Stock Code: 3450

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements for the Three Months Ended March 31, 2023 and 2022and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Elite Advanced Laser Corporation:

Introduction

We have audited the accompanying consolidated balance sheets of Elite Advanced Laser Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and of cash flows for the months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of the Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of marking inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the Group's investments accounted using the equity method on March 31, 2023 and 2022 were NT$102,489 thousand and

NT$91,383 thousand respectively. For the three months ended March 31, 2023 and 2022 and for the three months ended March 31, 2023 and 2022, the share of profits and losses of associates and joint ventures accounted using the equity method were NT$4,898 thousand and NT$2,424 thousand respectively. The relevant information disclosed in Note 37 to the consolidated financial statements is recognized and disclosed based on the investee company's financial statements for the same period that have not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chien-Hsin, Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2023

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from 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' review report and consolidated financial statements shall prevail.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2023, DECEMBER 31 AND MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

		March 31, 2023 (Reviewed)		December 31, 2022 (Restated and audited)		March 31, 2022 (Restated and reviewed)	
Code	ASSETS	Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	$ 2,328,441	24	$ 2,542,423	25	$ 2,339,337	22
1136	Financial assets at amortized cost - Current (Notes 5, 7, 8 and 34)	30,000	-	12,500	-	-	-
1150	Notes receivable (Notes 5, 9 and 24)	-	-	-	-	-	-
1140	Current contract assets (Notes 5 and 24)	151,935	2	151,762	1	223,513	2
1170	Accounts receivable (Notes 5, 9 and 24)	884,765	9	986,290	10	1,213,626	12
1180	Accounts receivable due from related parties (Notes 5, 24 and 33)	10,108	-	9,583	-	9,343	-
1200	Other receivables (Notes 5 and 9)	174,767	2	164,211	2	130,602	1
1210	Other receivables due from related parties (Notes 5 and 33)	4,388	-	43	-	3,643	-
1220	Current tax asset (Note 4)	10,135	-	10,086	-	1,674	-
130X	Inventories (Note 10)	460,171	5	527,241	5	601,448	6
1410	Prepayments (Note 18)	231,419	2	222,693	2	288,159	3
11XX	Total current assets	4,286,129	44	4,626,832	45	4,811,345	46
	NON-CURRENT ASSETS						
1535	Financial assets at amortized cost - Non-current (Notes 5, 7, 8 and 34)	744	-	741	-	-	-
1550	Investments accounted for using equity method (Note 12)	102,489	1	101,489	1	91,383	1
1600	Property, plant and equipment (Notes 13, 29 and 34)	4,927,737	51	4,670,386	46	4,569,119	44
1755	Right-of-use assets (Note 14)	144,009	1	154,230	2	176,088	2
1760	Investment property (Note 15)	55,595	1	57,214	1	64,700	1
1805	Goodwill (Note 16)	32,577	-	32,577	-	-	-
1821	Intangible assets (Note 17)	5,140	-	6,176	-	6,206	-
1840	Deferred tax assets (Notes 3 and 4)	106,326	1	113,291	1	88,181	1
1990	Other non-current assets (Notes 5, 9 and 18)	48,938	1	423,071	4	550,302	5
15XX	Total non-current assets	5,423,555	56	5,559,175	55	5,545,979	54
1XXX	TOTAL	$ 9,709,684	100	$ 10,186,007	100	$ 10,357,324	100
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 19 and 34)	$ -	-	$ 71,170	1	$ -	-
2130	Current contract liabilities (Notes 24 and 33)	19,685	-	16,019	-	24,736	-
2170	Accounts payable	665,720	7	874,883	9	1,143,917	11
2180	Accounts payable due from related parties (Note 33)	-	-	1,907	-	-	-
2200	Other payables (Notes 20 and 31)	1,334,005	14	1,199,217	12	1,476,622	14
2220	Other payables due from related parties (Note 33)	-	-	15,014	-	-	-
2230	Current tax liabilities (Note 4)	215,172	2	128,967	1	282,384	3
2250	Current provisions (Note 21)	36,674	-	36,419	-	34,717	-
2280	Current lease liabilities (Note 14)	42,046	-	42,745	-	38,079	-
2300	Other current liabilities (Note 20)	146,144	2	146,192	2	108,756	1
2320	Long-term borrowings due within 1 year (Notes 19 and 34)	7,132	-	37,732	-	53,923	1
21XX	Total current liabilities	2,466,578	25	2,570,265	25	3,163,134	30
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 19 and 34)	397,868	4	367,268	4	293,027	3
2570	Deferred tax liabilities (Notes 3 and 4)	306,362	3	364,744	4	307,046	3
2580	Lease liabilities (Note 14)	64,346	1	73,709	1	96,499	1
2640	Net defined benefit liabilities (Notes 4 and 22)	31,707	-	31,562	-	37,828	-
2670	Others (Notes 20, 31 and 33)	537,756	6	540,041	5	498,579	5
25XX	Total non-current liabilities	1,338,039	14	1,377,324	14	1,232,979	12
2XXX	Total liabilities	3,804,617	39	3,947,589	39	4,396,113	42
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3 and 23)						
	Capital stock						
3110	Common stock	1,456,814	15	1,456,814	14	1,456,814	14
3200	Capital surplus	452,304	5	452,294	5	452,272	4
	Retained earnings						
3310	Legal capital reserve	773,432	8	773,432	7	736,221	7
3320	Special capital reserve	65,301	1	65,301	1	66,339	1
3350	Unappropriated earnings	1,249,464	13	1,289,555	13	1,452,834	14
3300	Total retained earnings	2,088,197	22	2,128,288	21	2,255,394	22
3400	Others	(69,131)	(1)	(67,718)	(1)	(36,875)	-
31XX	Total equity attributable to owners of the Company	3,928,184	41	3,969,678	39	4,127,605	40
36XX	NON-CONTROLLING INTERESTS (Note 23)	1,976,883	20	2,268,740	22	1,833,606	18
3XXX	Total equity	5,905,067	61	6,238,418	61	5,961,211	58
	TOTAL	$ 9,709,684	100	$ 10,186,007	100	$ 10,357,324	100

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on May 11, 2023)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended March 31			
		2023		2022	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 24 and 33)				
4100	Sales Revenue	$ 1,200,249	95	$ 1,597,801	96
4800	Other Operating revenue	62,683	5	67,508	4
4000	Total revenue	1,262,932	100	1,665,309	100
	OPERATING COSTS (Notes 10, 25 and 29)				
5110	Cost of goods sold	(1,044,758)	(83)	(1,323,059)	(80)
5800	Other operating costs	(1,266)	-	(5,231)	-
5000	Total operating costs	(1,046,024)	(83)	(1,328,290)	(80)
5900	GROSS PROFIT	216,908	17	337,019	20
	OPERATING EXPENSES (Notes 9, 24, 25 and 28)				
6100	Selling and distribution expense	(15,041)	(1)	(10,324)	(1)
6200	General and administrative expense	(93,561)	(8)	(104,093)	(6)
6300	Research and development expense	(42,871)	(3)	(34,253)	(2)
6450	Reversal of expected credit gains (losses)	783	-	(6,383)	-
6000	Total operating expenses	(150,690)	(12)	(155,053)	(9)
6500	OTHER GAINS AND LOSSES (Notes 13 and 25)	(2,251)	-	-	-
6900	INCOME FROM OPERATIONS	63,967	5	181,966	11
	NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 33)				
7100	Interest income	10,717	1	1,223	-
7010	Other income	1,023	-	6,473	-
7020	Other gains and losses	(15,666)	(1)	67,865	4
7050	Finance costs	(2,582)	-	(1,917)	-
7060	Share of profit of accounted for using equity method	4,898	-	2,424	-
7000	Total non-operating income and expenses	(1,610)	-	76,068	4

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Code		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	$ 62,357	5	$ 258,034	15
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(44,806)	(4)	(72,212)	(4)
8200	NET INCOME	17,551	1	185,822	11
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 23 and 26)				
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(3,464)	-	69,676	4
8399	Income tax profit (expense) related to items that will be reclassified subsequently	353	-	(7,106)	-
8300	Other comprehensive income(loss) for the period, net of income tax	(3,111)	-	62,570	4
8500	TOTAL COMPREEHENSIVE INCOME	$ 14,440	1	$ 248,392	15
	NET INCOME ATTRIBUTABLE TO				
8610	Owners of the Company	($ 40,091)	(3)	$ 61,996	4
8620	Non-controlling interests	57,642	4	123,826	7
8600		$ 17,551	1	$ 185,822	11
	TOTAL COMPREEHENSIVE INCOME ATTRIBUTABLE TO				
8710	Owners of the Company	($ 41,504)	(3)	$ 90,422	5
8720	Non-controlling interests	55,944	4	157,970	10
8700		$ 14,440	1	$ 248,392	15
	EARNINGS (LOSS) PER SHARE (Note 27)				
	From continuing operations				
9710	Basic earnings per share	($ 0.28)		$ 0.43	
9810	Diluted earnings per share	($ 0.28)		$ 0.42	

