation expense	32,430	6,296	42,357	81,083
Disposals	(148)	-	(464)	(612)
Balance at December 31, 2023	$ 112,563	$ 18,872	$ 125,844	$ 257,279
Carrying amount at December 31, 2023	$ 103,905	$ 12,256	$ 72,502	$ 188,663
Cost				
Balance at January 1, 2022	$ 163,742	$ 19,713	$ 111,471	$ 294,926
Additions	13,181	5,405	42,711	61,297
Disposals	-	(29)	(1,129)	(1,158)
Transfers from prepayments	6,317	-	336	6,653
Balance at December 31, 2022	$ 183,240	$ 25,089	$ 153,389	$ 361,718
Accumulated depreciation				
Balance at January 1, 2022	$ 51,759	$ 6,935	$ 45,981	$ 104,675
Depreciation expense	28,522	5,670	38,867	73,059
Disposals	-	(29)	(897)	(926)
Balance at December 31, 2022	$ 80,281	$ 12,576	$ 83,951	$ 176,808
Carrying amount at December 31, 2022	$ 102,959	$ 12,513	$ 69,438	$ 184,910

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Testing equipment	1-6 years
Computer equipment	3-4 years
Other equipment	3 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 56,882	$ 22,150

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 57,570	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 22,838	$ 23,177
Income from the subleasing of right-of-use assets (presented in other income)	$ (933)	$ (842)

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 16,570	$ 17,420
Non-current	$ 40,473	$ 5,015

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.50%	1.50%

c. Material leasing activities and terms

The Company leases buildings for the use of plants, offices and parking spaces with lease terms of 1 to 3 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 5,116	$ 4,466
Total cash outflow for leases	$ (28,409)	$ (28,088)

The Company's leases of certain parking spaces, offices and staff dormitories qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER INTANGIBLE ASSETS

	Computer Software	Specialized Techniques	Total
Cost			
Balance at January 1, 2023	$ 42,838	$ 3,500	$ 46,338
Additions	66,225	-	66,225
Disposals	(55,499)	-	(55,499)
Balance at December 31, 2023	$ 53,564	$ 3,500	$ 57,064
Accumulated amortization			
Balance at January 1, 2023	$ 30,264	$ 1,198	$ 31,462
Additions	31,754	351	32,105
Disposals	(55,499)	-	(55,499)
Balance at December 31, 2023	$ 6,519	$ 1,549	$ 8,068
Carrying amount at December 31, 2023	$ 47,045	$ 1,951	$ 48,996
Cost			
Balance at January 1, 2022	$ 37,593	$ 3,000	$ 40,593
Additions	19,900	500	20,400
Disposals	(14,655)	-	(14,655)
Balance at December 31, 2022	$ 42,838	$ 3,500	$ 46,338
Accumulated amortization			
Balance at January 1, 2022	$ 14,808	$ 851	$ 15,659
Additions	30,111	347	30,458
Disposals	(14,655)	-	(14,655)
Balance at December 31, 2022	$ 30,264	$ 1,198	$ 31,462
Carrying amount at December 31, 2022	$ 12,574	$ 2,302	$ 14,876

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-6 years
Specialized techniques	10 years

15. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments		
Prepayment for purchases	$ 88,986	$ 30,307
Prepaid expenses	7,827	23,033
	$ 96,813	$ 53,340
Other current assets		
Temporary payments	$ 1,531	$ 10,314

16. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic convertible bonds	$ 260,900	$ 300,000
Less: Discount on bonds payable	(7,372)	(13,707)
	253,528	286,293
Less: Current portion	(253,528)	-
	$ -	$ 286,293

At July 29, 2022, the Company issued 3 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $300,000 thousand. The issue price was based on 104.98% of the face value.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $136.5. Conversion may occur at any time between October 30, 2022 and July 29, 2025.

If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount. If the amount outstanding of bonds is less than 10% of the principal amount, the Company may also redeem the outstanding bonds at their principal amount.

Bondholders have the option to notify the Company of their request for bond redemption within 30 days prior to the second anniversary of the issuance date, and the Company should redeem the bonds at face value.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.81% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $2,610 thousand)	$ 312,341
Redeemable and puttable option component	300
Equity component (less transaction costs allocated to the equity component of $221 thousand)	(28,500)
Liability component at the date of issue (less transaction costs allocated to the liability component of $2,389 thousand)	284,141
Interest charged at an effective interest rate of 1.81%	7,074
Convertible bonds converted into ordinary shares	(37,687)
Liability component at December 31, 2023	$ 253,528

As of December 31, 2023, the convertible bonds with a face value of $39,100 thousand were converted into $2,865 thousand of ordinary shares. In addition, due to the exercise of the bond conversion right, the capital surplus - share option decreased by $3,715 thousand, and the discount of bonds payable decreased by $1,413 thousand, and financial assets at fair value through profit or loss - current decreased by $115 thousand, and the net conversion amount exceeded the par value of the ordinary shares was transferred to capital surplus - conversion of bonds amounted to $38,422 thousand.

17. ACCOUNTS PAYABLE

	December 31	
	2023	**2022**
Accounts payable		
Generated from operating activities	$ 356,681	$ 388,724

The average credit period was 30 to 60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	**2022**
Current		
Other payables		
Payables for salaries and bonuses	$ 66,376	$ 75,303
Payables for research and design fee	14,572	8,343
Payables for insurance premium	12,067	11,833
Payables for annual leave	9,380	9,127
Payables for software usage fee	8,631	35
Payables for freight cost	4,507	5,107
Payables for purchases of equipment	1,749	7,312
Payables for testing fee	673	8,069
Others	12,699	13,393
	$ 130,654	$ 138,522

(Continued)

	December 31	
	2023	2022
Refund liabilities (Note 21)	$ 145,488	$ 185,465
Other liabilities		
Contract liabilities (Note 21)	$ 7,810	$ 1,039
Receipts under custody	7,197	6,415
Temporary receipts	-	14
	$ 15,007	$ 7,468

(Concluded)

