

**RichWave Technology Corporation**  
**2024 Annual Shareholders' Meeting Minutes**  
**(English Translation for Reference Only)**

**Time:** 10:00 a.m., Thursday, May 29, 2024

**Venue:** 1F., No. 399, Ruiguang Road, Neihu District, Taipei City (International Multi-Functional Conference Room, Liberty Square)

**Held by means of:** Physical shareholders' meeting

**The Number of Shares of Attendance:**

Attending shareholders and proxy represented 51,653,377 shares (Including 24,715,529 shares which attended through electronic voting) accounting for 56.96% of 90,675,124 shares, the Company's total outstanding shares.

**Directors Present:**

Chairman Dye-Jyun Ma, Director Shih-Chi Wang, Director Ching-Hua Wang, Director Wei-Kang Teng

**Attended Independent Directors:**

Chia-Ying Ma, Wen-Hsiang Lu

**Other Present:** Su-Li Fang, CPA of Deloitte & Touche

**Chairman:** Dye-Jyun Ma, the Chairman of the Board of Directors

**Recorder:** Wei-Che Hsu

**Call the Meeting to Order:** The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

**1.Chairman's Remarks:** Omitted.

## **2.Report Items:**

(I) To report the business of 2023. Please refer to Attachment 1.

(II) Audit Committee's review report. Please refer to Attachment 2.

(III) To report 2023 employees' profit sharing and directors' compensation

Explanation:

Pursuant to Article 24 of the Articles of Incorporation, as no profit was made in 2023, no remuneration to employees and directors shall be distributed.

(IV) The company issued the first domestic unsecured convertible corporate bond report.

Explanation:

1. The Company shall report the reasons and relevant matters for inviting corporate bond subscriptions per Article 246 of the Company Act.
2. Through a resolution of the Board of Directors on April 28, 2022 for the Company to issue the first domestic unsecured corporate bonds to increase working capital, the Company raised NT\$314,951,450. The issuance became effective by the Financial Supervisory Commission's Ching-Kuan-Cheng-Fa-Tze No. 11103476261 letters. Trading of the first domestic unsecured convertible corporate bonds began on TPEx on July 29, 2022.
3. The report on issuing the first domestic unsecured convertible corporate bonds of 2022 is attached. Please refer to Attachment 3.

## **3.Acknowledgements**

### **Acknowledgement I**

Proposed by the Board of Directors

Case: Adoption of the 2023 Business Report and Financial Statements.

Explanation:1. The 2023 balance sheet, comprehensive Income statement, statement of changes in equity, and cash flow statement were passed in the 7th meeting of the 11th-term Board of Directors on Feb. 29, 2024 and audited by the CPAs, Su-Li Fang and Jian-Ming Zeng, of Deloitte, Taiwan. The aforementioned statements and the Business Report were submitted to the

Audit Committee for review and a review report was issued.

2. The Business Report, Independent Auditor's Report, and the aforementioned financial statements are provided. Please refer to Attachment 1 and Attachment 4.

Resolution: The result is as follows:

Shares represented at the time of voting: 51,653,377

Voting Results	% of the total represented share present
Votes in favor: 37,476,892 votes (including electronic voting 10,611,606 votes)	72.55%
Votes against: 23,248 votes (including electronic voting 23,248 votes)	0.04%
Votes invalid: 0 votes	0.00%
Votes abstained: 14,153,237 votes (including electronic voting 14,080,675 votes)	27.40%

It was resolved that the above proposal be approved as proposed.

## Acknowledgement II

Proposed by the Board of Directors

Case: Adoption of the proposal for distribution of 2023 earnings.

Explanation: 1. After the undistributed earnings at the beginning of the period of NT\$631,655,145 less 2023 net loss after profit of NT\$222,288,707, and defined benefits plan of NT\$62,710, statutory special surplus reserve of NT\$710,332 was appropriated and the undistributed earnings at the end of the period amounted to NT\$408,593,396.

2. The 2023 earnings distribution table is as follows:

RichWave Technology Corporation  
Earnings Distribution Table  
2023

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	\$631,655,145
Less : Net loss of 2023	(222,288,707)
Re-measurement of defined benefit plan converted into retained earnings	(62,710)
Appropriation Item	
Allocation of special surplus reserve pursuant to laws	(710,332)
Undistributed retained earnings from previous years	\$408,593,396

Chairman of the Board: Dye-Jyun Ma

Managerial Officer: Shih-Chi Wang

Chief Accounting Officer: Wei-Che Hsu

3. As no undistributed earnings were retained at the end of the period in 2023, no dividends shall be distributed to shareholders.