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

(Please refer to the review report of Deloitte & Touche on May 11, 2023)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company								
				Retained earnings			Other equity			
Code		Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
A1	BALANCE AT JANUARY 1, 2022	$ 1,456,814	$ 452,272	$ 736,221	$ 66,339	$ 1,390,838	($ 65,301)	$ 4,037,183	$ 2,023,445	$ 6,060,628
D1	Net income for the three months ended March 31, 2022	-	-	-	-	61,996	-	61,996	123,826	185,822
D3	Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	28,426	28,426	34,144	62,570
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	61,996	28,426	90,422	157,970	248,392
O1	Cash dividend issued from subsidiaries	-	-	-	-	-	-	-	(347,809)	(347,809)
Z1	BALANCE AT MARCH 31, 2022	$ 1,456,814	$ 452,272	$ 736,221	$ 66,339	$ 1,452,834	($ 36,875)	$ 4,127,605	$ 1,833,606	$ 5,961,211
A1	BALANCE AT JANUARY 1, 2023	$ 1,456,814	$ 452,294	$ 773,432	$ 65,301	$ 1,289,555	($ 67,718)	$ 3,969,678	$ 2,268,740	$ 6,238,418
M7	Changes in subsidiaries' ownership (Notes 23, 25 and 28)	-	10	-	-	-	-	10	-	10
D1	Net income (loss) for the three months ended March 31, 2023	-	-	-	-	(40,091)	-	(40,091)	57,642	17,551
D3	Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	(1,413)	(1,413)	(1,698)	(3,111)
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(40,091)	(1,413)	(41,504)	55,944	14,440
O1	Cash dividend issued from subsidiaries	-	-	-	-	-	-	-	(347,809)	(347,809)
O1	Decrease in non-controlling interests (Notes 23, 25 and 28)	-	-	-	-	-	-	-	8	8
Z1	BALANCE AT MARCH 31, 2023	$ 1,456,814	$ 452,304	$ 773,432	$ 65,301	$ 1,249,464	($ 69,131)	$ 3,928,184	$ 1,976,883	$ 5,905,067

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

(Please refer to the review report of Deloitte & Touche on May 11, 2023)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

Code		Three Months Ended March 31 2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 62,357	$ 258,034
A20010	Adjustments for:		
A20100	Depreciation expense	215,718	182,182
A20200	Amortization expense	1,284	1,185
A20300	Reversal of expected credit gains (losses)	(783)	6,383
A20900	Finance costs	2,582	1,917
A21200	Interest income	(10,717)	(1,223)
A21900	Stock option compensation cost of subsidiary	18	-
A22300	Share of profit of accounted for using equity method	(4,898)	(2,424)
A22500	Gains on disposal of property, plant and equipment	(83)	-
A23500	Impairment loss on property, plant and equipment	2,251	-
A23700	Impairment loss recognized on non-financial assets	31,026	16,262
A24100	Gains on foreign exchange, net	(8,912)	(76,918)
A29900	Liability provisions	258	713
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	858	(16,315)
A31130	Notes receivables	-	13,159
A31150	Accounts receivable	108,197	155,993
A31160	Accounts receivable due from related parties	(479)	(283)
A31180	Other receivables	(6,627)	52,206
A31200	Inventories	37,013	(131,342)
A31230	Prepayments	(8,620)	22,403
A32125	Contract liabilities	3,643	(3,642)
A32150	Accounts payable	(217,517)	38,226
A32160	Accounts payable due from related parties	(1,922)	-
A32180	Other payables	(115,976)	(55,044)
A32220	Liability provisions	(3)	(119)
A32230	Other current liabilities	(760)	(201)
A32240	Net defined benefit liabilities	145	116
A33000	Net cash generated by operating activities	88,053	461,268
A33100	Interest received	$ 9,018	$ 1,175
A33300	Interest paid	(2,537)	(2,063)

Code		Three Months Ended March 31 2023	2022
A33500	Income taxes paid	(9,601)	(6,495)
AAAA	Net cash flows from operating activities	84,933	453,885
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00050	Proceeds from disposal of financial assets at cost	12,500	-
B00040	Acquisition of financial assets at cost	(30,003)	-
B02700	Acquisition of property, plant and equipment	(126,093)	(124,446)
B02800	Disposal of property, plant and equipment	761	-
B03700	Increase in refundable deposits	-	(329)
B03800	Decrease in refundable deposits	-	285
B04300	Increase in other receivables - from related parties	-	(128)
B04400	Decrease in other receivables - from related parties	43	-
B04500	Acquisition of intangible assets	(236)	(727)
B07100	Increase in prepayments for equipment	(54,894)	(166,988)
BBBB	Net cash used in investing activities	(197,922)	(292,333)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(71,170)	-
C01600	Long-term borrowings	270,000	270,000
C01700	Repay long-term borrowings	(270,000)	(282,040)
C03000	Increase in guarantee deposits received	6,664	52,665
C03100	Guarantee deposits refunded	-	(88)
C03800	Decrease in other receivables - related parties	(15,014)	-
C04020	Repayment of the principal portion of lease liabilities	(10,742)	(10,058)
C05800	Cash-refunding capital reduction of non-controlling interest shares	-	(713)
CCCC	Net cash generated by (used in) financing activities	(90,262)	29,766
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(10,731)	76,942
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(213,982)	268,260
E00100	CASH AND CASH EQUIVALENTS,BEGINNING OF PERIOD	2,542,423	2,071,077
E00200	CASH AND CASH EQUIVALENTS,END OF PERIOD	$ 2,328,441	$ 2,339,337

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

(Please refer to the review report of Deloitte & Touche on May 11, 2023)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 and 2022

(Reviewed, Not Audited)

(Amount In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

   a. Elite Advanced Laser Corporation (hereinafter referred to as "the Company") was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was $5,000 thousand. After years of capital increase and decrease, the current total capital is $1,456,814 thousand. eLaser's business affairs consists of 1. optical information and optical communication products; 2. power semiconductor packaging and testing.

   b. The Company's stock has been listed on the Taiwan Stock Exchange since April 2006.

   c. The Company has no ultimate parent company due to dispersed shareholding.

   d. The consolidated financial statements are expressed in New Taiwan Dollars, the Company's functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

   The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 11, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

   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, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

      Except for the following descriptions, the application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the accounting policies of the Group:

      1) Amendments to IAS 1 - Disclosure of Accounting Policies

         When this amendment is applied, the Group should determine the material accounting policy information that should be disclosed according to the definition of materiality. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. In addition:

- The Group is not required to disclose accounting policy information related to immaterial transactions, other events or circumstances that is immaterial.
- The Group may judge the relevant accounting policy information to be material due to the nature of the transaction, other event or circumstance, even if the amount is immaterial.
- Not all accounting policies relating to material transactions, other events or conditions are themselves material.

It is likely to be considered material to its financial statements if that accounting policy relates to material transactions, other events or conditions and:

(1) was changed during the reporting period because the entity was required to or chose to change its policy and this change resulted in a material change to the amounts included in the financial statements;

(2) was chosen from one or more alternatives in an IFRS Standard;

(3) was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;

(4) relates to an area for which an entity is required to make significant judgments or assumptions in applying an accounting policy; or

(5) applies the requirements of an IFRS Standard in a way that reflects the entity's specific circumstances, for example, by explaining how the requirements of a Standard are applied to the facts and circumstances of a material class of transactions, other events or conditions.

Please refer to Note 4 for the disclosure of relevant accounting policies.

2) Amendments to IAS 8 - Definition of Accounting Estimates

The Group has applied the amendment since January 1, 2023, and under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". When applying accounting policies, the Group may be required to measure financial statement items by monetary amounts that cannot be directly observed but must be estimated, and therefore must use a measurement technique or to develop an accounting estimate for this purpose. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

3) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations will be retrospectively adjusted on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. When the amendment of IAS 12 is applied, the Group shall restate the comparative information retrospectively and recognize the cumulative effect on January 1, 2022.

The impact of adjustment on the relevant items and balances of the Group in 2023 with the IAS 12 amendment is as follows:

Impact of assets, liabilities, and equity items in the 2023 financial statement

	March 31, 2023
Increase in deferred tax assets	$ 14,610
Increase in assets	$ 14,610
Increase in deferred tax liabilities	$ 14,611
Increase in liabilities	$ 14,611
Decrease in retained earnings	($ 1)
Decrease in equity	($ 1)

When the amendment of IAS 12 is applied, the impact on 2022 financial statement is summarized as follows:

Impact on assets and liabilities in the 2022 financial statement

	Amount before restatement	Adjustment for initial application	Restated amount
December 31, 2022			
Deferred tax assets	$ 96,860	$ 16,431	$ 113,291
Impact on assets	$ 96,860	$ 16,431	$ 113,291
Deferred tax liabilities	$ 348,313	$ 16,431	$ 364,744
Impact on liabilities	$ 348,313	$ 16,431	$ 364,744
March 31, 2022			
Deferred tax assets	$ 66,349	$ 21,832	$ 88,181
Impact on assets	$ 66,349	$ 21,832	$ 88,181
Deferred tax liabilities	$ 285,214	$ 21,832	$ 307,046
Impact on liabilities	$ 285,214	$ 21,832	$ 307,046
January 1, 2022			
Deferred tax assets	$ 67,985	$ 23,043	$ 91,028
Impact on assets	$ 67,985	$ 23,043	$ 91,028
Deferred tax liabilities	$ 325,885	$ 23,043	$ 348,928
Impact on liabilities	$ 325,885	$ 23,043	$ 348,928

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	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	NA
Amendments to IFRS 16 - Lease liability in a Sale and Leaseback	January 1, 2024 (Note 2)
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current	January 1, 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	January 1, 2024

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

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

As of the date the consolidated financial statements were authorized, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have 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

a. Statement of compliance

This consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and issued by the FSC. This consolidated financial statement does not contain all the IFRSs disclosures required by the annual report.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.

c. Consolidation basis

This consolidated financial statement includes the financial statement of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements.

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 37.

d. Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2022 consolidated financial statement.

1) Defined post-retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate from the beginning of the year to the end of the period, adjusted and disclosed for significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the end of the prior financial year.

2) Income tax expenses

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on the interim pre-tax profit at the tax rate applicable to the expected total annual earnings.