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 16,035	$ 15,616
Fair value of plan assets	(18,147)	(17,181)
Net defined benefit assets	$ (2,112)	$ (1,565)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2022	$ 15,269	$ (15,307)	$ (38)
Net interest expense (income)	95	(98)	(3)
Recognized in profit or loss	95	(98)	(3)
Remeasurement			
Return on plan assets	-	(1,176)	(1,176)
Actuarial loss - changes in demographic assumptions	15	-	15
Actuarial gain - changes in financial assumptions	(367)	-	(367)
Actuarial loss - experience adjustments	604	-	604
Recognized in other comprehensive income	252	(1,176)	(924)
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2022	15,616	(17,181)	(1,565)
Net interest expense (income)	215	(240)	(25)
Recognized in profit or loss	215	(240)	(25)
Remeasurement			
Return on plan assets	-	(126)	(126)
Actuarial loss - changes in financial assumptions	313	-	313
Actuarial gain - experience adjustments	(109)	-	(109)
Recognized in other comprehensive income	204	(126)	78
Contributions from the employer	-	(600)	(600)
Balance at December 31, 2023	$ 16,035	$ (18,147)	$ (2,112)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
General and administrative expenses	$ (2)	$ (1)
Research and development expenses	(23)	(2)
	$ (25)	$ (3)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate(s)	1.125%	1.375%
Expected rate(s) of salary increase	3.50%	3.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (313)	$ (331)
0.25% decrease	$ 323	$ 342
Expected rate(s) of salary increase		
0.25% increase	$ 310	$ 329
0.25% decrease	$ (302)	$ (320)

The above sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 600	$ 600
Average duration of the defined benefit obligation	7.9 years	8.6 years

20. EQUITY

a. Ordinary shares

	December 31	
	2023	**2022**
Number of shares authorized (in thousands of shares)	200,000	200,000
Shares authorized	$2,000,000	$2,000,000
Number of shares issued and fully paid (in thousands of shares)	90,455	90,169
Shares issued and fully paid	$ 904,554	$ 901,689

A holder of ordinary shares issued with par value of $10 is entitled to vote and to receive dividends.

The authorized shares include 10,000 thousand of shares reserved for the exercise of employee share options.

On April 28, 2022, the Company's board of directors resolved to issue 1,700 thousand ordinary shares with a par value of $10, for a consideration of $105 per share which were fully paid. On July 6, 2022, the above transaction was approved by the FSC, and the subscription base date was September 12, 2022. The Company has completed the alteration registration.

The change in the Company's share capital for the year ended December 31, 2023 was mainly due to the conversion of unsecured domestic convertible bonds into ordinary shares. Bondholders converted the Company's ordinary shares of $2,865 thousand (286 thousand shares). On July 27 and October 26, 2023, the Company's board of directors resolved to set July 28 and October 31, 2023 as the subscription base date, and the Company has completed the alteration registration on August 15 and November 27, 2023, respectively.

b. Capital surplus

	December 31	
	2023	2022
Maybe used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Issuance of ordinary shares	$ 497,045	$ 497,045
Issuance of ordinary shares (exercised or expired employee share options)	85,484	85,484
Conversion of bonds	38,422	-
May not be used for any purpose		
Employee share options	28,621	15,269
Share options	24,785	28,500
	$ 674,357	$ 626,298

a) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Company's Articles of Incorporation ("Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 22(g) for the policies on the distribution of compensation of employees and remuneration of directors.

The Company's Articles also stipulate a balanced and stable dividends policy whereby share and cash dividends are distributed based on the Company's profitability, financial structure and future development plans. Dividends may be distributed in the form of cash or shares taking into consideration future profitability and funding needs, out of which the total cash dividends paid in any given year shall be at least 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals to the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficits and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on May 25, 2023 and May 26, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	$ 5,580	$ 46,444
Special reserve (Reversal of special reserve)	$ (1,373)	$ 272
Cash dividends	$ -	$ 309,642
Cash dividends per share (NT$)	$ -	$ 3.50

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on February 29, 2024, were as follows:

	For the Year Ended December 31, 2023
Special reserve	$ 710

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,373	$ 1,101
Appropriations in respect of		
Debits to other equity items	-	272
Reversals:		
Reversal of the debits to other equity items	(1,373)	-
Balance at December 31	$ -	$ 1,373

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 327	$ (1,359)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(557)	1,686
Reclassification adjustments		
Disposal of foreign operations	(466)	-
Balance at December 31	$ (696)	$ 327

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	$ (14)	$ (14)

21. REVENUE

a. Contract revenue from customers

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	$ 2,984,581	$ 3,429,200

b. Contract information

As wireless communication products are innovative and the prices are highly volatile, the discount is estimated at the most likely amount based on the range of discounts given in the past. Based on conventional business practices, the Company accepts the return of goods with full refunds, and estimates the discount rate based on most likely amount from past experience, and recognizes the refund liabilities accordingly.

c. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	$ 1,114,690	$ 1,045,751	$ 752,673
Contract liabilities (Note 18)			
Sale of goods	$ 7,810	$ 1,039	$ 5,050

Revenue in the current year that was recognized from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 1,039	$ 4,786

d. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Type of goods or services		
WIFI products	$2,783,540	$3,276,784
Others	201,041	152,416
	$2,984,581	$3,429,200

22. NET PROFIT (LOSS)

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 20,682	$ 10,557
Deposit interest	80	42
	$ 20,762	$ 10,599

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	$ 933	$ 842
Government Grant	-	51
Others	532	45
	$ 1,465	$ 938

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and liabilities designated as at FVTPL	$ 1,404	$ (780)
Net foreign exchange gains	1,144	70,784
Gain on disposal of subsidiaries	466	-
Loss on disposal of property, plant and equipment	(10)	(218)
Profit from lease modification	-	627
Others	-	(178)
	$ 3,004	$ 70,235

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on convertible bonds	$ 4,922	$ 2,152
Interest on bank loans	822	2,226
Interest on lease liabilities	441	380
	$ 6,185	$ 4,758

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ -	$ 499
Selling and marketing expenses	8,328	10,032
General and administrative expenses	14,031	13,571
Research and development expenses	81,562	72,134
	$ 103,921	$ 96,236
An analysis of amortization by function		
Selling and marketing expenses	$ 235	$ 258
General and administrative expenses	5,497	3,230
Research and development expenses	26,373	26,970
	$ 32,105	$ 30,458

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	$ 19,939	$ 18,728
Defined benefit plans	(25)	(3)
	19,914	18,725
Share-based payments		
Equity-settled	13,352	22,569
Other employee benefits	507,715	481,052
Total employee benefits expense	$ 540,981	$ 522,346
An analysis of employee benefits expense by function		
Selling and marketing expenses	$ 61,508	$ 59,519
General and administrative expenses	127,845	145,586
Research and development expenses	351,628	317,241
	$ 540,981	$ 522,346

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates no less than 8% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The Company did not estimate compensation of employees and remuneration of directors for the year ended December 31, 2023, because the Company suffered a net loss before income tax for the period.