Resolution: The result is as follows:

Shares represented at the time of voting: 51,653,377

Voting Results	% of the total represented share present
Votes in favor: 37,446,871 votes (including electronic voting 10,581,585 votes)	72.49%
Votes against: 53,617 votes (including electronic voting 53,617 votes)	0.10%
Votes invalid: 0 votes	0.00%
Votes abstained: 14,152,889 votes (including electronic voting 14,080,327 votes)	27.39%

It was resolved that the above proposal be approved as proposed.

#### **4. Proposed Resolutions**

##### **Proposal I**

Proposed by the Board of Directors

Case: To revise the "Articles of Incorporation".

Explanation: 1. Articles of Incorporation

2. The comparison table of amended articles of the "Articles of Incorporation" is provided. Please refer to Attachment 5.

Resolution: The result is as follows:

Shares represented at the time of voting: 51,653,377

Voting Results		% of the total represented share present
Votes in favor: (including electronic voting	35,440,527 votes 8,575,241 votes)	68.61%
Votes against: (including electronic voting	1,617,680 votes 1,617,680 votes)	3.13%
Votes invalid:	0 votes	0.00%
Votes abstained: (including electronic voting	14,595,170 votes 14,522,608 votes)	28.25%

It was resolved that the above proposal be approved as proposed.

**IX. Extemporary Motions:** None.

**X. Meeting Adjourned:** 10:15 AM

No shareholders have expressed concerns regarding the reporting items, acknowledgement items, or proposal items.

## Attachment 1

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

		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	223.59	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 had successfully developed 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

## 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 Su-Li Fang, CPA, and Jian-Ming Zeng, 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

RichWave Technology Corporation 2024 Annual General Shareholders' Meeting

RichWave Technology Corporation

Chairman of the Audit Committee:

Chia-Ying Ma

February 29, 2024

**Richwave Technology Corp.**  
**Issuing of First Domestic Unsecured Convertible Corporate Bonds of 2022**

March 31, 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 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)

Type of corporate bonds	First domestic unsecured convertible corporate bonds
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 March 31, 2024, 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

## **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.

#### 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 (I), 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

Notice to Readers

*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)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
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	<u>2,695,247</u>	<u>85</u>	<u>3,092,539</u>	<u>90</u>
<b>NON-CURRENT ASSETS</b>				
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	<u>481,087</u>	<u>15</u>	<u>355,455</u>	<u>10</u>
<b>TOTAL</b>	<u>\$ 3,176,334</u>	<u>100</u>	<u>\$ 3,447,994</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	<u>927,758</u>	<u>29</u>	<u>771,831</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
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	<u>48,377</u>	<u>2</u>	<u>303,513</u>	<u>9</u>
Total liabilities	<u>976,135</u>	<u>31</u>	<u>1,075,344</u>	<u>31</u>
<b>EQUITY (Notes 20 and 25)</b>				
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	<u>2,200,199</u>	<u>69</u>	<u>2,372,650</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 3,176,334</u>	<u>100</u>	<u>\$ 3,447,994</u>	<u>100</u>

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)	<u>2,182,491</u>	<u>73</u>	<u>2,370,781</u>	<u>69</u>
GROSS PROFIT	<u>802,090</u>	<u>27</u>	<u>1,058,590</u>	<u>31</u>
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)	<u>(4,676)</u>	<u>-</u>	<u>12,126</u>	<u>-</u>
Total operating expenses	<u>1,099,569</u>	<u>37</u>	<u>1,075,795</u>	<u>31</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(297,479)</u>	<u>(10)</u>	<u>(17,205)</u>	<u>-</u>
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	<u>(6,264)</u>	<u>-</u>	<u>(4,887)</u>	<u>-</u>
Total non-operating income and expenses	<u>19,348</u>	<u>1</u>	<u>78,494</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(278,131)	(9)	61,289	2
INCOME TAX EXPENSE (BENEFIT) (Note 23)	<u>(55,842)</u>	<u>(2)</u>	<u>6,230</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(222,289)</u>	<u>(7)</u>	<u>55,059</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	<u>(78)</u>	-	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)**