3) Deferred income 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. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and the transaction did not generate equivalent taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the Group adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Group will take the recent development of the COVID-19 epidemic and possible impact on the economic environment, inflation, and market interest rate fluctuations into consideration when making major accounting estimates such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of notes receivable, accounts receivable, uncollectible receivables, other receivables, contract assets and debt instrument investments is based on the Group's assumptions about the loss given default and probability of default. The Group takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 8, Note 9 and Note 24 for the key assumptions and inputs used. If the actual future cash flow is less than the Group’s expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and working fund	$ 325	$ 1,519	$ 548
Demand deposit in banks	1,440,007	2,004,046	1,864,041
Cash equivalent (Investments with original maturities of less than 3 months)			
Bank fixed deposit	888,109	536,858	474,748
	$ 2,328,441	$ 2,542,423	$ 2,339,337

As of March 31, 2023 and December 31 and March 31, 2022, the interest rate ranges for bank deposits were 0.001% to 4.90%, 0.001% to 4.60%, and 0.001% to 1.61%, respectively.

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Restricted assets – demand deposit (1)	$ -	$ 12,500	$ -

Term deposit with an initial maturity of more than three months (2)	30,000	-	-
	$ 30,000	$ 12,500	$ -
Non-current			
Restricted assets – demand deposit (3)	$ 744	$ 741	$ -

a. As of December 31, 2022, the restricted demand deposit interest rate was 0.425% per annum.

b. As of March 31, 2023, the interest rate for term deposit with an initial maturity of more than three months was 1.57% per annum.

c. As of March 31, 2023 and December 31, 2022, the restricted time deposit interest rates were 1.57% and 1.44% per annum.

d. For credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 8.

e. For pledge of financial assets measured at amortized cost, please refer to Note 34.

8. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The debt instruments invested by the Group are financial assets measured at amortized cost (including current and non-current):

	March 31, 2023	December 31, 2022	March 31, 2022
At amortized cost			
Total amount	$ 30,744	$ 13,241	$ -
Less: Loss allowances	-	-	-
Amortized cost	$ 30,744	$ 13,241	$ -

The Group adopts the policy to invest only in debt instruments issued by creditworthy entities. The Group continues to track changes in the credit risk of the invested debt instruments, and reviews other information such as significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

To mitigate credit risk, the management of the Group will collect relevant information to assess the default risk of debt instrument investment. The Group gives appropriate internal ratings with reference to publicly available financial information.

The Group considers the debtor’s historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the debt investment paid. As of March 31, 2023 and December 31, 2022, the Group assessed that it was not necessary to report expected credit losses for debt investment paid.

9. NOTES RECEIVABLES, ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivables			
At amortized cost			
Total amount	$ -	$ -	$ 4,123
Less: Loss allowances	-	-	(4,123)
	$ -	$ -	$ -
Accounts receivable			
At amortized cost			
Total amount	$ 885,965	$ 987,082	$ 1,214,826
Less: Loss allowances	(1,200)	(792)	(1,200)
	$ 884,765	$ 986,290	$ 1,213,626
Uncollectible receivables			
At amortized cost			
Total amount	$ 6,936	$ 6,936	$ 2,963
Less: Loss allowances	(6,936)	(6,936)	(2,963)
	$ -	$ -	$ -
Other receivables			
OEM collection and payment	$ 154,651	$ 149,927	$ 115,471
Income tax refund receivable	7,550	10,277	8,704
Scrap receivable	5,806	13	2,486
Interest receivable	2,970	1,271	100
Others	3,790	2,723	3,841
	$ 174,767	$ 164,211	$ 130,602

a. Notes receivables

When determining the recoverability of notes receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. The Group continues to monitor and refer to the counterparty’s past default records and analyze its current financial position to assess whether the credit risk of the notes receivables has increased significantly since the original recognition and to measure expected credit losses. From January 1 to March 31, 2023, due to the default of the customer uSenlight Corporation, the Group set the customer’s expected credit loss rate as 100%. As of March 31, 2023, December 31 and March 31, 2022, the Group has recognized $6,936 thousand, $6,936 thousand, and $7,086 thousand respectively for the aforesaid defaulted notes receivable and transferred to uncollectible receivable (accounted for other non-current assets).

The aging analysis of notes receivable is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	$ -	$ -	$ -
Shown signs of default	-	-	4,123
	$ -	$ -	$ 4,123

The above is an aging analysis based on days overdue.

Movement of the loss allowance for notes receivable

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ -	$ -
Impairment losses	-	7,086
Uncollectible receivable transferred	-	(2,963)
Balance, end of period	$ -	$ 4,123

b. Accounts receivable

The Group's average credit period for commodity sales is 30 to 90 days, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Group performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Group will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Group's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant accounts receivable, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Group measures the loss allowance of accounts receivable according to the provision matrix as follows:

March 31, 2023

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due Over 120 days	Total
Expected credit loss rate	0%~ 1.59%	0%~ 28.80%	0.02%~ 8.12%	0.01%~ 14.07%	22.52%~ 100%	
Total amount	$ 824,192	$ 60,546	$ 648	$ 142	$ 437	$ 885,965
Loss allowance (lifetime expected credit losses)	(48)	(699)	(16)	-	(437)	(1,200)
Amortized cost	$ 824,144	$ 59,847	$ 632	$ 142	$ -	$ 884,765

December 31, 2022

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due Over 120 days	Total
Expected credit loss rate	0%~ 0.72%	0%~ 13.2%	0%~ 9.29%	0%~ 14.25%	0%~ 100%	
Total amount	$ 923,273	$ 58,949	$ 4,306	$ 4	$ 550	$ 987,082
Loss allowance (lifetime expected credit losses)	(102)	(66)	(377)	(1)	(246)	(792)
Amortized cost	$ 923,171	$ 58,883	$ 3,929	$ 3	$ 304	$ 986,290

March 31, 2022

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due Over 120 days	Total
Expected credit loss rate	0.01%	0.0005%~ 6.71%	0.0028%~ 14.58%	9.74%~ 21.26%	23.39%~ 100%	
Total amount	$1,149,553	$ 58,589	$ 800	$ 36	$ 5,848	$1,214,826
Loss allowance (lifetime expected credit losses)	(130)	(76)	(14)	(8)	(972)	(1,200)
Amortized cost	$1,149,423	$ 58,513	$ 786	$ 28	$ 4,876	$1,213,626

Movements of the loss allowance for accounts receivable

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 792	$ 7,269

Impairment losses	408	-
Reversal	-	(6,092)
Exchange differences on translation of foreign currency	-	23
Balance, end of period	$ 1,200	$ 1,200

Uncollectible receivables

The Group recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers experience, current market conditions and business outlook. As of March 31, 2023 and December 31 and March 31, 2022, the expected credit loss rate for overdue receivables is 100%.

Movements of the loss allowance for uncollectible receivable

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 6,936	$ -
Transferred from notes receivable in the current period	-	2,963
Balance, end of period	$ 6,936	$ 2,963

c. Other receivables

The Group accounts for other receivables such as OEM collection and payment, income tax refund receivable, unrecovered amount from the sale of scraps and interest receivable. The Group's policy is to only conduct business with customers with good credit. The Group continues to track and refer to the past default records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Group will write off the relevant other receivables, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of March 31, 2023 and December 31 and March 31, 2022, the Group assessed other receivables without the need to report expected credit losses.

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	$ 23,699	$ 36,258	$ 36
Goods-in-process	59,142	75,334	-
Raw materials	377,330	410,051	601,412
Inventory in transit	-	5,598	-
	$ 460,171	$ 527,241	$ 601,448

The nature of cost of goods sold is as follows:

	Three Months Ended March 31	
	2023	2022
Cost of inventories sold	$ 1,011,671	$ 1,304,374
Lease cost	2,061	2,423
Inventory loss (reversal of write-down of inventories)	31,026	16,262
	$ 1,044,758	$ 1,323,059

11. SUBSIDIARY COMPANY

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			% of Ownership			
Investment Company	Subsidiary	Main Activities	March 31, 2023	December 31, 2022	March 31, 2022	Remark
The Company	eLaser Technologies Co., Ltd.	Manufacture and sales of electronic parts	100%	100%	100%	Note 3
The Company	Centera Photonics Inc.	Manufacture and sales of electronic parts	57.97%	57.97%	-%	Note 4
The Company	GEM Services, Inc.	Holding company business	51%	51%	51%	Note 1
GEM Services, Inc.	GEM Electronics Company Limited	Holding company business	100.00%	100.00%	100.00%	Note 1
GEM Services, Inc.	GEM Tech Ltd.	Sales of electronic parts	100.00%	100.00%	100.00%	Note 1
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100.00%	100.00%	100.00%	Note 2
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	100.00%	100.00%	100.00%	Note 2

Note 1: The main business risk is currency risk.

Note 2: The main business risks are political risks and currency risks faced by government decrees and the changes between Taiwan and Mainland China.

Note 3: eLaser Technologies Co., Ltd. was approved for dissolution and liquidation at the shareholders’ meeting exercised by the Board of Directors on December 22, 2022, and completed the registration of cancellation on January 10, 2023, and is in the process of liquidation.

Note 4: The Company's Board of Directors approved on December 22, 2022, and purchased 57.97% of the shares of Centera Photonics Inc. for NT$225,000 thousand, a total of 22,500 thousand shares. The reference date of the share exchange is December 24, 2022.

b. Information on subsidiaries with material non-controlling interests

Subsidiary	% of Non-controlling interests March 31, 2023	December 31, 2022	March 31, 2022
GEM Services, Inc.	49%	49%	49%
Centera Photonics Inc.	42.03%	42.03%	-%

Please refer to Table 4 for the country information of the principal business site and company registration.

Subsidiary	Net income (loss) distribution to non-controlling interests Three Months Ended March 31 2023	2022	Non-controlling interests March 31, 2023	December 31, 2022	March 31, 2022
GEM Services, Inc.	$ 78,378	$ 123,826	$ 1,857,496	$2,128,625	$ 1,833,606
Centera Photonics Inc.	($ 20,736)	$ -	$ 119,387	$ 140,115	$ -

The consolidated financial information for the following subsidiaries has been prepared at balances before intercompany transactions are eliminated:

GEM Services, Inc.