The compensation of employees and remuneration of directors for the year ended December 31, 2022 are as follows:

Accrual rate

	For the Year Ended December 31
	2022
Compensation of employees	8%
Remuneration of directors	1%

Amount

	For the Year Ended December 31	
	2022	
	Cash	**Shares**
Compensation of employees	$ 5,388	$ -
Remuneration of directors	673	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company held board of directors' meetings on February 23, 2023, and the amount of the compensation of employees approved in the board of directors' meeting was differ from the amounts recognized in the parent company only financial statements for the year ended December 31, 2022. The differences were adjusted to profit and loss for the year ended December 31, 2023.

	For the Year Ended December 31, 2022
Amounts approved in the board of directors' meeting	$ 8,082
Amounts recognized in the annual parent company only financial statements	$ 5,388

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the year ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 52,772	$ 149,660
Foreign exchange losses	(51,628)	(78,876)
Net gain on foreign currency exchange	$ 1,144	$ (70,784)

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ -	$ 9,358
Income tax on unappropriated earnings	-	2,904
Adjustments for prior year	(1,140)	(3,766)
Deferred tax		
In respect of the current year	(54,784)	(2,269)
Income tax expense (benefit) recognized in profit or loss	$ (55,924)	$ 6,227

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2023	2022
(Loss) Profit before tax	$ (278,213)	$ 61,286
Income tax expense (benefit) calculated at the statutory rate (20%)	$ (55,643)	$ 12,257
Nondeductible expense in determining taxable income	859	(98)
Income tax on unappropriated earnings	-	2,904
Unrecognized deductible temporary differences	-	185
Investment tax credits	-	(5,255)
Adjustments for prior year's tax	(1,140)	(3,766)
Income tax (benefit) expense recognized in profit or loss	$ (55,924)	$ 6,227

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 15	$ (185)

c. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax assets		
Tax refund receivable	$ 1,968	$ -
Current tax liabilities		
Income tax payable	$ -	$ 11,476

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ -	$ 63,060	$ -	$ 63,060
Refund liabilities	37,093	(7,995)	-	29,098
Defined benefit plans	1,757	-	15	1,772
Payable for annual leave	1,825	51	-	1,876
Loss on investments accounted for using the equity method	790	(494)	-	296
Allowance for impairment loss	324	(324)	-	-
Unrealized write-downs of inventories	52,799	(2,590)	-	50,209
Others	156	(156)	-	-
	$ 94,744	$ 51,552	$ 15	$ 146,311
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ 9,391	$ (3,357)	$ -	$ 6,034
Others	-	125	-	125
	$ 9,391	(3,232)	$ -	$ 6,159

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Refund liabilities	$ 34,322	$ 2,771	$ -	$ 37,093
Defined benefit plans	1,942	-	(185)	1,757
Payable for annual leave	1,472	353	-	1,825
Loss on investments accounted for using the equity method	1,383	(593)	-	790
Allowance for impairment loss	47	277	-	324
Unrealized foreign exchange loss	1,055	(1,055)	-	-
Unrealized write-downs of inventories	42,770	10,029	-	52,799
Others	278	(122)	-	156
	$ 83,269	$ 11,660	$ (185)	$ 94,744
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ -	$ 9,391	$ -	$ 9,391

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 315,299	2033

f. Income tax assessments

The Company’s tax returns through 2021 have been assessed by the tax authorities.

24. (LOSS) EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic (loss) earnings per share	$ (2.46)	$ 0.62
Diluted (loss) earnings per share	$ (2.46)	$ 0.62

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings (Loss) used in the computation of basic and diluted earnings (loss) per share	$ (222,289)	$ 55,059

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	90,247	88,981
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	79
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	90,247	89,060

Since the Company may settle compensation of employees in cash or shares, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Since the exercise price of the convertible bonds and options issued by the Company exceeded the average market price of the shares during the years ended December 31, 2023 and 2022, they are anti-dilutive and excluded from the computation of diluted earnings per share.

25. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

The Company issued 300 units of employee share options on November 29, 2021. On the grant date, each option entities the holder with the right to subscribe for one thousand ordinary share of the Company at exercise price of NT$279 per share. The options are granted to the employees of the Company and its subsidiaries that meet certain criteria. The expected lifetime of the options is 4 years. The options are exercisable by the qualified employees at 50% after the second year from the grant date, and another two tranches of 25% exercisable after third and fourth years from the grant date. The vesting period will be end on November 29, 2026.

Information on outstanding employee share options is as follows:

	For the Year Ended December 31			
	2023		2022	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (NT$)
Balance at January 1	300	$ 272.9	300	$ 279
Balance at December 31	300	272.9	300	272.9
Options exercisable, end of the year	-		-	
Weighted - average fair value of options granted (NT$)	$ 122.02		$ 122.02	

As of the balance sheet date, information about employee share options outstanding was as follows:

	For the Year Ended December 31	
	2023	2022
Range of exercise price (NT$)	$ 272.9	$ 272.9
Weighted average remaining contractual life (in years)	2.25	3.25

The options granted by the Company are priced using the Black-Scholes pricing model and the related inputs to the model are as follows:

	November 29, 2021
Grant-date share price	NT$279
Expected volatility	59.55%、57.55% and 56.53%
Risk-free interest rate	0.40%、0.41% and 0.42%
Expected dividend yield rate	-
Expected life	3.5 years、4 years and 4.5 years

Compensation costs recognized were $13,352 thousand and $14,095 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Issued ordinary shares for cash which are reserved for employees

On April 28, 2022, the Company's board of directors resolved to issue 1,700 thousand ordinary shares for cash, and reserved 15% shares for employees under Company Act. The 255 thousand shares were granted on July 19, 2022.