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

(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		Capital Surplus	Retained Earnings			Other Equity		Total	Total Equity
	Number of Shares (In Thousands)	Ordinary Shares		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		
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	<u>1,700</u>	<u>17,000</u>	<u>158,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,875</u>
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	<u>286</u>	<u>2,865</u>	<u>34,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,572</u>
BALANCE AT DECEMBER 31, 2023	<u>90,455</u>	<u>\$ 904,554</u>	<u>\$ 674,357</u>	<u>\$ 212,694</u>	<u>\$ -</u>	<u>\$ 409,304</u>	<u>\$ (14)</u>	<u>\$ (696)</u>	<u>\$ (710)</u>	<u>\$ 2,200,199</u>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>(57,686)</u>	<u>(30,963)</u>
Net cash from (used) in investing activities	<u>(152,103)</u>	<u>5,733</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>-</u>	<u>175,875</u>
Net cash used in financing activities	<u>(30,457)</u>	<u>(55,730)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>2,383</u>	<u>51,776</u>
<b>NET INCREASE ( DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(97,221)	373,963
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,015,303</u>	<u>641,340</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>\$ 918,082</u></u>	<u><u>\$ 1,015,303</u></u>

(Concluded)

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

## **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 (I) 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

#### Notice to Readers

*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)**

	<b>2023</b>		<b>2022</b>	
<b>ASSETS</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>				
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)	<u>1,531</u>	<u>-</u>	<u>10,314</u>	<u>-</u>
Total current assets	<u>2,643,143</u>	<u>83</u>	<u>3,027,318</u>	<u>88</u>
<b>NON-CURRENT ASSETS</b>				
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)	<u>2,112</u>	<u>-</u>	<u>1,565</u>	<u>-</u>
Total non-current assets	<u>536,879</u>	<u>17</u>	<u>415,812</u>	<u>12</u>
<b>TOTAL</b>	<u>\$ 3,180,022</u>	<u>100</u>	<u>\$ 3,443,130</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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)	<u>15,007</u>	<u>-</u>	<u>7,468</u>	<u>-</u>
Total current liabilities	<u>931,588</u>	<u>29</u>	<u>767,699</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
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)	<u>1,603</u>	<u>-</u>	<u>1,602</u>	<u>-</u>
Total non-current liabilities	<u>48,235</u>	<u>2</u>	<u>302,781</u>	<u>9</u>
Total liabilities	<u>979,823</u>	<u>31</u>	<u>1,070,480</u>	<u>31</u>
<b>EQUITY (Notes 20 and 25)</b>				
Share capital				
Ordinary shares	<u>904,554</u>	<u>28</u>	<u>901,689</u>	<u>26</u>
Capital surplus	<u>674,357</u>	<u>21</u>	<u>626,298</u>	<u>18</u>
Retained earnings				
Legal reserve	212,694	7	207,114	6
Special reserve	-	-	1,373	-
Unappropriated earnings	<u>409,304</u>	<u>13</u>	<u>635,863</u>	<u>19</u>
Total retained earnings	<u>621,998</u>	<u>20</u>	<u>844,350</u>	<u>25</u>
Other equity	<u>(710)</u>	<u>-</u>	<u>313</u>	<u>-</u>
Total equity	<u>2,200,199</u>	<u>69</u>	<u>2,372,650</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 3,180,022</u>	<u>100</u>	<u>\$ 3,443,130</u>	<u>100</u>

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)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
NET REVENUE (Notes 21 and 29)	\$ 2,984,581	100	\$ 3,429,200	100
OPERATING COSTS (Notes 10 and 22)	<u>2,182,491</u>	<u>73</u>	<u>2,370,665</u>	<u>69</u>
GROSS PROFIT	<u>802,090</u>	<u>27</u>	<u>1,058,535</u>	<u>31</u>
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)	<u>(4,676)</u>	<u>-</u>	<u>12,126</u>	<u>-</u>
Total operating expenses	<u>1,101,814</u>	<u>37</u>	<u>1,077,228</u>	<u>31</u>
LOSS FROM OPERATIONS	<u>(299,724)</u>	<u>(10)</u>	<u>(18,693)</u>	<u>-</u>
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	<u>2,465</u>	<u>-</u>	<u>2,965</u>	<u>-</u>
Total non-operating income and expenses	<u>21,511</u>	<u>1</u>	<u>79,979</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(278,213)	(9)	61,286	2
INCOME TAX EXPENSE (BENEFIT) (Note 23)	<u>(55,924)</u>	<u>2</u>	<u>6,227</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(222,289)</u>	<u>(7)</u>	<u>55,059</u>	<u>2</u>