	March 31, 2023	December 31, 2022 (Restated amount)	March 31, 2022 (Restated amount)
Current assets	$ 3,315,214	$ 3,279,230	$ 3,666,196
Non-current assets	3,566,950	3,651,545	3,546,476
Current liabilities	(2,507,539)	(1,991,013)	(2,884,651)
Non-current liabilities	(584,099)	(595,953)	(586,246)
Equity	$ 3,790,526	$ 4,343,809	$ 3,741,775
Equity attributable to:			
Owners of the Company	$ 1,933,030	$ 2,215,184	$ 1,908,169
Non-controlling interests	1,857,496	2,128,625	1,833,606
	$ 3,790,526	$ 4,343,809	$ 3,741,775

	Three Months Ended March 31	
	2023	2022
Revenue	$ 1,067,258	$ 1,266,157
Net income	$ 159,942	$ 252,688
Other comprehensive income	(3,464)	69,676
Total comprehensive income	$ 156,478	$ 322,364
Net income attributable to:		
Owners of the Company	$ 81,564	$ 128,862
Non-controlling interests	78,378	123,826
	$ 159,942	$ 252,688
Total comprehensive income attributable to		
Owners of the Company	$ 79,798	$ 164,394
Non-controlling interests	76,680	157,970
	$ 156,478	$ 322,364
Cash flow		
From operating activities	$ 241,711	$ 417,282
From investing activities	(165,141)	(262,978)
From financing activities	(1,136)	44,454
Effect of exchange rate changes	(9,865)	73,991
Net cash generated	$ 65,569	$ 272,749

Centera Photonics Inc.

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	$ 294,541	$ 501,359	$ -
Non-current assets	33,342	35,732	-
Current liabilities	(43,798)	(203,665)	-
Non-current liabilities	(16)	(34)	-
Equity	$ 284,069	$ 333,392	$ -
Equity attributable to:			
Owners of the Company	$ 164,682	$ 193,277	$ -
Non-controlling interests	119,387	140,115	-
	$ 284,069	$ 333,392	$ -

	Three Months Ended March 31	
	2023	2022
Revenue	$ 27,982	$ -
Current period net loss	($ 49,340)	$ -
Other comprehensive income	-	-
Total comprehensive income	($ 49,340)	$ -
Net loss attributable to:		
Owners of the Company	($ 28,604)	$ -
Non-controlling interests	(20,736)	-
	($ 49,340)	$ -
Total comprehensive income attributable to		
Owners of the Company	($ 28,604)	$ -
Non-controlling interests	(20,736)	-
	($ 49,340)	$ -
Cash flow		
From operating activities	($ 88,234)	$ -
From investing activities	(20,620)	-
From financing activities	(87,191)	-
Effect of exchange rate changes	(17)	-
Net cash used	($ 196,062)	$ -

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	$ 102,489	$ 101,489	$ 91,383

Shareholding and voting rights of the Group in the associates at the balance sheet date are as follows:

			% of Ownership		
Name of Company	Main Activities	Location	March 31, 2023	December 31, 2022	March 31, 2022
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%	20%

Aggregate information of associates that are not individually material

	Three Months Ended March 31	
	2023	2022
Attributable to the Group		
Net income	$ 4,898	$ 2,424
Other comprehensive income	-	-
Total comprehensive income	$ 4,898	$ 2,424

The financial statements of associate for the three months ended March 31, 2023 and 2022 was not reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Cost									
Balance at January 1, 2023	$ 743,384	$ 1,014,002	$ 7,013,234	$ 10,543	$ 72,523	$ 180,847	$ 130,900	$ 112,158	$ 9,277,591
Additions	-	3,300	1,751	-	2,250	-	675	18,202	26,178
Reclassification (Note)	-	-	233,051	-	123		1,010	196,722	430,906
Disposal	-	-	(12,789)	-	(271)	-	-	-	(13,060)
Effect of exchange rate changes	-	2,571	17,664	19	290	354	444	(541)	20,801
Balance at March 31, 2023	$ 743,384	$ 1,019,873	$ 7,252,911	$ 10,562	$ 74,915	$ 181,201	$ 133,029	$ 326,541	$ 9,742,416
Accumulated depreciation and impairment									
Balance at January 1, 2023	$ -	$ 275,939	$ 4,082,198	$ 8,188	$ 58,433	$ 85,777	$ 96,670	$ -	$ 4,607,205
Disposal	-	-	(12,111)	-	(271)	-	-	-	(12,382)
Depreciation expense	-	12,265	173,265	211	1,579	11,505	3,896	-	202,721
Impairment losses	-	-	2,251	-	-	-	-	-	2,251
Effect of exchange rate changes	-	644	13,622	17	258	16	327	-	14,884
Balance at March 31, 2023	$ -	$ 288,848	$ 4,259,225	$ 8,416	$ 59,999	$ 97,298	$ 100,893	$ -	$ 4,814,679
Carrying amount at March 31, 2023	$ 743,384	$ 731,025	$ 2,993,686	$ 2,146	$ 14,916	$ 83,903	$ 32,136	$ 326,541	$ 4,927,737
Carrying amount at December 31, 2022 and January 1, 2023	$ 743,384	$ 738,063	$ 2,931,036	$ 2,355	$ 14,090	$ 95,070	$ 34,230	$ 112,158	$ 4,670,386
Cost									
Balance at January 1, 2022	$ 743,384	$ 664,703	$ 6,004,593	$ 10,484	$ 66,793	$ 105,177	$ 124,113	$ 925,928	$ 8,645,175
Additions	-	71,806	11,955	-	402	-	-	51,534	135,697
Reclassification (Note)	-	277,559	454,731	-	-	-	454	(536,784)	195,960
Disposal	-	(3,001)	(116,480)	-	(554)	-	(25,060)	-	(145,095)
Effect of exchange rate changes	-	14,818	24,745	145	2,140	-	4,229	18,198	64,275
Balance as of March 31, 2022	$ 743,384	$ 1,025,885	$ 6,379,544	$ 10,629	$ 68,781	$ 105,177	$ 103,736	$ 458,876	$ 8,896,012
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ -	$ 256,041	$ 3,807,536	$ 6,682	$ 52,469	$ 63,202	$ 96,881	$ -	$ 4,282,811
Disposal	-	(3,001)	(116,480)	-	(554)	-	(25,060)	-	(145,095)
Depreciation expense	-	7,433	153,298	396	1,417	2,688	3,733	-	168,965
Effect of exchange rate changes	-	5,098	9,825	129	1,908	-	3,252	-	20,212
Balance as of March 31, 2022	$ -	$ 265,571	$ 3,854,179	$ 7,207	$ 55,240	$ 65,890	$ 78,806	$ -	$ 4,326,893
Carrying amount at March 31, 2022	$ 743,384	$ 760,314	$ 2,525,365	$ 3,422	$ 13,541	$ 39,287	$ 24,930	$ 458,876	$ 4,569,119

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the impact of the industry and market environment, the sales of the Group did not meet expectations. After evaluation, the future cash generated will be reduced, resulting in the recoverable amount being less than the carrying amount. Thus, impairment losses of $2,251 thousands were recognized from January 1 to March 31, 2023. The recoverable amount of the machinery and equipment is determined based on the value in use, and the Group used discount rate of 17.02% in its impairment as of March 31, 2023. The impairment loss is included in other gains and losses in the statement of comprehensive income.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings	
Factory main building	20 to 50 years
Building improvement	10 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2.5 to 10 years
Miscellaneous equipment	2 to 10 years

Please refer to Note 34 for the amount of property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount			
Land (Note)	$ 40,355	$ 40,442	$ 42,232
Buildings	98,385	108,256	132,253
Office equipment	5,269	5,532	1,603
	$ 144,009	$ 154,230	$ 176,088

	Three Months Ended March 31	
	2023	2022
Addition of right-of-use assets	$ 325	$ 9,424
Depreciation of right-of-use assets		
Land	$ 288	$ 285
Buildings	10,533	10,398
Office equipment	270	265
	$ 11,091	$ 10,948

Note: For the land use right in mainland China, the Group has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Group in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15. The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

Except for the above-mentioned the Group recognition of depreciation expenses, there was no impairment of the right-of-use assets for from January 1 to March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts			
Current	$ 42,046	$ 42,745	$ 38,079
Non-current	$ 64,346	$ 73,709	$ 96,499

Ranges of discount rates for lease liabilities are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.99%～4.35%	0.99%～4.35%	0.99%～4.35%
Office equipment	0.99%～4.35%	0.99%～4.35%	0.99%～4.35%

c. Other lease information

	Three Months Ended March 31	
	2023	2022
Expense relating to short-term leases	($ 1,431)	($ 1,379)
Total cash outflow for leases	($ 12,975)	($ 12,478)

15. INVESTMENT PROPERTY

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	$ 50,622	$ 52,231	$ 59,495
Right-of-use assets - Land	4,973	4,983	5,205
	$ 55,595	$ 57,214	$ 64,700

The right-of-use assets in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property is 5 years with an option to extend the lease term for 2 years. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

The maturity analysis of operating lease payments receivable from the investment property is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	$ 48,471	$ 48,232	$ 49,323
Year 2	48,471	48,232	49,323
Year 3	48,471	48,232	49,323
Year 4	36,353	48,232	49,323
Year 5	-	-	36,992
	$ 181,766	$ 192,928	$ 234,284

Except for the recognition of depreciation expenses, there was no significant addition, disposal or impairment of the investment properties of the Group from January 1 to March 31, 2023 and 2022. Investment properties are depreciated on a straight-line basis over the following economic life:

Buildings	
Factory main building	20 years
Right-of-use assets - Land	50 years

The Group implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value	$ 280,463	$ 283,872	$ 306,152

The above fair value measurement has taken into account the uncertainty of the impact of the subsequent development of the COVID-19 epidemic on market fluctuations.