The options granted by the Company are priced using the Black-Scholes pricing model and the related inputs to the model are as follows:

	July 19, 2022
Grant-date share price	NT$136.5
Exercise price	NT$105
Fair value of options	NT$33.23
Expected volatility	61.79%
Risk-free interest rate	0.7%
Expected life	0.13 years

Compensation cost recognized was $8,474 thousand for the year ended December 31, 2022.

26. DISPOSAL OF SUBSIDIARIES

The Company completed the liquidation of Minerva Technology Co. on August 15, 2023.

a. Gain on liquidation of subsidiaries

	Minerva Technology Co.
Consideration received	$ -
Reclassification of other comprehensive income in respect of subsidiaries	
Exchange differences on translation of the financial statements of foreign operations	466
Gain on disposals	$ 466

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

The key management personnel of the Company review the capital structure on regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 253,528	$ -	$ 254,117	$ -	$ 254,117

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 286,293	$ -	$ 287,400	$ -	$ 287,400

The fair values of the financial assets and financial liabilities included in the Level 2 category above have been determined in accordance with the binary tree pricing model for convertible bonds.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative	$ -	$ 809	$ -	$ 809

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative	$ -	$ 480	$ -	$ 480

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - redeemable and puttable option of convertible bonds	Binary tree pricing model for convertible bonds. Track the evolution of key underlying variables of options in discrete time through a binary tree over multiple time steps between evaluation date and maturity date. Each node of the tree represents a possible price at a particular point in time.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Held for trading	$ 809	$ -
Financial assets at amortized cost (1)	2,040,275	2,056,350
Financial liabilities		
FVTPL		
Held for trading	-	480
Amortized cost (2)	680,370	743,274

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable, other payables (including related parties), bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included accounts receivable, accounts payable and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The Company did not use derivative financial instruments to minimize the effect of these risks, but it uses natural hedging from operations and borrowings denominated in foreign currencies to mitigate the impact of foreign currency risk.

The corporate treasury function reports monthly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency risk (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. Approximately 56% of the Company's sales is denominated in currencies other than the functional currency of the entity in the Company making the sale, whilst almost 74% of costs is denominated in currencies other than the functional currency of the entity in the Company.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 2% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rale used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the year for a 2% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar strengthening (weakening) 2% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or (loss)	$ 15,579	$ 21,100

This was mainly attributable to the exposure on outstanding accounts receivable, cash and cash equivalents and accounts payable denominated in USD that were not hedged at the end of the year.

The Company's sensitivity to foreign currency decreased during the current year mainly due to decrease in the accounts receivable denominated in USD.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 634,213	$ 366,450
Financial liabilities	310,571	308,728
Cash flow interest rate risk		
Financial assets	246,722	609,989

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25 basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $617 thousand and $1,525 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of dealing only with reputable parties and, where necessary, obtains appropriate guarantees to mitigate the risk of financial losses resulting from the default of payment. The Company assesses the creditability of the key customers bused on financial information available and mutual transaction records. The Company continuously monitors the credit risk and credit rating of the counterparties, distributes the total transaction amount to customers with sound credit ratings, and controls the credit risk by ensuring that each counterparty's credit limit is reviewed and approved by the risk management committee.

The Company assesses the financial position of customers with outstanding accounts receivable balances regularly and requests for collateral if necessary.

The Company's concentration of credit risk is mainly related to the top five largest customers, which represents 75% and 89% of total accounts receivable as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. Refer to (b) below for the amount of unsecured short-term bank loan facilities of the Company as of December 31, 2023 and 2022:

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, financial liabilities with a repayment on demand clause are included in the earliest time band regardless of the probability of the creditors choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 225,796	$ 183,289	$ 277,054	$ 1,603
Lease liabilities	-	5,910	11,121	41,169
	$ 225,796	$ 189,199	$ 288,175	$ 42,772

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 17,031	$ 41,169

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 252,557	$ 181,739	$ 21,083	$ 301,602
Lease liabilities	-	5,740	11,752	5,010
	$ 252,557	$ 187,479	$ 32,835	$ 306,612

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 17,492	$ 5,010

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities		
Amount used	$ -	$ -
Amount unused	680,000	680,000
	$ 680,000	$ 680,000

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Yinghon Technology Co.	Subsidiaries

b. Other payables to related parties

Item	Related Party Categories	December 31 2023	December 31 2022
Other payables from related parties	Subsidiaries	$ 13,660	$ 12,563

The outstanding trade payables to related parties are unsecured.

c. Other transactions with related parties

Item	Related Party Categories	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Operation expenses	Subsidiaries	$ 81,871	$ 66,886

The Company entrusted subsidiaries to provide labor services such as business promotion. It is included in the operating expenses. No similar transactions with non-related parties can be referenced. The payment terms are 30 days, and the average credit period was 30 to 60 days.

d. Sales with related parties

Item	Related Party Categories	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Sales	Subsidiaries	$ -	$ 2,291

e. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 42,373	$ 55,948
Post-employment benefits	1,188	1,188
	$ 43,561	$ 57,136

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for customs import goods tax and performance guarantee:

	December 31	
	2023	2022
Pledged deposits (classified as financial assets at amortized cost-non-current)	$ 9,900	$ 9,900

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2023 and 2022 were as follows:

a. Significant commitments

Under a sales agreement, the Company shall pay royalties at a certain percentage of net sales of certain products. Royalty expenses amounted to $2,529 thousand and $1,349 thousand for the years ended December 31, 2023 and 2022, respectively.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 33,184	30.705	$ 1,018,915
Financial liabilities			
Monetary items			
USD	7,816	30.705	239,990

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 48,480	30.71	$ 1,488,821
Financial liabilities			
Monetary items			
USD	14,126	30.71	433,809