(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)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
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)	<u>(1,023)</u>	<u>-</u>	<u>1,686</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,086)</u>	<u>-</u>	<u>2,425</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (223,375)</u>	<u>(7)</u>	<u>\$ 57,484</u>	<u>2</u>
EARNINGS (LOSS) PER SHARE (Note 24)				
Basic	<u>\$ (2.46)</u>		<u>\$ 0.62</u>	
Diluted	<u>\$ (2.46)</u>		<u>\$ 0.62</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

# **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		Capital Surplus	Retained Earnings			Other Equity		Total	Total Equity
	Number of Shares (In Thousands)	Ordinary Shares		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		
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	<u>1,700</u>	<u>17,000</u>	<u>158,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,875</u>
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	<u>286</u>	<u>2,865</u>	<u>34,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,572</u>
BALANCE AT DECEMBER 31, 2023	<u>90,455</u>	<u>\$ 904,554</u>	<u>\$ 674,357</u>	<u>\$ 212,694</u>	<u>\$ -</u>	<u>\$ 409,304</u>	<u>\$ (14)</u>	<u>\$ (696)</u>	<u>\$ (710)</u>	<u>\$ 2,200,199</u>

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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>(57,629)</u>	<u>(30,963)</u>
Net cash used in investing activities	<u>(142,600)</u>	<u>(21,658)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>-</u>	<u>175,875</u>
Net cash used in financing activities	<u>(22,852)</u>	<u>(48,315)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>2,262</u>	<u>51,585</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(92,270)</u>	<u>345,607</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>964,150</u>	<u>618,543</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 871,880</u>	<u>\$ 964,150</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

RichWave Technology Corporation  
Articles of Incorporation  
Comparison Table of Amended Articles

Article number	Current provisions	Amended provisions	Reference and reason for the amendment
Article 24	If there is any profit after closing of books, the Corporation shall first set aside eight percent (8%) for its employee's compensation and shall be divided by Board of Director's resolution, distributed in the form of shares or in cash. The qualification requirements of employees, including the employees of subsidiaries of the Corporation meeting certain specific requirements. The Corporation may set aside directors's compensation not more than one percent. And in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, the Corporation's accumulated losses shall have been	If there is any profit after closing of books, the Corporation shall first set aside eight percent (8%) for its employee's compensation and shall be divided by Board of Director's resolution, distributed in the form of shares or in cash. The qualification requirements of employees, including the employees of subsidiaries of the Corporation meeting certain specific requirements. The Corporation may set aside directors's compensation not more than <u>one and a half</u> percent. And in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, the Corporation's accumulated losses shall have been	Recommend alteration
Article 24	These Articles of Incorporation are agreed to and signed on December 31, 2003  The first Amendment was amended on January 30, 2004  The second Amendment on June 30, 2009  The third Amendment on June 04, 2010  The fourth Amendment on June 03, 2011  The fifth Amendment on June	These Articles of Incorporation are agreed to and signed on December 31, 2003  The first Amendment was amended on January 30, 2004  The second Amendment on June 30, 2009  The third Amendment on June 04, 2010  The fourth Amendment on June 03, 2011  The fifth Amendment on June	Add revision dates and frequency



Article number	Current provisions	Amended provisions	Reference and reason for the amendment
	06, 2012 The sixth Amendment on May 27, 2016 The seventh Amendment on May 26, 2017 The eighth Amendment on May 24, 2019 The ninth Amendment on May 29, 2020 The tenth Amendment on July 27, 2021 The eleventh Amendment on May 26, 2022	06, 2012 The sixth Amendment on May 27, 2016 The seventh Amendment on May 26, 2017 The eighth Amendment on May 24, 2019 The ninth Amendment on May 29, 2020 The tenth Amendment on July 27, 2021 The eleventh Amendment on May 26, 2022 <u>The twelfth Amendment on May 29, 2024</u>	