16. GOODWILL

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount	$ 32,577	$ 32,577	$ -

The Group’s investment cost of acquiring Centera Photonics Inc. above the net value of identifiable assets and liabilities on the acquisition date are recognized as goodwill.

The Group has conducted an impairment assessment on the recoverable amount of goodwill, and does not recognize any impairment loss of goodwill from January 1 to March 31, 2023, using the value in use as the calculation basis for the recoverable amount.

17. INTANGIBLE ASSETS

	Computer software
Cost	
Balance at January 1, 2023	$ 13,212
Additions	236
Disposal	(2,331)
Effect of exchange rate changes	39
Balance at March 31, 2023	$ 11,156
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 7,036
Amortization expense	1,284
Disposal	(2,331)
Effect of exchange rate changes	27
Balance at March 31, 2023	$ 6,016
Carrying amount at March 31, 2023	$ 5,140
Carrying amount at December 31, 2022 and January 1, 2023	$ 6,176
Cost	
Balance at January 1, 2022	$ 12,095
Additions	727
Disposal	(101)
Effect of exchange rate changes	321
Balance as of March 31, 2022	$ 13,042
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 5,572
Amortization expense	1,185
Disposal	(101)
Effect of exchange rate changes	180
Balance as of March 31, 2022	$ 6,836
Carrying amount at March 31, 2022	$ 6,206

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software	1 to 5 years

18. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Prepayments			
Tax credit	$ 210,365	$ 200,801	$ 251,144
Others	21,054	21,892	37,015
	$ 231,419	$ 222,693	$ 288,159
Non-current			
Prepayments for equipment	$ 38,259	$ 412,434	$ 539,977
Refundable deposits paid (Note)	10,679	10,637	10,325
Uncollectible receivables (Note 9)	6,936	6,936	2,963
	55,874	430,007	553,265
Less: Loss allowances	(6,936)	(6,936)	(2,963)
	$ 48,938	$ 423,071	$ 550,302

Note: The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit paid. As of March 31, 2023 and December 31 and March 31, 2022, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings (Note 34)			
Bank borrowings (Note)	$ -	$ 71,170	$ -

Note: Among them, the used amount of NT$25,000 thousand is guaranteed by the Taiwan SMEG. The interest rate of the bank loan was 2.16% to 2.75% as of December 31, 2022.

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings (Note 34)			
Bank borrowings	$ 405,000	$ 405,000	$ 346,950
Less: Current portion	(7,132)	(37,732)	(53,923)
Long-term borrowings	$ 397,868	$ 367,268	$ 293,027

The borrowings of the Group include:

	Due date	Material terms	March 31, 2023 Amount	March 31, 2023 Effective rate %	December 31, 2022 Amount	December 31, 2022 Effective rate %	March 31, 2022 Amount	March 31, 2022 Effective rate %
Floating rate borrowings								
Taiwan Cooperative Bank								
Secured borrowings for land and buildings	February 20, 2030	The borrowings amount of $135,000 thousand is divided into 84 monthly installments starting March 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting March 2024.	135,000	1.62	-	-	-	-
Secured borrowings for land and buildings	March 30, 2030	The borrowings amount of $135,000 thousand is divided into 84 monthly installments starting April 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2024.	135,000	1.62	-	-	-	-
Secured borrowings for land and buildings	January 26, 2029	The borrowings amount of $135,000 thousand is divided into 84 monthly installments starting February 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting February 2023. (Early repayment in February 2023).	-	-	135,000	1.49	135,000	0.99
Secured borrowings for land and buildings	February 25, 2029	The borrowings amount of $135,000 thousand is divided into 84 monthly installments starting March 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting March 2023. (Early repayment in March 2023).	-	-	135,000	1.49	135,000	0.99

Secured borrowings for land and buildings	February 19, 2029	The borrowings amount of $135,000 thousand is divided into 84 monthly installments starting December 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting January 2024.	135,000	1.62	135,000	1.49	-	-
Machinery and equipment secured borrowings	October 23, 2023	The borrowings amount of $97,000 thousand is divided into 36 monthly installments starting November 2020 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2021. (Early repayment in December 2022).	-	-	-	-	76,950	0.99
			405,000		405,000		346,950	
Less: Current portion			(7,132)		(37,732)		(53,923)	
Balance of long-term bank borrowings			$ 397,868		$ 367,268		$ 293,027	

20. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Other payables			
Payable for equipment (Note 31)	$ 440,190	$ 540,105	$ 565,369
Salaries payable and bonus	312,375	401,021	353,553
Dividends payable (Note 31)	347,980	171	347,920
OEM collection and payment	87,255	80,756	59,818
Insurance premium	49,289	50,762	41,890
Pension	19,891	20,317	18,819
Processing fee	4,918	19,820	-
Repair and maintenance expense	4,220	6,080	8,895
Professional service fee	5,764	7,179	5,616
Contract service payment	1,277	1,277	2,554
Business tax	1,048	2,303	859
Interest	221	176	66
Others	59,577	69,250	71,263
	$ 1,334,005	$ 1,199,217	$ 1,476,622

	March 31, 2023	December 31, 2022	March 31, 2022
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note)	$ 144,255	$ 143,542	$ 105,808
Others	1,889	2,650	2,948
	$ 146,144	$ 146,192	$ 108,756
Non-current			
Guarantee deposits and margins received			
Payments received to retain capacity (Note)	$ 517,628	$ 526,626	$ 484,883
Others (Note 33)	20,128	13,415	13,696
	$ 537,756	$ 540,041	$ 498,579

Note: To expand the production capacity in response to the increase in customer demand, the Group has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

21. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Current			
Warranties	$ 36,674	$ 36,419	$ 34,717

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 36,419	$ 34,123
Additions	258	713
Usage	(3)	(119)
Balance, end of period	$ 36,674	$ 34,717

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Group according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

22. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined benefit plan recognized from January 1 to March 31, 2023 and 2022 are calculated based on the pension cost rate determined by the actuarial on December 31, 2022 and 2021, and the amounts are NT$243 thousand and NT$214 thousand.

23. EQUITY

a. Capital stock

Common stock

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (in thousands)	300,000	300,000	300,000
Authorized capital	$ 3,000,000	$ 3,000,000	$ 3,000,000
Issued and paid shares(in thousands)	145,681	145,681	145,681
Issued capital	$ 1,456,814	$ 1,456,814	$ 1,456,814

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends or transferred to capital (Note 1)			
Additional paid-in capital	$ 322,130	$ 322,130	$ 322,130
Treasury stocks	6,420	6,420	6,420
	$ 328,550	$ 328,550	$ 328,550
May only be used to offset a deficit			
From share of changes in equities of subsidiaries (Note 2)	$ 123,754	$ 123,744	$ 123,722

Note 1: Such capital surplus can be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of eLaser's paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, or the adjusted amount recognized by the Company using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

On June 29, 2022, the Company's shareholders' meeting approved a resolution to amend the earnings distribution policy of the Articles of Association.

In accordance with the Company's earnings distribution policy in the revised Articles of Association, if there is a surplus after the annual financial report, the Company will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary, the special reserve shall be set aside in accordance with relevant laws or regulations, and the accumulated undistributed earnings of the previous year shall be added as the distributable surplus, which shall be reserved by the Board of Directors according to operation capital demand and distributed in accordance with the earnings distribution proposal submitted to the shareholder's meeting for resolution. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. The Company's dividend policy is to evaluate the Company's future capital needs, financial structure, and earnings. As the Company is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on the Company's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

According to the provisions of the earnings distribution policy of the Company's Articles of Association before the amendment, if there is a surplus after the annual final accounts, the tax shall be paid according to the law and the losses of the previous years shall be made up, and then 10% of the statutory surplus reserve shall be allocated. When necessary, the special reserve shall be withdrawn or reversed in accordance with the law. The accumulated undistributed earnings of the previous year are added as distributable surplus, which is reserved by the Board of Directors according to operational needs, and a surplus distribution proposal is drawn up and submitted to the shareholders' meeting for distribution. The Company's dividend policy is to evaluate the Company's future capital needs, financial structure, and earnings. As the Company is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on the Company's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends. Please refer to Note 25 (9) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act of the Republic of China, Act, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The Company held a board meeting on March 23, 2023 and a regular shareholders' meetings on June 29, 2022 to propose and approve the 2022 and 2021 earnings distribution proposals as follows:

	2022	2021
Legal capital reserve	$ 19,712	$ 37,211
Special capital reserve	$ 2,417	($ 1,038)
Cash dividends	$ 72,841	$262,226

Cash dividend per share (NT$)	$ 0.5	$ 1.8

The 2022 earnings distribution plan is yet to be resolved at the shareholders' meeting which is expected to be held on June 6, 2023.

d. Special capital reserve

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 65,301	$ 66,339
Appropriations in respect of debits to other equity items	-	-
Balance, end of period	$ 65,301	$ 66,339

e. Other equity

Exchange differences on translation of foreign financial statements:

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	($ 67,718)	($ 65,301)
Foreign operations – foreign currency translation differences	(1,766)	35,532
Related tax	353	(7,106)
Other comprehensive income	(1,413)	28,426
Balance, end of period	($ 69,131)	($ 36,875)

f. Non-controlling interests

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 2,268,740	$ 2,023,445
Net income	57,642	123,826
Other comprehensive income		
Exchange differences on translation of foreign financial statements	(1,698)	34,144
Cash dividend issued from subsidiaries	(347,809)	(347,809)
Remuneration to employees of subsidiaries (Note 28)	8	-
Balance, end of period	$ 1,976,883	$ 1,833,606