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
Foreign Currency	**Exchange Rate**	**Net Foreign Exchange Gains**	**Exchange Rate**	**Net Foreign Exchange Gains**
USD	30.705	$ 29,876	30.71	$ 46,827

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures): None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Note 7.

b. Information on investees: Table 1

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 2

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 2

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

RICHWAVE TECHNOLOGY CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Loss of the Investee	Share of Loss	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Richwave Technology Corp.	Minerva Technology Co.	Belize	Investment	$ -	$ 16,940 (USD 550 thousand)	-	-	$ -	$ (31)	$ (31)	The Company's subsidiary (Note)
Richwave Technology Corp.	AEGIS LINK CORP.	USA	Selling and marketing	12,161 (USD 395 thousand)	-	-	100	12,065	(133)	(84)	The Company's subsidiary
Minerva Technology Co.	AEGIS LINK CORP.	USA	Selling and marketing	-	15,428 (USD 500 thousand)	-	-	-	(133)	(49)	The Company's subsidiary

Note: Minerva Technology Co. completed its liquidation process in August 15, 2023.

RICHWAVE TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investments in Mainland China
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Yinghon Technology Co.（Note）	Development, manufacturing and sales of ICs	$ 57,410 (US$ 2,000 thousand)	Direct Investment	$ 57,410 (US$ 2,000 thousand)	$ -	$ -	$ 57,410 (US$ 2,000 thousand)	$ 2,580	100%	$ 2,580	$ 58,470	$ -	The Company's subsidiary

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 57,410 （US$ 2,000 thousand）	$ 57,410 （US$ 2,000 thousand）	$1,320,119

Note: Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021.

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation

None.

Chapter VII. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position Review and Analysis

1. Financial analysis - consolidated:

Unit: NT$ thousands

Item \ Year	2022	2023	Difference	
			Amount of increase (decrease)	Percentage of increase (decrease) (%)
Current assets	3,092,539	2,695,247	(397,292)	(13)
Property, plant, and equipment	189,182	198,407	9,225	5
Intangible assets	14,876	49,047	34,171	230
Other assets	151,397	233,633	82,236	54
Total assets	3,447,994	3,176,334	(271,660)	(8)
Current liabilities	771,831	927,758	155,927	20
Non-current liabilities	303,513	48,377	(255,136)	(84)
Total liabilities	1,075,344	976,135	(99,209)	(9)
Share capital	901,689	904,554	2,865	0
Capital reserve	626,298	674,357	48,059	8
Retained earnings	844,350	621,998	(222,352)	(26)
Other shareholders' equity	313	(710)	(1,023)	(327)
Total shareholders' equity	2,372,650	2,200,199	(172,451)	(7)

The main reasons for increase or decrease of more than 20% are provided below:

1. Increase in intangible assets: Chiefly attributable to the additional purchases of R&D software during the year.
2. Increase in other assets: Chiefly attributable to the increase in deferred income tax assets during the year.
3. Increase in current liabilities: Chiefly attributable to the issuance of first domestic unsecured convertible corporate bonds this year, and the bonds maturing within 12 months has been recognized as current liabilities.
4. Decrease in non-current liabilities: Chiefly attributable to the recognition of bonds maturing within 12 months as current liabilities.
5. Reduction in retained earnings: Chiefly attributable to the decrease in net profit during the year compared with the previous year.
6. Reduction in other items of shareholder equity: Chiefly attributable to exchange difference fluctuations on the financial statements of foreign operating organizations due to exchange rate fluctuations.

2. Financial analysis - parent company only:

Unit: NT$ thousands

Item / Year	2022	2023	Difference	
			Amount of increase (decrease)	Percentage of increase (decrease) (%)
Current assets	3,027,318	2,643,143	(384,175)	(13)
Property, plant, and equipment	184,910	188,663	3,753	2
Intangible assets	14,876	48,996	34,120	229
Other assets	216,026	299,220	83,194	39
Total assets	3,443,130	3,180,022	(263,108)	(8)
Current liabilities	767,699	931,588	163,889	21
Non-current liabilities	302,781	48,235	(254,546)	(84)
Total liabilities	1,070,480	979,823	(90,657)	(8)
Share capital	901,689	904,554	2,865	0
Capital reserve	626,298	674,357	48,059	8
Retained earnings	844,350	621,998	(222,352)	(26)
Other shareholders' equity	313	(710)	(1,023)	(327)
Total shareholders' equity	2,372,650	2,200,199	(172,451)	(7)

The main reasons for increase or decrease of more than 20% are provided below:

1. Increase in intangible assets: Chiefly attributable to the additional purchases of R&D software during the year.
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3. Increase in current liabilities: Chiefly attributable to the issuance of first domestic unsecured convertible corporate bonds this year, and the bonds maturing within 12 months has been recognized as current liabilities.
4. Decrease in non-current liabilities: Chiefly attributable to the recognition of bonds maturing within 12 months as current liabilities.
5. Reduction in retained earnings: Chiefly attributable to the decrease in net profit during the year compared with the previous year.
6. Reduction in other items of shareholder equity: Chiefly attributable to exchange difference fluctuations on the financial statements of foreign operating organizations due to exchange rate fluctuations.

II. Financial Performance

1. Financial performance analysis - consolidated:

Unit: NT$ thousands

Item/Year	2022	2023	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Net operating revenue	3,429,371	2,984,581	(444,790)	(13)
Operating costs	2,370,781	2,182,491	(188,290)	(8)
Gross operating profit	1,058,590	802,090	(256,500)	(24)
Operating expenses	1,075,795	1,099,569	23,774	2
Operating profit	(17,205)	(297,479)	(280,274)	1,629
Non-operating income and expenses	78,494	19,348	(59,146)	(75)
Net profit before tax	61,289	(278,131)	(339,420)	(554)
Income tax expenses	6,230	(55,842)	(62,072)	(996)
Current net profit	55,059	(222.289)	(55,281)	(100)

The main reasons for increase or decrease of more than 20% are provided below:

1. Reduction in operating profit: Chiefly attributable to variance in product mix.
2. Reduction in operating profit: Chiefly attributable to the reduction in the year's operating revenue, as well as the increase in R&D expenses compared with the previous year.
3. Increase in non-operating income and expenditures: Chiefly attributable to the the fluctuation in currency exchange rates, leading to a decrease in net translation gains.
4. Reduction in in net profit before tax: Chiefly attributable to the reduction in net operating revenue during the year.
5. Reduction in income tax expenses: Chiefly attributable to the reduced net profit before tax during the year.
6. Reduction in current period net profit: Chiefly attributable to the reduction in operating revenue and increase in operating expenses during the year.

2. Financial analysis - parent company only:

Unit: NT$ thousands

Item/Year	2021	2022	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Net operating revenue	3,429,200	2,984,581	(444,619)	(13)
Operating costs	2,370,665	2,182,491	(188,174)	(8)
Gross operating profit	1,058,535	802,090	(256,445)	(24)
Operating expenses	1,077,228	1,101,814	24,586	2
Operating profit	(18,693)	(299,724)	(281,031)	1,503
Non-operating income and expenses	79,979	21,511	(58,468)	(73)
Net profit before tax	61,286	(278,213)	(339,499)	(554)
Income tax expenses	6,227	(55,924)	(62,151)	(998)
Current net profit	55,059	(222,289)	(277,348)	(504)

The main reasons for increase or decrease of more than 20% are provided below:

1. Reduction in operating profit: Chiefly attributable to variance in product mix.
2. Reduction in operating profit: Chiefly attributable to the reduction in the year's operating revenue, as well as the increase in R&D expenses compared with the previous year.
3. Increase in non-operating income and expenditures: Chiefly attributable to the the fluctuation in currency exchange rates, leading to a decrease in net translation gains.
4. Reduction in in net profit before tax: Chiefly attributable to the reduction in net operating revenue during the year.
5. Reduction in income tax expenses: Chiefly attributable to the reduced net profit before tax during the year.

Reduction in current period net profit: Chiefly attributable to the reduction in operating revenue and increase in operating expenses during the year.

3. Expected sales, possible impact on the Company's future financial operations and response plans: No material impact expected based on evaluations.

III. Cash Flow Analysis

1. Cash flow analysis - consolidated:

Unit: NT$ thousands

Initial cash balance	Annual net cash flow from operating activities	Annual net cash outflow due to investing and financing activities	Cash balance	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
1,015,303	82,956	(180,177)	918,082	—	—

1. Analysis of annual cash flow changes in this year:
   (1) Operating activities: Chiefly attributable to the increase in cash flow from operating activities compared with the previous year, which is mostly caused by the net operating loss in this year.
   (2) Investing activities: The increase in cash outflow from investing activities is chiefly attributable to the disposition of amortized financial assets carried at cost in the previous year.
   (3) Financing activities: The decrease in cash outflow from financing activities compared with the previous year is chiefly attributable to the repayment of shor-term loans in the previous year as well as distributions of cash dividends.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the next year:
   (1) Cash inflow from operating activities of NT$300,000 thousand: Mainly due to net operating profit.
   (2) Cash outflow from investing activities of NT$200,000 thousand: Mainly due to increased capital expenditures.
   (3) Cash inflow from investing activities amounted to NT$100,000 thousand.

2. Cash flow analysis - parent company only:

Unit: NT$ thousands

Initial cash balance	Annual net cash flow from operating activities	Annual net cash outflow due to investing and financing activities	Cash balance	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
964,150	70,920	(163,190)	871,880	—	—

1. Analysis of annual cash flow changes in this year:
   (1) Operating activities: The increase in cash flow from operating activities compared with the previous year was chiefly attributable to this year's efforts to digest inventory.
   (2) Investing activities: Chiefly attributable to the disposition of amortized financial assets carried at cost.
   (3) Other financing activities: Chiefly attributable to the issuance of convertible bonds and implementation of a cash capital increase, and repayment of short-term loans during the year, as well as to the issuance of cash dividends; financing activities resulted in a net cash outflow of NT$$55,730,000.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the next year:
   (1) Cash inflow from operating activities of NT$300,000 thousand: Mainly due to net operating profit.
   (2) Cash outflow from investing activities of NT$200,000 thousand: Mainly due to increased capital expenditures.
   (3) Cash inflow from investing activities amounted to NT$100,000 thousand.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

(1) Re-investment policy

The re-investment policy of the Company is based on its business operation and not to be engaged in business of other industries. The Company has established, “Investment cycle” and “Acquisition or Disposal of Assets”. If there are relevant investment plans, it will follow the above stipulations.

(2) The main reasons for the profits/losses generated thereby, the plan for improving reinvestment profitability

Unit: NT$ thousands

Name of reinvested	Ownership (%)	Investment Gain (Loss)	Mainly due to currency exchange loss and increase in valuation costs	Improvement plan
Minerva Technology Co . (Belize)	(Note)	(31)	Recognize the investment loss, accounted for using equity method	NA
AEGIS LINK CORP. (U.S.A)	100%	(84)	The business is not enough to support operating expenses	To develop new sales channels
YingHon Technology Corp. (Shenzhen)	100%	2,581	The business is not enough to support operating expenses	To develop new sales channels

Note: Upon resolution from the 7th meeting of the 7th Board of Directors on April 27, 2023, the Company has decided on the adjustment of the reinvestment structure, and the Company purchased the equity of AEGIS LINK CORP. (U.S.A), and the Minerva Technology Co. (Belize) completed its liquidation on August 15, 2023.

(3) Investment plans for the coming year The Company does not have any concrete investment plan. If there is any investment plan, it will follow the stipulations.

VI. Risk Analysis and Assessment

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Impact of changes in interest rates:

The Company readily observes the effects of changes in financial market interest rates on cash flow and takes response measures based on actual requirements.

2. Impact of changes in exchange rates:

The Company's sales revenue and procurement expenditures are mostly denominated in USD and we use foreign-currency assets to offset foreign-currency liabilities to achieve natural hedging. The Company also closely monitors information on exchange rate changes and exchange rate developments in order to adjust foreign-currency assets and liabilities in accordance with developments in the global macroeconomic environment, exchange rates, and future capital demand. These measures are taken to evade exchange rate risks and reduce the impact of exchange rate changes on the Company's profit and loss.