24. REVENUE

	Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Packaging and testing	$ 1,174,385	$ 1,574,648
Other Operating revenue		
Others (Note 33)	88,547	90,661
	$ 1,262,932	$ 1,665,309

a. Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ -	$ -	$ -	$ 20,245
Accounts receivable (Note 9)	884,765	986,290	1,213,626	1,328,772
Accounts receivable due from related parties (Note 33)	10,108	9,583	9,343	8,717
	$ 894,873	$ 995,873	$ 1,222,969	$ 1,357,734
Contract assets				
Packaging and testing	$ 188,698	$ 190,216	$ 241,319	$ 221,788
Less: Loss allowances	(36,763)	(38,454)	(17,806)	(12,330)
	$ 151,935	$ 151,762	$ 223,513	$ 209,458
Contract liabilities (including related parties) (Note 33)				
Packaging and testing	$ 19,685	$ 16,019	$ 24,736	$ 28,134

The Group recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Group is 20 to 30 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Group refers to the historical experience of the counterparty’s relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence that the obligation of the contract have been stagnant for more than 30 days, the Group will recognize the loss allowance at full amount, but will continue to pursuit the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Group will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	March 31, 2023	December 31, 2022	March 31, 2022
Expected credit loss rate	19%	20%	7%
Total amount	$ 188,698	$ 190,216	$ 241,319
Loss allowance (lifetime expected credit losses)	(36,763)	(38,454)	(17,806)
	$ 151,935	$ 151,762	$ 223,513

Movements of the loss allowance for contract assets

	Three Months Ended March 31	
	2023	2022
Balance, beginning of period	$ 38,454	$ 12,330
Add: Impairment losses for the current period	-	5,389
Write-offs (Note)	(511)	-
Reversal	(1,191)	-
Exchange differences on translation of foreign currency	11	87
Balance, end of period	$ 36,763	$ 17,806

Note: From January 1 to March 31, 2023, as some orders have reached termination, the Group directly wrote off the relevant contract assets and loss allowance.

b. Detail of customer contracts

Please refer to Note 38 for detailed revenue information.

25. NET PROFIT FROM CONTINUING OPERATION

a. Other income (expenses)

	Three Months Ended March 31	
	2023	2022
Impairment loss on property, plant and equipment	$ 2,251	$ -

b. Interest income

	Three Months Ended March 31	
	2023	2022
Bank deposit	$ 10,717	$ 1,223

c. Other income

	Three Months Ended March 31	
	2023	2022
Government subsidy	$ 109	$ 3,729
Others	914	2,744
	$ 1,023	$ 6,473

d. Other gains and losses

	Three Months Ended March 31	
	2023	2022
Net foreign currency exchange gain (loss)	($ 15,701)	$ 69,441
Gains on disposal of property, plant and equipment	83	-
Others	(48)	(1,576)
	($ 15,666)	$ 67,865

e. Finance costs

	Three Months Ended March 31	
	2023	2022
Bank borrowings interest	$ 1,764	$ 876
Interest expense on lease liability	802	1,041
Interest on loans from related parties (Note 33)	16	-
	$ 2,582	$ 1,917

f. Depreciation and amortization

	Three Months Ended March 31	
	2023	2022
Depreciation expenses summarized by function		
Cost of revenue	$199,366	$167,982
Operating expenses	16,352	14,200
	$215,718	$182,182

Amortization expenses summarized by function		
Cost of revenue	$ 47	$ 195
General and administrative expense	1,180	963
Research and development expense	57	27
	$ 1,284	$ 1,185

g. Direct operating expenses of investment property

	Three Months Ended March 31	
	2023	2022
Lease revenue		
Depreciation expense	$ 1,906	$ 2,269
Others	155	154
	$ 2,061	$ 2,423

h. Employee benefits expenses

	Three Months Ended March 31	
	2023	2022
Share-based payment		
Equity-settled (Note 28)	$ 18	$ -
Post-employment benefits		
Determined contribution plans	34,920	31,210
Defined benefit plans (Note 22)	243	214
	35,181	31,424
Others	401,186	447,138
Total employee benefits expenses	$436,367	$478,562
Summarized by function		
Cost of revenue	$337,115	$385,764
Operating expenses	99,252	92,798
	$436,367	$478,562

i. Remuneration to the employees and directors

According to the Articles of Association, the Company allocates 8% to 15% of the employee’s remuneration and no more than 3% of the director’s remuneration according to the pre-tax profit before deducting the employee’ and director’s remuneration in the current year.

The Company recorded a loss before tax for the three months ended March 31, 2023, so employee remuneration and director and supervisor remuneration are not listed. Estimated employee remuneration and director remuneration for the three months ended March 31, 2022 are as follows:

Estimated ratio

	Three Months Ended March 31	
	2023	2022
Remuneration to employees	-%	10%
Compensation to directors	-%	2.5%

Amount

	Three Months Ended March 31	
	2023	2022
Remuneration to employees	$ -	$ 8,493
Compensation to directors	$ -	$ 2,123

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

Employee remuneration and Compensation to directors in 2022 and 2021 were approved by the Board of Directors on March 23, 2023 and March 24, 2022 as follows:

Amount

	2022	2021
	Cash	Cash
Remuneration to employees	$ 34,000	$ 55,500
Compensation to directors	$ 8,000	$ 15,500

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2022 and 2021, respectively.

The information about the appropriations of the Company's Remuneration to employees and compensation to directors is available at the Market Observation Post System website.

j. Foreign exchange gains and losses

	Three Months Ended March 31	
	2023	2022
Foreign currency exchange gains	$ 88,225	$ 94,647
Foreign currency exchange losses	(103,926)	(25,206)
Net gains (losses)	($ 15,701)	$ 69,441

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2023	2022
Current income tax		
Recognized in the current period	$ 90,650	$120,343
Levied undistributed surplus earnings	5,107	3,686
Income tax adjustments on prior years	-	(6,203)
	95,757	117,826
Deferred income tax		
Recognized in the current period	(50,951)	(45,614)
Income tax expense recognized in profit or loss	$ 44,806	$ 72,212

b. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2023	2022
Deferred income tax		
Recognized in the current period		
Foreign operations – foreign currency translation differences	($ 353)	$ 7,106
Income tax recognized in other comprehensive income	($ 353)	$ 7,106

c. Income tax examination

The tax authorities have examined income tax returns of the Company through 2020. As of March 31, 2023, the Group had no pending tax litigation.

27. EARNINGS (LOSS) PER SHARE

	Three Months Ended March 31	
	2023	2022
Basic earnings (loss) per share	($ 0.28)	$ 0.43
Diluted earnings (loss) per share	($ 0.28)	$ 0.42

EPS is computed as follows:

Current period net profit (loss)

	Three Months Ended March 31	
	2023	2022
Income (loss) attributable to owners of the Company	($ 40,091)	$ 61,996
Income (loss) used to calculate basic earnings per share	($ 40,091)	$ 61,996
Effects of all dilutive potential common shares:		
Subsidiaries' stock option (Note)	-	-
Net profit used to calculate diluted earnings per share	($ 40,091)	$ 61,996

Shares

Unit: thousand shares

	Three Months Ended March 31	
	2023	2022
Weighted average number of common shares used to calculate basic earnings (loss) per share	145,681	145,681
Effects of all dilutive potential common shares:		
Remuneration to employees (Note)	-	1,186
Weighted average number of common shares used to calculate diluted earnings (loss) per share	145,681	146,867

Note: It is excluded from the calculation due to anti-dilution.

If the Group can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

28. SHARE-BASED PAYMENT ARRANGEMENTS

The subsidiary Centera Photonics Inc. has issued a share option plan in 2018

Centera Photonics Inc. was approved by the Board of Directors on May 17, 2018 to issue 2,000 thousand units of employee stock warrant, and each unit subscribed for 1 common share. The total number of common shares to be for this stock warrant was 2,000 thousand shares, and the grantees are limited to the employees of Centera Photonics Inc. According to the warrant exercise rules, warrant holders can exercise a certain proportion of warrants granted after half a year, one year and one and a half years after the issuance respectively. The duration of the warrants is 7 years, and each share and the subscription price is NT$10, with a total of 2,000 thousand units. Authorized by the Board of Directors, the chairman decided to issue 599 thousand units, 713 thousand units and 289 thousand units on May 20, 2019, November 12, 2019 and May 24, 2021 respectively. As of March 31, 2023, the outstanding shares are 458 thousand units.

Information relating to issued employee stock options is as follows:

	Three Months Ended March 31, 2023	
Employee stock option	Unit (in thousands)	Weighted average exercise price (NT$)
Circulation at the beginning of the period	548	$ 40
Granted this period	-	-
Forfeited this period	(90)	40
Circulation at the end of the period	458	10
Exercisable at the end of the period	367	
Weighted average fair value of the stock options in the current period (NT$)	$ -	

Information relating to outstanding employee stock options is as follows:

	March 31, 2023
Exercise price (NT$)	$ 10
Weighted average remaining contractual life (years)	4.34 years

The employee stock options granted by the Group on May 24, 2021, November 12, 2019, and May 20, 2019 adopt the Black-Scholes evaluation model, and the input values used in the evaluation model are as follows:

	May 24, 2021	November 12, 2019	May 20, 2019
Share price on grant day	NT$4.75	NT$4.98	NT$5.73
Exercise price	NT$10	NT$10	NT$10
Expected volatility	39.66%	32.18%	32.08%
Duration	4.3 years	4.3 years	4.3 years
Expected dividend rate	0%	0%	0%
Risk-free interest rate	0.1689%	0.5758%	0.5546%

The expected volatility is based on the historical stock price volatility of the same industry, and the annualized standard deviation is obtained based on the duration of the option.

The remuneration cost recognized from January 1 to March 31, 2023 was NT$18 thousand.

29. GOVERNMENTS SUBSIDY

The building constructed and facilities purchased by GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Group, was approved for a subsidy of $31,190 thousand by the local government in July 2022 after meeting the subsidy conditions set by the No.8 (2021) of the Government of Hefei Municipality March, 2022. This amount has been deducted from the relevant asset’s carrying amount and carried forward to profit or loss over the asset’s economic life by reducing the depreciation expense. As of March 31, 2023 and 2022, the depreciation expenses were reduced $497 thousand and $0, respectively.