3. Inflation:

The Company closely monitors the fluctuations in the materials market and product prices and has not experienced any immediate major impact from inflation at home or abroad.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company has established the "Procedures for Acquisition and Disposal of Assets", "Procedures for Loans and Making Endorsements and Guarantees", and "Procedures for Engaging in Transactions of Derivative Products" as the standards for related operations and these regulations have been passed in resolutions of the shareholders' meeting. The Company has not engaged in any high-risk, high-leverage investment, loans to other parties, endorsements and guarantees, or transaction in derivative products in the past year and as of the publication date of the Annual Report.

(III) Future R&D plans and expected R&D expenditures:

(1) Future R&D projects:

Item	Main Functions and Specifications
FEM systems for mobile phone applications	● Power amplifier module. ● Front-end module. ● B. Digital chips for FM radio applications.
Front-end RF component IC systems for ICT applications	● Antenna switch. ● low-noise amplifier ● front-end integrated RF ICs
Front-end RF component IC systems for cable modem applications	● Antenna switch.
Front-end RF component IC systems for automotive applications	● Antenna switch. ● Front-end integrated RF ICs

Item	Main Functions and Specifications
2D or 3D gesture recognition and remote control algorithm software and firmware suite	● Provide remote input operation for laptops, TVs, smart toilets, or other smart home appliances
Two-dimensional multi-person position detection algorithm software and firmware suite	● Provide indoor positioning for home security or elderly home care applications
2T2R dual-band high performance radar SoC	● For 3-D and object tracking applications
1T2R & 2T2R dual-band auto-sensing radar SoC	● For ULP (ultra low power) applications
small size mmWave AiP radar sensor for portable device	● Provide information needed for distance, direction or two-dimensional gesture recognition of laptops or handheld devices
Next generation mmWave radar sensor with embedded processing unit (SoC)	● Design and integrate signal processing units on the chips to provide comprehensive millimeter wave radar system ICs

(2) Estimated R&D expenditures:

The Company plans to invest approximately NT$700,000 thousand in R&D expenditures in 2024 and we shall continue to maintain growth in R&D expenditures based on the development progress of new products and new technologies to maintain our competitive advantages.

(IV) The impacts of changes of important domestic and foreign policies and laws on the Company's finances and business, and the measures to be taken in response:

1. The Company complies with all related domestic and foreign laws and regulations in day-to-day operations and continuously pays close attention to domestic and foreign policy development trends and changes in legislation to fully understand changes in the market environment. Therefore, the Company's finance and business have not been affected by major changes in government policies and laws at home and abroad in the most recent year.

2. IFRS implementation schedule and measures to be taken in response: The Company has prepared the financial statements in accordance with the International Financial Reporting Standards (IFRS) since 2013.

(V) Effect on the company's financial operations of developments in science and technology (including cybersecurity), as well as industrial change, and measures to be taken in response:

The Company continuously monitors technological changes and developments in the industry and quickly gains information on industry developments.

RichWave continuously enhances its R&D capabilities, applies for patent protection for various innovative concepts and design developments, and actively expands future market applications to counter the impact of technological changes and industry changes on the Company.

The Company has established a cross-departmental information security management team to enhance information security management, with the president as the convener, the information department and the administration department as the leader and planner, and each business-related unit as the executor. The information security team holds regular meetings to review the implementation status of the Company's information security system. It is required to report to the Board of Directors at least once a year on the implementation status of the Company's information security affairs to obtain advice and guidance from the highest level of the Company, thereby ensuring the effectiveness of the Company's information security management operations.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since the establishment of the Company, we have complied with related regulations, actively enhanced internal management, improved management quality and performance, and maintained harmonious employer-employee relations to maintain a good corporate image. There has been no incident that affected our corporate image.

(VII) Expected benefits and possible risks of merger and acquisition, and measures to be taken in response: Not applicable.

(VIII) Expected benefits and possible risks of facilities expansion, and measures to be taken in response: Not applicable.

(IX) Risks associated with over-concentration in purchase or sale and response measures:

The Company's procurement is concentrated due to concerns in product quality and preferred purchasing price, though the Company maintains at least two suppliers for its main materials avoid risks resulting from over-concentration in purchasing. In addition, the concentration of the Company's sales is mainly due to the distributors' sales to customers in Taiwan and China. To mitigate the risks of over-concentration of sales, the Company also actively develops customers with long-term cooperation and carefully selects customers of excellent financial background to lower the risks of over-concentration of sales.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and response measures: None.

(XI) Impact and risk associated with changes in management rights, and response measures: Not applicable.

(XII) Litigation or non-litigation events: None.

(XIII) Other significant risks and response measures:

1. Risk Management Organization Framework

Richwave Technology Corp. has established a cross-unit Business Continuity Planning (BCP) team with representatives from each business unit as the team members and the general manager serving as the general convener of the team. The BCP team had conducted rigorous risk assessments for the major risks that the Company may encounter to formulate response strategies, arranges emergency response measures, and conduct irregular drills to continue to improve and prevent potential major risk events from causing damage to the Company.

2. Risk Policy and Management Process

The Company has established the "Risk Management Policy and Procedures," which was approved by the board of directors on December 23, 2021. The goals are to enable Richwave's management team to operate proactively and cost-effectively; integrate and manage all potential strategy, operation, financial, and hazard-related risks that may affect operation integration and profits; and strengthen the board's function directors to implement risk management supervision. The Company has assessed and managed various risk factors through risk identification, analysis, assessment, response, control, and supervision procedures. We will continue to regularly observe the impact that emerging risks may have on the Company to fully grasp the scope of each risk, take appropriate measures, and allocate resources appropriately to ensure that the relevant risks are properly managed.

3. Risk item identification and management

By analyzing the global atmosphere, industry pulse, regulatory trends, and the Company's current status, Richwave has identified risk items under 5 major orientations: strategy, operation, finance, hazard events, and regulatory compliance. The items are as follows:

Strategic Aspect	Operation Aspect	Financial Aspect	Hazardous Incident Aspect	Regulation Compliance Aspect
1. Industrial change and technological innovation 2. Short-range technology R&D and competition status 3. Policy or law changes 4. Global political and economic development	1. Market demands 2. Continual operation risks for the enterprise (i.e., operation interruption, supply chain interruption, production chain interruption risks) 3. Information security 4. Supplier management 5. Intellectual property rights 6. Credit risk (including clients and suppliers) 7. Corporate image	1. Interest rates, exchange rates, & inflation 2. Funding liquidity 3. High-risk/high-leverage financial investment, derivative financial commodity trading	1. Climate change, sudden natural disasters 2. Occupational safety and hygiene 3. Fire or other man-made disasters (i.e., use of hazardous substances in products and processes) 4. Impacts by pandemic infectious diseases 5 Water & electricity supplier	1. Company Act, Securities and Exchange Act, Business Entity Accounting Act, insider trading 2. Financial Reporting Process 3. Personal Data Protection Act

Strategic Aspect	Operation Aspect	Financial Aspect	Hazardous Incident Aspect	Regulation Compliance Aspect
	8. Capital loan to others & endorsement guarantee 9. Strategic investment			

VII. Other Important Matters

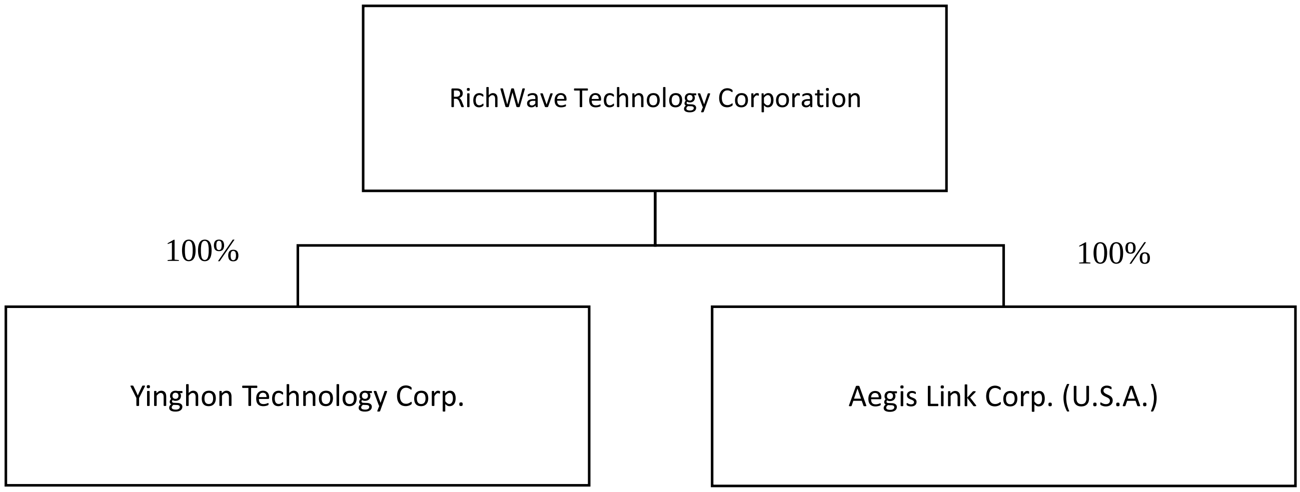
None

Chapter VIII. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated business report of affiliates:

1. Organization chart of affiliates: Dec. 31, 2023



2. Basic information of affiliates:

Dec. 31, 2023; Unit: foreign currency

Enterprise name	Date established	Address	Paid-in capital	Main business or products
Aegis Link Corp. (U.S.A.)	Jan. 2019	United States	USD 395,000	Business promotion
Yinghon Technology Corp. (Shenzhen)(Note1)	May. 2021	Mainland China	USD2,000,000	Dsign and sale of integrated circuits (ICs)

Note1:In May 2021, the Company established Shenzhen Richwave Technology Co. Ltd. in Shen Zhen with an investment of USD1,000 thousand. Shenzhen Richwave Technology Co. Ltd. was renamed to Yinghon Technology Co. in September 2021.

Note2: Upon resolution from the 7th meeting of the 7th Board of Directors on April 27, 2023, the Company has decided on the adjustment of the reinvestment structure, and the Company purchased the equity of AEGIS LINK CORP. (U.S.A), and the Minerva Technology Co. (Belize) completed its liquidation on August 15, 2023.

3.The Company does not have affiliates for which it is presumed as having control and subordinate relationships specified in Article 369-3 of the Company Act.

4. Industries covered by the business operations of affiliates:

The business operations of the Company and affiliates include the design, sales, and business promotion of integrated circuits (ICs) for wireless telecommunication products. The main business operations of the Company's affiliates mainly include R&D and sales of RFIC front-end modules (FEMs) for WiFi connectivity solutions (including power amplifiers, low noise amplifiers, switches, and integrated FEMs) and 2.4GHz wireless video and audio transmission RFIC and SOC and general investment.

5. Information on directors, supervisors, and general managers of affiliates:

Enterprise name	Title	Name or representative	Shareholding	
			Shares	Shareholding ratio
Aegis Link Corp. (U.S.A.)	Director	Dye-Jyun Ma	0	0%
Yinghon Technology Corp. (Shenzhen)	Legal representative	Dye-Jyun Ma	0	0%

6. Overview of the operations of affiliates:

As of Dec. 31, 2023; Unit: in thousand NTD except for EPS

Enterprise name	Capital	Total value of assets	Total value of liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	EPS (NT$) (after tax)
Aegis Link Corp. (U.S.A.)	15,370	12,065	0	12,065	0	0	(133)	
Yinghon Technology Corp (Shenzhen)	57,410	68,441	9,972	58,469	81,871	2,580	2,580	

(II) Consolidated financial statement of affiliates:

For the year 2023 (from Jan. 1 to Dec. 31, 2023), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliates has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared (refer to page 159 to 274).

(III) Affiliation Report: Not applicable.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.

IV. Other Supplementary Information

None.

Chapter IX. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.