30. BUSINESS COMBINATIONS

On December 24, 2022, the difference between the investment cost and the net equity value of the Group’s acquisition of Centera Photonics Inc. is recognized as provisions on the balance sheet date because the measurement of the identifiable assets acquired, and the liabilities assumed by the business combination has not yet been completed. During the measurement period, the Group shall retrospectively adjust the goodwill recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

31. CASH FLOW INFORMATION

a. Non-cash transaction

Unless disclosed in other notes, the Group conducted the following non-cash investment and financing activities for the three months ended March 31, 2023 and 2022:

1) As of March 31, 2023 and December 31 and March 31, 2022, the purchase price of unpaid properties, plant and equipment acquired by the Group were NT$440,190 thousand, NT$540,105 thousand and NT$565,369 thousand respectively, and were accounted as other payables.
2) Subsidiary GEM Services, Inc. as of March 31, 2023 and December 31 and March 31, 2022, had announced cash dividends of NT$347,980 thousand, NT$171 thousand and NT$347,920 thousand respectively that have not been distributed and are listed under other payables.
3) As of March 31, 2023 and December 31 and March 31, 2022, the affiliated companies have announced cash dividends of NT$4,387 thousand, NT$0, and NT$3,398 thousand, respectively, and were accounted as other payables – related parties.
4) Subsidiary GEM Services, Inc. signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. From January 1 to March 31, 2023, NT$8,541 thousand offset the security deposit by offsetting accounts receivable.

b. Reconciliation of liabilities arising from financing activities

Three Months Ended March 31, 2023

			Non-cash changes					
	January 1, 2023	Cash flow	Lease addition	Payment refund	Finance costs	Foreign exchange movement	Others	March 31, 2023
Short-term borrowings	$ 71,170	($ 71,170)	$ -	$ -	$ -	$ -	$ -	$ -
Other payables - related parties	15,014	(15,014)	-	-	-	-	-	-
Long-term bank borrowings	405,000	-	-	-	-	-	-	405,000
Guarantee deposits and margins received	683,583	6,664	-	(8,541)	-	305	-	682,011
Lease liabilities	116,454	(10,742)	325	-	802	355	(802)	106,392
	$ 1,291,221	($ 90,262)	$ 325	($ 8,541)	$ 802	$ 660	($ 802)	$ 1,193,403

Three Months Ended March 31, 2022

			Non-cash changes				
	January 1, 2022	Cash flow	Lease addition	Finance costs	Foreign exchange movement	Others	March 31, 2022
Long-term bank borrowings	$ 358,990	($ 12,040)	$ -	$ -	$ -	$ -	$ 346,950
Guarantee deposits and margins received	550,281	52,577	-	-	1,529	-	604,387
Lease liabilities	131,834	(10,058)	9,424	1,041	3,378	(1,041)	134,578
	$ 1,041,105	$ 30,479	$ 9,424	$ 1,041	$ 4,907	($ 1,041)	$ 1,085,915

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Amortized cost (Note 1)	$ 3,436,342	$ 3,716,151	$ 3,698,172
Financial liabilities			
Amortized cost (Note 2)	1,694,270	2,106,032	2,808,835

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, note receivable, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: The balance includes financial liabilities are measured at amortized cost such as short-term loans, notes payable, accounts payable (including related parties), other payables (including related parties; excluding salaries and bonuses payable, dividends payable, insurance premiums payable, pensions payable and business tax payable), long-term loans and guarantee deposit.

c. Financial risk management objectives and policies

The major financial instruments of the Group include cash and cash equivalents, receivables, payables, lease liabilities and borrowings. Among the financial instruments held by the Group, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks borne by the Group's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Group is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Group to be exposed to exchange rate risk. The Group regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 36.

<u>Sensitivity analysis</u>

The Group is mainly affected by fluctuations in the exchange rates of USD, JPY and NTD.

The table below details the sensitivity analysis of the Group when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Group to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly USD, JPY and NTD), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY		The impact of NTD	
	Three Months Ended March 31		Three Months Ended March 31		Three Months Ended March 31	
	2023	2022	2023	2022	2023	2022
Gains or (losses)	$ 18,581 (i)	$ 12,555 (i)	$ 145 (ii)	($ 116)(ii)	($ 8,140)(iii)	($ 8,667)(iii)

(i) Mainly from the Group's USD-denominated cash and cash equivalents, receivables, payables and guarantee deposits that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the US dollar exchange rate increased in the current period, which was due to the decrease in payables denominated in USD.

(ii) Mainly from the Group's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the JPY exchange rate increased in the current period, which was due to the increase in payables denominated in JPY.

(iii) Mainly from the Group's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the NTD exchange rate decreased in the current period, which was due to the decrease in payables denominated in NTD.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, lease liabilities and borrowings within the Group include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Group subject to interest rate risk exposure on the balance sheet date are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
- Financial assets	$ 888,853	$ 537,599	$ 474,748
- Financial liabilities	106,392	131,454	134,578
Cash flow interest rate risk			
- Financial assets	1,470,007	2,016,546	1,864,041
- Financial liabilities	405,000	476,170	346,950

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Group to key management is a 1% increase or decrease in interest rates, which represents management’s assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Group’s net profit before tax from January 1 to March 31, 2023 and 2022 will increase/decrease by NT$2,663 thousand and NT$3,793 thousand respectively, mainly due to the interest rate risk with fluctuations arising from the bank deposits and bank loans floating interest rate.

The Group’s sensitivity to interest rates decreased in the current period, which is due to the decrease in bank deposits and bank borrowings with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the Group that may result in financial losses due to the counterparty’s failure to perform its obligations is from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Group rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Group. The Group continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty’s credit limit which is reviewed and approved annually by the responsible supervisor.

The Group continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Group is concentrated in the top five customers. As of March 31, 2023, and December 31 and March 31, 2022, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 46%, 54% and 48%, respectively.

3) Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Group supervises the use of the bank's financing amount and ensures compliance with the terms of the loan agreement.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of 2) Financing amount for the unused financing amount of the Group as of March 31, 2023 and December 31 and March 31, 2022.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Group may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average lending rate on the balance sheet date.

March 31, 2023

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 584,132	$ 508,403	$ 524,276	$ 20,439	$ -
Floating rate instrument	546	1,092	12,033	284,145	137,507
Lease liabilities	9,222	2,188	32,985	56,311	10,015
	$ 593,900	$ 511,683	$ 569,294	$ 360,895	$ 147,522

December 31, 2022

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 338,032	$ 518,554	$ 745,032	$ 13,415	$ -
Floating rate instrument	71,724	6,365	36,678	283,619	103,261
Fixed rate instrument	15,053	-	-	-	-
Lease liabilities	9,312	2,171	33,849	65,050	11,406
	$ 434,121	$ 527,090	$ 815,559	$ 362,084	$ 114,667

March 31, 2022

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 728,136	$ 642,804	$ 940,286	$ 498,579	$ -
Floating rate instrument	4,304	8,613	44,219	215,817	87,996
Lease liabilities	9,673	1,499	30,282	86,277	13,672
	$ 742,113	$ 652,916	$ 1,014,787	$ 800,673	$ 101,668

(2) Financing amount

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings			
- Utilized	$ -	$ -	$ -
- Unutilized	630,000	630,000	630,000
	$ 630,000	$ 630,000	$ 630,000
Secured borrowings			
- Utilized	$ 405,000	$ 476,170	$ 346,950
- Unutilized	150,000	153,830	285,000
	$ 555,000	$ 630,000	$ 631,950

33. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Related party name and categories

Related party name	Related party categories
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate
Chen-Chi, Liao	Substantive related party relationship

b. Revenue

		Three Months Ended March 31	
Item	Related party categories	2023	2022
Electroplating services	Associate	$ 25,864	$ 23,153
Lease revenue	Associate	$ 11,973	$ 11,880
Lease and other services	Associate	$ 1,577	$ 1,984

There is no other comparable transaction of the same sales price and conditions of the related parties. The income from electroplating services is determined by the cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease income is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service income is collected on a monthly basis according to the contract content.

c. Contract liabilities

Categories/ Related party	March 31, 2023	December 31, 2022	March 31, 2022
Associate			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	$ 3,981	$ 3,961	$ 4,051

d. Receivables from related parties

Item	Related party categories	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable due from related parties	Associate	$ 10,108	$ 9,583	$ 9,343
Other receivables - related parties	Associate	$ 4,388	$ 43	$ 3,643

The outstanding receivables from related parties are not overdue, and no guarantee has been received. No allowance for losses was provided for receivables from related parties

e. Payable to related parties

Item	Related party categories	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable due from related parties	Associate	$ -	$ 1,907	$ -
Other receivables - related parties (interest)	Substantive related party relationship	$ -	$ 14	$ -

The outstanding payables to related parties were unsecured.

f. Lease agreement

Operation lease/ sublease

The Group leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease period of 5 years. The rent is signed according to the general market condition which is paid monthly. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of March 31, 2023 and December 31 and March 31, 2022, the total lease payments to be received in the future are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	$ 48,471	$ 48,232	$ 49,323
Year 2	48,471	48,232	49,323
Year 3	48,471	48,232	49,323
Year 4	36,353	48,232	49,323
Year 5	-	-	36,992
	$ 181,766	$ 192,928	$ 234,284

The lease income recognized for the three months ended March 31, 2023 and 2022 was NT$11,973 thousand and NT$11,880 thousand respectively.

g. Borrowings from related parties

Categories/ Related party	Three Months Ended March 31, 2023 Highest balance	March 31, 2023	2022 Highest balance	December 31, 2022	Three Months Ended March 31, 2022 Highest balance	March 31, 2022
Other receivables - related parties						
Substantive related party relationship						
Chen-Chi, Liao	$ 15,000	$ -	$ 15,000	$ 15,000	$ -	$ -

Interest expenses

Related party categories	Three Months Ended March 31 2023	2022
Substantive related party relationship	$ 16	$ -

The interest rate of the Group’s borrowing from related parties is 4.2%, and it is an unsecured loan.

h. Other related party transactions

Item	Related party categories	March 31, 2023	December 31, 2022	March 31, 2022
Guarantee deposits and margins received	Associate	$ 1,716	$ 1,708	$ 1,747

i. Remuneration for key managerial officers

	Three Months Ended March 31 2023	2022
Short-term employee benefits	$ 29,827	$ 30,317
Share-based payment	2	-
Post-employment benefits	238	162
	$ 30,067	$ 30,479

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

34. PLEDGED ASSETS

The following assets have been provided as collateral for financing borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged demand deposits (financial assets measured at amortized cost - current)	$ -	$ 12,500	$ -
Pledged term deposits (financial assets measured at amortized cost - non-current)	744	741	-
Self-owned land	358,403	358,403	358,403
Net amount of property and building	107,118	107,746	109,629
Net amount of machinery and equipment	-	-	85,749
	$ 466,265	$ 479,390	$ 553,781

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

Unit: Foreign currency (In thousands)

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment			
RMB	$ 3,957	$ 3,188	$ 15,064
NTD	$ 6,472	$ 4,486	$ 7,793
USD	$ 290	$ 1,139	$ 6,175

36. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

March 31, 2023

	Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 56,771	30.4500 (USD: NTD)	$ 1,728,669
USD	44,301	6.8717 (USD: RMB)	1,348,960
JPY	140,644	0.2288 (JPY: NTD)	32,179
Foreign currency liabilities			
Monetary items			
USD	30,225	30.4500 (USD: NTD)	920,355
USD	9,824	6.8717 (USD: RMB)	299,144
JPY	77,487	0.2288 (JPY: NTD)	17,729
NTD	775,414	0.0328 (NTD: USD)	775,414
NTD	38,603	0.2256 (NTD: RMB)	38,603

December 31, 2022

	Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 57,224	30.7100 (USD: NTD)	$ 1,757,356
USD	45,497	6.9646 (USD: RMB)	1,397,206
JPY	125,795	0.2324 (JPY: NTD)	29,235
Foreign currency liabilities			
Monetary items			
USD	37,994	30.7100 (USD: NTD)	1,166,809
USD	8,906	6.9646 (USD: RMB)	273,505
JPY	124,576	0.2324 (JPY: NTD)	28,951
NTD	53,784	0.0326 (NTD: USD)	53,784
NTD	83,856	0.2268 (NTD: RMB)	83,856

March 31, 2022

	Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 75,456	28.625 (USD: NTD)	$ 2,159,933
USD	41,293	6.3482 (USD: RMB)	1,181,999
JPY	193,770	0.2353 (JPY: NTD)	45,594
Foreign currency liabilities			
Monetary items			
USD	59,377	28.625 (USD: NTD)	1,699,669
USD	13,511	6.3482 (USD: RMB)	386,743
JPY	242,954	0.2353 (JPY: NTD)	57,167
NTD	769,356	0.0349 (NTD: USD)	769,356
NTD	97,345	0.2218 (NTD: RMB)	97,345

The Group’s net foreign exchange gains and losses (realized and unrealized) for the three months ended March 31, 2023 and 2022 were ($115,701) thousand and $69,441 thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Group, it is not possible to disclose exchange gains and losses and significant impact for each currency.

37. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

1) Financings provided: None
2) Endorsement/guarantee provided: None
3) Marketable securities held (excluding investments in subsidiaries and associates): None
4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None
5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6) Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: See Table 1 attached;
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 2 attached;
9) Information about the derivative financial instruments transaction: None
10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 3 attached;

b. Information on investees (excluding information on investment in Mainland China): See Table 4 attached;

c. Information on investment in mainland China:

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.
2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 and Table 3 attached.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

(3) The amount of property transactions and the amount of the resultant gains or losses: None

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 33

d. Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 6 attached.

38. SEGMENTS INFORMATION

Information provided to the operation decision maker to allocate resources and measure segment performance, focusing on each type of product or service delivered or provided. The reportable segments of the Group are the optoelectronics industry and the semiconductor segment.

The operation decision maker regards the subsidiaries in optoelectronics industry and semiconductor foundry and sales in each region as individual operating segments, but when preparing financial statements, the Group considers the following factors and aggregates these operating segments as a single segment:

a. Similar product properties and process;

b. Similar product pricing strategy and sales model.

Revenue and operation results from each department

The revenue and operating results of the Group’s continuing operation are analyzed as follows according to the reportable segment:

	Revenue from each segment		Profit and loss from each segment	
	Three Months Ended March 31		Three Months Ended March 31	
	2023	2022	2023	2022
Optoelectronics industry	$ 195,674	$ 399,152	($ 126,858)	($ 52,517)
Semiconductor	1,067,258	1,266,157	199,498	244,683
Total of continuing operations	$ 1,262,932	$ 1,665,309	72,640	192,166
Headquarters management cost and compensation to directors			(6,422)	(10,200)
Other gains and losses			(2,251)	-
Interest income			10,717	1,223
Other income			1,023	6,473
Other gains and losses			(15,666)	67,865
Finance costs			(2,582)	(1,917)
Share of profit of subsidiaries and joint ventures accounted for using equity method			4,898	2,424
Income before income tax			$ 62,357	$ 258,034

The segment revenue reported above is generated from transactions with external customers.

Segment profit and loss refers to the profit earned by each segment, excluding the apportionable headquarters management costs and compensation to directors, other gains and losses, interest income, other income, other profits and losses, financial costs, share of profits and losses of affiliates and joint ventures accounted using the equity method, and income tax cost. This measured amount is provided to the decision maker for the purpose of allocating resources to segments and measuring their performance.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	($ 318,459)	(64%)	Net 90 days from invoice date	—	—	$ 430,685	77%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	318,459	56%	〃	—	—	(438,685)	(85%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	249,390	44%	〃	—	—	(77,214)	(15%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(249,390)	(69%)	〃	—	—	77,214	64%	Notes 1, 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable $ 430,685	2.77	$ -	—	$ 112,909	$ -

Note 1: Amount recovered from April 1 to May 10, 2022.

Note 2: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Table 3

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount (Note 1)	Terms	% of Total (Note 2)
1	GEM Services, Inc.	The Company	Note 3 (2)	Earnings Distribution	$ 361,952	-	4%
2	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales Revenue	318,459 (Note 4)	Net 90 days from invoice date	25%
				Accounts receivable due from related parties	430,685	-	4%
				Contract assets - related parties	39,914	-	-
3	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales Revenue	249,390 (Note 4)	Net 90 days from invoice date	20%
				Accounts receivable due from related parties	77,214	-	1
				Contract assets - related parties	22,773	-	-

The business relationship between the parent and the subsidiaries:

The Company, eLaser Technologies Co., Ltd., Centera Photonics Inc. and GEM Electronics (Shanghai) Co., Ltd. are engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is engaged in the manufacture and sale of electronic parts and plant leasing; GEM Tech Ltd., Taiwan Branch and GEM Tech Ltd. are engaged in sales of electronic components; GEM Services, Inc. and GEM Electronics Company Limited are holding companies.

Note 1: This table discloses information on one-way transactions only, which have been written off in the preparation of the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the accumulated amount for the consolidated total revenue if it is a profit and loss account

Note 3: Relationship to the counterparty:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 4: There is no unrealized profit or loss for this period.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)		Holding of Investment at the End of the Period Balance as of March 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses (Note 4)	Remark
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership (Note 3)	Carrying Amount (Note 3)			
The Company	eLaser Technologies Co., Ltd.	Taiwan	Manufacture and sales of electronic parts	$ 81,996	$ 81,996	5,432,242	100%	$ 76,411	($ 162)	($ 162)	Notes 2 and 7
	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	225,000	225,000	22,500,000	57.97%	164,682	(49,340)	(28,604)	Note 2
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	1,933,030	159,942	81,564	Note 2
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,335,241	74,069	37,772	Note 2
	GEM Tech Ltd.	Samoa	Sales of electronic parts	18,202	18,202	606,091	51%	919,343	88,063	44,909	Note 2

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company reviewed by the accountants during the same period.

Note 3: The carrying amount held at the end of the period is based on the shareholding ratio of the Company at the end of the period.

Note 4: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 5: It has been consolidated and written off in the preparation of this consolidated financial statement.

Note 6: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 7: eLaser Technologies Co., Ltd. was approved for dissolution and liquidation at the shareholders' meeting exercised by the Board of Directors on December 22, 2022, and completed the registration of cancellation on January 10, 2023, and is in the process of liquidation.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars/ Foreign Currency)

Table 5

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Percentage of Ownership	Net Income (Losses) of the Investee Company	Share of Profits/Losses	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	$2,101,050 (USD69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	$ -	$ -	$ -	$ -	51%	$ 74,069	$ 37,772 (Note 2(2) 2.)	$1,335,241	$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,934,275 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	40,966	20,891 (Note 2(2) 2.)	563,888	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	152,250 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	24,492	2,498 (Note 2(2) 3.)	52,266	-

Note 1: There are three types of investment methods, and they indicated below:

(1) Directly conduct investment in China.

(2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).

(3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

(1) It shall be indicated If it is under preparation without investment profit or loss.

(2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.

1. Financial statements reviewed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
2. Financial statements reviewed by the certified accounting firm by the parent company in Taiwan.
3. Based on the financial statements of the invested company that have not been reviewed by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been written-off in the preparation of these consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ - (USD -)	$ -	$ 3,543,040

Note 1: The Company originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: The Company originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

ELITE ADVANCED LASER CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS

MARCH 31, 2023

Table 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chu-Liang, Cheng	8,650,747	5.94%

Note: Major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of the current quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.